

The internationalisation of higher education: It's time to invest

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Driven by globalization and improved standards of living in emerging countries, the number of international students continues to grow. It is expected to increase from about 4 billion today to more than 7,5 billion in 2025. The internationalization of higher education is no longer confined to international student mobility: programmes and higher education institutions (HEI) cross borders, curriculum and pedagogical tools evolve, and international research collaborations are being promoted as hallmark of excellence.

France is a key player in the internationalisation process. According to the UNESCO figures, it was the third most popular host country among international students in 2012, hosting some 271,000 students. France therefore attracts 6.8% of all students enrolled outside their country of citizenship around the world. If the French higher education (HE) system has many assets, it must overcome major challenges in order to maintain its market share in a ever more competitive international environment. The diversification of its internationalization should be deepened and the quality of its system should be improved. The challenge is also financial, in a current context of budgetary pressure.

The report *Investing in the internationalisation of higher education*¹ puts forward a reform aiming at sustainably improving the quality of the French HE system. It introduces a principle according to which non-EU students (excluding those at the doctoral level) would be charged fees for the full cost of their education. The resources generated would amount to some 850 million euros a year. They should be fully reinvested in order to finance three main objectives: ensuring fair access to a French higher education for all countries of origin through a readjustment of the current scholarship policies, in favour of the French-speaking area; improving services for the international students; and reinforcing the attractiveness of the French HE system.

A five-year action plan and its financing (in millions of euros)

Objectives	Measures incorporated in the action plan	Amount	%
Fairness	Action no.1: Readjusting scholarship policies	440	51,8%
Quality	Action no.2: Improving the international student experience	280	32,9%
Attractiveness	Action no.3: Supporting the internationalisation of French HEI	52,5	6,2%
	Action no.4: Investing in the digital offering	70	8,2%
	Action no.5: Strengthening attractiveness and promotion policies	7,5	0,9%
Total contribution of the increase in tuition fees		850	100%

* Labor-Employment Department

English version of « Investir dans l'internationalisation de l'enseignement supérieur », *La Note d'analyse*, n°23, January 2015

1. France Stratégie (2015), *Investir dans l'internationalisation de l'enseignement supérieur*, <http://www.strategie.gouv.fr/publications/investir-l-internationalisation-de-l-enseignement-superieur>

THREE MAJOR GLOBAL TRENDS

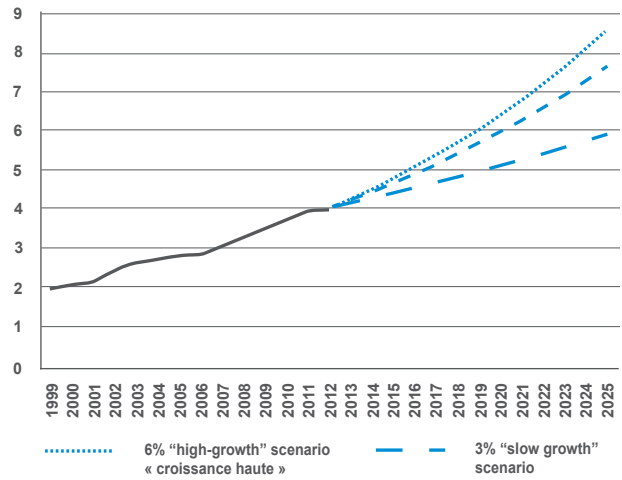
Transnationalisation

The geography of the global knowledge economy has undergone a number of profound changes over recent decades, notably the monopoly of developed countries on research and innovation has been decreasing while the participation of countries of the south has been increasing. In 2000, for example, there were no emerging countries among the top five in terms of research and development expenditure; by 2010, China and South Korea had replaced France and the United Kingdom². The number of higher education students nearly doubled over the 2000-2012 period, from around 100 million students in 2000 to 196 million in 2012. Nearly half of this growth was achieved in the four BRIC countries (Brazil, Russia, India and China). The knowledge economy would therefore appear to be crossing more and more borders, as the number of students in international mobility is continuing to rise and likely to exceed 7.5 million in 2025, and the information and communication technologies revolution offer new opportunities for using and sharing knowledge beyond borders.

Multipolarisation

The centre of gravity of the knowledge economy remains in the North; indeed, between 1996 and 2010, 25% of articles published in scientific journals were written in the United States, and Western Europe and North America continue to attract more than half of all international

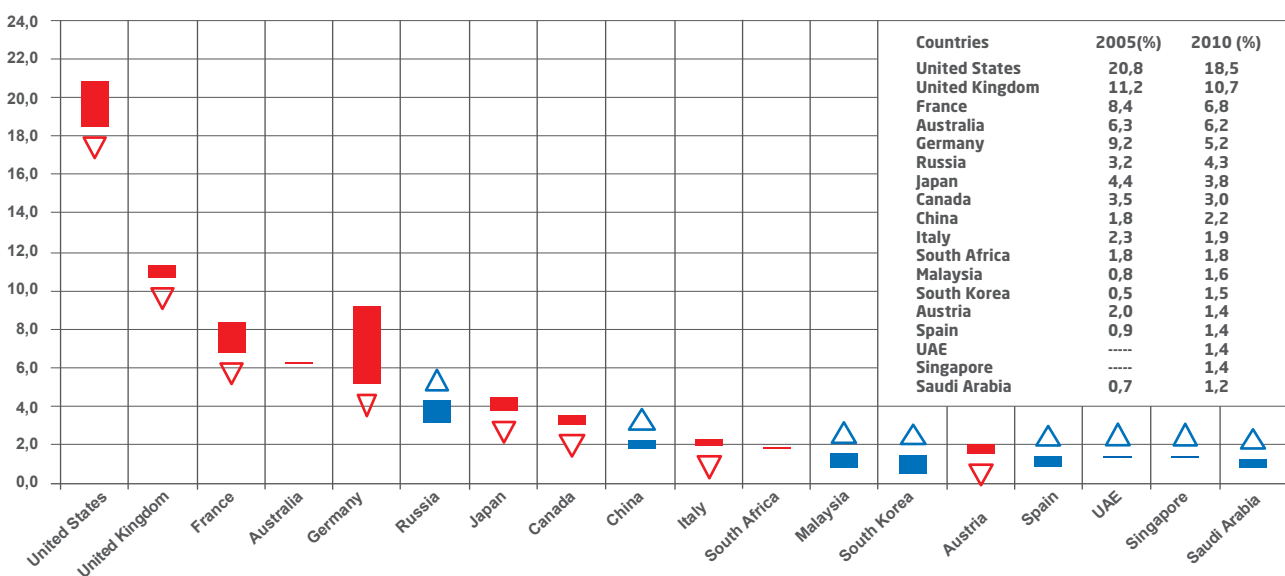
Numbers of international students by 2025



Source : Unesco Institute for Statistics, France Stratégie calculations

students. There is, however, an ongoing process of decentralisation and one that is furthermore gaining ground; indeed, the major destinations for mobile students are losing market share and finding themselves faced with increased competition as a result of strategies designed to promote the specialisation and clustering of the higher educational offering in Asia and the Middle East. Over the past decade, the growth in market share of international student achieved by the BRICS countries has been twice as high as that of the traditional host countries (United States, United Kingdom, France, Germany and Australia).

Changes in international inbound student mobility market share in the top 18 host countries



Notes: Interpretation: decreases in market share achieved are shown in red; increases in market share are shown in blue. Data from 2006 for Italy, 2004 for Malaysia and 2011 for Canada. Given the lack of available data for the periods prior to 2011 for the United Arab Emirates (UAE) and prior to 2009 for Singapore, only the market share levels in 2012 and their recent trends are provided for these two countries.

2. France Stratégie (2013), 'Quelle France dans dix ans ?', An introduction to the governmental seminar, 19th August 2013, <http://www.strategie.gouv.fr/publications/france-dix-ans>.



Diversification

As a result of major economic and demographic changes, the demand for knowledge will not only greatly increase, but also become more complex in its forms. First and foremost, mobility flows will no longer be a one-way process; indeed, a growing number of southern countries are subsidising the mobility of their citizens to provide them with education opportunities in sectors that are key to their economic development strategies. At the same time, northern countries are seeking to provide their students with a more international style of education in order to meet the demands of an increasingly global labour market. Exchanges between southern countries are also developing, in terms of both the numbers of students enrolled on mobility programmes and the number of programmes and establishments affected. In 2012, for example, 17% of offshore campuses were involved in exchanges between southern countries. Secondly, mobility will become more open in geographical terms, with 'education hubs' in the Middle East and Asia harnessing regional demand and retracting mobility initiatives. Asian students will have broader access to international education options without leaving their home countries, on foreign establishments' campuses, which also continue to gain in number. Higher education institutions (HEI) in developed countries, for their part, are seeking to bring a more international dimension to the content of their courses in an attempt to overcome the economic and social obstacles posed by mobility. Thirdly, mobility is no longer limited to individuals alone, as both programmes and HEI become increasingly mobile. In 2011, for example, there were over 200 offshore campuses around the world; this number is expected to reach 280 by 2020. Knowledge is also becoming more portable as a result of the 'digital revolution'; indeed, in 2013, there were around a dozen platforms hosting MOOCs (Massive Open Online Courses), primarily in the United States and Europe, offering over 3,000 courses. Furthermore, new players are emerging in the form of private operators entering local education markets and companies creating online platforms freely offering courses available for the many.

A VARIETY OF BENEFITS

Traditionally viewed as a means of strengthening a country's international influence and scientific excellence, hosting international students can also contribute to achieving a more varied series of objectives, not to mention improving the skill level of a country's workforce, and can generate significant revenue to fund the HE.

Whether for its people (students, teaching and research staff, etc.), its teaching and research establishment ecosystem or more generally for a country's economy as a whole, the process of internationalisation brings with it a variety of benefits. Firstly, there are direct economic

benefits, including both the financial revenue generated for the HEI through the tuition fees charged to international students and revenue generated by all of the day-to-day expenses incurred by said students (accommodation, transport, food, etc.). Indeed, the annual financial benefits of hosting international students are estimated to amount to some \$32.4 billion in the United States, \$25.1 billion in the United Kingdom and \$10.4 billion in Australia. Then there are the indirect benefits associated with the presence of students that affect the creation of jobs not only in the education sector but also, indirectly, in other sectors (such as tourism, for example). Nevertheless, such measurable effects reflect only the short-term financial and economic aspects of the benefits generated by the internationalisation of the education sector. There are also other kinds of benefits, which are admittedly more difficult to measure, inherent to the process of internationalisation that relate more to the human capital aspect and socio-cultural and even strategic influence approaches. International students are a breeding ground of skilled workers and contribute to a country's potential to innovate. Internationalisation also has a positive impact on the HE ecosystem, which may be likened to a 'boomerang effect', in that students develop multicultural and, in a broader sense, cognitive skills. The quality of the system also improves as a result of the diversification of the training courses and pathways available. With regard to strategic influence, the benefits are, of course, difficult to gauge, but their potential would appear to be essential in the current context of increasingly intense commercial, cultural, social and political exchange.

Such issues clearly have a profound effect on national HE ecosystems and challenge the role devoted to internationalisation within any given HEI ecosystem. The educational offering, the way in which HEI are run, teaching and research standards as well as educational practices are undergoing a period of significant change.

WHERE DOES FRANCE STAND?

A key player

France is a key player in the internationalisation process. According to the UNESCO figures, it was the third most popular host country among international students in 2012, hosting some 271,000 students. France therefore attracts 6.8% of all students enrolled outside their country of citizenship, behind the United States (18.5%) and the United Kingdom (10.7%), and ranks 5th in the world in terms of volume of scientific production through international collaboration, behind the United States, the United Kingdom, Germany and China. French students are also rather mobile, with over 62,500 French citizens studying abroad, in 2012, with the aim of gaining some form of

qualification, not to mention those enrolled on Erasmus exchange programmes, of which there were another 35,000 in 2012. France nevertheless falls way behind Germany, where nearly 118,000 of the country's students were abroad in 2012.

"Transnational education" (TNE) - defined as the programmes and courses which are offered abroad mainly for students from the host country or region while the main academic responsibility remains with the HEI in another country - was taken on board by French HEI very early on. A census of French higher education programmes and HEI operated abroad, carried out by the Ministry of Foreign Affairs and the *Agence Universitaire de la Francophonie* ('Francophone University Association', AUF) in 2006, recorded 242 programmes in 26 countries concerning some 40,000 students. With this in mind, France is a key player in the so-called 'offshore' education market, behind the United States, the United Kingdom and Australia.

An embedded internationalisation, a legacy of history and a source of favourable outlook

The sociology of inbound mobility in France offers a long-term outlook and is firmly rooted in its history of relations between countries and migration. In this respect, France differs from other major host countries, in that it hosts a very large proportion of students of African origin, amounting to 42.8% in 2011. In none of the four other most popular destinations among international students did the percentage of students of African origin that they hosted exceed 10%. In the longer-term, this peculiarity holds huge potential for growth given the development prospects of the African continent, in particular in the field of education.

France, of course, has other assets, including one of the most extensive non-tertiary foreign education networks in the world. Indeed, nearly 320,000 pupils attend French-speaking schools from primary school through to upper secondary school. More than 50% of them are not French nationals. It is also an important tool for France's international standing, and a driving force to attract talented individuals into the French HE system. In the current context of increasing competition, France also has a role to play in developing the French-language digital offering. Over three thousand courses are currently available on existing MOOC platforms covering all disciplines, only 88 of which are of French origin. This is nevertheless a very large market, with over 274 million French-speakers worldwide, 220 million of whom use it daily, that is 3% of the world's population.

But France faces a number of challenges

In an international sphere in which HEI are compared and assessed in the framework of international higher education rankings, the gap between France's assets and its measured performance is a handicap when it comes to global competition. French HEI are poorly represented in international rankings, with only 20 of them featuring in the top 500 in the Shanghai ranking. The double duality of the French system (universities/"grandes écoles" and universities/public research institutions) is also a source of fragmentation, even though the creation of Communities of Universities and Institutions (COMUEs), which will be in a better position to promote institutions that are both visible and appealing on an international scale in the long run, is an encouraging step.

Finally, from a human and financial perspective, the resources allocated to internationalisation policies remain somewhat limited. As far as HEI are concerned, whilst the situation may be highly diverse, the human resources devoted specifically to internationalisation policies are limited and the individuals concerned insufficiently trained. Whilst the majority of HEI have developed such policies, there is nevertheless a lack of a truly formalised strategy. Furthermore, student services are both underdeveloped and poorly adapted to the needs of international students. Investment in developing the digital offering, in infrastructure capacity and the student services offering and, in promoting TNE programmes abroad, is also limited by budgetary constraints.

A need for strategy

In order to deal with these issues, the French HE system must adopt an ambitious strategic approach, following examples set by other countries. This in turn requires to clarify and to prioritize the objectives the HE internationalisation policies should achieve. Outlining a national strategy is not merely a matter of promoting a consistent strategy across all HEI; on the contrary, it goes hand in hand with strong yet coordinated HEI-specific strategies.

There is more to France's strategy than a merely quantitative approach, despite the fact that the hosting of international students creates recognised benefits. With regard to inbound mobility, it is important to favour a qualitative approach more focused on the benefits arising from the presence of the students and on its effects on the higher education offering as a whole. It will no longer be a matter of merely knowing how many international students you want to attract but rather why you want to



attract them and with what goals in mind. This is particularly true given that inbound mobility is no longer the be-all and end-all of internationalisation, as the development of other forms of mobility and “internationalisation at home” strategies is also under way.

There are four, non-mutually exclusive, courses of action that might bring structure to a French strategy and which involve different public policy choices: internationalisation as a means of adjusting the labour market by attracting new talent, retaining international students and scientific immigration; internationalisation as a means of improving the quality of higher education; internationalisation as a source of export revenue for the economy and self-funding for HEI; internationalisation as a tool for strategic influence.

WHAT CHOICE DOES FRANCE HAVE?

An ambition

France’s strategy regarding the internationalisation of higher education has historically been based around a series of influence and cooperation-based approaches and, more recently, an approach aimed at attracting skilled graduates. There are two additional types of strategies that are further removed from our model, with commercial approaches (Australia, the United Kingdom, etc.) and quality improvement playing an increasingly central role in the German approach.

In light of the diagnosis on current and forthcoming international trends, the detached examination of the strengths and weaknesses of the French situation and the comparative analysis of the main host countries, France would be wise to invest in improving the quality of its higher education and research by means of internationalisation processes that place quality at the heart of internationalisation. The specific characteristics of the French system, the geographical origin of incoming mobility flows, primarily Africa, and its position as an outsider in the global market because of the language, however, would strongly encourage the integration of the concern for quality with that of fairness.

Achieving these two objectives of improving quality and ensuring fairness nevertheless requires that a number of notable changes to be made in the field of public policy, as well as in the higher education ecosystem.

A financial lever

Promoting internationalisation comes at a significant cost. In what is a very tight budgetary situation, increasing the tuition fees charged to international students is frequently perceived as an appropriate way of freeing up financial resources for HEI. This is possible in France because the current situation of students from outside of the EU studying there barely differs from that of French students (and indeed students from within the EU). This situation is characterised by a lack of differentiation in the fees charged depending on the country of origin (French, EU country or non-EU country), by a limited variation in tuition fees according to the level of study or specialisation, and by a low average cost of tuition fees.

We put forward a principle of charging non EU-student with the full cost of study, but such a pricing system must be targeted to meet strategic objectives and must serve an ambitious investment plan to enhance the quality of the HE sector.

On the one hand, it is important that fees be increased to reflect the full cost of education in a selective manner, that is to say targeted in a way that reflects the priorities identified primarily at national level. Following the example of the Swedish system, a waiver of all fees for international doctoral students would be introduced with the aim of attracting the most highly skilled students.

On the other hand, this pricing principle cannot justify a decrease in the corresponding public expenditure but rather serve the development of an inclusive form of internationalisation that enhances the quality of the French higher education system. This principle should help provide the HE system with the resources it needs to achieve this quality improvement. The investment plan is essential in two respects. Firstly, this investment is crucial to improving the way in which the short- and medium-term negative effects of such a pricing system are managed and neutralised. Indeed, the British, Danish and Swedish cases have shown that a decrease in incoming flows should be expected to immediately follow the introduction of such a reform. Furthermore, given the specific characteristics of inbound mobility in France (over 82% from outside the EU and an over-representation of African students), the risk of a drop in the number of international students enrolled is all the more significant. An initial investment drive will involve measures designed to ensure fairness by means of a significant readjustment of scholarship policies. Secondly, investing

in the quality of the HE system is essential in order to meet the new expectations of international students. This involves developing student services and other forms of internationalisation (digital offering, TNE provisions, etc.).

A method

In a context in which HEI are becoming increasingly autonomous, there are two complementary approaches that could steer policies related to internationalisation: a strategist's, State-based course of action covering an inevitably limited number of national priorities, and the extension of the service-oriented approach toward HEI.

Acquiring the means to produce a thorough inventory

Any efforts to develop a national strategy requires prior objectification of existing practices related to internationalisation to help identify the comparative advantages and specific difficulties encountered. This concern for objectification must, of course, focus on practices of students and HEI, but in more general terms on the various benefits that internationalisation can be expected to provide.

Establish a clear inventory of the French HEI level of internationalisation and its multiple benefits

Proposal 1 - Strengthen and supplement the State statistical system

- *Improve State statistical instruments pertaining to the outward mobility of French students and the monitoring of international graduates hosted in France.*
- *Develop a statistical tool to systematically produce an inventory of French TNE programmes listing, at the very least, the number of programmes, the number of students enrolled, the type and level of education provided and the conditions surrounding the location of such programmes.*

Proposal 2 - Assess the benefits of internationalisation

- *Produce a tool to assess the benefits generated by the presence of international students in France in both quantitative (jobs created, export revenue, etc.) and qualitative terms (effects on the higher education system and on the experience of French students, etc.). Regular communication regarding such a tool should also eventually be established. Campus France could be entrusted with such a task.*

A strategist State with national priorities

Channelling public intervention into a limited number of priorities should help make better use of State resources.

There are two levers that can be used to achieve these priority objectives and encourage HEI to adopt their own internationalisation strategies: financial incentives and assessment.

Financial incentives are the main lever available to public authorities for guiding the behaviours of higher education and research stakeholders towards achieving national priorities. In a context of budgetary constraints that affect both the State and the HEI, establishing dedicated funding is in fact a strong incentive for steering the policies adopted by independent HEI towards achieving national objectives. The use of 'calls for proposals' should therefore be widely encouraged as a relevant form of public incentive in France. These 'calls for proposals' could be launched as a matter of priority to improve the international student services developing innovative provisions related to pre-arrival orientation, accommodation, academic advices, etc. (action no. 2, see below), as well as to support TNE initiatives (action no. 3) and to develop a more creative and responsive digital offering (action no. 4).

A second, more general line of proposals aims to encourage HEI to develop and adopt their own internationalisation strategies.

Encourage HEI to develop their own internationalisation strategies

Proposal 3 - Offer financial incentives targeted on strategic programmes.

- *Launch strategic programmes designed to support the TNE projects of French HEI, to develop digital offering and to improve the international student experience.*

Proposal 4 - Offer incentives in the form of assessment

- *Examine indicators that might be used to assess an HEI's level of internationalisation.*
- *Set objectives for the internationalisation of HEI in the framework of State-university contracts.*
- *Monitor the French TNE programmes in order to guarantee its quality.*

A central government supporting the internationalisation-related initiatives of HEI

Over and above outlining strategic priorities, the public authorities must promote an environment that is conducive to the internationalisation policies adopted by the HEI. Public intervention must be guided by a general concern for support, help and service toward the HEI, which will notably involve improving the cooperation between the various stakeholders in the higher education sector, including representative bodies, central government and



public operators. Public intervention should also facilitate the emergence of an enabling ecosystem to support the internationalisation of the French HEI, notably by a greater focus on consultancy, market intelligence and capacity building on international matters (advisory and audit services prior to TNE initiatives, in-depth expert advice on specific countries, prospective research). Drawing on the model of the UK HE International Unit, we suggest the creation of a dedicated unit to provide expertise and support internationalization initiatives, either in the form of a HEI representative body specialised in international matters, or otherwise within the framework of the Ministry of Higher Education and Research. This unit, with limited staff, would fulfil the following missions: the coordination and the representation of the HE sector on international matters; the capacity building toward HEI and support related to internationalization policies, and finally the production of market intelligence and prospective research. A budget of 2,5 million euros per year could be allocated to this new unit.

Extending the service-oriented approach toward HEI adopted by public authorities

Proposal 5 - Create a dedicated unit to provide expertise and support for the internationalisation of HEI with the following missions:

- coordination and representation of the sector;
- capacity and support for HEI;
- market intelligence, research and prospective.

Proposal 6 - Encourage the professionalisation of HEI staff in charge of international issues.

Five essential actions to ensure fairness, invest in quality and reinforce attractiveness

The sustainability of such a reform would nevertheless depend on the implementation of five actions which have a dual role to play, namely cancelling out the short- and medium-term effects of introducing a full-cost pricing

system, and guaranteeing a sustainable improvement in both the quality and attractiveness of the French HE system.

In concrete terms, this investment plan is based on a pricing system that would apply to non-EU students, but exclude those studying at doctoral level. It will therefore affect some 102,000 students. The new resources generated by the increase of tuition fees would amount to some 850 million euros a year (see hypotheses in the report) and will be entirely reinvested in a plan of five actions (see table below).

Action no.1: The readjustment of scholarship policies targeting the French-speaking area

Objective: Offer 30,000 additional grants every year

The current scholarship policy for international students needs to be readjusted. In order to neutralise the short-term negative effects of the introduction of a full cost tuition fees principle on international students' enrolment, and to promote an 'inclusive internationalisation', 30,000 additional grants are expected to be provided, in the form of tuition fees exemptions. This policy should specifically target the French-speaking world, and Africa in particular. The cost of this effort to readjust scholarship policies would amount to some 440 million euros a year.

Action no.2: The development of student services and the improvement of the international student experience in France

Objective: Provide a better experience by means of better student services for all

Increasing tuition fees will, of course, result in an increase in students' expectations. Given that student services are relatively underdeveloped in France, it would be necessary to allocate at least 1000 euros per international student - approximately 10 percent of the total cost of training, to implement initiatives relating to the student experience as a whole (French language classes, special services to help students find accommodation or employment, etc.). Such a system would cost around 280 million euros per year.

A five-year action plan and its financing (in millions of euros)

Objectives	Measures incorporated in the action plan	Amount	%
Fairness	Action no.1: Readjusting scholarship policies	440	51,8%
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	Action no.5: Strengthening attractiveness and promotion policies	7,5	0,9%
Total contribution of the increase in tuition fees		850	100%

Action no.3: Investment in exporting French programmes and institutions abroad

Objective: Develop the French higher education offering abroad whilst guaranteeing its quality

Investment is required for the purposes of supporting the internationalisation of French HEI. This could involve a series of specific 'calls for projects'. This investment would come with a budget allocation of 50 million euros a year. The support for French TNE initiatives will be facilitated by the creation of a specific unit, with an annual budget of 2,5 million euros per year (see Proposal no.5).

Action no.4: Investment in developing digital facilities at French HEI

Objective: Make the French digital offering the world's top non-English-language offering

In addition to the 'Investments for the Future Programme' (Programme d'Investissements d'Avenir) that have already

been made in the digital field, significant efforts should also be undertaken in order to develop the digital offering towards the French-speaking population. This investment would be funded through 'calls for projects' with funding amounting to some 70 million euros a year.

Action no. 5: An active policy to attract and recruit new students

Objective: Remain the top non-English-language destination by means of renewed policies designed to boost its appeal

This would require increased means of communication and marketing aimed at targeted countries, the introduction of a 'branding' approach for the French HE system ('brand France') and also an increase in the resources allocated to diplomatic networks and operators responsible for identifying and selecting grant-holders and in the wider sense promoting the French HE system abroad. Funding amounting to 7,5 million euros per year could be allocated to these actions.

CONCLUSION

Investing in the internationalisation of higher education is critical in the context of increased competition and diversification of the HE sector at the global level. But it is also crucial in order to improve sustainably the quality of the French HE system. The action plan advocates the reinvestment of the whole gains arising from the reform to the benefit of three main objectives:

- maintaining a fair access to the HE system through the readjustment of scholarship policies, targeting the French-speaking area;
- improving the quality of the international student experience;
- reinforcing the attractiveness of the French HE system.

To be realistic, efficient and fair, this reform must reinvest entirely the resources generated in the HE system.

Keywords: internationalisation, education, student, scholarship, MOOC

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