

Sample 2.

Business and Management IA (SL)

**Should the University of the
Sunshine Coast Increase Overseas
Marketing?**

Candidate Name: [REDACTED]

Candidate Number: [REDACTED]

Candidate Session Number: [REDACTED]

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I confirm that this work is my own and is the final version. I have acknowledged each use of the words or ideas of another person, whether written or oral.

Signed: [REDACTED]

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1. Introduction

The University of the Sunshine Coast (USC) is Australia's fastest growing university, serving the Sunshine Coast and extended region from north Brisbane to the Fraser Coast. The university first opened in 1996, and has experienced significant growth in the past 10 years. In the year 2000, the university had 2686 enrolments, which increased to approximately 7766 enrolments by the year 2011 (University of the Sunshine Coast, 2012).

2. Research Title

Should the University of the Sunshine Coast increase overseas marketing?

3. Statement of Objectives

USC is focusing primarily on growth, with an expectation to achieve an enrolment of 12,000 by the year 2015 (University of the Sunshine Coast, 2012). Despite such growth, USC remains one of the smallest universities in the state of Queensland, Australia. For this reason, this report will investigate the possibility of increasing overseas marketing as a method of enhancing the growth of the university.

4. Discussion

4.1 Financial Considerations

The question of whether or not USC should increase international marketing overseas should be considered in relation to the financial situation of the business. Supporting Document 1 was used to calculate financial ratios (refer to section 7.2 for the calculations), which were then used to assess the financial situation of USC.

Candidate No: XXXXXXXXXX**4.1.1 Profitability**

The net profit ratio of USC in 2011, 6.61%, is slightly lower than the industry average for educational services in 2008, 9.56% (BizMiner, 2010). However, this is to be expected from a relatively new business such as USC. The proposed increase in international marketing may reduce this level of profitability in the short-term due to the funds required to finance such a venture. Although in the long-term, the financial benefit of a larger number of enrolments is likely to be significant.

4.1.2 Liquidity

The liquidity position of USC is healthy, with the current ratio of 3.05:1.00 being considerably greater than that of the industry average for educational services in 2008, 1.28%. (BizMiner, 2010) However, this indicates that USC may have excessive amounts of capital lying stagnant in the organisation that could be put to better use elsewhere. As a result, USC's current ratio suggests that an increase in overseas marketing is not only financially viable, but may also be a more efficient use of funds.

4.1.3 Gearing

USC's gearing ratio of 9.71% gives further indication that an increase in international marketing could be a sound financial decision. A gearing ratio at a value of 50% is considered high (Hoang, 2007). USC's low level of gearing suggests that the business is capable of borrowing substantial amounts of capital with relatively low risk involved. This capital could then be used to fund an increase in the level of overseas marketing conducted by USC. A gearing ratio of, say, 25%-30%, could therefore help USC to expand while not putting the business at significant risk of being taken over by rival organisations.

4.2 Marketing Strategy

USC currently possesses two significant unique selling points (USP) when marketing to international students. Since most of Australia's successful universities are situated in major cities, the fact that USC is located in the Sunshine Coast, a major tourist location in Australia, differentiates it from competing Universities. The majority of potential customers from overseas are likely to live in major cities, and thus, the appeal of the location may be a significant factor in their decision to study at USC.

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The university's current marketing campaign emphasizes this USP, particularly through the main slogan of the organization, which proposes that USC provides "*The best of both worlds*" – a quality education coupled with a relaxed lifestyle. In terms the marketing mix, this slogan is effective as it persuades customers to have a desire for both the product that is offered by the business, and the place that it is received (McCarthy, 2012).

In addition, 52% of international students studying in Australia have studied degrees relating to Management and Commerce in 2010 (ABS, 2012). Moreover, the major focus of USC has been in relation to these areas of study. This provides an opportunity for USC to focus its international marketing on students wishing to study Management and Commerce – areas of expertise for USC - while being careful not to neglect students who plan to study other degrees not relating to this field.

According to Dr Michael Porter, businesses can gain a competitive advantage over rival organisations by implementing three generic strategies (Ormanidhi & Stringa, 2008):

1. Cost Leadership
2. Differentiation
3. Focus

As was previously discussed, USC's existing marketing campaign differentiates the university from competitors through its unique location. Furthermore, the success of USC in providing education in Management related areas enables an international marketing campaign to focus on this segment of the market. These two marketing strategies could be used successfully in an expanded international marketing campaign. Although Porter argued that it was not possible to implement all three of his generic strategies, an improvement in the cost required for international students to study with USC could significantly enhance the success of an international marketing campaign.

In Supporting Document 2, Knight claims that Australian universities are at a competitive disadvantage to universities in other Western countries such as the USA, UK, Canada and New Zealand. The reasons given for this are mainly due to Australia's more stringent visa requirements. In order to overcome this disadvantage,

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a possible strategy for USC could be to form a strategic alliance with universities in the countries listed above, whereby international students can study in both countries and earn a degree issued jointly by both USC and the other university. This may entice students, who would otherwise not study in Australia, to complete part of their degree with USC.

This strategy is espoused in Supporting Document 3. The close proximity of Australia to Asia suggests that a significant number of Asian students may wish to complete part of their degree at the closer location that USC provides, while obtaining a degree from a (perhaps more reputable) university in the USA, UK or Canada. Therefore, this marketing strategy – strategic alliances with international universities – is especially applicable to Asian markets. The targeting of Asian markets is further analysed in the following section. ✓

4.3 Globalisation

In assessing whether increasing overseas marketing is an appropriate course of action, the most applicable international market to target must be considered. As is evident in Supporting Document 1, the top five source countries for international students in 2011 were from Western countries (namely: USA, Germany, Canada, France and Norway). The lack of Asian countries in this list is concerning due to the close proximity of Asia to Australia. Moreover, there exist a large number of potential students from these countries; thus, it is likely that USC is failing to capitalise on a broad, and potentially rewarding, geographic market segment. ✓

In Supporting Document 4, it is stated that Australia is the most popular destination for tertiary students from Malaysia, Hong Kong, Indonesia and Singapore and the second most popular destination for students from Vietnam, Nepal, the Philippines and Brunei. Australia's high degree of popularity from Asian countries in providing tertiary education should be capitalised on by USC. Supporting Document 4 also reveals that the level of competition in the international student market is likely to increase, and crucially, that many of the top performers in international education come from the Asia-Pacific region. Therefore, in order to remain competitive in this increasingly globalized international market, USC must place a strong emphasis on ✓

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developing its position in Asian markets. In order to achieve this, USC must consider increasing the amount of advertising that is conducted in Asian countries. Furthermore, the possibility of undertaking strategic alliances with universities in other Western countries (such as the USA, UK or Canada) to develop joint degrees must also be considered. As was proposed in the previous section, the close proximity of Australia to Asia may mean that a joint degree program would be highly popular among Asian students. Once this is developed, a long-term strategy of USC could be to set up campuses in Asia, in order to further increase expansion into international markets.

5. Conclusions and Recommendations

This report has examined the possibility of USC increasing overseas marketing in order to enhance the growth of the university. The ratio analysis conducted on the 2011 Financial Reports of the business indicates that USC is in a healthy financial position. A low gearing ratio and high current ratio for the business suggests that an increase in overseas marketing could be funded with minimal financial risk. Thus, financial factors indicate that USC should increase overseas marketing. In addition, the existing marketing strategies of USC appear well suited to an expanded international marketing campaign, which increases the chance that the business will gain a foothold in foreign markets. Moreover, it is recommended that the campaign should focus on Asian markets in order to capitalize on the potential of this market segment. Ultimately, in the interest of the long-term growth of the organisation, USC should increase overseas marketing.

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7. Appendix

7.1 Supporting Document 1 – USC Annual Report 2011 (Extracts) (University of the Sunshine Coast, 2012)

Financial Statements

Financial Report
2011
University of the Sunshine Coast

| | Notes | Consolidated | | Parent entity | |
|---|-------|----------------|----------------|----------------|----------------|
| | | 2011 | 2010 | 2011 | 2010 |
| | | \$'000 | \$'000 | \$'000 | \$'000 |
| Revenue from continuing operations | | | | | |
| Australian Government financial assistance | | | | | |
| Australian Government grants | 2 | 55,771 | 55,871 | 55,771 | 55,871 |
| HECS-HELP - Australian Government payments | 2 | 29,774 | 24,734 | 29,774 | 24,734 |
| HECS-HELP | 2 | 1,037 | 1,037 | 1,037 | 1,037 |
| State and Local Government financial assistance | 3 | 7,577 | 1,555 | 1,548 | 1,755 |
| HECS-HELP - Student payments | | 2,137 | 2,975 | 2,129 | 2,312 |
| Fees and charges | 4 | 15,742 | 17,241 | 15,254 | 17,147 |
| Investment revenue | 5 | 2,531 | 1,927 | 2,225 | 1,937 |
| Consultancy and services | 6 | 1,357 | 1,267 | 1,352 | 1,259 |
| Other revenue | 7 | 3,545 | 3,171 | 3,421 | 3,037 |
| Total revenue from continuing operations | | 128,872 | 127,853 | 123,423 | 126,808 |
| Income from continuing operations | | | | | |
| Gains on disposal of assets | | 75 | 213 | 11 | 239 |
| Total income from continuing operations | | 129,027 | 128,279 | 123,534 | 127,047 |
| Total revenue and income from continuing operations | | 129,027 | 128,279 | 123,534 | 127,047 |
| Expenses from continuing operations | | | | | |
| Employee related expenses | 8 | 72,010 | 74,256 | 72,021 | 63,853 |
| Depreciation and amortisation | 9 | 7,554 | 7,151 | 7,432 | 6,772 |
| Repairs and maintenance | 10 | 4,441 | 3,713 | 4,172 | 3,721 |
| Borrowing costs | 11 | 1,113 | 1,069 | 1,113 | 1,068 |
| Impairment of assets | 12 | 35 | 350 | 36 | 352 |
| Losses on disposal of assets | | 243 | 41 | 252 | 59 |
| Other expenses | 13 | 17,177 | 17,247 | 17,226 | 16,370 |
| Total expenses from continuing operations | | 112,703 | 113,813 | 114,362 | 108,235 |
| Operating result before income tax | | 16,324 | 14,466 | 9,172 | 18,812 |
| Income tax expense | | - | - | - | - |
| Operating result after income tax for the year and attributable to members of the University of the Sunshine Coast | 25.24 | 16,324 | 14,466 | 9,172 | 18,812 |

The above figures should be read in conjunction with the accompanying notes.

Note: The data located in the third column from the left was used in the calculations in 7.2.

Candidate No: [REDACTED]

Financial Statements

Company Name: [REDACTED]
 Period: 1 January 2010 to 31 December 2011

| Notes | Consolidation 2010 | | Parent (only) 2010 | |
|--------------------------------------|--------------------|---------------------|--------------------|---------------------|
| | 2011 | 31-Dec Re-Styled | 2011 | 31-Dec Re-Styled |
| | \$'000 | \$'000 | \$'000 | \$'000 |
| ASSETS | | | | |
| Current Assets | | | | |
| Cash and cash equivalents | 14 | 10,182 | 39,113 | 14,850 |
| Receivables | 15 | 1,668 | 1,338 | 2,059 |
| Other financial assets | 18 | 28,285 | 1,020 | 28,285 |
| Other non-financial assets | 19 | 2,477 | 2,250 | 2,477 |
| Total current assets | | 42,795 | 43,482 | 48,651 |
| Non-current assets | | | | |
| Property, plant & equipment | 17 | 178,227 | 171,284 | 187,168 |
| Intangible assets | 18 | 1,890 | 2,517 | 1,594 |
| Other financial assets | 19 | 372 | 372 | 372 |
| Other non-financial assets | 19 | 183 | 295 | 258 |
| Total non-current assets | | 179,890 | 174,958 | 190,652 |
| Total assets | | 222,744 | 218,440 | 239,303 |
| LIABILITIES | | | | |
| Current Liabilities | | | | |
| Trade and other payables | 16 | 1,745 | 3,581 | 1,517 |
| Borrowings | 20 | 1,640 | 1,855 | 1,848 |
| Provisions | 21 | 6,074 | 6,057 | 6,055 |
| Other liabilities | 22 | 1,720 | 2,387 | 1,750 |
| Total current liabilities | | 11,179 | 13,879 | 11,175 |
| Non-current liabilities | | | | |
| Borrowings | 20 | 16,274 | 19,441 | 16,354 |
| Provisions | 21 | 2,977 | 1,850 | 1,578 |
| Total non-current liabilities | | 19,251 | 21,291 | 17,932 |
| Total liabilities | | 30,430 | 35,170 | 29,107 |
| Net assets | | 192,314 | 183,270 | 210,196 |
| EQUITY | | | | |
| Reserves | 23 | 20,247 | 34,604 | 20,647 |
| Retained surplus | 24 | 172,067 | 148,666 | 189,549 |
| Total equity | | 192,314 | 183,270 | 210,196 |

The above statements of financial position should be read in conjunction with the accompanying notes

Note: The data located in the third column from the left was used in the calculations in 7.2.

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Internationalisation**International student profile**

International students 805
 Undergraduate and postgraduate coursework 532
 Higher degree by research 23
 Study Abroad 212
 Exchange 31
 Other pathways 7
 Figures as at Census 1.

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International enrolments declined in 2011, reflecting the strong Australian dollar and a tightening of USC's entry requirements in some programs. Numbers from Germany and the USA declined noticeably, however enrolments from Scandinavian countries grew. The Faculty of Business accounted for almost half of international student enrolments.

The top source countries in 2011 were:

1. USA
2. Germany
3. Canada
4. France
5. Norway

The International Student Barometer showed that in 2011, very strong student satisfaction was evident in three of the four broad experience categories, arrival, living and support. USC had the highest rate of student satisfaction for both arrival and living experience among all Australian institutions.

7.2 Financial Calculations

$$\text{Net profit ratio} = \frac{8358}{126443} \\ = 6.61\%$$

$$\text{Current ratio} = \frac{45656}{14965} \\ = 3.05:1.00$$

$$\text{Gearing ratio} = \frac{20250}{188307 + 20250} \\ = 9.71\%$$

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**7.3 Supporting Document 2 – Strategic Review of the Student Visa Program
2011 Discussion Paper (Extract) (Knight, 2011)**

Do overseas students have sufficient opportunities to work in Australia after graduation?

What is the right length for a post-study work entitlement?

Many international students want to work in Australia for a period after completing their courses. Indeed in some cases it may be critical to work for a set period in order to gain professional accreditation. Work related to the area of study gives students a valuable start in the employment stakes, whether their intention is to continue to work in Australia, work in their home country, work internationally, or a combination of all three. A period of employment in Australia also increases the chances of an international student finding an employer to eventually sponsor them to obtain permanent residence status in Australia. Post education employment in Australia, with its higher wages than the home countries of most international students, assists the students to recoup some of the costs of their education. It is an opportunity to repay loans, help other family members who wish to study, or simply to get a return on their substantial investment of studying in Australia.

The ability to work in Australia after completing a course is very attractive for a prospective international student. Clearly it would be good for them and could be a good marketing tool

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for their education providers. The longer the period of work allowed after completing a course then the more attractive it would be to students and education providers. But there are also labour market implications for such a system. Would extended work rights for graduating international students have a positive or negative effect on the Australian economy? Would it adversely affect the employment opportunities of Australian residents?

At the moment post study work opportunity is enabled through the Skilled - Graduate (subclass 485) visa. This allows international students who do not meet the criteria for a permanent skilled visa, to live and work in Australia for up to 18 months after graduation. This allows them to undertake a Professional Year, gain skilled work experience and improve their English language abilities. Some of these former students, with occupations on the Skilled Occupation List (SOL) subsequently qualify for a permanent skilled visa. Or they find an Australian employer to sponsor them on a Business (Long Stay) (subclass 457) visa.

A number of stakeholders have put the view that this period should be increased. A figure of three years is the most common suggestion. Is 18 months the right period? Should it be longer – say two or three years? If it is longer should that be a blanket rule or should it be different for different courses, for example two years for a two year course; three years for a three year course? Should it be restricted to employment in the field of study and, if so, how could that be enforced? To ensure the quality of applicants for a longer subclass 485 visa, should the criteria be more demanding than for the 18 month visa? For example should the extended visa be confined to higher education graduates and/or applicants with a high level of English language ability only? Or should it be available to all students?

As well as the labour market implications of any possible extension to post course employment there is another crucial issue to consider. What are the possible unintended consequences of increasing the period of employment allowed after graduation? Could it lead to an upsurge in courses marketed primarily for the work component rather than the educational component? Would such a system unintentionally increase the migration opportunities of international students? What ramifications would such a change have for Australia's migration program? The Review welcomes any submissions on the appropriate length of post education employment but is particularly interested in submissions which place this in a broader labour market and migration policy context.

Overseas students are currently required to demonstrate or declare that they have access to \$18,000 in funds to contribute towards living costs for every year of intended study in Australia. Does this put Australia at a competitive disadvantage?

International students need to find funds to cover tuition, travel and living costs. The level of funds that a student needs to demonstrate to meet the living cost requirement was increased by 50 per cent, from \$12,000 to \$18,000, on 1 January 2010. The \$12,000 level was set in 2001 and Australia had been criticised for maintaining the requirement at a level that no longer reflected the true cost of living for overseas students. The Senate Standing Committee on Education, Employment and Workplace Relations inquiry into the Welfare of International Students (November 2009) received a number of submissions suggesting that the \$12,000 level was out of date. DIAC decision makers must be satisfied that the applicant will have genuine access to the funds, rather than merely having them in their bank account for short term 'demonstration purposes'. (The level of proof required varies according to Assessment Level.)

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Competitor nations require a significantly lower amount of cost of living funds.

| Cost of living funds – amount and period required | | | | |
|--|---|---|--|--|
| Australia | Canada | New Zealand | UK | USA |
| \$18,000 for each year of study for all students. Onus of proof varies according to assessment level eg Assessment Level 2 applicants need to prove they have funds for 12 months, Assessment Level 4 for 36 months. | \$10,210 for each year of study. Applicants must prove that they have funds for the duration of their stay in Canada. | \$7,700 per year. Must show proof of funds for total period of study (for courses longer than nine months). | \$11,767 per year (London). Must show proof of funds to cover 9 months only. | No absolute amount or period required but applicants may be asked to provide evidence of 'sufficient funds'. |

The high Australian requirement has both welfare and compliance objectives. In terms of student welfare, the requirement seeks to ensure that students are able to enjoy a reasonable quality and standard of living in Australia. It is also linked to their part time work rights of 20 hours per week. Work rights are intended as a way to earn supplementary funds; international students should not be depending upon earning funds in Australia to support themselves.

Is the current living costs figure set at the correct level to meet this range of objectives? Does this hurt Australia's international competitiveness? Is the annual figure the right one but should it only be demonstrated or declared for a shorter period, say one year?

An alternative approach would be to remove the Government altogether from the assessment of a student's funds: to shift this responsibility and associated risk to the education provider or to the students themselves. In moving in this direction consideration needs to be given as to whether this would provide an incentive to students to work in poorly paid jobs, live in insecure environments, and damage the credibility of Australian providers.

Should the education providers be responsible for judging the capacity of prospective students to both pay their fees and support themselves while studying? Or should international students be given greater flexibility to judge their own cost of living requirements?

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7.4 Supporting Document 3 – Broader implications from a downturn in international students (Extract) (Deloitte Economics, 2011)

International competitiveness

The US and the UK are Australia's most significant competitors in the international student market and pose an increasing threat because of more advantageous exchange rate environments, less onerous student visa requirements and greater targeting of the international student market (e.g. through international partnerships or collaborations or the use of education agents to recruit international students). Exchange rates are beyond the control of both the education sector and policy makers, while student visa requirements depend on Government decisions which, while open to influence from the sector, are also ultimately beyond its control.

However, there are a number of strategies that universities themselves can employ to build on their competitive advantage (such as Australia's location close to Asia and the English-language offerings) and regain some market share by matching what the US and the UK are doing.

Australian universities can expand their links to the US and the UK markets by, for instance, offering joint degrees with US or UK universities. Students could be offered programs in which they spend one or two semesters in two or three different international locations, studying at different universities and, ultimately, getting a degree issued jointly by those universities. That way the product of a university degree can be unbundled and students who might not come to Australia for the full degree could nevertheless be encouraged to undertake part of their studies in Australia. Particularly international students from Asia may be interested in spending some time in Australia (due to convenience of location for them), while also getting a degree from a US or UK university.

A number of international business schools have started to employ this strategy. For instance, the London Business School – in cooperation with the New York University Stern School of Business and the HEC School of Management, Paris – offers the so-called TRIUM Global Executive MBA Program where students are taught by faculty members from all three partner schools. Upon completion, students are awarded a single MBA degree issued jointly by all three schools and have access to three alumni networks. Similar programs are being offered by the UK's University of Bradford School of Management and Italy's University of Perugia (which offer the Bradford-Perugia program) or Vanderbilt Owen Graduate School of Management in Nashville, FIA Business School in Sao Paulo, ITAM in Mexico City and Simon Fraser University in Vancouver (which offer the 'Americas MBA').

Most Australian universities already offer exchange programs or have linkages to overseas institutions. Setting up formal cooperative degrees could build on these existing linkages.

Another strategy that Australian universities could employ is to set up campuses in the US or the UK and offer courses to international students (e.g. from India and China) in those locations. The advantage of such a strategy is that Australian universities can compete more directly in terms of cost of production, especially during a time when US and UK

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universities face budgetary pressures and are forced to lay off staff. Several Australian universities already have campuses in Asia, so expanding to the US or the UK is a logical extension.

Both strategies enable Australian universities to "follow the student" and capture a bigger share of the international student market during times when international students, for a variety of reasons, decide against coming to Australia. These strategies aim to separate the educational product partly or wholly from the location of instruction. While perhaps not ideal from a pedagogic viewpoint, they represent ways of meeting current challenges facing the export of education from Australia. They are equivalent to moving Australian education "behind the tariff wall" and have their parallel in the concept of the "global car". More generally, lessons learned from Australia's manufacturing industry, which has faced (and faces) similar challenges to those currently facing higher education, may well be worth exploring in greater detail.

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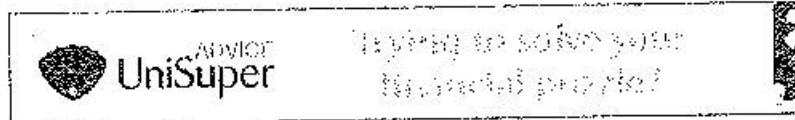
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7.5 Supporting Document 4 – Competition grows in international student market (Woodward, 2012)

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Competition grows in international student market

By Susan Woodward | 27th February, 2012

TAGS: [INTERNATIONAL](#), [INTERNATIONAL STUDENTS](#),

Australia is one of only seven countries in the world with more than 100,000 international students on its shores, but the tertiary education sector can't be complacent. Dr Daniel Edwards, senior research fellow at the Australian Educational Research (ACER), issued this warning after digging into data that shows encroaching competition on Australia's market share.

Edwards' analysis of 2009 figures from UNESCO shows Australia with more than 250,000 international students. In raw numbers, it placed third after the UK (370,000) and the US (660,000). But the report indicates the trend may not continue, noting that the number of countries now engaged in international education has risen to 109, with many of the top performers Asian-Pacific neighbours.

"The sheer number of countries that are now offering higher education is pretty remarkable, in particular in the Asia Pacific area, which is our home turf for international students," Edwards told CR. "It's a fairly important market and the countries in this region are equipped now to deal with international students and are starting to enrol them, but we need to do analysis in terms of absolute gains in these other countries."

He said the data also proved the Australian system's high reliance on international students and indicated an inversion of inbound students compared to outbound. "Economically, it makes more sense to have more inbound students and we pride

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ourselves on the strength of our education system. The argument could well be that we have such a high quality system that our domestic students don't necessarily want to leave," he said.

Looking at net flows, which determine inbound versus outbound student numbers in the context of the overall size of systems, Australia is the highest ranking of the three traditional countries. The UK and US drop significantly in this part of the analysis due to their much larger education systems. It is also here that another country -- Macao -- shines in first spot. With a net flow of 45 per cent, it far exceeds Australia, in second position with a net gain of 20 per cent.

Edwards, whose report appears in ACER's *Joining the Dots* series, said the data did not pick up the ebbs and flows that had occurred in the Australian market since 2009. Nonetheless, it provided a helpful snapshot. It shows Australia as the most popular destination for tertiary students from Malaysia, Hong Kong, Indonesia, Singapore, Sri Lanka and New Zealand. Australia is the second most popular destination for students from Vietnam, Nepal, Philippines, the Solomon Islands and Brunei.

"While it remains one of the 'big fish' in the international student scene, growth in the size, quality, and infrastructure for hosting international students in the future is likely to be substantial, thus signalling a warning to Australian providers that the number of host nations is growing, as is their capacity to compete for students," Edwards writes.

