HORIZON SCANNING:
what will higher education look like in 2020?

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Foreword

This new study by the Observatory team takes as its baseline my 2008 forward-look, and not only brings it up to date, but, while still working from a UK perspective, takes a far more comprehensive look at what can only really now be seen as an inter-connected global sector.

This should now be the starting point for the future. It is detailed, it is readable, it is measured in its conclusions, and it is rich in argument. There are recurrent themes. There is now an assumption that collaboration of some sort - co-existing with competition - is an inevitable part of internationalisation.

The vertically integrated, homogeneous, self-standing institution is under considerable challenge – which does not mean it will vanish, melt, or be ‘sliced’ to death as one recent study puts it, but it does mean things will change. Crucially, there is time for institutions to manage this change, and it should not be disruptive in the negative sense, despite the speculation of some analysts and the popular press.

Demand will continue to grow, but not always where intuitively we might think, and not as a simple extension of the trends in growth we see today. And political action not really connected to the University sector can have significant knock-on effects, and significant collateral damage. These themes form the matrix of the future as this report sees it. It makes compelling reading.

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Executive Summary

This ‘horizon scan’ of higher education in 2020 is based on telephone interviews conducted in May and June 2013, other conversations by phone and e-mail, and the Observatory’s extrapolation of current trends in international higher education and the public discourse around them. The core interviewees are listed in the Annex, along with the questions asked of them.

There are many possible ways to approach and present this subject matter. The approach here was based on a number of considerations, the first of which were the terms of reference for the paper. These specified the increasing importance of massive open online courses (MOOCs) and transnational education (TNE) in university strategies. The paper provides description and analysis of trends in these areas and considers their future directions. The terms of reference also specified the sustainability of recruitment, mobility, partnerships, and the implications for leadership in internationalisation. These are all covered.

Other sections cover funding, a student-centred perspective, trade liberalisation and international rankings. The first two were judged to be essential. The third was to provide continuity with Sir Drummond Bone’s 2008 paper for the UK government, ‘Internationalisation of HE: A Ten-Year View’, to which this paper was envisaged as a follow-up piece. Rankings made the cut because of their expanding influence over university strategy and government policy. A concluding note on disruptive political change was included as a reminder that prediction and planning are both precarious exercises.

Main findings of the paper

The accelerating pace of change in the world is taken for granted but it does not follow that the rate of change in human relations will be as fast. Technology does not have a free hand in driving change. Change is driven, and held back, by people, institutions and countries with political and economic interests. (Section 1)

The impact of MOOCs on pedagogy and university business models will be profound but an evolutionary shift rather than an avalanche of change. There is space for institutions to drive change rather than be driven. 2020 is not that far off and higher education will still be recognisable. (Sections 1 and 3)

The British Council projects that the demand for higher education worldwide will continue to grow to 2020 but at a lower rate than in the last two decades. (Sections 1 and 2)

The demand for qualifications from the main HE exporters will hold up in the foreseeable future, even as their shares of the global student market continue to decrease. (Section 1)

Growth in international student mobility will not keep pace with the growth in HE demand worldwide; this is because of the increase in domestic HE capacity in some countries (eg, China) and the growth of TNE options in many countries. India’s share of internationally mobile students will rise and China’s will fall. Domestic capacities and demography both pull in that direction. (Section 2)

The rate of growth of TNE will be greater than the growth in international student mobility. This does not mean that TNE will outstrip incoming international students as a revenue source for universities by 2020. But the direction of travel favours TNE as a long-term strategy. (Section 2)

New international branch campus activity has already shifted from the Middle East to East and Southeast Asia; this is expected to continue, and there is likely to be more intraregional and ‘south-to-south’ activity. Students will travel closer to home for qualifications designed to fill local and regional skills gaps. The ASEAN political and economic integration project is one to watch. (Sections 2 and 8)
Governments in Southeast Asia (and elsewhere) are willing to finance the establishment of international branch campuses as part of education hub ambitions. Branch campuses, and TNE more generally, are seen as consistent with national economic goals in importing countries. (Section 2)

The rise of Asia in international higher education also means the emergence of new exporters such as China and Malaysia whose markets will partly overlap with those of traditional export countries. (Section 2)

Outward mobility schemes in the UK and US push in the same direction as China’s pull for more international students. It is likely that more European and American students will study in Asia, though Asian ambitions are tied more closely to markets in their own region. (Section 2)

MOOCs are unlikely to have a negative impact on either TNE or international student mobility. But student mobility may slow for other reasons, notably greater domestic capacity and regional integration. (Sections 3 and 8)

There is an explosion of business model experimentation to integrate MOOCs into degree courses. The goal, for both MOOC platforms and universities, is revenue: developing ways of awarding credit for a fee. The ‘open’ part of massive open online courses may survive but only alongside fee-paying, credit-bearing options. The options will attract different constituencies (and the credit-bearing one will probably need a new acronym). (Section 3)

MOOCs may evolve into full degrees offered with university partners. The encroachment of online experimentation at universities will impact on academic jobs and there will be resistance from teaching unions and students. (Section 3)

Students prefer blended to 100% online learning. The future is blended. (Sections 3 and 4)

The ‘unbundling’ of provision from qualifications has begun in the US. This will spread and students will choose courses from different institutions and receive credit toward a degree or non-degree certificate or ‘badge’. A wider range of credentials will have status equal to university degrees for employers. Unbundling means the rise of alternative provision pathways which may have relevance for a greater diversity of students in more parts of the world. The future is also unbundled. (Sections 3 and 4)

Universities will form more niche partnerships based on either shared visions or complementary capacities. Research partnerships will include business and industry. (Section 5)

Highly integrated forms of partnerships include joint academic posts, offer joint courses, and will begin to offer integrated degree programmes, rather than joint or dual degrees. It may become unclear whether the partners are in fact separate entities. (Section 5)

Leadership and decision-making have become more decentralised, democratic and flat in industries disrupted by technology. In higher education, changes in job structures should follow the online revolution, and staff may have looser affiliations with employers. Universities leaders will deal with students and staff in multiple locations, including where national student associations are non-existent. Management models will have to adjust. (Section 6)

The gradual withdrawal of the state from the funding of HE teaching in the developed world will not be reversed as the global economy enters a recovery cycle up to 2020. User pays is becoming the norm, though withdrawal of public funding in wealthy countries in continental Europe is unlikely. (Section 7)
Although a shift to private sources of funding for higher education should mean greater flexibility in terms of how money is used, governments that decrease spending in HE do not loosen the conditions that attach to it. (Section 7)

Governments will encourage institutions to drive down the costs of courses and degrees. The online revolution and the ability to unbundle provision from awards, while maintaining access to public loans and grants, will make this feasible. Top research universities will be unaffected. The cultural divide between the elite and the rest will widen in the US and UK. (Section 7)

In the US in 2009-10, for-profit institutions captured $32bn of the $130bn distributed in public loans and grants for students. In the UK, degree-awarder for-profits, as well as some other private institutions, are certain to have the same access (though our crystal ball does not indicate the year). (Section 7)

In the main HE exporting countries, the rise of private and for-profit providers of HE is already well-documented. Publicly funded universities will see these as partners rather than competitors (though both will cooperate in order to sustain ‘competitiveness’). (Section 7)

Although it is certain that there will be more private degree-awarders operating in the UK in 2020, it is less certain that currently publicly funded universities will be among them. But some have explored that option. (Section 7)

The Millennium Development Goals prioritise access to primary and secondary school over the development of higher education. China’s activities in Africa, however, focus on higher education. (Section 7)

Liberalisation as a political and economic force presents a dilemma in ethical terms. It is the framework within which the rapid expansion of cross-border activities in higher education has been possible. It has also facilitated the conceptualisation of HE as a tradeable commodity. This is consistent with governmental mandates but when HE is seen in only instrumental terms, its conceptualisation as a public good is diminished. (Section 8)

International rankings cannot measure all of the things that universities are good at. They are also misinterpreted and misreported as indicative of the prowess – or lack thereof – of national HE systems rather than of universities. This institutionalises a competitive (‘catch-up’) mindset in governments which has adverse long-term implications in developing countries. (Section 9)

Political change can be disruptive and can derail the best-laid plans as well as horizon scans. (Epilogue)
Section 1

Introduction

The following excerpt is from an article in the American Interest entitled ‘The End of the University as We Know It’, published in early 2013:

In fifty years, if not much sooner, half of the roughly 4,500 colleges and universities now operating in the United States will have ceased to exist. The technology driving this change is already at work, and nothing can stop it. The future looks like this: Access to college-level education will be free for everyone; the residential college campus will become largely obsolete; tens of thousands of professors will lose their jobs; the bachelor’s degree will become increasingly irrelevant; and ten years from now Harvard will enroll ten million students.¹

This is a case of having a good crystal ball and being unafraid to use it. Its premise - that ‘the technology driving this change is already at work’ - is unassailable. But the predictions are an amalgam of things already happening (the devaluation of bachelor's degrees), things that are fully plausible (downward pressures on the number of academic jobs), and things that are both implausible and undesirable (there is no such thing as free higher education even where tuition fees do not exist, and the disappearance of campuses seems unlikely too).

From Ernst & Young in Australia in 2012:

The dominant university model in Australia – a broad-based teaching and research institution, supported by a large asset base and a large, predominantly in-house back office - will prove unviable in all but a few cases over the next 10-15 years.... There will be 15-20 independent, global brands; the rest will be playing for the silver medal.²

And very similarly from Pearson in the UK:

The models of higher education that marched triumphantly across the globe in the second half of the 20th century are broken.... The traditional multipurpose university with a range of degrees and a modestly effective research programme has had its day.... The next 50 years could see a golden age for higher education, but only if all the players in the system, from students to governments, seize the initiative and act ambitiously. If not, an avalanche of change will sweep the system away.³

For all three publications, looming obsolescence in the face of seismic shifts is the theme; it is considered absurd by some that the method of university teaching has not changed much since the University of Bologna opened in 1088. The message is that universities must either embrace rapid change or it will be visited upon them, with prejudice.

The accelerating pace of change in the world is taken for granted. The flow of information is indeed increasing: in 2011 it was reported that the amount of data produced on this planet doubles every two years.⁴ It is a shame that the amount of learning cannot come close.

The pace of information flow applies to every aspect of human endeavour but it does not follow that the rate of actual change in human relations will be as fast. This is because technology does not

¹ Nathan Harden, ‘The End of the University as We Know It’, The American Interest 8 (3), January/February 2013. www.the-american-interest.com/article.cfm/piece=1352
have a free hand in ‘driving this change’. Nor is it entirely true that ‘nothing can stop it’. People and countries with real political and economic interests can and will shape these things. It is not a case of technophile optimism struggling valiantly against luddite pessimism. It is a case of political and economic realities: there is always a need to take stock and see where we are headed.

The MOOCs (massive open online courses) phenomenon provides a good example of this. The word MOOCs entered wide circulation only during the first half of 2012 and was ubiquitous by the end of the year. MOOCs moved quickly from an academic curiosity to an essential consideration in every university’s strategic planning: even those that signalled no intention to jump aboard the MOOCs bandwagon were required to have an institutional position (one American university President lost her job temporarily in 2012 because it was felt this position was lacking). The prophecy of radical change employs urgent language. By early 2013 a backlash to the bandwagon was in evidence. But the point is that even if MOOCs signify a kind of tipping point in how universities perceive their missions and their business models, the actual impact they will have on pedagogy and business models will be incremental – an evolutionary shift rather than an avalanche of change. This is not to say that big changes are not afoot. It is to say that there is space for institutions to drive change rather than be driven.

This paper attempts to apply this perspective of restrained animation to a ‘horizon-scan’ of higher education internationally. The question addressed is ‘What will higher education look like in 2020’? It is worth keeping in mind that this is only seven years away; the world – and higher education – will not be recognisably different by then. Rather than commit to predictions that inevitably will not be realised, the paper selects a number of current trends and considers their consequences for the higher education sector in the UK and elsewhere over this short timeframe. It is written for a core audience of UK higher education institutions and policy-makers but its scope is international. It is therefore hoped that the paper will be of interest further afield.

In order to unwrap the implications of current developments for the near future, the main themes addressed in this paper are: international mobility and TNE, technology and the MOOCs phenomenon, partnerships and networks, leadership and management, trade liberalisation, funding, and rankings as an institutionalisation of competition.

The terms of reference for this paper noted that the HE sector landscape has indeed changed since the publication of Sir Drummond Bone’s consultation paper for the UK government in 2008, ‘Internationalisation of HE: A ten-year view’. That paper’s core message was that the UK sector’s focus on recruiting international students to study in the UK was based on outdated demographic projections and, as such, presented an unacceptable level of risk for the sector. It suggested that a ‘longer term collaborative view of internationalisation’ was ‘probably the only safe way forward’. Such an approach would ‘dampen the inherent instability of the open market’ and ‘while short-term and in a bull market it might increase cost and not maximise numbers, in a bear market it would provide a safety net’.

It was pointed out at the time that the UK sector already demonstrated aspects of a ‘post-recruitment’ conceptual reach, not least through its participation in international partnership programmes like PMI2 and UKIERI. The British Council was involved in both of these and the programmes duly reflected the Council’s longer-term public diplomacy ethos. Sir Drummond’s paper noted that although it was ‘blatantly not true’ in most cases that UK universities saw international students only as revenue, the perception was nevertheless there and it was a hard one to overcome.

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5 The word appears to have been first applied to an online course in 2008 at the University of Manitoba. But such was the suddenness of its later appearance, it does not appear once in a 2011 collection of essays from Pearson entitled ‘Blue Skies: New thinking about the future of higher education’.
In a nod to the utility of public diplomacy, it concluded that the UK government and British Council needed to convey the UK as a reliable long-term partner.

**Competition and cooperation**

Five years on: universities and governments everywhere now speak the language of partnerships in higher education. It was reported in May 2013 that the Chinese government was seeking more ties with European institutions. At an EU-China dialogue it was said that both sides had moved on from mainly facilitating student exchanges to discussing institutional-level cooperation and creating joint-research platforms that would also include partners from outside China and Europe. This is consistent with the Chinese Politburo’s formal plan, since 2010, to develop an ‘innovation society’ - and it would be hard to find an Asian government that did not share a version of that plan. A spokesperson at the European University Association said that ‘it is not just about both sides gaining a few more foreign students. It is... about creating a global architecture for collaboration’. It was said to be evident that EU policy-makers and university leaders had moved on from their mindset of seeing China as a source of fee-paying students, and from regarding China as a competitor rather than a partner in research.

It would be a mistake, however, to read this transformation in absolute terms. The driver within that broader ethos of partnerships remains competition. Universities need to cooperate to compete - hence, the unlovely neologism ‘coopetition’. Partnerships of all shapes and sizes share this motivator - from the multipartner WUN and U21 networks to the bilateral Monash-Warwick Alliance. The rationales for the latter includes strategic positioning, reflecting the concerns of industry and producing graduates that fit their requirements, and joint research and enhanced access to research funding. Part of the UK HE International Unit’s mandate is to ‘support the development and sustainability of the UK higher education sector’s influence and competitiveness in a global environment’.

Universities and governments both speak the instrumental language of skills, employability, and national economic success. For governments, higher education has become strategic: as a source of innovation and as a site of global networking.

**The demand for higher education**

The demand for higher education qualifications worldwide will continue to increase; while demand is levelling off in the developed world (and in China and Russia for demographic reasons), there is huge unmet demand in other emerging markets. According to the UN, India will have one-quarter of the world’s 18-22 population by 2020 - about 119m of the total of 474m. India and China together will account for 44% of the world total of this cohort - some 210m. Indonesia, Pakistan, Nigeria, Brazil, Bangladesh, Ethiopia, Philippines, Mexico, Egypt and Vietnam will together constitute a further 29% (137m).

In 2012 the British Council forecast that HE enrollments would continue to rise across most countries to 2020, but at a slower rate than the preceding two decades (1.4% pa compared to 5-6% pa). This, if accurate, would amount to about 21m additional students by 2020. India would account for the largest increase, and China the second-largest in absolute terms, though the rate of increase in China is set to be significantly lower than in recent years. Annual higher-education enrollments in

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7 www.international.ac.uk/about/what-we-do.aspx
China tripled from 2.2m to 6.6m between 2001 and 2010, while the number of HE students (mostly aged 18 to 21) rose from 5.6m to 22.3m. Participation in higher education in China will continue to rise. But in 2010, there were 116m people aged 20 to 24; by 2020, the number will fall by 20% to 94m. Sustained low fertility means that the size of this cohort is expected to be only 67m by 2030, less than 60% of the 2010 figure. Other countries for which the 18-22 cohort will be smaller in 2020 are Russia, Germany, Korea, and Brazil. In the case of Russia it will be a collapse to about 6.5m, roughly half the number in 2002.

Even so, Brazil is expected to add 2.6m students to its tertiary enrollments over the next decade. Other ‘emerging economies’ with significant forecast growth in tertiary enrollments over the next decade are Indonesia (+2.3m), Nigeria (1.4m), Philippines (0.7m), Bangladesh (0.7m), Turkey (0.7m) and Ethiopia (0.6m). The largest higher education systems are forecast to be China with some 37m students, India (28m), the US (20m) and Brazil (9m).

It is worth keeping in mind that higher education is not as ‘global’ as some would have it. In 2011, only about 2% of higher education students in the world studied in countries other than their own, and this figure has been pretty stable for almost a decade (it is also the percentage of phone calls that are international). As is the case now, most of the growing demand for HE will therefore not be met by student mobility across borders. In China, for example, domestic capacity for HE has been increasing rapidly. Between 2009 and 2011 alone, 426 HE institutions were built, for a total of 2,049.

Even so, cross-border demand will also increase as part of the increase in overall demand. Again, the British Council expects that the largest numbers of mobile students in 2020 will be from China (585,000), India (296,000), South Korea (134,000), Germany (100,000), Turkey (84,000), Malaysia (82,000), and Nigeria, Kazakhstan and France (all 67,000). In terms of increases since 2011, the biggest growth in outbound mobility will be from India (+71,000 from 2011), Nigeria, Malaysia, Nepal, Pakistan, Saudi Arabia and Turkey, in that order.

India is projected to have more adults both with and without a university qualification in 2020 than today. Its ability to develop domestic capacity is highly constrained, largely for the same political reasons that most things move slowly there. Hence, the demand within India for foreign HE qualifications will continue to increase.

Much cross-border demand will be met by forms of transnational education (TNE) rather than students moving across borders. TNE includes a raft of arrangements by which universities educate foreign students in their own countries, or in a third country, and includes franchise operations, twinning operations, international branch campuses, and online provision. The last of these is currently experiencing an explosion in business model experimentation - mainly through MOOCs (massive open online courses). MOOCs and branch campuses are reviewed in Sections 2 and 3.

The demand for UK qualifications abroad (and for those of the other main HE exporters) will hold up in the foreseeable future, even as the UK share of the global student market will continue to decrease - as it has, slowly, for the past decade. UK qualifications are perceived to be among the...
best in the world: that has not changed. The quality of UK provision overall is not declining, contrary to a claim by the provider of the Times Higher World University Rankings. This claim is based on an invalid reading of the rankings data which in fact show simply that more Asian universities are ranked in the top 200. Asian universities are also increasing their share of the global world market.

**The rise of Asia**

The rise of Asian universities reflects the broader shift in economic power to Asia. Governments of many developing countries wish to move up the value chain to be HE exporters, and some Asian governments are able to devote national resources to this task. The ‘C9 League’ of universities in China, for example, receive disproportionate support from the government for the purpose of achieving ‘world-class’ status.\(^1^5\)

The Observatory’s recent research on international branch campuses concluded that the centre of gravity for hosting these operations was shifting decisively from the Middle East to Asia. Data collected since that report was published in early 2012 suggest not only that this shift will continue, but also that international branch-campus activity will increasingly originate from the Far East and emerging economies (ie, south-to-north and south-to-south branch campuses). This phenomenon, as well as the related government-led projects known as education hubs, is covered in Section 2.

Asian universities are also looking to each other for partnerships that fall short of building new campuses; Singapore Management University, for example, is feeling the pull of China’s growth and in April signed agreements on academic cooperation and exchanges with five Chinese partners, including Tsinghua University in Beijing and Fudan University in Shanghai.\(^1^6\)

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15 The nine universities account for 3% of the country’s researchers but receive 10% of national research funds. They produce the 20% of the journal articles published and 30% of citations. See ‘Eastern stars: Universities of China’s C9 League excel in select fields’, Times Higher Education, 17 February 2011. www.timeshighereducation.co.uk/415193.article

16 ‘China, Singapore universities boost cooperation’, AsiaOne (Singapore), 1 June 2013. www.asiaone.com/News/Latest%2BNews/Edvantage/Story/ A1Story20130601-426650.html
Section 2

International student mobility and TNE

The number of mobile students will grow significantly by 2020, although at a slower pace than in previous years. Transnational education (TNE) will also keep expanding, driven by growing demand in Asia, the expansion of international branch campuses in new markets and the spread of distance education, including MOOCs.

Student mobility is still the main driver behind internationalisation. OECD data show that the number of mobile students rose from 2.1m in 2000 to 4.1m in 2010, with an average annual growth rate of 7.1%.\(^\text{17}\) Global tertiary education enrollment grew by 77% from 2000 to 2010, while the number of foreign students worldwide increased by almost 100% during the same period. This means that demand for international qualifications is not just a side effect of insufficient supply in source countries, but is driven by other factors such as quality and reputation.

Where international students go

By 2020 there will be more mobile students around the world. But the rate of increase of student mobility will probably decline, consistent with a projected drop in the rate of increase of global tertiary enrolments from 5-6% to 1.4% annually to 2020.\(^\text{18}\) Reasons for this slowdown include stagnant demand in the developed world, a sharp decrease in the size of the 18-24 age cohort in key countries such as China, growing supply in the BRIC countries and further expansion of TNE and distance education. There are already signs of slower growth: the number of international students enrolled in major destinations such as France, Germany and New Zealand grew by less than 10% from 2005 to 2010.\(^\text{19}\)

Another factor to consider are tighter border controls. Immigration policies in some destinations may focus on students with high potential by 2020, as governments increasingly prioritise quality over quantity; an example is the Skills Visa Act in the US, which allocates green cards to foreign graduates of US universities with advanced degrees in STEM subject areas.\(^\text{20}\)

The OECD reports that in 2010 around 83% of all foreign students were enrolled in G20 countries, a proportion that has been stable over the last ten years.\(^\text{21}\) Europe was the preferred destination for 41% of international students worldwide, although a good chunk of them came from other European countries. North America was second, with 21% of all international students.

The picture will not change significantly by 2020; the main English-speaking exporting countries along with Germany, France and Japan will maintain their leading positions by 2020, with the possible additions of China and Malaysia as exporters. Canada is projected to overtake France by 2020 in terms of its share of the world market.

Nevertheless, student mobility patterns will diversify by 2020; more South-to-South and North-to-South mobility is expected. Interviewees for this paper suggested that increasing mobility of students and staff will be more balanced, with two-way flows on the rise.\(^\text{22}\) As pointed out in OECD’s ‘Education at a Glance 2012’ report, the fastest growing regions of destination are Latin America

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\(^{22}\) Interview with Dr Janet Ilieva et al, HEFCE, 7 June 2013.
and the Caribbean, Oceania and Asia: the number of foreign students enrolled in tertiary education more than doubled from 2005 to 2010 in countries such as Brazil, Chile, Indonesia, Korea and Saudi Arabia.\(^ {23}\)

Outward mobility is actively encouraged by governments in North America and Europe; examples include the US government’s ‘100,000 Strong Initiative’ programme, which aims to send 100,000 American students to China by 2014, and the British Council’s ‘Generation UK’ programme, through which 15,000 UK students will be offered subsidised places at universities and internships in China.\(^ {24}\) The EU has set a 20% outward mobility ratio as a goal for 2020.\(^ {25}\)

North-to-South mobility will also receive a boost from government policies in Asia, including China’s goal to bring in the country 500,000 international students by 2020 and the establishment of education hubs in Malaysia and Singapore.\(^ {26}\) Increasing North-to-South mobility would also fit into the context of a broader rebalancing in the global economy, with manufacturing gradually shifting back to North America and Europe because of rising wages in China, and the services sector, including higher education, getting a boost in Asia and other parts of the developing world.\(^ {27}\)

South-to-South mobility (between emerging economies) has already taken off. South-to-South branch campuses comprised 17% of the global branch campus market in 2012.\(^ {28}\) Among the 200 international branch campuses identified in 2012 by the Observatory on Borderless Higher Education, 34 were South-to-South operations, while 40 originated from countries not perceived as traditional exporters.

By 2020 there will be more countries with balanced numbers of both inbound and outbound students. Malaysia and Singapore have built sufficient infrastructure and actively support international student recruitment as a means of diversifying their economies and becoming competitive in the 'knowledge economy'.\(^ {29}\) Spain has increased its share of student mobility over the last decade as a result of government policy, although the economic crisis in Southern Europe has curtailed this.\(^ {30}\) Education hubs in the Middle East and East Asia will shift focus from local to international students by 2020. In Singapore, a large percentage of foreign students stay there to work; this will be more commonplace in other countries with education hubs, and will be intensified by the increasing focus of these hubs on research.

Intraregional mobility will grow by 2020, particularly in Latin America and South East Asia, both pursuing a European-inspired model of economic and political integration. Hans-Georg van Liempd of the EAIE, interviewed for this paper, noted that in some cases it is ‘better to talk about regionalisation rather than internationalisation’, especially in the EU, where students who cannot find places in their own countries go to neighbouring ones. Dutch students studying medicine in Belgium were cited.\(^ {31}\)

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29 Malaysia had 41,000 inbound students in 2009 and 58,000 outbound ones in the same year. See British Council, ‘The shape of things to come’, op cit.
31 Interview with Hans Georg van Liempd, President, EAIE, 4 June 2013.
The British Council expects the UK's inbound mobility ratio to increase by 2020, as UK universities will attract an extra 28,000 international students, with growing numbers coming from India, Nigeria, Pakistan and Malaysia.32 India will overtake China, sending 71,000 students more to the UK by 2020.

The British Council predicted that Japan and Germany will have fewer international students in 2020 and that increasing English provision in these countries will not attract significant numbers of English-speaking students from the developing world.33 However, this did not take into account the impact of the European economic crisis on higher education policies in Europe. France and Germany have recently seen a boost in inbound students from Southern Europe (and in the case of Germany from Asia as well), though this may also have something to do with the tuition fee rise in England.34

In several European countries, including Germany and France, governments aim to internationalise higher education systems and increase English provision as a means of attracting more international students. In France, the higher education minister justified a proposed introduction of English programmes by citing the low number of Indian students in the country: 'We must teach in English or there will remain in France only a handful of experts discussing Proust.'35

Where students will come from
OECD data state that Asian students represent 52% of foreign students enrolled worldwide.36 This percentage should drop by 2020 due to increasing supply in Asia and growing outbound mobility ratios in Latin America and Africa.

The British Council is fairly optimistic about the growth of the student mobility market by 2020 and estimates that tertiary outbound mobility ratios in China and India will only see incremental changes (1% increase in India, 1.4% decrease in China), while emerging economies such as Nigeria, Pakistan, Vietnam, Saudi Arabia, UAE and Philippines will increase their outbound mobility ratios. The British Council analysis says that China's share of outbound mobility will fall and India's will rise as a consequence of increasing demand and insufficient supply. India will add 71,000 international students by 2020, followed by countries such as Nigeria, Malaysia, Nepal, Pakistan, Saudi Arabia and Turkey.

An increasing number of governments see outbound mobility as a part of an economic strategy that focuses on research in STEM areas. Brazil’s ‘Science Without Borders’ programme, launched in 2011, is now an often-cited one. Brazil’s outward mobility rate is even lower than those of the US and UK. Its target is 100,000 Brazilian students abroad by 2015. Most placements are short-term undergraduate positions and 10,000 are for doctorates.37 22,000 fellowships have already been awarded: 5,000 for study in the US, 3,000 in Portugal and 2,500 in Spain.38 The UK is to receive some 10,000 students. The UK has launched an outward mobility strategy, coordinated by the UK HE International Unit, and Japan is about to launch a similar programme, as the government is worried about the country’s low outbound mobility rate.39

33 Ibid.
Such initiatives reflect an ongoing shift in the perception of higher education, particularly in Asia, where higher education is increasingly seen as a tool for competitiveness and economic growth. Internationalisation initiatives, such as attempts to attract skilled students and academics from other countries, expansion through the establishment of South-to-North branch campuses and research collaborations with Western institutions, may be seen through this prism.

Aggressive strategies that aim to put Asia at the forefront of science and innovation will increasingly include poaching academics from Western institutions. The global race for skilled and creative talent can only intensify by 2020. This is why developed nations establish or expand immigration schemes to target skilled talent, such as the Entrepreneur Visa in the UK, and create clusters of excellence to attract academics and entrepreneurs from all over the world. An example is CUSP (Center for Urban Science and Progress) in New York City, backed by the city’s local government through its ‘Applied Sciences NYC’ programme. (CUSP is discussed briefly in Section 5 on partnerships and networks.)

Increased competition in science and more international research collaborations will also make intellectual property a key issue by 2020, particularly when these collaborations involve countries where copyright law is unclear or ignored by governments and businesses.

**Language a key factor**

The OECD attributes the increase in foreign enrollments in Australia, Canada, Ireland and the UK between 2005 and 2010 partly to language; English-speaking OECD countries receive between one-fifth and one-third of their foreign students from other English-speaking countries. A change in this should be underway by 2020, as non-anglophone countries in Europe and Asia increase English provision.

Nina Lemmens from DAAD thought that English will be a more widespread teaching medium in 2020 than it is now. Another interviewee, Francisco Marmolejo from the World Bank, felt otherwise: that although English will remain the lingua franca, its dominance in higher education teaching will diminish as non-anglophone countries become more active. He also suggested that English will remain dominant in research and at the top-levels in higher education. Hans-Georg van Liempd opined that many providers have a misguided belief that internationalisation is all about English; he warned that institutions aiming to recruit international students also need to internationalise their curricula.

**Transnational education**

As the rate of growth of student mobility slows, growth in transnational education (TNE) will accelerate to meet growing demand. TNE refers to arrangements by which students are taught in their own or third countries rather than in the country of provision; it includes online and distance learning, validation and franchising, and international branch campuses. Only four countries appear to collect TNE export data at national level: UK, Australia, Germany and Ireland (China, Hong Kong, Malaysia, Mauritius, Thailand and Vietnam collect TNE host data). The UK case is usually cited as proof of the rapid expansion of TNE: the official data show that the number of international students studying for UK qualifications outside the UK surpassed those studying in the UK in about 2010.

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43 Interview with Dr Nina Lemmens, Director, Internationalisation and Communications, DAAD, 31 May 2013.
44 Interview with Professor Francisco Marmolejo, Tertiary Education Coordinator, World Bank, 3 June 2013.
45 Interview with Hans-Georg van Liempd, President, EAIE, 4 June 2013.
The UK numbers in 2011-12 were 570,000 TNE students, versus 435,000 studying in the UK. But as is now well known in the sector, almost half the TNE total is comprised of students around the world who are registered for a qualification with the Association of Chartered Certified Accountants (ACCA) and who may thereby opt in for a BSc in Applied Accounting with Oxford Brookes University, which they have 10 years to complete. This ‘Oxford Brookes’ effect exaggerates the actual headcount for TNE but accounted for 80% of the sector’s TNE growth in the three years to 2010-11.

The most concise skewering of the TNE juggernaut was provided by Nigel Healey of Nottingham Trent University, who also noted that most TNE students are part-time, that this is not accounted for in the official data, and that they generate much lower tuition revenue for universities. The conclusion was that TNE is not ‘the answer to our prayers’ and ‘not for a very long time to come’.

It is likely that the statistic agency will need to correct the way it reports TNE data. But even when those numbers are stripped out completely, the ratio of TNE to onshore international students in the UK is still higher than the 1:2 in Australia, the next largest TNE provider. TNE students may not yet be close to representing revenue equal to that of incoming international students, but it is the direction of travel that counts here. TNE provision worldwide is set to grow faster than student mobility over the next decade, and it will receive part of this boost from the MOOCs revolution, as discussed in the next section.

A big advantage of TNE over student mobility is that studying closer to home is cheaper. Nor are fluctuating immigration regulations an issue. The UK universities minister, whose boosterism for UK higher education internationalisation is wholly at odds with his government’s immigration target, has implicitly characterised TNE as a way through that dilemma. Meanwhile, Asian governments pull in a complementary direction as they implement immigration policies to reverse brain drain, such as tax breaks and jobs for returning students and expats in Malaysia.

**TNE and brain drain**

Intuitively, one would think that TNE should stem brain drain. But a closer look may give pause for thought. Karen McBride at the Canadian Bureau for International Education suggested in an interview for this paper that TNE could create an ‘internal brain drain’ if, for example, branch campuses siphoned off the best and wealthiest students from source countries and thereby potentially drained some capacity for indigenous higher education development. This is not too far removed from the view of Hans-Georg van Liempd from EAIE, who suggested that TNE can be conceived as a ‘form of neo-colonialism’ if it consists only of international qualifications delivered in Asia with local teachers and without any significant differentiation in the curriculum. He also predicted that brain drain is set to be a global problem, rather than an emerging-economy one, and cited the current migration from southern to northern Europe as an example of brain drain in the developed world.

Another interviewee, Pawan Agarwal at the Planning Commission of the Indian government, suggested that the perceived winners today are countries that attract large number of students or establish international branch campuses abroad and the losers are those that send these students or host branch campuses. But in the longer run, even the sending countries will benefit from having

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51 Interview with Karen McBride, President and CEO, Canadian Bureau for International Education, 7 June 2013.
52 Interview with Hans-Georg van Liempd, President, EAIE, 4 June 2013.
access to high-quality instruction at branch campuses of transnational providers. He concluded that by 2020, it would be recognised that this is ‘not a zero-sum game’, but that all countries that engage in internationalisation efforts tend to benefit.53

**International branch campuses**

The number of international branch campuses (as defined by the Observatory) has grown steadily over the last seven years, from 82 branch campuses in 2006 to 162 in 2009 and 200 in 2011.54 The Observatory expects the number to reach 240-250 by 2015 and possibly 280 by 2020. Its most recent branch campus survey report, based on 2011 data, noted an ongoing shift in the location of this activity, from its Gulf origins to East and South East Asia, where governments with cash to spare are keen to host such ventures, where research funding is also supported, and where the market is less crowded. In regard to branch campuses specifically, this should be expected to continue, consistent with the shift of geopolitical power more generally to the east.

For broader TNE activity, including branch campuses, the second ‘Shape of things to come’ report from the British Council (on TNE) identifies Hong Kong, Malaysia, Singapore and UAE as the countries with the ‘most favourable prospects as hosts of TNE programmes over the next 2-3 years’, while Qatar and Korea, in the next group, are also ranked ‘above average’ in this regard.55 China and India are in the largest, ‘average’, group, Brazil, Mexico, Russia and Turkey below average, and Nepal and Sri Lanka bring up the rear. It is worth adding that while Malaysia and Singapore are likely to remain attractive countries for foreign campuses, the Observatory’s report did not see Hong Kong in the same light; its TNE activities are focused on twinning arrangements rather than campuses. The UAE of course hosts more branch campuses than any other jurisdiction and it will be interesting to see whether it can stem the tide that is pushing activity to the far east.

The British Council analysis interprets Malaysia's approach to international student recruitment and TNE as a revenue-driven one, whereas in the UAE, TNE is a means of developing a skilled work force for a service and knowledge-based economy. China uses TNE for academic capacity-building (eg, knowledge transfer for improving teaching), quality assurance, curriculum development, and management and governance. UAE's branch-campus approach affords less emphasis to capacity-building for local institutions. Forms of human resource development are common to all three jurisdictions.56

The fact that Asian government are willing to pay cash or in kind to host TNE operations demonstrates that they see them as consistent with national economic objectives. The economic downturn in the developed world has nudged China toward domestic-driven growth based on consumption.57 As a part of its 12th Five-Year Plan, it has launched an ambitious funding programme for STEM subjects that aims for international competitiveness in knowledge-based sectors. The president of the Chinese Academy of Sciences estimates that by 2020, China’s investment in science and technology sectors will rise to 2.5% of the country’s GDP.58 This partly explains why government policies in China and other countries encourage research partnerships (eg, Singapore) and TNE operations (eg, Malaysia) in areas such as medicine and STEM.

It is suggested that some universities are ready to take the branch-campus model to the next level:

53 Personal communication from Pawan Agarwal, Adviser (Higher Education), Planning Commission, Government of India, 7 June 2013, and interview on 8 June.
56 Ibid.
the creation of ‘multinational universities’ that ‘slice up the value chain’ through global systems of supply, production and distribution similar to those of multinational corporations.\(^{59}\) Institutions may shift research from home to developing countries in order to cut costs (and enhance the career prospects of branch staff) and deliver degrees tailored to the needs of students in specific markets. The new campuses of Monash University and NYU in China are given as examples. NYU itself calls this its Global Network University model and prefers the idea of ‘nodes’ to the hierarchy implied in branch campuses.\(^{60}\) UCL now appears to fit the same type of model, with its research operations in Singapore, Australia and other countries. The Monash-Warwick Alliance, discussed in Section 5, is different again: an integrated model that cannot be seen as TNE as currently defined.

A rather idiosyncratic arrangement is that of Amity University’s partnership with Anglia Ruskin. The latter validates degrees awarded by Amity and the programmes are taught at the premises of Birkbeck in London, which also provides facility management services. A UK degree run by a private, not-for-profit Indian university in London is something new but indicates that there are few constraints in terms of models available. By 2020 the level of experimentation will have only increased.

**Quality Assurance in TNE**

The increasing number of TNE arrangements in a range of jurisdictions inevitably raises questions about quality. Quality assurance becomes more complex when applied to TNE because there are different approaches to what defines quality.\(^{61}\) But the UK Quality Assurance Agency (QAA) aims to apply the same procedures and standards to all UK degrees, regardless of location.\(^{62}\) The ‘UNESCO/OECD Guidelines for Quality Provision in Cross-border Higher Education’ is said to be the first international document approved by government representatives that offers guidelines for QA in TNE.\(^{63}\)

The Guidelines incorporate criteria from the UNESCO/Council of Europe ‘Code of Good Practice in the Provision of Transnational Education’ in addition to guidelines developed in Australia, Canada, the UK and the US. This publication also corresponds with the QAA in that ‘all higher education provided by a country’s HEI should be subject to its national regulatory framework, irrespective of where the students actually undertake their study.’\(^{64}\)

A global standard in quality assurance is unlikely to develop. But as new players from Europe and Asia enter TNE markets, universities and quality assurance bodies will wish to further international cooperation to prevent failures of risk management. There will be increasing demand for accreditation and quality assurance services in source countries; indeed, some already offer services abroad.

An oft-cited example of quality assurance breakdown is that of the University of Wales, which was castigated by the QAA in 2011 for being ‘culpably credulous’ in its validation partnership with a business school in Singapore and for inadequate monitoring of other partners in Malaysia and

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60 See www.nyu.edu/students/undergraduates/the-global-networkuniversity.html.

61 Personal communication from Carolyn Campbell, Head of Networks and Partnerships, QAA, 17 July 2013.


64 Ibid.
Quality assurance will be increasingly seen as a means of safeguarding the reputations of institutions and, probably more importantly, national sectors, particularly in the context of the expansion of online education. Fraud is rife on the internet and the proliferation of MOOC platforms and online courses means there will be more fake institutions promising fake qualifications. This will make quality assurance both more difficult and more necessary.

Projections on the future of TNE and mobility will rest in large measure on how the MOOCs phenomenon plays out in the next few years. To what extent will they prove to be ‘global higher education game changers’, as many claim?66 This is examined in the next section.

65 Simon Baker, ‘University of Wales rapped over links to foreign business school’, Times Higher Education, 21 June 2011. www.timeshighereducation.co.uk/news/university-of-wales-rapped-over-links-to-foreign-business-school/416565.article. The episode led to the closure of the University of Wales federal system as an accrediting body for other universities in Wales, though its constituent parts continue in various forms.

Section 3

MOOCs, innovation and the impact of technology

MOOCs (massive open online courses) have caused as much hype in the last year as one is likely ever to witness in higher education. The term originated in Canada and referred to courses offered at the University of Manitoba in 2008.67 But when a Stanford course on artificial intelligence was made available online for free in late 2011, it attracted 160,000 students around the world.68 Thus was launched – or relaunched – a technology revolution that is changing the discourse around higher education internationalisation, hastening pedagogic and business-model innovation and opening new streams of revenue for universities. The MOOCs debate is already polarised between boosters and sceptics but the impacts will be as real as the hype. By 2020 the manner in which most universities offer many of their courses will be wholly different.

The majority of interviewees and correspondents for this paper mentioned the impact of technology and MOOCs in response to the question, ‘Can you suggest three ways in which higher education will be significantly different in 2020?’ A number noted that online learning has been around for 20 years (distance education for 160 years at least) and that MOOCs are not a radical departure in that sense. But it was also felt that profound impacts were still to come: greater flexibility and different modes of learning, the establishment of blended learning (neither wholly face-to-face nor wholly online) as a standard offer, the development of low-cost models and not just in the private sector, government support in the shape of loans for low-cost models, and ‘unbundling’, or the de-linking of teaching provision from the qualifications gained. In terms of pedagogy, unbundling (or sometimes ‘uncoupling’) is a key consequence of the technology revolution; MOOCs are the handmaid.

M for Massive

MOOCs attract millions of students around the world. Coursera, a MOOC platform launched by Stanford academics in April 2012, reached 1m students from almost everywhere in the world within five months. In mid-June 2013, 3.8m students had signed up for 386 courses from 81 partner institutions.

The content is provided largely by elite institutions and often by well-known academics such as Gregory Nagy and Michael Sandel. Coursera and the not-for-profit edX, a rival platform, are in a position whereby they need only accept top-ranked institutions. Futurelearn, a UK-based platform, has a similar approach to selecting its partners. Consequently, Moody’s, Pearson and Demos have expressed concern over the impact of MOOCs on smaller institutions and for-profit providers, suggesting that some may disappear in the future.69 This is probably true for institutions that fail to carve out a niche in a specific subject area, though 2020 is too soon to see great fallout in that regard. There is also a challenge to institutions that rely heavily on recruiting international students to campuses, unless they are able to integrate MOOCs into their international recruitment strategies, ie, using MOOCs as free tasters for degree programmes. The evidence that universities are doing just that is now pervasive - notably in the US but it applies to the UK partners of Futurelearn.
Open universities and the OER movement also need to respond. A business model based on education provision to all comers, regardless of academic merit, made much sense when access to Harvard and Stanford course materials was unattainable for the vast majority of students. But the business model experimentation is well underway and as MOOCs are integrated into credit-bearing programmes, open universities will need to differentiate themselves more clearly. The response of the OU in the UK was to create and take the lead on Futurelearn.

The upside of the elitist bias is that MOOCs will legitimise online provision. This is especially important in emerging markets: there are many places, for example, in the Gulf, where online education is considered a poor relation and is unrecognised by governments. It is no coincidence that MOOC pioneers such as Coursera’s Daphne Koller and philanthropists such as Bill Gates and Bill Clinton see MOOCs as a tool for international development, particularly for education provision in developing countries where demand can be met only by technology-based economies of scale.70

As this use of technology is legitimised, the incentives to incorporate online courses into traditional education structures will increase. Awarding degree credit for MOOCs is the next step, particularly in education systems burdened by inadequate, costly infrastructure and student debt. There are by now dozens of examples of how this is happening. Georgia Tech has a new online Master’s in Computer Science offered via Udacity, which will cost about $7,000, one-third of the normal price and a fraction of the price out-of-state and international students are charged.71 The cost of a university education is a core issue in the US and it would be surprising if this and similar initiatives were not big successes.

eCornell, an online spinoff of the Ivy institution, runs a MOOC, the first part of which is free but a certificate requires the completion of a second course at $1,200, one-third the usual cost of the programme.72

The University of Washington offers a dual pathway for some of its MOOCs. A course in Information Security and Risk Management can be taken for free through Coursera and a credit-bearing ‘enhanced version’ can be taken for a fee. The credit version includes ‘interaction with an instructor, additional assignments, readings and multimedia material’. Students can start in the free version and ‘upgrade’ to the credit version. Only a tiny number of students (say 20, versus 30,000 doing the free version) need register for the fee-bearing version for it to break even.

Academic Partnerships, an American company that builds online programmes for public universities, has a platform called MOOC2Degree, through which universities offer free and open courses as appetisers for fee-paying online degree programmes. If students continue and register for degrees, the MOOCs count as credit. The New York Times suggested in January 2013 that this revenue stream ‘could be a lifeline for public universities’ hit by declining state funding.73

These innovations arise from the US, though there are indications that Futurelearn partners may offer something similar to the ‘enhanced’ option, above. By 2020 it is impossible to say exactly where the MOOCs juggernaut will have taken us, but there will be countless accreditation models in use around the world, all motivated by the straightforward need for sustainable revenue.


71 Justin Pope, ‘In blurring of online courses, traditional, Georgia Tech to offer full open online master’s’, Global Post, 14 May 2013. www.globalpost.com/dispatch/news/the-canadian-press/130514/blurring-online-courses-traditional-georgia-tech-offer-full-

72 This and the next two examples are taken from William Lawton and Kristina Lunt, ‘Would you credit that? The trajectory of the MOOCs juggernaut’, Observatory on Borderless Higher Education, January 2013. www.obhe.ac.uk/documents/view_details?id=931.

But as was argued in the first section of this paper, the rate at which the new business models unfold will depend on political and economic interests rather than what enthusiasts think the rate should be. California offers a good illustration: in spite of opposition from academic staff unions in the public HE sector, in May 2013 the state Senate unanimously passed a bill for grants for public universities and colleges to develop MOOCs on platforms such as Coursera and Udacity, as a way of reducing a bottleneck in oversubscribed, mandatory undergraduate courses. The universities would be required to award credit for equivalent MOOCs. But universities do not always like being told what to do by legislators (a generally encouraging trait): California State University announced in July that it will offer 36 online (not free) courses in the autumn that can be taken for credit at any of its 23 campuses. The MOOCs bill was shelved.

One caveat, therefore, is the impact of online education on employment. There is justified concern that on-campus teaching at mid-tier institutions will be gradually supplanted by online lectures. It is likely that many thousands of teaching jobs (junior or contract lecturers?) will have been lost in the US by 2020. But new types of jobs may also appear: MOOC platforms will need specialists to guide students through courses, especially if there is an option to pay extra for mentoring, as with the UoW example. It was reported in May 2013 that Georgia Tech planned to pay professors who create new online courses $30,000 and to create two new categories of educators: course assistants (outsourced to Udacity) to handle student ‘issues’ and teaching assistants hired by Georgia Tech who will be professionals rather than graduate students. The report also noted that there was more internal dissent about this than the institution portrayed.

The positive side of this was noted by colleagues at HEFCE: academic talent may migrate to more entrepreneurial models. Lecturers who teach by the course or the hour may find their tenuous job security collapsing and their status within the traditional setup increasingly dispiriting. But once it is possible to provide the same courses through independent companies that are nationally accredited, quality assured, and recognised for degree credit, then setting up a company to do just that is a viable career move.

This is already foreshadowed in the US through the Baltimore-based StraighterLine (‘Start college for $99 a month’). The business model delinks accreditation from provision, and StraighterLine has a number of partner colleges that accept their credits. When this unbundling of credentials from provision becomes generalised, the business model on which the current system is built will become unstuck. Unbundling is discussed later in this section.

The impact of MOOCs on copyright is also a concern. A former president of the American Association of University Professors (AAUP) said in June: ‘if we lose the battle over intellectual property, it’s over. Being a professor will no longer be a professional career or a professional identity, and faculty members will instead essentially find themselves working in a service industry’. He urged the AAUP to campaign for protection of IPR to be written into contracts and faculty handbooks.

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77 Interview with Dr Janet Ilieva (et al from HEFCE), Head of HEFCE Observatory, 7 June 2013.
78 See www.straighterline.com.
Another complaint is the undermining of pluralism in higher education by MOOCs. Michael Sandel’s edX course on ‘Justice’ sparked a debate on this: academics at San Jose State University complained in an open letter that they had been asked to use his lectures as part of the curriculum.\(^{80}\) One concern was that students would be deprived of the opportunity to read a variety of textbooks; another was that ‘diversity of thought... and plurality in points of view’ were threatened if departments around the country ended up teaching the same material. That is a rational concern but as Ben Wildavsky pointed out in an interview, the offer of the same courses across institutions within some states is already underway.\(^{81}\) The phenomenon of different universities using common introductory online lectures as part of undergraduate degrees (and complemented by discrete and unique seminar teaching at each institution) is certain to be part of the landscape in 2020, including beyond the US.

**0 for Open**

Open means free but with the main MOOCs platforms, optional charges were introduced early on for exam certificates, mentoring, and employment services. But with more players in the game, in 2020 there should still be free or almost-free MOOCs. The calculation may be similar, though in the opposite direction, to that of newspapers deciding whether to charge for at least some online access - the trend seems to be for more to do so. If a MOOCs platform got this wrong, students would seek another platform, as has occurred in other industries disrupted by technology, such as music. But as universities and their MOOCs partners seek to extract revenue for their efforts, new ways of doing so will appear. The direction of travel is clear.

Even so, the open-access movement has received a boost from MOOCs. As education provision is decoupled from credentials, demand for cheaper and broader access to textbooks and academic journals will grow. The rise of open access, encouraged by governments, will incentivise researchers to disseminate their research more quickly and make it more accessible to a broader audience. Open-access advocates, however, do tend to overlook the fact that someone somewhere has to pay and that charging for one’s labour helps pay the bills.\(^{82}\)

Bricks-and-mortar libraries are already adjusting to online provision. Victor Henning of Mendeley, a reference manager and social network for academics, argues that if open access becomes the standard mode of accessing content, libraries will cease to be the central point of access and purchase of content, as these tasks will be fulfilled by centralised databases and search engines.\(^{83}\) The job of libraries will be to preserve, archive and disseminate information.

But what happens when content is not meant to be open? As TNE and online provision become more research-orientated, cyber security will move up the HE agenda.\(^{84}\) Governments may put pressure on universities to be wary of research collaborations that may compromise national security and economic interests. Early in 2013 the New York Times reported an attack lasting months by Chinese hackers who tried to hide the source by routing the attacks through computers at American universities, which had also been previously used by the Chinese military to attack military contractors in the US.\(^{85}\)


\(^{81}\) Interview with Ben Wildavsky, Kaufmann Institute and Brookings Institution, 5 June 2013.

\(^{82}\) A UK academic criticised the Observatory for charging non-members for a paper on MOOCs by posting on his Twitter account: ‘That’s not in the spirit of the MOOC, man’. Not everyone is on a university payroll.


\(^{84}\) An example is the University of Michigan’s joint research institute on engineering with Shanghai jiao Tong University. In 2010 it was reported that cyber attacks on American companies originated from the campus of the Chinese university. See Nathan Bomey, ‘University of Michigan monitoring relationship with Shanghai university tied to Google cyber attacks’, AnnArbo.com, 25 February 2010. www.annarbor.com/business-review/university-of-michigan-monitoring-relationship-with-shanghai-university-tied-to-google-cyber-attacks.

Tech juggernauts such as Facebook and Google have come under fire for allegedly compromising users’ privacy. MOOC platforms and universities may face similar problems by 2020.

O for Online

The medium matters: watching a lecture online is not the same as reading a book. Data mining allows providers to optimise retention and tailor provision according to student needs. An interviewee for this paper, Jeff Borden from Pearson eCollege, said that education will be more informed by data in the years to 2020 and that this trend will result in quite different ‘formative’ assessment models that will allow educators and students to know up-to-the-minute how a student is progressing, where they are struggling, and how to improve.

But sceptics question the motivation behind private investment in online education. Diana Laurillard at the Institute of Education in London suggests that venture capitalists are investing in MOOCs platforms like Coursera ‘because they see all that data they can use.’ This is probably true. Data = revenue for Facebook and Google; the same goes for MOOCs. On Web 2.0 the real added value is social interaction and the data it produces; users are more products than customers. In the case of MOOCs, student data can serve as assets that higher education institutions may use for purposes such as advertising, HR services and market research to third parties. It is not far-fetched to think that students will generate their own content and make money from MOOCs, as happens with those who post videos and have their own channels on YouTube.

No bricks-and-mortar university, no matter how big, internationalised or prestigious, can be nowhere and everywhere at the same time. MOOC platforms are virtual meeting points for people with similar interests from all over. Not surprisingly, they are already evolving into academic social networks that extend offline through face-to-face ‘meet-ups’. Interestingly, the top turnouts for a number of Udacity meet-ups around the world this year were in India.

C for Courses

MOOCs are thus far delivered as individual courses. The next step is to gather these into full and then accredited programmes. It is not difficult to envisage MOOC platforms evolving into education providers with degree-awarding powers. Udacity has already created a $6,000 master’s degree in computer science in partnership with AT&T and Georgia Tech. More of this to come!

Friction might not be avoidable if universities find that they are losing potential students by giving away content or that their share of revenue is not acceptable. A task of MOOC companies will be keeping university partners happy with the relationship. This will not always be easy. Commenting on Coursera’s variety of business models, John Daniel argued that the two revenue channels most attractive to universities - certification and tuition fees - carry with them the logistical problem of collecting fees from almost every country in the world.
And U for Unbundled

Research for this paper uncovered a consensus that MOOCs will change what a degree looks like and what it is worth. Universities may gradually relinquish control over some content, which will increasingly come from sources such as digital start-ups, industrial giants, museums and libraries. Futurelearn, for example, is intended to be more than a MOOCs platform; it will be an ‘online learning platform’ that will make use of non-MOOC environments and use content from non-university partners including the British Library and the British Museum.94

Undergraduate programmes will be more flexible by 2020 because the number of universities that offer online options for their courses will increase. This change may also satisfy employers, which value basic and ‘soft’ skills. Interviewee Hans-Georg van der Liempd, President of the EAIE, thought that undergraduate programmes will be broader in scope and students will specialise later through work experience or postgraduate studies.95 Another interviewee, Dr Richard Yelland at the OECD’s Directorate for Education, suggested that there is a ‘growing emphasis on recognition of what students learn rather than blind trust in a label’, ie, a growing acceptance of certificates rather than degrees, and that there is an impatience over costly degree programmes.96 This was echoed in Pearson’s ‘Avalanche’ report: they see these changes as part of the broad transformation which makes the ‘unbundling of the existing institutions… possible, likely or even necessary…. There is an increasing acceptance of non-degree credentials that don’t rely on traditional universities’.97 They go as far as claiming that ‘the degree itself may become questioned’ as ‘learning by doing’ becomes the norm and students are expected to become employable through their own efforts.

The idea is that students will be expected to become more proactive and entrepreneurial, and create their own opportunities rather than following predetermined pathways. MOOCs platforms will serve as incubators for student start-ups.98

Bill Gates uses slightly different language for the same thing: he predicts the ‘uncoupling’ of knowledge from degrees.99 He believes that degrees could stop serving as ‘badges indicating skills in certain areas that can be translated to employment’ and that this will be a global phenomenon.

In the same vein, Jeff Borden at Pearson in the US argued that ‘students will likely be able to take varied courses using multiple modalities and strategies as they start to understand their own propensities for learning. Education will be less of a ‘black box’ which makes students dependent on educators, and much more based on critical thinking, creativity, and authentic measures allowing students to become life-long learners’.100

Ben Wildavsky’s point was that MOOCs ‘will create more value by getting rid of middlemen, as in the case of the music industry.’101 (This also surely means that recruitment agents will need new business models.) A multiplicity of options is the future, he said: students will assemble a portfolio of courses from different places that will add up to a degree. They will be centrally certified by a credentialing authority.

94 Interview with Simon Nelson, CEO, Futurelearn, 30 May 2013.
95 Interview with Hans-Georg van der Liempd, President, EAIE, 4 June 2013.
96 Interview with Dr Richard Yelland, Head of Policy Advice and Implementation Division, Directorate for Education, OECD, 31 May 2013.
100 Interview with Jeff Borden, Vice-President of Instruction & Academic Strategy, Pearson eCollege, 5 June 2013.
101 Interview with Ben Wildavsky, Kaufmann Institute and Brookings Institution, 5 June 2013.
But a cautionary note is sounded by Diana Laurillard:

There is a danger that technology could undermine formal education.... Technology opportunists who challenge formal education argue that, with wide access to information and ideas on the web, the learner can pick and choose their education – thereby demonstrating their faith in the transmission model of teaching. An academic education is not equivalent to a trip to the public library, digital or otherwise. The educationalist has to attack this kind of nonsense, but not by rejecting technology.102

MOOCs and internationalisation

MOOC platforms are a most radical phase of internationalisation in higher education. Their advent would have not been possible without the continual opening of higher education over the last few decades. TNE legitimised the idea that education is not necessarily attached to a specific location: a UCL degree obtained in Qatar is no less valuable than a UCL degree from London. Distance and then online education made delivery asynchronous. The emergence of MOOCs is the tipping point: the culmination of a process that has gradually decoupled education provision from time and space constraints.103

Are MOOCs a threat to forms of TNE, such as branch campuses? Rahul Choudaha thinks so: ‘MOOCs will attract ‘glocal’ students with global aspirations and local experiences [and] newer branch campuses will face unexpected competition from MOOCs’.104 The Observatory argued in 2012, however, that ‘MOOCs and international branch campuses are not mutually exclusive... it might be better to think of them as independent internationalisation strategy options.’105 MOOCs could completely supersede TNE and branch-campus approaches only if 100% online education is considered by students and employers to be the equal of face-to-face education – unlikely by 2020, unlikely ever.

Ashwin Assomull from Parthenon, a consulting firm, believes that employers do not associate online education with quality.106 Even university leaders tend to be sceptical. In a Gallup survey of US university and college presidents published in May 2013, 889 surveyed Presidents expressed scepticism about most aspects of MOOCs.107 More than half felt MOOCs offered no solution to the challenges of finance and learning quality. The most positive answers were around pedagogical creativity with 43% believing MOOCs offer ways forward on that.

An interviewee for this paper, Will Archer from i-graduate, said that international experience will remain vital for students and that consequently MOOCs could have little impact on student mobility. i-graduate’s International Student Barometer has demonstrated over years that students value personal connections and networking while abroad.108 HEFCE interviewees echoed this point. Some things cannot be replicated online.

MOOCs platforms and social networks will also facilitate the creation of global epistemic communities. An example is ResearchGate, a network for researchers and scientists, used by some

103  For a discussion of the impact of technology on the notions of space and time and its contribution to globalisation, see David Harvey’s influential book The Condition of Postmodernity.
105  William Lawton and Alex Katsomitros, ‘MOOCs and disruptive innovation’, op cit.
108  Interview with Will Archer, Chief Executive, International Graduate Insight Group (i-graduate), 12 July 2013.
3m scientists around the world; in June 2013 it reported having received funding from Bill Gates.109 By 2020, the use of MOOCs platforms and social networks to pool talent and resources en masse might be commonplace for researchers. Will Archer suggested that by 2020 institutions will be both more connected and dispersed and that no institution could afford to be isolated.110 See also Section 5 on this point.

Towards the ‘university-entrepreneur’: The power of the crowd
For most institutions, MOOCs are at this point brand projectors and recruitment tools through which online free tasters permit glimpses of programmes and comparisons. The revenue models are nascent but this will have changed by 2020. The not-for-profit edX receives from its university partners the first $50,000 from each course and splits the rest with the university.111 Universities that are not members of the edX partnership pay $250,000 to use its courses. Coursera has a multifaceted business model that includes revenue from certification badges, exams, fees, jobs services to students and employers, tutoring and mentoring, sponsorships, Amazon’s affiliate programme for recommended textbooks and access to academic content.112

Futurelearn’s business model is likely to replicate elements of the US platforms such as certificates and exams.113 Optional direct mentoring is likely from some of its partners. Futurelearn itself will not be credit-bearing but university partners are free to experiment with whatever credit regime they wish.

Coursera has established partnerships with five academic publishers and Chegg, an online platform for textbook rental and sales. This model may be a boon for academic publishers which are pressured by universities and governments to reduce the cost of journals. One way to do that is to provide content to customers not affiliated with universities through MOOCs. Victor Henning envisages the emergence of an ‘iTunes for research’ that will allow publishers and institutions to deliver content to a wider audience.114

Crowdfunding is yet another source of revenue. As the state withdraws, institutions increasingly depend on other sources, including philanthropy, for research funding (see also Section 7 on funding). These need not be tycoons or alumni. MOOCs platforms will enable researchers to reach vast pools of small donors. An example is Mikroryza, a US-based crowdfunding platform for science research grants that enables researchers to post proposals online to solicit donations. Forming partnerships with private companies that use crowdfunding as an alternative R&D strategy is also an option.115

Creative destruction underway: Impacts on the economy
Student debt is a pressing problem in the US, Australia and the UK.116 Will MOOCs have alleviated this problem by 2020? Wildavsky said that return on investment is a crucial thing to consider. HEFCE colleagues suggested that technology will facilitate the development of low-cost models that will not all necessarily emerge from the private sector. Governments would adopt them and student loans would be part of it.117

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110 Interview with Will Archer, Chief Executive, International Graduate Insight Group (i-graduate), 12 July 2013.
113 Interview with Simon Nelson, CEO, Futurelearn, 30 May 2013.
117 Interview with Dr Janet Ilieva (et al from HEFCE), Head of HEFCE Observatory, 7 June 2013.
MOOCs have a role in international development. Jobs in engineering and other areas go unfilled because of skills deficits. Francisco Marmolejo at the World Bank pointed out that in Tanzania, an initiative between the University of Dar es Salaam, local businesses, the World Bank and Coursera is helping to fill that gap. The project is developing an IT curriculum to be accessible through Coursera and aligned with the needs of the Tanzanian private sector. The World Bank believes Coursera can play an important role in Tanzania’s education system.118

MOOCs reflect the process of creative destruction inherent to capitalism. Some jobs will be lost by 2020 but new ones, of a different nature, will appear. The same disruption applies to institutions, university leaders, academics, students and other stakeholders. Technology is not in the driver’s seat; people are. Institutions and stakeholders have options and HE sectors will be more diverse – if not radically by 2020, then still more diverse. MOOCs also exemplify another aspect of international higher education: they are premised on openness and collaboration but lend themselves to fierce competition. Students and universities will need to exercise the team-player spirit but simultaneously to differentiate themselves from the crowd and demonstrate unique offers. This is discussed further in Section 5 on partnerships. But new business models and pedagogies are already emerging: the future is blended and unbundled.

Students, expectations and opportunities

By 2020 there will be more ways in which students can gain international experience as part of their studies. In an interview, Will Archer noted that students and the parents who often fund them will increasingly recognise that such experience is a vital asset that improves career prospects.\(^{119}\) He thought that by 2020 there will be more support for international experience for students from all backgrounds and not just for the wealthy elite.

Partnerships between universities will increasingly allow students to split their time between two destinations or more. Such opportunities already exist and some will be seen in the following section on partnerships and networks. Programmes with a truly international scope, such as Hult International Business School's one-year MBA that allows students to rotate between Boston, Shanghai, London, São Paulo, San Francisco, Dubai and New York, should be evident in other types of courses by 2020. Universities with international branch campuses may also use them to offer home students an international experience.

In a tight job market, graduate employability is a pressing issue. ‘Employer engagement’ with universities will have to spread. A 2011 UK government higher education White Paper dedicated a section to calling for greater input by the private sector.\(^{120}\) It was followed in early 2012 by Professor Sir Tim Wilson's detailed review of cooperation between industry and HE institutions in the context of economic downturn and government withdrawal of funding.\(^{121}\)

Nina Lemmens from DAAD suggested in an interview for this paper that more countries might take a page from the successful German model, which values equally higher education and vocational training and apprenticeships and produces, for example, university-trained engineers who devise plans and vocationally trained engineers who are able to build accordingly.\(^{122}\)

Technological innovation will affect the types of skills sought by employers. If predictions about the automation of manufacturing and the importance of big data prove to be correct, employers will increasingly look for workers with skills in software engineering, 3D design, coding and data analysis.\(^{123}\) Countries in which younger generations are encouraged to familiarise themselves with technology at an early stage, such as the UK, will be best-placed in that economy.\(^{124}\)

Online education may help providers redress skills shortages in these areas. An example of an initiative is IBM's partnerships with institutions around the world, including in the US, Ireland, Singapore, India and the Philippines, to develop curricula, undergraduate and postgraduate programmes on big data. According to The Chronicle, ‘the terms of the partnerships vary, but IBM typically offers some combination of technology, expertise, and financial support.’\(^{125}\)

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119 Interview with Will Archer, Chief Executive, International Graduate Insight Group (i-graduate), 12 July 2013.
122 Interview with Dr Nina Lemmens, Director, Internationalisation and Communications, DAAD, 31 May 2013.
The student experience online: Blended is best

The rise of online education will change the student experience. Blended learning will be pervasive by 2020. In the US, this is already happening. In autumn 2011 - before MOOCs mania - 32% of US students took at least one online course.126 Almost all of the MOOCs experimentation points toward blended provision. A 2013 survey by the National Union of Students in the UK showed that students prefer blended provision over 100% online, and support online provision if it is recommended by lecturers and technical support is available.127 It also found that 'students value the sense of community they get from traditional education'. Universities are seen as places of social interaction.

Some evidence is also emerging to show that students are unwilling to pay for MOOCs even if they are offered credit. In autumn 2012 Colorado State's Global Campus became the first US university to offer credit to students taking a course through Udacity. Students had to pay $89 for a proctored exam to give them credit toward a CSU degree, whereas the same three-credit course cost $1,050. By July 2013 the number of students who had received credit for the online course was zero.128

Student distrust of pure online learning is not a Luddite reaction but perhaps a wariness of the use of technology in activities defined by human interaction. Peer grading based on machine learning, for example, is not yet widely accepted as a reliable practice, particularly in subjects that require qualitative assessment. But Jeff Borden at Pearson eCollege says, 'Machine learning will begin to replace some assessment. While this will be seen by some educational purists as a bad thing, those who do not embrace the efficiencies and ultimately better... practices will likely struggle to keep students.'129

Online learning experts recognise its limitations in regard to the student relationship. Diana Laurillard says that MOOCs cannot provide the personal feedback and certification of the knowledge acquired.130 Josie Taylor at The Open University believes that MOOC providers fail to provide support to struggling students.131 Nor does she see the pedagogy as revolutionary: 'So much of the pedagogy is presentational, talking heads sort of thing. We've been telling ourselves for years we need to get away from that pedagogy, and now here it is slamming back at us again.'

In a note for this paper, Professor Michael Worton at UCL felt that 'MOOCs will not play a very significant role by 2020' but noted that 'all universities will have to provide much more and much better online learning with a special focus on blended learning and on interactivity as key markers of the student learning experience.'132 He added that 'as the focus on the student experience becomes ever more important, including in the world's most research-intensive universities, decisions about modes of delivery will be determined much less by considerations of cost and efficiency and more by concerns with effectiveness in terms of student learning.' This was echoed by Hans-Georg van Liempd, President of the European Association for International Education, who said that MOOCs will not supplant face-to-face education, but rather improve access and quality.133

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127 The survey was not available at time of writing, but see Chris Parr, ‘Students will defend need for traditional learning’, Times Higher Education, 30 March 2013. www.timeshighereducation.co.uk/news/students-will-defend-need-for-traditional-learning/2002889.article.
129 Interview with Dr Jeff Borden, Vice-President of Instruction & Academic Strategy, Pearson eCollege, 5 June 2013.
131 Professor Josie Taylor, Director, Institute of Educational Technology, Open University, presentation to ‘Online and open-access learning in higher education: MOOCs, new pedagogies and business models’, The Observatory on Borderless Higher Education, Leadership Foundation for Higher Education and University of London International Programmes, London, 5 February 2013. www.obhe.ac.uk/conferences/onlineopenaccess_london/MOOCs_S3a_Taylor. For an overview of the conference and the quote from Professor Taylor’s presentation see Chris Parr, Will MOOCs fail to give students help they need?, Times Higher Education, 14 February 2013. www.timeshighereducation.co.uk/news/will-moocs-fail-to-give-students-help-they-need/2001478.article.
132 Personal communication from Professor Michael Worton, Vice-Provost International, UCL, 4 June 2013.
133 Interview with Hans-Georg van Liempd, President, EAI/E, 4 June 2013.
Global and social

By 2020 studying will be a more networked activity than it currently is, facilitated by crowdsourcing tools such as Amazon’s ‘Popular Highlights’ tool, which allows Kindle users to share highlighted passages and notes with other users.134 Social networking, already as integral part of the student experience, will progress. It is likely that before 2020 there will be one or more global rankings for MOOCs. According to Sean Gallagher and Geoffrey Garrett at the University of Sydney, ‘in only a decade, the Jiao Tong Academic Ranking of World Universities has become a must view list for prospective students in Asia and globally. It is unlikely to take as long for a MOOC ranking to emerge, and its impact on student behavior could be even more profound.’135

Whither the degree?

MOOC platforms will also allow students to connect directly with employers. Udacity and Coursera both charge a fee to headhunters and businesses for access to student CVs. These platforms could become LinkedIn-like social recruiting hubs, where students showcase their strengths and connect with peers. Such a development may start to address the global location mismatch between employers and graduates, highlighted by a recent study by the Accenture Institute of High Performance.136

In some subject areas, such as IT, degrees should be less important by 2020, as standardised tests could be used to assess whether students have the necessary skills. A new, free, private school in Paris for software development provides a good example. The Economist reported in May 2013 on the country’s mismatch in skills: even with record unemployment, 72% of French software firms have trouble recruiting.137 The school, named 42, will target the poor suburbs, formal qualifications are not required, programmes will be based on ‘self-learning’ and they ‘will lead to no state-recognised diploma’.138 There were 50,000 applications for 1,000 places starting this autumn for a three-year course.

As noted in the previous section, unbundling means new opportunities for students through non-degree qualifications that may or may not add up to a degree. Bill Clinton announced in June 2013 the launch of a ‘2 Million Better Futures’ initiative which aims to provide skills credentials in the form of Mozilla ‘Open Badges’ to two million students and workers.139 DePaul University in Chicago announced that it will accept these for college credit, and more are sure to follow.

Although these trends may contribute to the reduction of student debt, the online revolution may also point towards greater inequality.140 An interviewee for this paper, Kevin Kinser at SUNY Albany, foresees a possible ‘division between a personalised elite education available only to the few, and a standardised mass-produced format that provides a credential with little opportunity for original thought’.141 He added that the most likely result would be ‘somewhere in the middle, with vigilance necessary to keep quality at the forefront of any reform’.

University degrees have been awarded since medieval times. Other types of qualifications exist but

138 Named after the answer to the ultimate question of life, the universe, and everything in The Hitchhiker’s Guide to the Galaxy.
141 Interview with Dr Kevin Kinser, Department of Educational Administration and Policy Studies, The University at Albany (SUNY), 9 June 2013.
not many in higher education. This is surely set to change. It seems clear that both students and employers are edging towards a situation in which being highly skilled matters but the provenance of those skills matters less. A Harvard degree will not be worth less in 2020 than today (though it is sure to cost more) but some degrees might be worth a lot less - just as a BA indicating membership of an exclusive club is a distant memory. In short, a wider range of credentials will have status equal to university degrees in the eyes of business.

There are many questions. What will alternative qualifications look like? If bachelor’s degrees are superseded by skills-based qualifications that are recognised by both governments and employers, will the lines between HE, FE and vocational education fade? In which disciplines will this first emerge? If courses are offered by private-sector providers in different countries, which national authorities will recognise multinational qualifications and which will be in the vanguard of setting national accreditation standards? Which will publicly fund them through grants and loans?

None of this means the unravelling of higher education. It means the rise of alternative and parallel provision pathways which may have relevance for a greater diversity of students in more parts of the world.
International partnerships and university networks

Although small higher education institutions exist that do not recruit international students, there can be few that do not have some sort of internationalisation strategy, and certainly none in the UK. The fact that internationalisation is seen as critical to success is not going to change.

Internationalisation includes a wide range of activities beyond recruitment: exchanges of staff and students, TNE, internationalising the curriculum at home, and the formation of international partnerships which range from ad hoc and bottom-up research collaborations to institution-led partnerships and networks of universities. These latter partnerships are seen to ‘offer new and sustainable ways of harnessing international opportunities’142 or, slightly more precisely, are driven by the belief that international projection and exposure offer benefits for students (employability in different markets) and longer-term strategic positioning for institutions.

The rationales for the Monash-Warwick Alliance, for example, are presented as meeting the demand – from students, industries and governments – for ‘graduates with a global education’, for joint research and enhanced access to research funding, and for ‘research that addresses world-relevant and strategically important problems’.143 Rationales using similar language are used by other networks such as WC2 and in the internationalisation strategies of individual universities such as Edinburgh.

Complementarity and risk mitigation are also considerations. Universities enter into international networks to share expertise and resources, as a means of remaining competitive. In 2012, the then Chief Executive of NCUK, a consortium of UK universities, said that such networks reduce reputational and financial risk through ‘safety in numbers’ and a broader set of opportunities for students.144

There are some 100 university networks globally, in all shapes and sizes. At one end of the spectrum are the Santander Universities network (with some 1,020 members), European Universities Association (850 members), and Association of Commonwealth Universities (500 members). These networks act variously as lobbying voices, information exchanges, commissioners of research, scholarship providers, and event organisers. A middle group includes Universitas 21, Worldwide Universities Network (wUN), WC2, Australia-Africa Universities Network (AAUN), and the Coimbra Group, with between 11 and 40 members at present. These have more focused but still rather fluid mandates, such as the WUN’s ‘multilateral opportunities for international collaboration in research and graduate education’, though the AAUN has a more developmental and capacity-building purpose and includes a focus on food security.145

At the business end of the spectrum are new, small international partnerships such as the Center for Urban Science and Progress in Brooklyn and the bilateral Monash-Warwick Alliance, both launched in 2012. These are discussed briefly below. The large networks will continue to play a role but will not be sufficient for the most innovative and forward-looking universities. The direction of travel is toward what might be called ‘niche partnerships’ with integrated teaching programmes and research in specific areas.

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142 UK HE International Unit, ‘Consortia, Networks, Alliances and the International Agenda’, International Focus 82, July 2012. www.international.ac.uk/media/1682653/International_Focus_82.pdf.
143 See monash.edu.au/about/glance/world/warwick.html and www2.warwick.ac.uk/about/partnerships/monash. This partnership is discussed below.
144 Jean Krasocki, quoted in UK HE International Unit, ‘Consortia, Networks, Alliances and the International Agenda’, op cit.
145 See www.wun.ac.uk/about and aaun.edu.au/programs.
This trend was reinforced by a number of interviewees and correspondents for this paper. Michael Worton at UCL stated that partnerships and networks are becoming ‘more strategic and sustainable rather than opportunistic and contract-led’. By 2020, partnerships will be increasingly multifaceted, to include teaching, research, and public engagement. They will also involve working with business and industry at the international level, which will in turn provide new funding streams and more educational and employment possibilities.146

Karen McBride at the Canadian Bureau for International Education envisaged the spread of networks of universities that share specific visions, rather than, for example, research-led institutions seeking other research-led ones. This ‘broader range of rationales for international institutional networks’ could include things as disparate as a shared interest in a liberal-arts dialogue with China or a shared commitment to sustainable development.147 Nina Lemmens at DAAD concurred with this shift to niche partnerships, and while the UK HE sector’s consortia are underpinned by regional links and shared geographical interests, she thought that liaisons with institutions in neighbouring regions (across borders) would increase in number. She also detected a gradual shift from incremental, bottom-up internationalisation to top-down strategies which require centralised institutional commitment to international partnerships.148

The remainder of this section looks at the Center for Urban Science and Progress and the Monash-Warwick Alliance, and suggests that these initiatives may be examples of a vanguard in strategic, niche partnerships in higher education.

**Center for Urban Science and Progress, New York**

The Center for Urban Science and Progress (CUSP) is a consortium model in postgraduate applied sciences located in Brooklyn. Its purpose is to provide a hub for postgraduate teaching and research; as with all hub initiatives, it was driven by a government - in this case, the Mayor of New York and the New York City Economic Development Corporation.149 Its HE members are New York University (NYU), NYU-Poly, CUNY, Carnegie Mellon, Toronto, Warwick, and IIT Bombay. It has nine industry partners, including IBM, Cisco, Microsoft and Siemens, as well as agency partners from the city administration. Its mandate, from the city, is to address the energy, infrastructure and public safety challenges facing cities.

Whether or not CUSP becomes a qualitatively new kind of research-intensive education hub will depend on whether it develops fully integrated rather than separate academic programmes, as is the case with existing hub models in the Gulf and elsewhere. At the moment, a CUSP certificate is awarded for an Advanced Certificate programme in Applied Urban Science and Informatics but MSc degrees are awarded from member institutions separately. In the case of the University of Warwick, students complete two-thirds of their studies at Warwick and one-third at CUSP. The CUSP partnership currently only offers in-class courses, though the partners have online and distance offerings of their own. A PhD programme is planned; candidates enrolled at a CUSP university partner, or in relevant programmes at NYU or NYU-Poly, will have the option of conducting research in residence at CUSP. No doubt the model will further evolve.

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146 Personal communication from Professor Michael Worton, Vice-Provost International, UCL, 4 June 2013.
147 Interview with Karen McBride, President and CEO, Canadian Bureau for International Education, 7 June 2013.
148 Interview with Dr Nina Lemmens, Director, Internationalisation and Communications, DAAD, 31 May 2013.
The Monash-Warwick Alliance

The Monash-Warwick Alliance takes integration a step further. The joint Academic Vice-President compares the partnership loosely to airlines alliances, with their code-sharing arrangements. He says that the Alliance was conceived as a ‘turbocharged initiative using disruptive technology and innovation’ in order to leapfrog the normal trajectory of development such that both universities enter the ranks of the world elite more quickly than they otherwise could have done.\(^{150}\)

Both universities committed £3m per year for five years and the Alliance has already brought in about £1m in UK and Australian public-sector funding and research grants.

The Alliance does not yet have its own website but it incorporates a dedicated joint Academic Vice-President (the Director), an Alliance Steering Committee and working groups, joint PhDs, joint undergraduate teaching and plans for integrated online learning. Thirty more joint posts are to come over five years - a handful of senior research appointments were in place in summer 2013. The joint posts and future joint online learning - 'virtual mobility' they call it - would appear to constitute a new model in international partnerships.\(^{151}\)

The joint PhD programme commenced in 2013. The website advises that supervision is offered in areas such as chemistry, maths, nanotechnology, biotechnology, literature, history, film and media. Students spend at least one year at both Warwick and any of Monash’s campuses, and they have supervisors at each.

The Alliance does not yet offer a full taught postgraduate or undergraduate programme but it ran a joint undergraduate interdisciplinary module on ‘Forms of Identity’ in spring 2013; it will run again in 2014. Students from a range of degrees at both universities took it as an elective course. The module is taught in real-time using video conference facilities at both locations which were developed specifically for the purpose. Given the time difference, classes are scheduled at the start of the day at Warwick and end of the day at Monash - this arrangement of course extends to meetings for the joint administration of the Alliance. The Alliance plans to expand the range of shared modules in 2014 and is investigating options for joint programmes at both taught master’s and undergraduate levels.

It is the extent of integration which is new, and these developments in partnerships should be considered in conjunction with the rapid changes in online learning discussed in Section 3. The Monash-Warwick Alliance, like MOOCs themselves, may be pointing the way to a new kind of pedagogy, in which undergraduate lectures, for example, may be delivered simultaneously to any number of participating institutions, either across a whole sector or indeed across borders.

Looking ahead

Look for more small-scale integration – or niche alliances – in the years to 2020. Competing with the top universities requires scale and resource, though not the dispersion provided by the scale of the mega-networks.

There are also obstacles to overcome. The joint Academic Vice-President post took 10 months to set up because of the complexity of joint working arrangements, tax, and residency status. As Professor

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150 Professor Andrew Coats, presentation to ‘Internationalisation of Higher Education: UK competitiveness, student mobility and the development of overseas campuses’, Westminster Higher Education Forum Keynote Seminar, London, 21 March 2013. Note that speakers did not have the opportunity to check or correct the transcript of this meeting. www.westminsterforumprojects.co.uk/forums/showpublications.php?pid=561

Coats indicated, universities, governments and tax officials are not used to people being salaried in two jurisdictions simultaneously.\textsuperscript{152}

There are of course innumerable things to consider when entering a partnership or networks. One enduring drawback that is more easily surmounted when the partnership is small is that of getting lost in the crowd. This does not matter in the mega-networks, as they are not a strategic part of a university’s outreach, but branding and positioning is an issue in the mid-sized networks. The UK HE International Unit articulated it as the ‘twin challenges’ of ‘having to add value to the existing initiatives of member universities, and of having to represent the collective interests of all members without detracting from their specific missions’.\textsuperscript{153} Or, as a member of the WUN Academic Advisory Group put it, how do you achieve both local and global relevance? How do you share knowledge and protect local interests? And how do you ensure that the network’s purpose is aligned to your type of university?\textsuperscript{154}

The answers to these increase in difficulty with the size and diversity of the network. For an internationalisation strategy, niche positioning and distinctiveness trumps diversity. This will continue to be the central dilemma of networks. Once again, it reflects a core tension introduced in Section 1: the desire to make a meaningful contribution to addressing big problems through international cooperation, versus the need to operate a successful business through excellence and standing out from the crowd. They are not mutually exclusive but getting it right will be beyond many.

At the launch of the Monash-Warwick Alliance, the Warwick Vice-Chancellor foresaw the emergence of some 50 ‘globally networked research-heavy university systems’ in different parts of the world, which do research and produce graduates in many locations. This will not have happened by 2020 but there will be imitators. Or joiners: the Alliance aims to add a third and fourth university, possibly from the Americas and Asia, as well as at least five industrial partners, as CUSP has done.

Kevin Kinser of the University at Albany (SUNY) argues that those best-placed now in HE internationalisation are the private entrepreneurs who see the commercial potential in internationalisation - those who attend international conferences can see there is money to be made. The less successful will be those universities that lack the financial resources or ‘lack the name-brand recognition to be recruited in international partnerships. They are playing catch-up now and may have a tough time squaring the rhetorical importance of international activities with the on-the-ground reality of what they are able to do’.\textsuperscript{155}

\begin{itemize}
  \item \textsuperscript{152} Coats, presentation to ‘Internationalisation of Higher Education’, op cit.
  \item \textsuperscript{153} UK HE International Unit, ‘Consortia, Networks, Alliances and the International Agenda’, op cit.
  \item \textsuperscript{155} Personal communication from Dr Kevin Kinser, University at Albany (SUNY), 9 June 2013.
\end{itemize}
Internationalisation and leadership, governance and management

What constitutes effective leadership and management in higher education is in flux and the prospect of it ‘settling down’ is as likely as the current pace of change coming to an end. At a round-table discussion held by the Leadership Foundation for Higher Education (LFHE) in May 2013, senior academic and managerial staff debated how successful higher education institutions will be governed, managed and led. It was motivated by the same concerns that inform this paper: globalisation and international competition, the withdrawal of the state from funding, technology and the open access movement, and the rise of student expectations.

The pace of internationalisation is at the root of insecurities; in the UK, it is argued that universities need to ‘scale up’ to compete with the array of new international players, as well as the wealthy universities in the US and the innovations in online learning arising from that country. Funding pressures will bring about the rationalisation of institutions and provision: it is also argued that more partnerships and mergers, closures, acquisitions, and privatisation are all increasingly likely in the coming years. But as the Pearson ‘Avalanche’ report noted, the changing environment not only threatens – it provides opportunities for sectors and institutions that are ready. Capitalising on these and shaping sustainable strategies require strong leadership on which students, staff, and stakeholders can rely.

Decisive leadership requires centralisation of purpose and functions. But there is a trade-off: the movement of decision-making upwards from individual departments to senior managers impacts on the autonomy of academic staff. When university leaders do not have academic staff on board for major initiatives, things go wrong. Likewise, governing bodies, which should be the location of risk assessment, impact on management. Within all of these dynamics, balances need to be found. Finding the best balance between fostering academic autonomy and adopting a culture of greater accountability requires skill. Leaders and managers need not only to uphold the core missions and values of their institutions, they need to communicate these effectively to staff and students.

In addition to communication skills, strategic leadership requires good intelligence on international developments, including political and legal frameworks in other countries, cultural competencies, and good data on which to base decisions.

A discussion paper for the LFHE round table highlighted flexibility and the ability for rapid response to threats and opportunities as essential institutional characteristics. UK universities collectively constitute an internally competitive culture, but competition between institutions is identified as a barrier to sharing best practices (and to collaborating effectively on the international stage).

Institutional collaborations at international level bring specific challenges in terms of financial and reputational risk management. All universities have international partnerships of various

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158 As they have done in the last year for the Presidents of both Yale and New York University, many of whose senior Faculty are resisting branch-campus plans in Asia. See ‘Faculty Gives Yale a Dose of Dissent Over Singapore’, New York Times 4 April 2012 (www.nytimes.com/2012/04/05/education/singapore-partnership-create-dissension-at-yale.html) and ‘NYU Faculty Votes No Confidence in Sexton Over Expansion’, Bloomberg, 16 March 2013 (www.bloomberg.com/news/2013-03-15/nyu-faculty-votes-no-confidence-in-sexton-over-expansion.html).


160 For a discussion, see William Lawton and Andy Heath, ‘Cooperation between the UK and Australia in transnational education’, op cit.
kinds. Although, and as discussed in Section 5, there is a growing preference among top research universities for 'fewer and more strategic international partnerships',

161 they are likely to be with institutions in a widening range of countries. The likelihood of core values and partnership objectives diverging between partners is greater. Moreover, relationships can be affected if, for example, legal regulations in regard to foreign companies change in the other country. Being prepared for the unexpected is part of what is necessary for strategic leadership and management. As universities extend their reach through partnerships and the various forms of TNE, risk management decisions become increasingly complex.

Managing international branch campuses

Universities with international campuses offer good examples of issues in strategic management. These are often run as separate companies of the home institution. A core management issue is that of integration vs devolution of core functions like human resources, finance, quality assurance, electronic communications and the library. Where there is minimal duplication of core activity across campuses it is less complex.

The University of Nottingham has four campuses in the UK and three abroad. In the UK, different subjects are taught in each location so as to be tailored to the needs of particular groups of students. Facilities are similar but academic content is unique to each. At the campuses in Malaysia and China, the same subjects and degree programmes are taught as at the home campus so the issue is that of managing comparability between those offerings in different locations. 162 Comparing quality and standards between home and branch campuses has become a much-debated topic in international higher education. Are they the same? Does same mean identical, equivalent, similar or comparable? 163 And this is also a strategic consideration: a university could decide that its foreign operations should not be the same but rather provide a distinct and different qualification for the host market.

How the centralisation vs contextualisation dilemma is handled is partly a function of institutional culture. Too much centralisation of management arrangements means a loss of decision-making autonomy at the branch campus, which is disempowering and risks underperformance. But too much autonomy poses reputational risk by allowing the offer and the brand to drift. How a brand is most effectively managed and transferred abroad will differ in different host contexts. And how much should be transferred? If it is contextualised too much is it still the same brand? If it not contextualised does it risk being irrelevant or isolated? Universities need to chart a path that recognises these conflicting pressures.

The ‘Avalanche’ report by Pearson notes that ‘universities are little different from global companies’ in regards to governance and administration, which succeed perfectly well with dispersed governance and management. 164 Indeed, for the emerging MOOCs this is inevitable. It is also already the case for the big American for-profit institutions.

One interviewee believed that academic governance abroad is done ‘reasonably well and is familiar territory’ but that commercial governance might be a different story. It was possible that not all university governing bodies had the necessary expertise, nor were they always used effectively. From a governance perspective, the growth of regional integration agendas will give rise to challenges to TNE providers. UK universities are familiar with the European Higher Education Area but the ASEAN countries are working towards a policy framework to encourage intra-regional

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161 This is evident in many university strategic plans. For a random example, see Penn State: strategicplan.psu.edu/partnershipsabroad
162 Personal communication from Professor Christine Ennew, PVC and Provost/CEO, University of Nottingham Malaysia campus, 11 June 2013.
164 Barber et al, ‘An avalanche is coming’; op cit, p. 40.
mobility. This may have noticeable impacts on student mobility beyond the ASEAN region and TNE operations within it. Senior management at universities need to consider possible impacts in advance. (See also Section 8 on ASEAN integration.)

**MOOCs and the future of leadership**

MOOCs pose a challenge for university leaders. As was noted in Section 1, an American university President lost her job temporarily in 2012 because the exciteable governors felt she had avoided grasping the MOOCs nettle. Many individual university departments have enjoyable flat management structures but universities are hierarchies, suitable to and shaped by older technologies.\(^{165}\) And while they may be becoming more transparent and flexible, leadership models have changed less. Hierarchies are still there, management is centralised, departments and schools can be compartmentalised, and job descriptions rigid.

Sticking with this ‘industrial model’ is an unpromising option, according to an interviewee for this paper, Dzulkifli Abdul Razak, a Vice-Chancellor in Malaysia. He believes it treats students as consumers, while universities are results-obsessed factories. He suggested that the economic crisis forces universities everywhere to focus on employability and a ‘one-size-fits-all’ model. Similarly, Pawan Agarwal at the Planning Commission of the Government of India felt that ‘managerialism’ in higher education would be on the rise by 2020.

Embracing online education is bound to change this, just as it has changed other industries disrupted by technology: leadership and decision-making have become more decentralised, democratic and flat. This is clear in the case of some tech companies, such as video game developers and other software companies. The employees of Valve Corporation in Seattle do not have a clear job description, nor are they part of a specific team.\(^{166}\) They ‘move about the company at will, to join whichever working group they want, to form new ones spontaneously and without seeking anyone’s permission.’ Some may hold this image of universities already but few VCs and Presidents are ready for that. And although the Coursera website suggests a flat management structure, universities are bigger beasts that will never be so nimble.

But changes in job structures may come with the embrace of the online revolution. Junior lecturers may be gradually replaced by mentors, scattered around the world and with only a loose connection with their employers; more senior academics might have multiple contracts with several higher education institutions. The model of the academic who spends her or his entire academic career in one or two institutions is already a peculiarity and will disappear, perhaps not by 2020 but soon enough.

Universities leaders will have to deal with students and staff from different backgrounds, in multiple locations, including countries where national student associations are powerless or non-existent. Management models will have to adjust to these changes; it will require the type of business acumen seen in industries that have adapted to the disruption already.

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165 For a discussion of changes to universities and higher education caused by technology, see Marshall McLuhan’s *The Gutenberg Galaxy*, published almost 50 years ago.

Higher education funding and the public-private dynamic

The squeeze on public funding

Financial investment in higher education has increased dramatically in the past decade in line with increases in student numbers.\(^{167}\) A positive correlation between the level of public expenditure and the number of students in higher education holds true for most countries.\(^{168}\) There is, however, a movement away from public funding towards privately supported higher education. Although this shift now coincides with an economic downturn in large parts of the developed world, it predated it and will not be reversed in the likely event of economic recovery before 2020. The gradual withdrawal of the state from HE funding in developed countries is set to stay. This general statement will not hold true for some wealthy European and Asian countries, nor should it hold true for research expenditure. Undergraduate teaching is in the firing line.

In the case of the UK, ‘the intention is to shift the majority of teaching funds from public authorities to students’.\(^{169}\) The current UK government cut the grant for university teaching in the arts, humanities and social sciences in 2010. The overall decrease was from £4.9bn to £4.6bn for 2011-2012, one year before the cap on undergraduate tuition fees was raised (to £9,000).\(^{170}\) This has been reduced to £4.47bn for the 2013-14 academic year. Funding for research remains the same at £1.6bn and the capital budget has been increased from £265m to £280m.\(^{171}\) In the context of funding reform, the Higher Education Funding Council for England (HEFCE) is shifting its public interest objectives to ‘widening participation and retention of students, specialist institutions, high-cost subjects, and vulnerable disciplines’.\(^{172}\)

For public spending on higher education, the World Bank includes spending on public and private education institutions, administration, and subsidies for private companies.\(^{173}\) The variation between countries of public funding of higher education reflects a complex array of structural differences such as the duration of compulsory school education, duration of each level of higher education, demographic changes, national priorities and ability to pay.\(^{174}\) Disruptive events matter too: the 2008 financial crisis put pressure on public budgets and impacted the public funding of HE around the globe.\(^{175}\)

The first signs of public funding squeezes were in the 1980s during ‘structural adjustment programmes’. These prioritised the economic benefits of primary over tertiary education and shifted public funds away from higher education, particularly in Latin America and Sub-Saharan Africa.\(^{176}\) This trend continues and can be seen in Australia and the UK, but also in the UN Millennium Development Goals (MDGs) which indicate primary education, rather than higher education, as one of...

171 Richard Johnstone, ‘Higher education funding cut by £800m’, Public Finance, March 2013. www.publicfinance.co.uk/news/2013/03/higher-education-funding-cut-by-800m/
173 World Bank, ‘Expenditure per student, tertiary (% of GDP per capita)’, 2008-12. data.worldbank.org/indicator/SE.XPD.TERT.PC.ZS/countries
eight priorities.\footnote{See \url{www.un.org/millenniumgoals/education.shtml}} One consideration here is that the cost of an HE student is higher than a student in primary school.\footnote{Eurostat, ‘Key Data on Education in Europe 2012’, op cit.}

Although it is now commonplace for governments and HE sectors to agree that higher education is a core contributor to productivity, innovation and international economic competitiveness, spending on primary and secondary schools is generally about double, as a proportion of GDP, than spending on higher education. In 2008, primary, secondary and post-secondary non-tertiary education accounted for 61\% of combined OECD expenditure on educational institutions, or 3.7\% of the combined GDP. Higher education accounted for nearly one-third of combined OECD expenditure on education, or 1.9\% of the combined GDP.\footnote{OECD, ‘Indicator B3: What proportion of national wealth is spent on education?’, in Education at a Glance 2011: OECD Indicators, OECD Publishing. \url{www.oecd.org/edu/skills-beyond-school/48630884.pdf}}

The OECD Education at a Glance 2012 report notes that the proportion of public versus private funding in OECD countries decreased on average from 78\% in 1995, to 77\% in 2000, to 73\% in 2005, where it stayed until 2009.\footnote{OECD, ‘Indicator B3, 2012, op cit.} Within its sample of 25 countries, only seven had an increase in the relative proportion of public expenditure over private between 2000 and 2009 (Canada, Iceland, Ireland, Korea, Poland, Spain, US).\footnote{Ibid.}

The World Bank reports that public expenditure per pupil as a percentage of GDP per capita decreased in the European Union between 1998 and 2009, and in Latin America and the Caribbean between 2001 and 2004. There are no comparable trend data for Asia and Africa. Between 2008 and 2012 (concurrent with the financial crisis) public funding of HE decreased by more than 10\% in the Czech Republic, Greece, Hungary, Iceland, Ireland, Italy, Latvia, Lithuania, Netherlands, Portugal and Spain.\footnote{OECD, ‘Indicator B3, 2012, op cit.} These countries were all severely impacted by the crisis. On the other hand, Austria, Denmark, France, Germany, Norway, Poland, Slovakia, Sweden and Switzerland increased public funding for HE during this period. These increases were attributed variously to competitive research funding (in Germany), university reforms (in France), and overall increases in public spending since 2008 (in Scandinavia). No such luxury exists in central and eastern Europe and elsewhere in the former Soviet bloc, where states are faced with an inability to meet increasing demand.\footnote{Philip Altbach, ‘The Private Higher Education Revolution: An introduction’, in Philip Altbach & Daniel Levy, eds, Private Higher Education: A Global Revolution, Sense Publishers, 2005, pp. 1-5, 121-34.}

Developments in England and Wales were considered ‘subject to interpretation’ because of major changes in the funding system in 2011-12.\footnote{www.eua.be/Libraries/Governance_Autonomy_Funding/June_2012_report_FINAL.sflb.ashx.}

Public expenditure on higher education in sub-Saharan Africa as a percentage of GDP remained at roughly 0.8\% of GDP between 1990 and 2006, short of the OECD average of 1.21\%. But whereas public spending on education per student doubled in non-African developing countries between 1990 and 2006, in Africa it declined overall, from about $2,900 to $2,000 per student. The decline was fastest in higher education. This reflects the increase in HE student numbers as well as a shift in resources to primary and secondary education, consistent with the Millennium Development Goals.\footnote{World Bank, Financing Higher Education in Africa, Washington, 2010. \url{books.google.co.uk/books?id=SoC1z29QqwC&printsec=frontcover&source=gbo_books_summary_r&cad=0%20%20v=onepage&q&f=false#v=onepage&q=&f=false}.}

The University of Ghana had a three-fold increase in students (to 37,000) in the 10 years to 2010-11. In the country as a whole, 9,000 university students in 1987 expanded rapidly to 115,000 in
2010.\textsuperscript{186} Ghana spent a greater share of GDP in HE in 2009 than did the UK (2% vs 1.3%), and public funding per student more than doubled between 2006 and 2010. Even so, that meant about $1,500 per student per year – less than 40% of that recommended by Ghana’s National Council for Tertiary Education. Furthermore, because 94% of public funding goes on salaries, tuition fees for some students and student loans were introduced, and universities seek consultancy work.\textsuperscript{187}

The rise of private funding

According to the OECD Factbook 2013, 18 of the 25 countries analysed showed an increase in the share of private funding for higher education between 2000 and 2009.\textsuperscript{188} In 2009 Chile, Korea, the UK, Japan, US, and Australia had the largest proportions of their funding from private sources, including tuition fees.

The overall trend in OECD countries is that households increasingly cover the costs of higher education. In Korea, the government spends little on education and the average cost for households is 48% of household income while the student is at university.\textsuperscript{189} But in Austria, the Czech and Slovak Republics and Sweden, where tuition is negligible, expenditure from private businesses and non-profit organisations is more common than household expenditure.\textsuperscript{190}

Many governments cannot afford to bridge the gap between demand and supply, and this is why more than half of Indians in higher education now study in the private sector. This trend is inexorable in the main HE exporting countries and Asia, even if there is substantial resistance in the wealthier parts of continental western Europe.

The balance between public and private funding at universities is significant – just as it is in all sectors. Public funds carry higher requirements for transparency and accountability. In the UK, private providers are not subject to the same regulations around access, price and information which are applied as a condition of the teaching grant. This suggests that the shift to private funding means greater flexibility in terms of how money is used.\textsuperscript{191}

Even so, governments that decrease spending in HE are disinclined to loosen the conditions that attach to it. In the UK, the 2011 cuts to the teaching grant in England were accompanied by what were ostensibly more flexible rules in regard to undergraduate admissions grade requirements (caps were removed for students having attained certain grades). But these rather created a more tiered university sector in which the top group of universities received a greater number of the best candidates and many more were unable to reach admissions targets (even some strong research universities did not meet targets in some subjects because admissions were lower overall).\textsuperscript{192} This is happening again for autumn 2013 entry. Targets in regard to widening participation from poorer socio-economic groups were unaffected (though they are rarely met).

From public to private in the US and UK

In the United States, philanthropy has long been a major source of income for universities, and


\textsuperscript{187} Ernest Aryeetey, Vice-Chancellor, University of Ghana, Presentation to the General Conference of the International Association of Universities, Universidad Interamericana de Puerto Rico, 29 November 2012.


\textsuperscript{190} OECD, ‘Indicator B3, 2012’, op cit.

\textsuperscript{191} epp.eurostat.ec.europa.eu/cache/ITY_OFFPUB/978-92-9201-242-7/EN/978-92-9201-242-7-EN.PDF.

\textsuperscript{192} Personal communication from a Departmental head at an English university, 12 June 2013.
this has served as private-sector compensation for the lack of government funding.\footnote{193} In a time of economic downturn, higher education institutions in countries whose governments are under financial strain will also come to rely more on private wealth, including that of alumni.

The private HE sector ranges from not-for-profit but not publicly funded institutions in the US to institutes with religious missions in the developing world. Private universities and private higher education and pathway providers such as Kaplan, Pearson, Laureate and INTO have established themselves successfully and the number of students in private institutions is growing faster than in publicly owned and funded ones.\footnote{194}

In the US, for-profit schools are growing, especially in online education. In 2011 there were more than 1,600 degree-granting for-profit institutions in the US (30\% of the total) and they are permitted in every state but Rhode Island. The adult (25+) education market exploded from 38,000 to 840,000 between 1987 and 2009. Enrollments in the for-profit sector totalled more than 2m after 440\% growth in just over a decade, and it exceeded that of the private not-for-profit sector.\footnote{195}

Much of this activity is via online delivery and one concludes that its growth reflected an inability of the traditional sector to respond to the needs of mature students. In 2008-09, degree-granting for-profits reported $20.5bn in revenues and $3bn in profits. What is fascinating, and also responsible for negative press in regard to quality, is that some 90\% of this revenue comes from federal aid, and that while the for-profit sector accounts for 10\% of students, they are responsible for 44\% of the defaults on federal student loans. In 2009-10, for-profits captured $32bn of the $130bn in loans and grants delivered under Title IV of the Higher Education Act.\footnote{196}

In an environment of declining public funds, UK universities have considered where the tipping point is – ie, the point at which some decide that the constraints under which they operate are not compensated by the teaching grant and fees. When funding cuts in England were announced in October 2010, it was reported that the LSE and Cambridge were considering the implications of opting out of government funding.\footnote{197} In November 2010 the UK government Business Secretary claimed that LSE, Cambridge, Oxford, UCL and others had stated that unless tuition fees were raised, they would reject state funds and finance themselves through fees, research grants and endowments.\footnote{198}

That was before the raising of the fee cap to £9,000 in 2012. Subsequently, such reports from universities have been less evident. But in 2011 it was reported that middle-ranking universities were considering privatisation.\footnote{199} A former UK Education Secretary also argued in January 2013 that the £9,000 fee was insufficient to keep top UK universities competitive with the world's best, and that they should be given a guarantee that research grants would be maintained if they became privately funded and introduced the fee levels they wished.\footnote{200} If that happened, it seems likely that access to this research funding would be maintained.

\begin{itemize}
  \item \footnote{197}{‘LSE looks at option of going private’, Guardian, 26 October 2010. www.guardian.co.uk/education/2010/oct/26/lse-looks-at-private-option}
  \item \footnote{198}{‘Cable says Oxbridge, UCL and LSE threatened to ‘go private’ over fees’, The Times, 16 November 2010. www.thetimes.co.uk/tto/education/article2809074.ece.}
  \item \footnote{199}{‘Two English universities considering going private’, BBC News, 1 July 2011. www.bbc.co.uk/news/education-13988920}
  \item \footnote{200}{‘Leading universities “must go private to stay in global race”’, The Times, 29 January 2013. www.thetimes.co.uk/tto/education/article3670935.ece.}
\end{itemize}
Private HE providers in the UK include for-profit and not-for-profit institutions. A report published in June 2013 counted 674 privately funded higher education providers operating in the UK – but did not list them. The majority are for-profit organisations, 217 have fewer than 100 students and 35 have more than 1,000.

As for private universities with degree awarding powers (DAPs), there were six in summer 2013: University of Buckingham, Regent’s University London, Ashridge Business School, IFS School of Finance, the University of Law, and BPP University College. The first four are registered charities (not-for-profit). The University of Law was originally a registered charity (as the College of Law) but is now for-profit. BPP, also for-profit, is owned by a UK private equity firm and the Apollo Group of Arizona.

Other non-university private providers like the London School of Business and Finance, Kaplan and Pearson College have university partners for degree validation. The current UK government wishes to see more of these in order to broaden student choice by opening universities to competition – although the legislation to make that switch easier has been delayed. Pearson is a contender for degree-awarding powers before 2020.

Although it is certain that there will be more private universities operating in the UK in 2020, it is less certain that currently publicly funded universities will be among them. Private providers will presumably be exempt from government quotas on such things as admitting students from poorer backgrounds. Access to research funding is likely to be maintained if public universities go private, though the ability of the for-profits to compete successfully for it will be limited. In Scotland, where the widening participation requirement is tied explicitly to the funding settlement, the movement towards private universities will be more resisted. For student and lecturer unions across the UK, privatisation would amount to an abandonment of the founding principles of UK higher education – but the same was said of tuition fees.

Investment in Africa: The MDGs vs China

The Millennium Development Goals (MDGs) were launched in 2000 with the aim to eradicate poverty by 2015. One of the eight goals is for universal primary education and the achievement has been impressive: the proportion of children in school in developing countries rose from 81% in 1999 to 88% in 2010, and this was funded by a doubling of international aid for education to $4.2bn in 2007. But this commitment is also being questioned. It was based on data that demonstrated higher returns for primary education relative to other levels, including vocational training. Tanzania, Kenya and other countries were encouraged to focus resources in order to meet the MDGs.

The unintended effect, it has been suggested, has been to increase the capacity gap mentioned above: not enough doctors, nurses, teachers, engineers, and planners have been produced. The approach has not been balanced. Others go further in arguing that the west is not providing aid to develop a competitor: 'The goals are not only a set of targets; they constitute a ceiling. The aim is very much to ensure a level of development that prevents slippage into underdevelopment; it is not

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202 ibid.
203 ibid.
to take any part of Africa into a millennium in which, like China, it challenges the west.\textsuperscript{208}

The governor of the Central Bank of Nigeria claims that the relationship of China with Africa is one of colonialism: instead of contributing to the African economy, China extracts jobs and natural resources from the continent.\textsuperscript{209} This is a classic dependency-theory critique of underdevelopment. Standard Bank, one of South Africa's big four banks, is 20% owned by the Industrial and Commercial Bank of China, possibly the largest bank in the world.\textsuperscript{210} It is also thought that Africa offers a low-cost environment for Chinese companies to experiment in without fear of adverse publicity if things go wrong.\textsuperscript{211}

On the other hand, China has been financing higher education in Africa for two decades. In 1995, the China-Kenya Horticultural Technology Center was set up by Egerton University of Kenya and Nanjing Agriculture University. The Ethio-China Polytechnic College was established in Ethiopia with $14m of Chinese money. It was handed to the Ethiopian government on completion in 2007 and it trains TVET teachers.\textsuperscript{212} In 2008, the (China-based and originally European Commission-funded) China Europe International Business School (CEIBS) launched programmes in Ghana, including a Women Entrepreneurship and Leadership for Africa Programme and the ubiquitous Executive MBA. A new campus is Accra imminent. The Observatory's 2012 report on international branch campuses suggested that Chinese campuses in Africa were likely to emerge soon.\textsuperscript{213}

It appears that while the western-inspired MDGs prioritise school education and other basic needs in the development world, China's aspirational approach to education and investment in Africa is focused on higher education:

[The Chinese approach] recognised the need for educational foundations for international competitiveness - albeit in a distant future. In the meantime, it recognised the psychological foundation a university degree confers in situations of underdevelopment. The graduate is credentialised as having escaped the structural constraints of poverty upon his or her capacity to understand and interrogate the world.\textsuperscript{214}

Private sector involvement in higher education

Real estate developers are in the game. Private equity funds are not only funding MOOCs; they are seeking established HE partners for large-scale real estate ventures in the developing world – with universities attached. Ireo, for example, is a large private equity fund based in the booming Delhi suburb of Gurgaon, with an investor base that includes sovereign funds, American investment banks, and American universities (including Stanford, Minnesota, and Rochester). Its earlier plan, in 2010, was to create two world-class multidisciplinary research universities in Ludhiana, the largest city in Punjab, and Gurgaon – the latter as part of a vision for effectively a whole new town of luxury


\textsuperscript{211} Pedro Nueno, 'Why Chinese companies are investing in Africa: The CEIBS experience', IESE & Africa blog, 9 July 2013. blog.iese.edu/iese-and-africa/2013/07/09/why-chinese-companies-are-investing-in-africa-the-ceibs-experience/


\textsuperscript{213} Though CEIBS is a hybrid institution and it remains to be seen whether the Accra campus fits the Observatory’s definition of an IBC. See William Lawton and Alex Katsomitros, ‘International Branch Campuses: Data and Developments’, Observatory on Borderless Higher Education, January 2012, p. 17.

apartments. Currently, a plan for ‘Ireo City’, a 600-acre township, appears to include a ‘university campus in collaboration with Stanford’, though this does not necessarily mean a Stanford campus in Gurgaon. Other real estate developers and mining conglomerates from India have sought university partners in the UK.

INTO University Partnerships, a UK company, demonstrates a more recognisable (pathway) approach to public-private partnerships in HE. It works with 17 universities in the UK, US and China, for which it recruits about 8,000 students per year, most through its own agent network of almost 900 outlets worldwide.

Universities can approach the private sector as competitors or partners, and there is already plenty of evidence that the latter is what both sides prefer. The positive side of public funding withdrawal is that it encourages universities to seek entrepreneurial business models in partnership with private players.

**Looking ahead**

Greater public support can encourage higher participation in tertiary education, especially on behalf of students who cannot afford a university education without financial assistance, such as loans. Public support can encourage diversity via better access to educational opportunities for low-income students as well as enabling students to work less and study more. It can also encourage greater competition among tertiary institutions by transferring funds via the students’ governmental aid.

In countries with serious budget cuts in higher education and research, it is difficult for universities to retain their students and researchers making the schools even less competitive.

One downside is that the ideal of higher education as a public good is under threat. This reflects the wider spread of market-based ideology. More concretely, governments will encourage some institutions to find ways of driving down the costs of courses and degrees. The online revolution and the ability to unbundle provision from awards, while maintaining access to public loans and grants, will make this feasible. This will not affect the top research universities, where it will be costly business as usual by 2020, the only change for them being greater online offerings of their courses around the world, either in the form of free MOOCs for those who do not seek qualifications or as part of hybrid degree offerings in developing countries. Some universities in the public sector may opt for a private, not-for-profit status. The cultural divide between elite universities and the rest will grow in the US and UK. Many thousands of academically qualified students will have no access to a top institution. That is already the case but in the future there can be less pretense about access for self-funding students.

Economic recovery will be underway before 2020 but will not be accompanied by a general increase in public funding for higher education. Private investment has begun to fill the void that public funding has left, and private enterprises will ideally commit to this for the long run. Governments, apart from a handful in continental Europe, will be under no political pressure to increase their intervention. User pays is becoming the norm.

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216 See ‘Ireo Plots Gurgaon’: www.ireoprojects.co.in/ireo-plots
219 Ibid.
220 ‘EUA’s Public Funding Observatory’, June 2012, op cit.
The implications of trade liberalisation for higher education

Higher education is at best a minority consideration within the political and economic currents that drive international trade. But these currents affect higher education as much as they affect anything. The steady increase in cross-border activities in higher education would not have been possible without the liberalising trends of the past two decades. In the approach to 2020, while global trade agreements may have stalled, the processes of liberalisation remains in full swing through the vehicles of bilateral and intraregional trade arrangements. There will always be exceptions and periodic, localised reversals driven by politics but the global trend seems clear. The economic rationales behind the opening of domestic markets seem irresistible.

Global trade agreements which would effectively ‘fix’ the liberalisation of higher education are on hold since the de facto collapse of the Doha round of GATS in 2008. Some leading exporters of higher education, including the European Union and Canada, refused to commit, though this does not mean that higher education figured in the core reasons. The same goes for developing countries. Another round of GATS may be a long way off, even in the likely context of economic upturn before 2020. If or when it does occur, it will need to take on board the big changes in higher education discussed in this paper, not least the online revolution. Governments may be even more reluctant to lock themselves into global trade agreements if they see growth in the international trade of knowledge as a threat to economic competitiveness. University sectors are unlikely to disagree. Furthermore, the new head of the World Trade Organization, in September 2013, will be a Brazilian diplomat, Roberto Azevêdo, and he may be disinclined to push hard for another GATS round.

Brazil will continue to liberalise its higher education sector despite its reluctance to commit to GATS (which had more to do with cotton trading than education). India is less certain because resistance to liberalisation remains an influential part of its numerous political cultures, in spite of the fact that the country is much more open now than 20 years ago. When the University Grants Commission in India indicated its intention, in late 2008, to restrict foreign commercial presence in higher education, it was pointed out that this was illegal under GATS and ‘at odds with India’s current position in the GATS negotiations’ – even though this was after the July 2008 collapse.222

Most developed countries went through phases of protectionism under the label of national economic policies. These days, developing countries have fewer options. The contradiction between the ability to implement national economic objectives and the requirements of fully liberalised trade in goods and services is stark. What free traders consider to be barriers may be considered by governments to be nation-building policies. In the case of India, there is a widespread conviction among various political parties, at federal and state levels, that ‘commercialisation’ is contrary to the public good and that a precautionary approach should exclude education and other vital public services from trade agreements. These domestic political divisions have precluded passage of a number of legislative attempts to open the sector to foreign universities and regulate it properly, including the now-infamous Foreign Educational Institutions bill of 2010.223

If India were compelled, through a broader trade agreement, to open its HE sector fully to foreign activity, there would be an absence of goodwill and it would prove an inauspicious foundation for business partnerships. For foreign universities, patience is preferable, until such time as the political classes can find a level of comfort. On the other hand, that is asking a lot and although quite a few

223  The original draft can be seen at www.aiuweb.org/notifications/Foreign%20Education%20Providers%20Bill.pdf.
foreign universities have taken the plunge. India does itself no favours in a fast-moving world when potential foreign partners look elsewhere.

**ASEAN integration**

Bilateral and regional deals fill the vacuum left by GATS, particularly among middle-income countries. The 10 countries of the Association of Southeast Asian Nations (ASEAN) include one rich country (Singapore), two TNE leaders (Malaysia and Singapore), two others at least with developed plans in HE internationalisation (Thailand and Viet Nam), and two very large countries (Indonesia and Philippines). The level of economic disparity between them probably exceeds that within the EU, and the political and cultural differences are great, but the political and economic project of ASEAN integration is well underway. Its rapid pace may be underpinned by the wish to create a counterbalance to Chinese economic, financial and military power - something that calls to mind the EU-US relationship.

The creation of a European Higher Education Area (EHEA) within the EU framework of the EU has not gone unnoticed in Southeast Asia. Certainly EU integration itself represents a model for emulation for ASEAN. Its two main milestones are a ‘single market’ with mobility for skilled labour by 2015 and an ASEAN Economic Community (i.e., regional economic integration) by 2020. Reminiscent of the Bologna Process in Europe, a Secretariat appointed by the ASEAN University Network (AUN) is tasked with establishing the ASEAN Credit Transfer System covering AUN member universities by the 2015 milestone.

These are bold moves overall and are likely to have impacts on universities in traditional HE exporting countries. The free movement of skilled labour suggests that the ASEAN bloc will actively encourage the intraregional mobility of students and wish to retain the best brains within. Universities elsewhere may consequently find it a more competitive environment from which to recruit - but of course this just supplies one more reason to up one’s institutional profile in TNE in the ASEAN bloc.

Increased investment and regional ‘harmonisation’ of higher education should certainly enhance the quality and ‘competitiveness’ of ASEAN universities, not least in terms of their research output.

**Looking ahead**

Economic liberalisation is the behind-the-scenes driver of HE internationalisation. Even in the absence of a GATS, there is no reason to suppose that it will be reversed or even have slowed by 2020. That is good because none of the world-changing work between international partners that requires trade in knowledge, skills and ideas could happen in a less open world.

The downside is that greater liberalisation is consistent with the commercialisation and privatisation of higher education and this also leads to an increasing acceptance of its commodification. This is driven by governments that everywhere see higher education in instrumental terms: as an instrument of national economic development or international competitiveness or entry into the knowledge economy or a commercialiser of innovation – take your pick. There is of course resistance to this from within the academy in many countries, and the idea of higher education as an intrinsic public good still hangs on. But for those who run universities, they are by default businesses that operate in a competitive world. To fail to do this effectively means the same for universities as for any other business.

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Staying competitive means unavoidably that sustaining the public good aspect of higher education will become more and more difficult. For a country like India, what will ‘catching up’ in terms of ‘world-class excellence’ mean? It could mean the abandonment of country-specific goals and the diversion of talent, energies and curricula in ways that do not serve the country well.226 (This is revisited briefly in Section 9 on rankings.) In South East Asia, there are many business schools whose courses are based on international editions of US business texts.227

If universities in the west, and their governments, have a moral responsibility to lessen poverty and suffering elsewhere in the world, as part of what HE internationalisation means, it seems unlikely that they are collectively approaching that in the most direct way. This is hardly a criticism of what universities do abroad. They are buffeted by the same market forces as anything else. It is often to regret the failure of HE sectors to distinguish their mandates from those of their governments. But when financial duress is the order of the day, the dilemma between sustaining a successful institution and using that institution as an instrument of public good is real.

The rankings industry: Institutionalising competition in higher education

This is not the place to attempt an analysis of the international higher education rankings industry, and certainly not to critique the methodologies employed by them (tempting as that is). But it is appropriate to consider their impacts – specifically how they affect the behaviours of institutions, scholars, students and governments. The influence of rankings is the clearest demonstration of the increasingly competitive nature of higher education. This influence is a cause for concern in the developing world.

A common view of rankings – both domestic and international – is that they tell only partial and biased stories about universities, that they are commercially driven, that there is no consensus on an ideal university, but that they ‘are here to stay’. There are few university leaders who dismiss them publicly when they yield favourable results (though the President of UCL did so in 2010).

Whatever the activity, universities need to bear rankings in mind. This effect does not have to be as blatant as the recent case in which the President of University College Cork urged his academic staff to ask colleagues from outside the university who ‘understand the importance of UCC improving its university world ranking’ to register to vote in the QS survey of university reputations.

Governments refer to international rankings for policy-making in education and even immigration law: according to Ellen Hazelkorn, the Netherlands prioritises for entry foreigners with qualifications from the top 150 universities, while Mongolia, Qatar and Kazakhstan restrict scholarships to students who win admission to the top 100 institutions. A report for the Government of India in 2009 floated the idea of allowing only the top 200 foreign universities from the rankings to operate in India. By 2012 (and perhaps after realising that no Indian institutions come close to the top 200), a meeting of the University Grants Commission agreed ‘in principle’ that only institutions appearing in the top 500 of the Times Higher and Shanghai Jiao Tong rankings (properly called the Academic Ranking of World Universities) would be permitted to operate joint degree programmes with Indian partners. (In the THE World University Rankings 2012-13, three Indian institutions made it in the top 400: IIT Kharagpur (at 226-250), IIT Bombay and IIT Roorkee. In the Shanghai ranking, only the Indian Institute of Science Bangalore was in the top 500.)

The absence of Indian institutions from the top 200 is considered an embarrassment there, and the Government of India has a direct response. In May 2013 it was reported that the Human Resource Development (HRD) ministry (responsible for HE) and the Planning Commission (chaired by the Prime Minister) had invited Times Higher Education, publishers of the Times Higher World University Rankings, ‘to sensitisise universities about the metrics of global rankings’. An HRD official was quoted as saying, ‘You can call it a lobby or dialogue or engagement, but we want to engage with THE and other ranking agencies to improve our standing’. 

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228 ‘University world rankings are pointless, UCL president says’, Guardian, 21 September 2010. www.guardian.co.uk/education/2010/sep/21/university-world-rankings


230 Ellen Hazelkorn, Rankings and the Reshaping of Higher Education: The Battle for World-Class Excellence, Palgrave MacMillan, 2011. See also www.timeshighereducation.co.uk/412342.article


234 ‘India to lobby foreign agencies for improving university rankings’, Live Mint, 22 May 2013. www.livemint.com/Politics/X1xjY3phY6DwwFkIwG3sPO/India-to-lobby-foreign-agencies-for-improving-university-rank.html
THE indicated it would conduct India-specific rankings to 'help universities benchmark themselves against global standards, which would promote healthy competition and help India improve its showing in global league tables'.

On the one hand, it is not clear how an India-only ranking helps India move up the world rankings. But at a more fundamental level, it can be asked what this aspiration to compete more successfully means. In India it means clearly that institutions have to play the game in order to be players in international HE. Research capacity is low in India and it needs to be ramped up.

But Professor Dzulkifli Abdul Razak at Albukhary International University in Malaysia, an interviewee for this paper, argues that the most direct route to levelling the playing field between North and South is through the type of cooperative measures articulated in the Millennium Development Goals (MDGs). He believes that rankings focus attention on individual institutions rather than national systems, and that very little positive change lies in this direction. The HRD ministry in India has long grappled with the policy dilemma between the need to widen domestic access and the desire to develop world-class excellence in HE, consistent with their aspirations for a knowledge economy. But the rankings game is premised on one notion of what world-class excellence is, and this notion excludes context: quality of life, links with and impact on communities, and the co-creation of knowledge.

Rankings as they currently operate, he concludes, are 'non-developmental': they cannot measure all of the things that universities are good at and they counter the aspiration to level the playing field. Universities in the South should look beyond them, but the political pressures to conform to them will be as intense in 2020 as they are now.

It would also be a perverse trend if direct interventions by the rankings industry, at the invitation of governments wishing to improve scores, were then used to 'demonstrate' shortcomings in the developed sectors. Something like this already occurred in 2012 when the appearance of more Chinese, Singaporean and Korean universities in the top 200 of the Times Higher list was claimed, erroneously, as evidence of a forthcoming ‘collapse into global mediocrity’ by England’s universities. Parts of the UK sector saw this as an opportunity to push for further concentration of public funding in the top research-intensive universities.

A recent study from Michigan State University supports the contention that international rankings institutionalise competition. It suggests that they create competition for the sake of it and exacerbate inequality between and within institutions, at a time when universities are struggling financially. This is again about the concentration of scarce public resources: in the race to achieve ‘world-class’ universities, the authors suggest that federal and state governments in the US channel money to a select group of research universities, in STEM subjects, and away from initiatives that aim for widening participation. One can add that precisely the same dilemma between the aspiration for excellence and the need for access operates in India, though not just because of rankings – and in the Indian case the dilemma is probably unbridgeable.

The potentially perverse impacts of rankings include the diminishment of student diversity. In order to improve rankings performance, institutions may prefer to admit those of the highest academic

235 ‘UK universities face collapse into mediocrity, says rankings compiler’, Guardian, 4 October 2012. www.guardian.co.uk/education/2012/oct/03/british-universities-set-collapse-mediocrity

quality in full-time study over those from disadvantaged backgrounds or who study part-time. \(^{237}\)

‘Performance accountability’ can also lead to grade inflation and ultimately a self-defeating lowering of academic standards. \(^{238}\) Superficial or symbolic responses to quality assurance audits are part of the mix. \(^{239}\)

In China, specific pressures attend the drive to push more universities up the global rankings. Articles must be published in journals that appear in the Thomson Science and Social Science Citation Indexes (used by the Shanghai Jiao Tong ranking); other indexes are not recognised, and this is reportedly written into faculty contracts. \(^{240}\) This does not only undermine book publishing. Most universities pay cash per article to the primary authors which, it is argued, encourages colleagues not to work together. Foreign-trained academic staff (which constitute 50% of new hirings at C9 universities) have better English and are better able to publish in Thomson-indexed publications. Hence, a wedge is driven between foreign-trained and domestically trained staff.

In May, the UK HE International Unit noted that U-Multirank, a ranking initiative funded by the European Commission’s Lifelong Learning Programme, ‘may harm rather than benefit the sector’, not least because it could become the basis for future funding and that in a crowded market, it creates another blunt instrument that undermines efforts to go beyond rankings and the recognition of different types of institutional strengths. \(^{241}\) U-Multirank agrees with criticisms of the main international rankings (eg, creation of league tables and a research focus) but claimed it was not ‘just one more ranking’; it rather offered universities the ability to compare and benchmark, and students the ability to make informed decisions. \(^{242}\)

All rankings are supposed to contribute to good decision-making. Rational arguments can indeed be made that rankings provide incentives for ‘healthy competition’, and that they contribute to good decision-making and benchmarking, which is considered an essential part of almost any business. But it must be recognised that rankings institutionalise competition in higher education. At national levels, they are used to lobby governments and funding bodies. Within the tension between the collaborative and competitive faces of international HE, rankings nurture the latter. They ensure the continuing centrality of the competitive mindset and thereby colour the perceptions of collaborative ventures. It comes down to whether HE sectors in the developed world accept a moral responsibility to chip away at global inequality, and whether the pursuit of international competitiveness is consistent with that.

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**Footnotes:**


Section 10

Conclusions

This paper has examined current international trends in higher education as a means of discussing what HE will look like in 2020 - the near future. The sources used (interviews, correspondence and published sources) do indicate some consensus on what the most the important developments are now and what they will mean.

Projections suggest that global demand will continue to rise, though at a slower rate than in the past two decades. Developments in online technology, including the MOOCs phenomenon, are seen as already having an impact on pedagogy, internationalisation strategies, and on how universities are run as businesses. The unbundling phenomenon was flagged by a number of correspondents. The growing role of private companies in sectors dominated by publicly funded institutions figured prominently. New models of networks, determined by shared visions rather than research prowess, will increasingly be part of core business rather than add-ons. They will be more strategic and sustainable rather than opportunistic. They will cover research, teaching, business and public engagement. Partnerships with business and industry at the international level will provide new funding streams and employability opportunities.

The way students enter higher education is changing. The 2011 UK government White Paper on higher education noted that ‘For many people, entry to higher education does not follow the traditional and well-established route... followed by a full-time, residential, three-year degree’. By 2020, the traditional trajectory will be only one pathway among many.

Disruptive change impacts unevenly of course. A view from the US is that elite universities have less to fear from an increasingly competitive era than do the broad range of institutions attended by more than 90% of American students. For some colleges, simply hitting their target of 600 students per year is enough to be successful. A similar argument can be applied to the UK and elsewhere. Those institutions with more limited funds and prestige need to innovate to survive.

The increasing rate of change demands nimble foresight and flexible reactions from all institutions. But accountability, transparency, the flattening of management structures and the democratisation of decision-making are increasingly held up as virtues in most countries. This applies notably to publicly funded institutions, including governments themselves, but when students are customers it applies doubly to higher education. The tension between the democratic ideal and the pace of change is obvious and this tension can only intensify in the coming years. That this tension is largely absent in China is one reason why its expansionary trajectory is so explosive and almost bewildering.

In terms of winners and losers, or haves and have-nots on the international level, higher education reflects geopolitics more broadly. The gap between winners and losers is unlikely to be much different in 2020. There will be more ‘south-to-south’ activity, exemplified by the TNE activities of China, for example, and the drive for ASEAN integration. Asian students will have fewer reasons to travel far to study. The shift in the global power is underway and HE is part of that. The dominance of the traditional exporting countries will lessen relative to Asia and perhaps continental Europe. The entry of more Asian universities into the rankings will cause unnecessary angst - unnecessary because we cannot change the way the world is turning. China will emerge, perhaps not by 2020, as a powerhouse in higher education that will set the rules for doing business there. India has entered a period of introspection after a heady few years that ran into political and ideological obstacles and

yielded little for foreign universities. Priorities there are now focused at the domestic level and not in great evidence in the years to 2020.

As intraregional activity develops, concerns in the south and east over the adoption of western ideals and cultural hegemony, as epitomised, respectively, by the rankings industry and the dominance of English, should subside. Those concerns will transfer to the west.

There is plenty of optimism out there: some feel that internationalisation is giving rise to a global HE community that is engaging in a dialogue about what values should drive higher education. This includes students who are at ease discussing online course material with peers in distant places. There will be more understanding of the need for authentic dialogue and bilateral/multi-lateral learning in them through partnerships. Another positive view is based on the acceleration of ‘competency-based learning’, which will accelerate. Knowledge will increasingly be seen as a global public good through expanded access to open educational resources, including MOOC variations and innovative business revenue models for sustainable OER development.

Some believe that the HE landscape will be more explicitly diverse, both nationally and internationally, with universities focusing more on their own missions and self-definitions. Mission specificity should lead to an increase in confidence by individual universities and by countries, ‘if growing number of statements from sub-Saharan African universities about the fact that western/northern research evaluation frameworks are not appropriate for them and their engagement with research.

The focus on the student experience will continue to deepen, including in the world’s top universities. Decisions about modes of delivery will be determined less by cost and efficiency and more by concerns with effectiveness in learning. Universities will have to provide more and better online learning with a focus on blended provision and interactivity as markers of the student learning experience.

But the competitive instinct remains a fundamental driver. The internationalisation of higher education can be seen as a process of intensifying competition. Governments everywhere see their HE sectors as vehicles for increasing national wealth and international competitiveness. This is entirely rational; the issue is whether HE sectors align their own mandates and goals fully with that agenda or whether they see their purposes as being other than tools of government policy. It is a difficult call to make when public funding is central to sustaining HE. And if something other, then what? The response of many universities is to organise initiatives that respond to the MDGs. But these run counter to the direction of play, which is informed by, and funded on the basis of, competitive positioning.

More skilled people move to the developed North than vice-versa and that cannot be reversed by 2020. The North is the winner in revenue and capital. The South has gained knowledge transfer but continues to be the loser in brain drain, though China should not be included in that.

Few activities in the world are truly global: capital, bond markets, and currencies come to mind. Like almost everything else, higher education is defined and structured almost entirely on the basis of nation-state and national interests. Mobility is substantial but there is no free flow of scholars or students around the world. The growth of international mobility should slow because it appears that there are ever fewer reasons for it. TNE, including online provision, provides greater growth in higher education export in the coming years.
A note on disruptive political change

Political change occurs both incrementally and explosively. Even when it is non-revolutionary and gradual, the consequences can be disruptive and unpredictable. The UK higher education sector has thus far proved resilient in the face of attempts by the current UK government to make the country unwelcoming to international students by lowering the level of immigration. But that might not always be the case, even when such policies are not motivated by problems with the sector.

A referendum in the UK on membership of the EU has been promised by the current government by the end of 2017 should they be returned to government in 2015. That would be a democratic event but one with far greater consequences if the UK withdrew from the union. In regards to higher education, impacts on funding, immigration and student mobility can be considered, as well as a knock-on effect on the value of UK qualifications.

Withdrawal from the EU would mean a transition to a different status for those non-UK EU students studying for UK degrees. Unless special arrangements were made for them, EU students would be liable for international tuition fees rather than the home fees they currently pay. This would have a downward impact on inward student mobility. The greatest negative impact on inward mobility would be on Scottish universities, where non-UK EU students currently pay no fees (though free tuition in Scotland is unlikely to remain after the Scottish referendum on independence in 2014, regardless of its outcome).

Mobility impacts also work in reverse: leaving the EU would mean the loss of funding from the Erasmus scheme and therefore reduced opportunities and incentives for domestic students to study abroad for a portion of their programmes. This runs counter to the policy of both the UK government and UK HE sector bodies. It would also presumably do nothing to counter UK monolingualism, or for awareness and understanding of other European cultures among the young - and hence the marketability of UK graduates.

Although elements of the UK populist press would be pleased by the denial of non-UK students from access to the UK fee loan system, a net loss to the Treasury would still be likely. There would be an attendant loss of foreign exchange earnings in the wider economy. Although there would be more places for UK students who otherwise would not get into university, English students are eligible for support grants and maintenance grants and loans for living costs, while non-UK EU students are not.244

If EU nationals were to lose the right to work in the UK, a significant loss of academic staff from other parts of the EU would be a poor outcome for UK higher education. Loss or diminishment of

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access to EU research funding would be a blow. Although the €50bn Seventh Framework Programme (FP7) is in principle open to participation from any country in the world, EU member states enjoy the broadest rights and access to funding. An interim report on FP7 in 2010 noted that UK researchers won 16% of the funding by the halfway point in the programme, compared to 12% for Germany, 12% for the Netherlands and 8% for France.245

The movement in the UK to leave the EU is driven not by financial calculation but by political and ideology considerations. Even if many individual universities suffered no revenue reduction because of a withdrawal, it presents an example of potential political disruption that could have costly consequences for UK higher education. Advantages for the sector are hard to see.

Political change can also be spontaneous and explosive. The triggers for the Arab Spring of 2011 were unrelated to higher education but there was an immediate impact on universities that were engaged with the then regime in Libya. The LSE was a high-profile case: its Director resigned, not because any moral indecency had been committed but because universities can work in good faith in undemocratic or authoritarian countries for years, and overnight find themselves subject to scrutiny and outrage by newspapers with ad hoc moral codes. The fact that there are rational arguments for and against such engagement counts for nothing in such circumstances.

Media attention is currently (August 2013) on the disaster unfolding in Egypt, and there are plenty of foreign universities engaged there (the American University in Cairo for almost a century). Certainly institutions with ongoing links in Egypt have already had their operations and plans disrupted. Rapid political change makes planning difficult.

Poor economic prospects and unemployment were among the causes of the Arab Spring. In China, one consequence of higher education expansion is growing unemployment among university graduates.246 It is also the case that economic growth in China is slowing: it is said to be ‘in the midst of a precarious shift from investment-led growth to a more balanced, consumption-based model’.247 While a more sustainable economic trajectory would be good news in saner world, in China rural poverty is widespread, unrest already exists, and the authorities would prefer to continue to buy stability through increasing wealth.

This is not to say that a Chinese meltdown is coming. It is to point out that China now figures in the internationalisation strategies of many western universities and these and other problems seem not to be at issue – though, as pointed out earlier in this paper, academic staff at some American universities are publicly opposed to their engagements in China.

Just a few years ago (around 2007-11), the Indian HE sector experienced a burst of attention which has since subsided, while interest in China has grown. By 2020, it would be surprising if this looked the same. India has demography on its side, it produces young entrepreneurs like nowhere else, and its political and social structures somehow manage to absorb the shocks and stresses of extreme inequality and widespread destitution. India’s economic and financial situation is currently deteriorating but China ultimately poses a higher risk of sudden change.248

Survey questions and interviewees

The persons listed below responded, via telephone interview or e-mail, to the two following questions in preparation for this paper. Further correspondence was held with other colleagues. We are most grateful for their thoughts and time.

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Survey questions
1. Can you suggest three ways in which higher education will be significantly different in 2020? Do these indicate a positive or negative trend?

2. Who are today’s winners and losers in the internationalisation of higher education? How will this be different in 2020?
Interviewees and correspondents
1. Dr Pawan Agarwal, Adviser (Higher Education), Planning Commission, Government of India
2. Will Archer, Chief Executive, International Graduate Insight Group (i-graduate), London
3. Carolyn Campbell, Head of Networks and Partnerships, Quality Assurance Agency for Higher Education, UK
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18. Andy Westwood, Chief Executive Officer, GuildHE
20. Professor Michael Worton, Vice-Provost International, UCL
21. Dr Richard Yelland, Head of Policy Advice and Implementation Division (Directorate for Education), OECD, Paris
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The Observatory on Borderless Higher Education is an independent higher education research and monitoring unit within the International Graduate Insight Group (i-graduate). The Observatory disseminates information and analysis on trends, policy frameworks, and the full range of international higher education activities at both institutional and governmental levels around the world.

The UK Higher Education International Unit (IU) is the only sector body to represent all UK higher education institutions internationally. It is charged with initiating and delivering projects and activities to support and develop the breadth and depth of the UK HE sector’s international activities. The IU is a central observatory, intelligence and delivery unit on HE internationalisation and policy developments for UK higher education institutions.

The IU works to support the development and sustainability of the UK HE sector’s influence and competitiveness in a global environment and promotes the sector’s distinctive strengths internationally. It supports the sector’s engagement in European Union and Bologna Process policy debates.

The IU is funded by the Higher Education Funding Council for England, Higher Education Funding Council for Wales, Scottish Funding Council, Department for Employment and Learning (Northern Ireland), GuildHE, Universities UK, the Higher Education Academy and the Quality Assurance Agency for Higher Education.

The Leadership Foundation provides a dedicated service of support and advice on leadership, governance and management for universities and higher education colleges. Our mission is to design and deliver exceptional leadership and organisational development for higher education institutions thus enabling transformational change. We create leadership development for those in higher education who aspire to be the best leaders they can be. Everything we do is about making better leaders and inspiring leadership.

Through our transformational and change capability work, we develop authentic leaders better prepared for their challenges and ready to achieve the best for their staff, students and organisations. With our self-motivating team of experts and professionals we provide high quality learning interventions, research, ideas and exchanges to ensure UK higher education is sustainable and remains the best in world. All our work is based upon openness and dialogue and our public benefit is achieved through the strong bond we have with higher education throughout the UK and around the world.