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THE INTERNATIONAL MARKETING OF EDUCATIONAL SERVICES - IMPLICATIONS FOR LONG-TERM POLICY PLANNING

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CONTAINS

PULLOUTS

DEDICATION

In memory of my dear father, Augustine, who has always been a great source of inspiration and encouragement.

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Signed:

Damien Roche

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THE INTERNATIONAL MARKETING OF EDUCATIONAL SERVICES - IMPLICATIONS FOR LONG-TERM POLICY PLANNING

ABSTRACT

The dissertation attempts to apply the marketing concept to the provision of educational services. A comprehensive literature review is conducted in the area of services marketing. A strategic marketing model is proposed for the international marketing of educational services.

A comparative analysis of overseas student policy in a number of host countries is presented. A number of policy developments and regulatory mechanisms are critically evaluated.

It was not possible to conduct a rigorous cost-benefit analysis of overseas students in Ireland*. However, a UK study conducted in 1980 is examined in detail. The problems of measurement, etc. which were encountered are discussed. This will serve as a model for a similar study in Ireland.

Various overseas markets are identified as having significant market potential for Ireland. An hypothesised strategic marketing model for educational institutions is developed. This is later revised following its application to the Malaysian market which is held to be generalisable.

A research survey is conducted among overseas students and selected third level educational institutions. It is composed of six parts:

1. Postal questionnaire sent to third level institutions in Ireland selected on the basis of the number of overseas (non-EC) students enrolled.
2. Interviews held with key-figures in major third level institutions in Ireland selected on the basis of the number of overseas (non-EC) students enrolled.

*Ireland throughout this thesis does not include the six counties of Northern Ireland governed by the United Kingdom.

3. Self-completion questionnaire distributed to a random sample of 5% of overseas students in Ireland weighted by overseas student enrolment in the various institutions.

4. A series of focus interviews with overseas students held at:-

   a) University College Dublin
   b) University of Dublin, Trinity College
   c) The Royal College of Surgeons in Ireland

5. Jury panel of expert opinion - interviews with key figures in the area of education and overseas student policy.

6. A self-completion questionnaire distributed to a random sample of overseas students at the University of Strathclyde.

The dissertation makes a number of recommendations for future overseas student policy and finds that lack of a coherent national policy is the major impediment to the development of a considerable overseas student presence in Ireland.

Recommendations are proposed regarding; marketing strategy, fee policy, regulatory mechanisms, targeted support schemes, concessionary fee status, the composition and distribution of the overseas student body, orientation programmes, immigration, accommodation, cultural issues, English language provision and student welfare.

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I do hope this dissertation will contribute to the current debate on overseas student policy and have very much enjoyed the numerous interviews, discussions and debates over the past four years of its preparation.

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1. PURPOSE

The purpose of this dissertation is to investigate current attitudes towards the overseas students presence in third level institutions in Ireland. Ireland is experiencing considerable lack of strategic focus by many third level institutions and faces considerable under-utilisation of very expensive fixed assets as the demography of Ireland changes. It has been shown by many studies referred to later that considerable potential exists for the future export development of our educational services.

One such study referred to later conducted by the Irish Marketing Board (Coras Trachtala Teoranta) shows considerable overseas student potential which Ireland could benefit from. This study identified in particular, the Malaysian market.

A factor acting as a significant threat to the existing system is an EC initiative whereby Irish students can obtain their education in other EC member states with full payment of fees by the host government. For this reason in the dissertation we exclude students from other EC countries in our definition of 'overseas students'.

These developments could have considerable impact on Irish third level institutions in the coming decade and beyond. Indeed, they show that complacency is, at best, unwise.

2. SCOPE

The research survey in Chapter VI is limited to consideration of third level institutions in the Irish Republic as comparable institutions in Northern Ireland would be affected by policy decisions of the Department of Education & Science in the United Kingdom. The Regional Technological Colleges in Ireland which would be the equivalent of the United Kingdom Polytechnics are brought into the research survey, together with the Universities, and Colleges of Technology of the Dublin Institute of Technology.

Ireland throughout the dissertation does not include the six counties of Northern Ireland governed by the United Kingdom.

An hypothesised strategic marketing model for the international marketing of educational services is developed in Chapter II. This is later presented in a revised form following its application in Chapter V to the Malaysian market, which is held to be generalisable.

Coras Trachtala has identified the Malaysian market as one of the most worthwhile for Ireland in the coming years. It is proposed to examine by way of an Appendix to the dissertation the main features of this market and the opportunities it may present for Ireland.

3. HYPOTHESES

A number of hypotheses will be explored, as follows:-

(i) The marketing concept is not applied sufficiently in Irish third level institutions, e.g. courses are not reviewed regularly in line with changes in the environment. Markets are not segmented in any formalised manner and techniques such as competitive positioning and strategic marketing planning are not used sufficiently.

(ii) The economic benefits of overseas students are essentially long term and do not justify subsidisation as for home students.

(iii) Considerable market potential exists for the development of a significant body of overseas students.

(iv) The lack of a coherent national policy for overseas students is inhibiting the development of a co-ordinated marketing strategy by Irish third level institutions.

(v) The principles of services marketing apply to the provision of educational services at tertiary level.

(vi) The case for formulating an Irish strategy on the admission and support of overseas students rests on long term considerations.

(vii) Irish policy in the field of overseas students has, up to the present, largely been unfocussed.

It is argued that the lack of a coherent public policy both for international marketing and for overseas students education is inhibiting the development of a marketing strategy by Irish third level institutions. From the marketing model which is developed in Chapter II, the dissertation examines to what extent public policy inhibits or promotes the adoption of this model by the relevant institutions.

It was not possible, given the limitations of a single researcher, to undertake a cost/benefit analysis of overseas students for Ireland. However, a study undertaken in the United Kingdom is critically evaluated and a model is proposed for the later conduct of such a study for Ireland.

An attempt is made to establish a procedure whereby the trade linkages existing in Ireland between the provision of education for overseas students and subsequent exports by Ireland to the major sending countries can be measured.

4. RESEARCH METHODOLOGY

As we discuss this topic, we have been fortunate in having access to a confidential report, which will be published soon, conducted on behalf of the Irish Council of Overseas Students looking at the particular needs of overseas students in Ireland and how government policy is sadly lacking in this area. At the same time, another approach has been to ask those people high in the host governments who are sending these overseas students, what particular features of Irish third level education they would consider attractive or what element of government policy might be crucial for them. Marketing research undertaken for the Malaysian market appears as an Appendix. This explores the opinions of the relevant world governments who would be supplying Ireland with overseas students. This approach has not previously been undertaken in educational research in Ireland to date.

In Chapter VI the following methodology is adopted:-

(i) Questionnaire administered to a 5% random sample of overseas students in all the major third level institutions in Ireland ranked according to overseas student enrolment.

(ii) Structured interviews with key figures in selected third level institutions selected according to overseas student enrolment.

(iii) Structured interviews with key decision-makers in the area of government policy planning for third level education in Ireland and experts in the area of educational management and research (Jury Panel of Expert Opinion).

(iv) Institutional survey of major third level institutions in Ireland selected according to overseas student enrolment.

(v) A series of focus interviews with non-EC overseas students held at:

a) University College Dublin
b) University of Dublin, Trinity College
c) The Royal College of Surgeons in Ireland

These three institutions were chosen as they are the major centres for overseas students in Ireland according to percentage of the overseas student body.

(vi) Questionnaire administered to a random sample of overseas students at the University of Strathclyde.

In carrying out the research survey among Irish third level institutions varying degrees of support were encountered. The newer institutions (University of Limerick and Dublin City University) were found to be more open, enthusiastic and supportive than some of the larger and older institutions. University College Dublin did not respond to my postal institutional survey and two institutions refused permission initially

to hold focus interviews with their overseas students. Permission was later given. The Director of the Dublin Institute of Technology (the second largest third level institution) refused to allow an interview although an interview with a Principal of one of its constitutent colleges was permitted.

The impression given is that the Dublin Institute of Technology is awaiting a government initative before developing a marketing strategy for overseas students. Study visits to the United Kingdom particularly to Birmingham Polytechnic have shown how more marketing oriented the Polytechnic sector is there compared to Ireland. In June 1991, the government introduced in the Dail (Irish Parliament) the Dublin Institute of Technology Bill and the Regional Technical Colleges Bill which give a new statutory status to these institutions and rests more authority and responsibility in the individual institutions for the conduct of their affairs. These Bills are due for enactment before Easter 1992.

CHAPTER I

THE MARKETING OF SERVICES

"Services often compete with goods to offer similar core benefits to customers, but this does not mean that the marketing management tasks are the same. There are currently both generic and contextual differences between goods and services marketing. Although the latter are likely to narrow over time, the former will remain, requiring service marketers to play a number of roles not usually expected of their counterparts in manufacturing industries".

CHRISTOPHER LOVELOCK
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CHAPTER I

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1.5 ROLES FOR SERVICE MARKETERS

1.6 PROBLEMS AND STRATEGIES IN THE INTERNATIONAL MARKETING OF SERVICES

1.7 CONCLUSION

THE MARKETING OF SERVICES

1. PURPOSE

The purpose of this chapter is to provide a review of the current body of literature available on services marketing. The chapter starts with a discussion of the historical development of services. The major issues in the marketing of services are examined and a number of definitions of services are reviewed. The various distinguishing characteristics of services are considered.

The importance of the services sector is examined and various roles for service marketers are discussed.

The chapter concludes with a review of the unique service features and resulting marketing problems and suggested marketing strategies for problems stemming from the unique service features.

1.1 GROWTH OF THE SERVICE ECONOMY

1.1.1 Historical Development

Official economic definitions give little guidance to what is the nature of a service. Definitions developed by economists do throw light on how the concept has changed.
Fundamentally, the economist's approaches to services have been institution based or activity based.

The emergence of the physiocrats, the group of eighteenth century French philosophers, is generally considered to herald the beginning of economics as a systematic field of study. Their belief was that the soil provided the only real form of wealth and therefore that agriculture alone was productive and all other activities than agricultural production were 'sterile'.

Adam Smith was critical of the physiocrats. He believed their 'capital error' lay in their 'representing the class of artificers, manufacturers and merchants as altogether barren and unproductive'. He asserted that material goods production was just as capable of returning a net income to producers as was agriculture and made a distinction between 'productive' and 'unproductive' labour. The criterion he used was that productiveness depended upon 'tangibility' which in turn was associated with the durability of the economic activity. Thus services he described as 'barren' and 'unproductive' because they perish generally in the very instant of their performance and do not fix or realise themselves in any vendible commodity'. He believed menial servants to be barren and unproductive as well as:-

> "The sovereign...with all the officers of justice and war who serve under him, the whole army and navy are unproductive labourers: also churchmen, lawyers, physicians, men of letters of all kinds: players, buffoons, musicians, opera singers... Like the declaration of the actor, the harangue of the orator, or the tune of the musician, the work of them all perishes in the very instant of its production"[1].

Jean Baptiste Say[2] rejected Smith's notion that immaterial products are not wealth because they were not 'susceptible of conservation'. He argued that activities which have utility and give satisfaction to the consumer, like the doctor who cures a sick man, are productive, and that agriculture, manufacturing and commerce should be treated on an equal basis. Jean Baptiste Say not only argued the claims of immaterial wealth alongside material wealth, he used the term 'services' to describe them.

Alfred Marshall took the concept further when he observed that:-

> "Men cannot create material things. In the mental and moral world indeed he may produce new ideas, but when he is said to produce material things, he really only produces utilities or in other words his efforts and sacrifices result in changing the form of arrangement of matter to adapt it better for satisfaction of wants. All that he can do in the physical world is either to readjust matter so as to make it more useful, as when he makes a log of wood into a table; or to put it on the way of being made more useful by nature, as when he puts seed where the forces of nature will make it burst out into life"[3].

He argued that there was no scientific foundation for making a distinction between the activities of the cabinet maker and the furniture dealer, the railwayman carrying coal above ground and the miner carrying it underground, the fisherman and fishmonger; all produce utilities. All activities, in other words, are providing services to satisfy wants.

A further bridging of the divide between goods and services is reflected in more recent views which suggest that the only difference between a good and a service is that a service does not lead to a change in the form of a good.

These different views of services are summarized in Table 1.

TABLE 1

Historical definitions of Service

The Physiocrats (c. 1750)	All activities other than agricultural production
Adam Smith (1723–90)	All activities that do not end in tangible products
J. B. Say (1767–1832)	All non-manufacturing activities that add utility to goods
Alfred Marshall (1842–1924)	Goods (services) that pass out of existence at the moment of creation
Western Countries (1925–60)	Services do not lead to a change in the form of a good
Contemporary	An activity that does not lead to a change in the form of a good

Source: Walters. C. G. and Bergiel. B. J. *Marketing Channels*. Scott. Foresman. Glenview. Ill. 1982. p. 483

The acceptance of services as legitimate activities is reflected in the current division of industry by economists into three main groups; primary, secondary and tertiary. Primary activities cover agriculture, forestry and fishing. The secondary activities refer to the manufacturing and construction industries. Tertiary activities refer to the service and distributive trades. Foote and Hatte[4] suggest a further classification of the service industries into:

> **Tertiary:** including restaurants and hotels, barber and beauty shops, laundry and dry cleaning establishments, home repair and maintenance, handicrafts once performed in the home and other domestic or quasi domestic services.
>
> **Quarternary:** including transportation, commerce, communications, finance and administration; the salient characteristics being that they 'facilitate and effectuate the division of labour.
>
> **Quinary:** including health care, education and recreation; the chief aspect of this sector being that services rendered are designed to change and 'improve' the recipient in some way. Services rendered through other sectors are intended to maintain the customer and the division of labour 'as is'.

Unfortunately, the term services is still not used in a consistent way. In studies undertaken of the service economy phenomenon Fuchs[5], for example, excluded transportation, communications and public utilities and placed them in the industry sector 'because of their dependence upon heavy capital equipment and complex technology'.

He further distinguished a service 'sub-sector' which excluded government, households and institutions and real estate; a sub-sector, it can be argued, that is somewhat restricted for a work entitled "The Service Economy". On the other hand Whiteman[6] in his study used services to mean:

- Transport - both goods and passengers by bus, rail, air and sea, but excluding private motoring.

- Communication - postal and telephone services.

- Distributive trades - wholesale and retail distribution.

- Insurance, banking, finance and business services.

- Professional and scientific services - mainly health and education services.

- Miscellaneous services - including cinemas, sports, hotels and restaurants.

- Public administration and defence - the military and most of the civil service.

These two treatments of services show that in economics at least there seems to be 'no authoritative concensus on either the boundaries or the classification of the service industries"[7].

Although services are now included in classifications of industrial activities in many western economies, their provision is often regarded as secondary to the production of goods. Certainly in Britain the imposition for a period of Selective Employment Tax (SET); the discrimination of many government grants and allowances in favour of manufacturing industry over recent years; the associations of services with 'luxuries', 'inessentials' and with the satisfaction of psychological and emotional needs rather than physical needs; the treatment in the Balance of Payments figures of 'invisibles' as something separate and, by implication, of lesser importance. These and other manifestations of discrimination and second rate treatment of the service sector of the economy have served to perpetuate what Lewis calls the 'anti service myth'[8]. He believes that services in some ways are still not treated as valid forms of wealth.

Since the second world war, Ireland has become a service economy both in terms of output and employment. Services have become the largest sector of the economy[9]. The shift towards service economies has been a feature of many economically developed countries in recent years. Fuchs 1968[10] commenting on the US economy stated:

> "The United States is now pioneering in a new state of economic development. During the period following world war II, the country became the world's first service economy - that is the first nation in which more than half of the employed population is not involved in the production of food, clothing, houses, automobiles or other tangible goods".

Smith 1972 similarly wrote of the UK economy:

> "If transport is included in the service sector, by 1966 the United Kingdom just about qualified for addition to the exclusive club of service economies, since services claimed, for the first time, half of the labour force. Working on the basis of full time equivalents, the proportion of the labour force in services was slightly less than half[11].

1.1.2 Research Findings

Fuchs 1968[12] considers that the service sector of the economy is viewed as the "stepchild of economic research", while Smith A.D. 1973[13] argues that contemporary economic theories and statistics are biased in their treatment of services; services according to Smith[14] should be legitimised and seen as valid funds of wealth in order to dispel the damaging myth of their non-productive character. Smith 1972[15] and Cogan 1979[16] identified weaknesses in the statistical treatment of services as far as the measurement and interpretation of service output changes are conceived. Heilbroner 1977[17] suggests

that the more general implications of the service economy are not fully understood, for example, the increased vulnerability of the economy to labour disruption. This he feels, in a manufacturing area, is cushioned by inventories which would suffice if the margin of safety if reduced. He further argues that in such circumstances, the growth of services increases the possibility of government interference in the market mechanism in order to maintain what the government would consider essential services. Gersuny and Rosengren 1973[18], feel that the shifting of large segments of the working population into service occupations has largely been addressed by sociologists. Kotler 1984 regards as one of the major developments in America, the phenomenal growth of service industries. Service businesses now provide 73% of the payroll jobs of the US non farm workforce, West Germany has 41% of its workforce in the service sector and Italy 35%[19]. (See Table 2)

TABLE 2

CIVILIAN EMPLOYMENT IN INDUSTRY AND SERVICES - INDUSTRIALISED MARKET ECONOMIES, 1981-1986 (1980 = 100)

	1981	1982	1983	1984	1985	1986
Canada						
industry	101.9	92.4	89.7	93.1	94.4	96.5
services	103.2	102.7	104.7	107.1	110.9	114.5
France						
industry	97.2	95.5	93.3	90.0	87.2	–
services	100.7	102.6	104.4	105.4	106.8	–
Federal Republic of Germany						
industry	97.7	94.2	91.1	90.2	90.1	90.9
services	100.7	100.4	100.5	101.5	103.0	104.6
Italy						
industry	99.4	97.8	95.5	91.5	89.6	88.6
services	102.9	105.5	107.8	112.7	116.5	118.9
Japan						
industry	100.7	100.5	101.9	102.7	103.5	103.2
services	101.7	104.1	106.9	108.1	109.0	111.2
Norway						
industry	98.1	97.6	93.9	95.2	95.6	97.6
services	100.9	102.9	106.7	107.7	110.7	114.5
Spain						
industry	94.9	90.9	90.2	84.4	83.3	87.4
services	100.4	102.4	104.3	102.0	106.0	112.5
Sweden						
industry	97.1	93.7	92.7	93.0	94.2	94.3
services	101.3	102.9	103.8	105.2	106.7	106.4
Switzerland						
industry	100.8	97.9	94.7	94.1	95.1	95.9
services	102.0	103.0	103.1	103.2	104.2	105.3
United Kingdom						
industry	91.3	87.0	83.2	82.8	82.7	81.3
services	98.9	99.3	99.3	102.7	105.0	107.3
United States						
industry	99.6	93.2	93.2	98.6	99.1	100.1
services	101.9	103.4	105.5	109.4	112.7	116.0

Source: OECD Quarterly Labour Force Statistics

1.2 TOWARDS A DEFINITION

L. Berry 1984[20] describes:

> ".....a good is an object, a devise, a thing. A service is a deed, a performance, an effort, it is whether the essence of what is being bought, is tangible or intangible that determines its classification as a good or a service. In fact the word 'service' is most usually associated with 'intangible'".

The American Marketing Association's definition of services describes them as "activities, benefits or satisfactions which are offered for sale, or are provided in connection with the sale of goods". This definition has been used for a number of years though its chief weakness is that it does not discriminate sufficiently between goods and services. Goods, too, are presumably offered for sale because they provide benefits and satisfaction.

Various refinements of the American Marketing Association's definition by Stanton 1981[21], Kotler 1982[22], Gronroos 1978[23] and others have been suggested. Kotler[24] defines a service as:

> "any activity or benefit that one party can offer to another that is essentially intangible and does not result in the ownership of anything, its production may or may not be tied to a physical product".

The other current definitions share an emphasis, directly or indirectly, upon the essential intangible nature of the service. This quality of intangibility is central to another approach to service definition which focuses on the distinctive characteristics.

1.2.1 Characteristics of Services

A number of characteristics have been proposed to help distinguish between goods and services. The more commonly used ones are:-

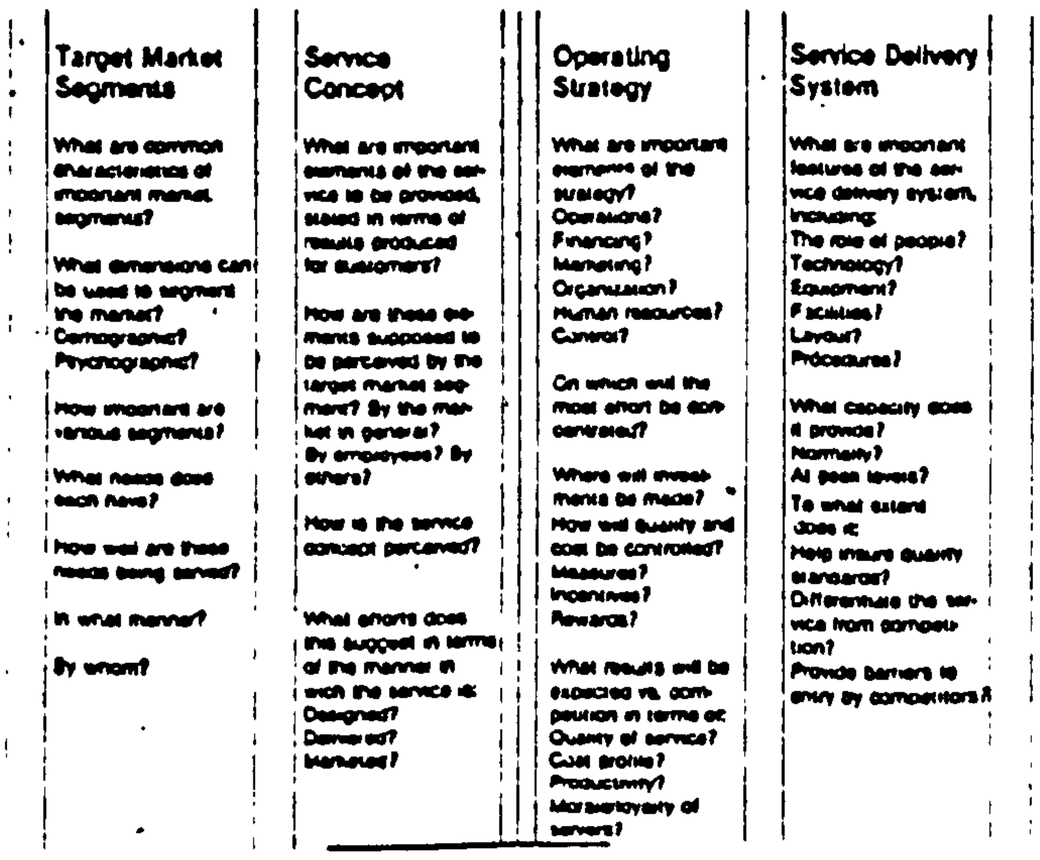
1. Intangibility
2. Inseparability
3. Heterogeneity
4. Perishability
5. Ownership

1.2.2 Intangibility

With intangibility as the criterion, as imperfect as this may be, one can sort out which businesses can be service businesses. The list is long; life assurance, real estate, transportation, communications, utilities, wholesaling trade, retail trade, all levels of government employment, education, health, professional services, personal services, food and lodging and many others. Some of these services do produce tangible output such as newspapers or food, and goods producing businesses, manufacturing, construction requires service activities such as clerical work and guard duty, but the emphasis is what Berry terms "the essence of what is being bought"[25] and suggests basic elements of what he regards as the basic element of a strategic service vision. He also discusses basic and integrative elements of a strategic service vision (see Tables 3 and 4).

TABLE 3

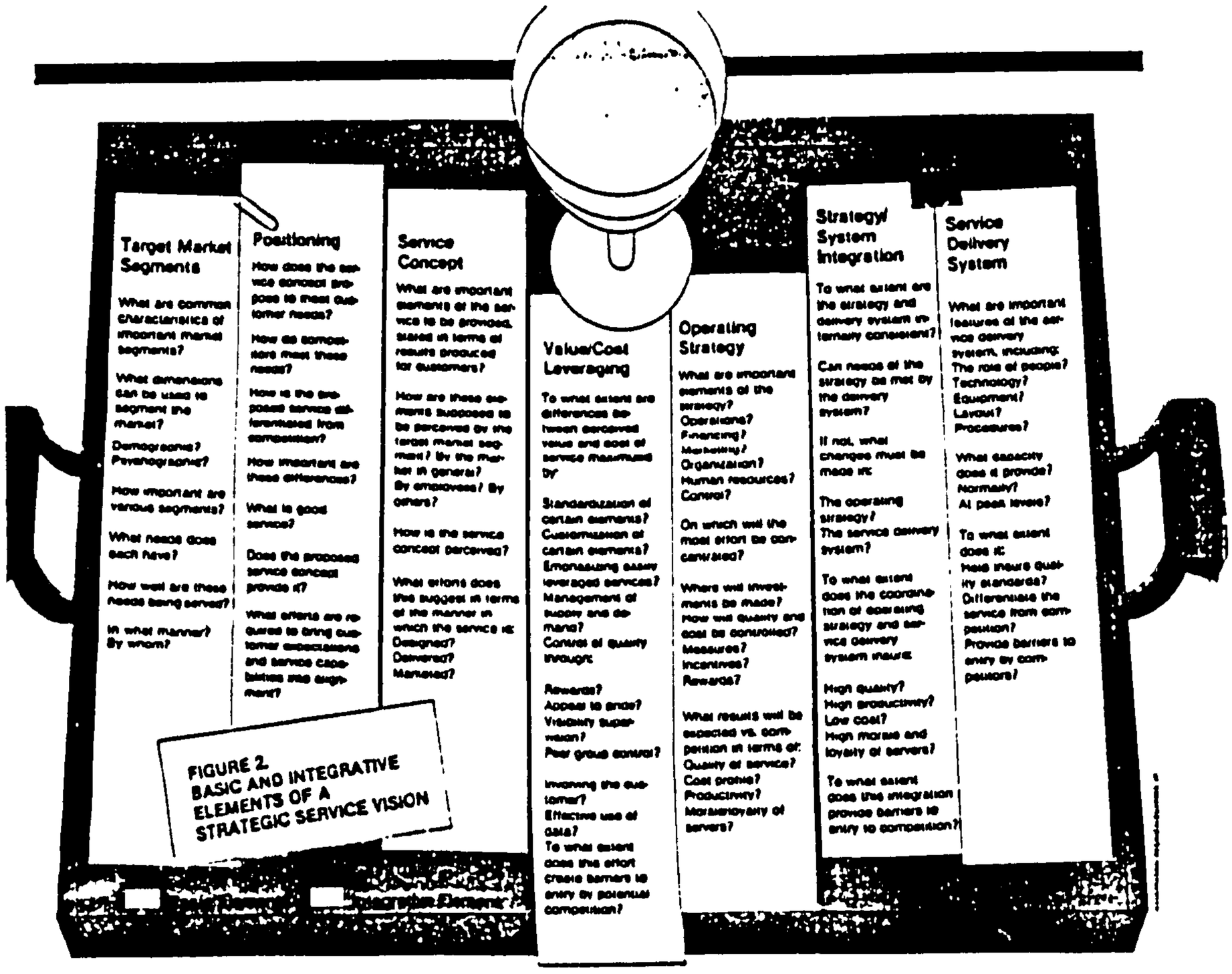
BASIC ELEMENTS OF A STRATEGIC SERVICE VISION



Source: "Managing in the Service Economy" James L. Heskett, The Free Press, NY 1987

TABLE 4

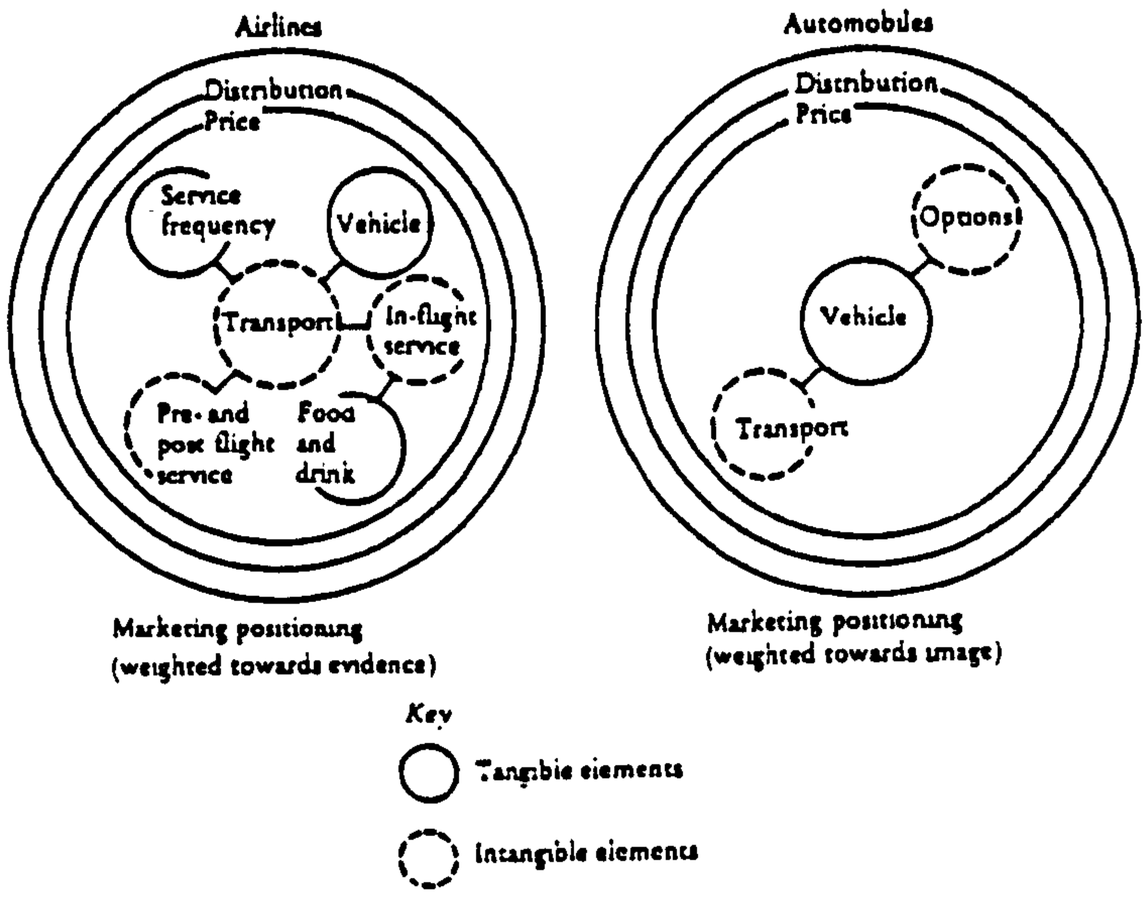
BASIC AND INTEGRATIVE ELEMENTS OF A STRATEGIC SERVICE VISION



Source: "Managing in the Service Economy" James L. Heskett, The Free Press, NY 1987

In his book he says Carrefour a large supermarket chain in France developed an operating strategy that amounted to growth with its suppliers money. Levitt 1987[26] focuses on the greater impact US corporations have selling 'Big Macs' or computer software - services rather than cars and VCR products. Shostack 1977[27] considers that service marketing to be effective and successful, requires a more-opposite view of conventional "product practices". She presents several market inspired thoughts towards the development of new marketing concepts, and the evolution of relevant service marketing principles. She proposes a molecular entity approach (see Figure 1).

FIGURE 1



Source: G.L. Shostack, "Breaking Free from Product Marketing". Journal of Marketing, Vol 41, No 2, April 1977, p.77

D.W. Cowell 1985[28] argues:-

1. That many managers operating in various kinds of service organisations have shown great interest in the relevance and applicability of marketing ideas to their particular field.

2. That as competition intensifies in many parts of the service sector; as managers with marketing experience from outside the service sector switch jobs into it; as attempts are made by many hard pressed service organisations to maintain and improve quality under resource constraints; as ethical and legal barriers are eroded; as these and other influences take effect, they will encourage the extension of marketing ideas and practices much more in the service sector.

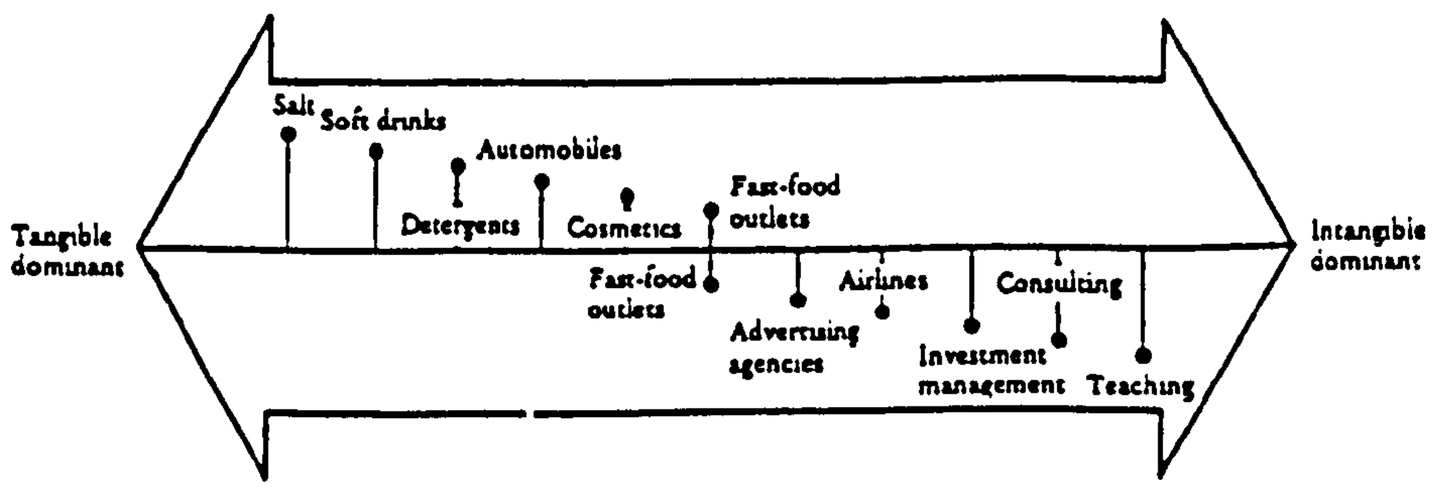
Services are essentially intangible. It is often not possible to taste, feel, see, hear or smell services before they are purchased. Opinions and attitudes may be sought beforehand, a repeat purchase may

rely upon previous experience, the customer may be given something tangible to represent the service, but ultimately the purchase of a service is the purchase of something intangible. Refinements of the notion of intangibility have been suggested by Wilson 1972[29], Bateson 1977[30], Rathmell 1966[31] and others. These lightly suggest that the goods/service continuum can be represented as tangible, intangible, dominant, continual. It is stated in the work of Shostack 1977[32] "the continuum idea emphasises that most products are combinations of elements or attributes which are linked. There are few pure products and pure services".

Shostack[33] suggests that marketing entities are combinations of discrete elements, tangible and intangible. A molecular model provides a way of visualising and of managing a closer market entity. It can show the elements making up a product, the inter-relationships between them, and the dominance of goods or services tangible or intangible in an offer.

Figure 2 is a simplified example to demonstrate her notion of a product entity.

FIGURE 2



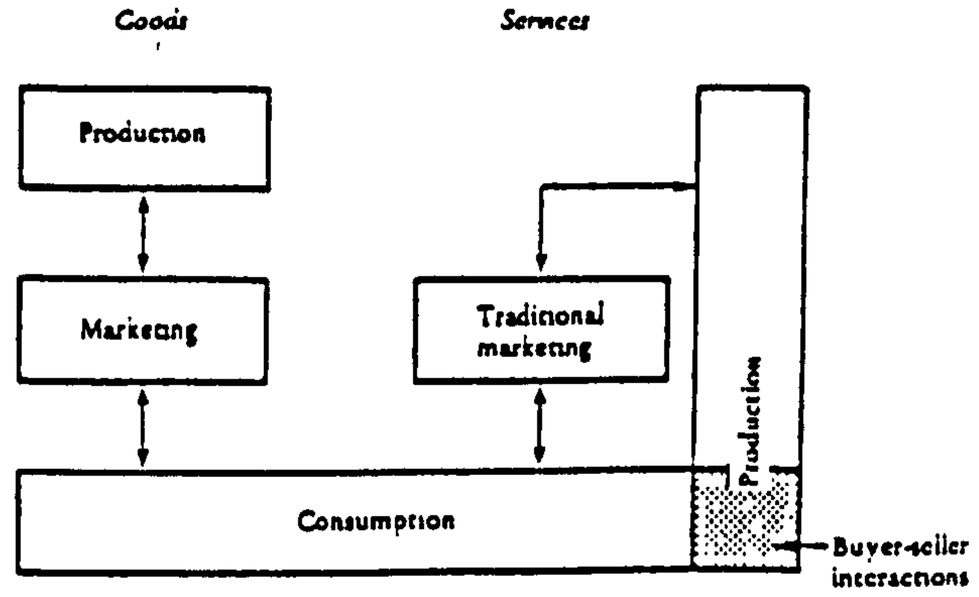
Source: G.L. Shostack, ibid., p.76

Here airlines and motor cars are divided according to some of their major attributes. The two products are different in nuclei and they also differ in dominance. Airlines are more intangible dominant, they have no ownership of a tangible good, airline travel cannot be physically possessed only experienced, the inherent benefit is a service. On the other hand, a car is more tangible dominant, a car can be physically possessed albeit the benefit it yields is a service too.

1.2.3 Inseparability

Services often cannot be separated from the person of the seller. A corollory of this is that the creation or performance of the service may occur at the same time as full or partial consumption of it. Goods are purchased, sold and consumed, whereas services are sold and then produced and consumed. The inseparability of creation and performance of certain kinds of services applies particularly to some personal services, for example, dental or medical treatment; professional services. Figure 3 shows the relationship between production, marketing and consumption for goods and services.

FIGURE 3



Source: J.M. Rathmell, Marketing in the Service Sector, Winthrop, 1974, p.7

1.2.4 Heterogeneity

It is often difficult to achieve standardisation in the output of certain services. The standard of a service in terms of its conformity to what may be prescribed by the seller may depend on who provides the service or when it is provided. So even though standard systems may be used to handle a flight reservation, book in a car for service, or quote for life assurance. Each unit of service may differ from other units. Franchise operations attempt to ensure standards of conformity but ultimately with services, it is difficult to ensure the same level of quality of output as it may be with goods. From the customer's viewpoint too, it is often difficult to judge the quality in advance of purchase.

1.2.5 Perishability

Services are perishable and cannot be stored. Spare seats on a package tour or an empty hotel room represents capacity lost forever if they are not consumed when they are available at any point in time. In addition, considering fluctuating demand patterns may apply to some services which aggravate this perishability feature further. Key marketing decisions in service organisations relate to what service levels they will provide and how they will respond in times of low and excessive usage, for example, food differential pricing, special promotions.

1.2.6 Ownership

Lack of ownership is the basic difference between a service and a good. With a service a customer may only have access to or use of a facility, for example, hotel room. Payment is usually for the use of, access to, or hire of items. With the sale of a good, barring restrictions imposed by say a hire purchase scheme, the buyer has full use of the product. One exception is selling under reservation of title (Romalpa Case) which is a recent development[34].

A summary of these characterists of services is shown in Table 5. Also shown are some implications of these characteristics and suggested means of overcoming the problems posed. There is still some difference of opinion on whether some of these characteristics do help to discriminate between goods and services, for example, Wyckham et al. 1975[35] provides cogent arguments why intangibility, heterogeneity, and perishability at least are not themselves sufficiently discriminating. They believe there are too many exceptions to their use for services alone and believe that what is required is not a simple product/service scheme differentiating on the basis of the characteristics of the offer itself, but a more complex taxonomy of offerings which differentiates on the basis of product/service characteristics and market characteristics. The criticism is valid for another approach used to define services, that based on functional differences.

TABLE 5

SOME CONSTRAINTS ON THE MANAGEMENT OF SERVICES AND WAYS OF OVERCOMING THEM

Characteristics of service	*Some implications*	*Some means of overcoming characteristics*
Intangibility	Sampling difficult. Places strain on promotional element of marketing mix. No patents possible. Difficult to judge price and quality in advance.	Focus on benefits. Increase tangibility of service (e.g. physical representations of it). Use brand names. Use personalities to personalize service. Develop reputation.
Inseparability	Requires presence of producer. Direct sale. Limited scale of operations.	Learn to work in larger groups. Work faster. Train more competent service providers.
Heterogeneity	Standard depends upon who and when provided. Difficult to assure quality.	Careful personnel selection and training. Ensure standards are monitored. Pre-package service. Mechanise and industrialize for quality control. Emphasize bespoke features.
Perishability	Cannot be stored. Problems with demand fluctuation.	Better match between supply and demand (e.g. price reductions off peak).
Ownership	Customer has access to but not ownership of activity or facility.	Stress advantages of non-ownership (e.g. easier payment systems).

Source: "Services Marketing" C.H. Lovelock ed. Prentice-Hall 1984

1.3 FUNCTIONAL DIFFERENCES

This approach contrast services marketing with goods marketing. Typical generalisations made about services marketing are that:

- Services cannot be stocked
- Services cannot be patented
- Service channels are usually short
- Services cannot be sampled
- Services standards cannot be precise[36]

The difficulty with this approach is the problem in defining functional services which accurately and precisely limit the differences between goods and services. Like the characteristics of services approach, a number of exceptions to the general principles exist.

1.3.1 Classification of Services

The elusiveness of a widely accepted definition of services has not prevented the development of a variety of schemes which classify services. Many of the classification schemes used in services marketing are derived from those used in goods marketing. Also many services classifications schemes are based on assumptions about what is or is not a service. The more common ways of classifying services are shown in Table 8[37].

Seller-related bases of classification include whether the enterprise is private or public; profit motivated; or non profit motivated. The function of the enterprise performed may also be a basis for classifications as maybe how income is derived. Buyer-related bases of classification includes market typologies, ways the service is bought, and motives for purchase. Service related bases of classification include the form of service provided, whether based on

people or equipment used, and the levels of personal contact involved[38]. There is no one classification which applies in all cases for a particular service. Thus, for example, a hotel may serve different markets, for example, consumer and industrial, may offer highly personal as well as highly standardised services, and consumer motives for purchase and use may be varied.

TABLE 6

SOME CURRENT WAYS OF CLASSIFYING SERVICES

Nature of enterprise	Functions performed	Income source
Private, for profit Private, non-profit Public, for profit Public, non-profit	Communication Consulting Educational Financial Health Insurance	Derived from market Market plus donations Donations only Taxation

Buyer related bases

Market type	Way in which service bought	Motives
Consumer market Industrial market Government market Agricultural market	Convenience service Shopping service Specialty service Unsought service	Instrumental, i.e. means to an end Expressive, i.e. an end in itself

Service related bases

Service form	Human or machine based	High or low contact
Uniform service Bespoke service	Human centred service Machine centred service	High contact service Low contact service

Source: "Services Marketing" C.H. Lovelock ed. Prentice-Hall 1984

The benefits of classification schemes are that they act as the first step in obtaining an understanding of the ways in which markets operate. Certainly when undertaken from a consumer viewpoint, valuable insights may be gained into consumers' reasons

for making a purchase and the way in which products are bought. This kind of information is in turn helpful in developing marketing strategies for services and in evaluating current strategies and tactics in use. What all of the above schemes reflect, however, is the search which is going on to try to delimit the boundaries of services marketing as a separately identifiable field for marketing theory and practice. It is only in recent years that much attention has been given to marketing services as a separate and distinctive area. It would be erroneous to suggest that marketing services is somehow fundamentally different from marketing products.

As Levitt 1972[39] suggested, there is no such thing as service industries, there are only industries where service components are greater or less than those of other industries, everybody is in service. This goes to the heart of the matter - from a marketing viewpoint, both goods and services provide benefits and satisfactions, both goods and services are products, the same principles and concept of marketing are of relevance to both fields. As Baker 1976[40] says, "The same sequence of market research, product/service planning development, pricing, promotion, distribution, sale and after-sale service would seem to be equally appropriate to all marketing situations". What is significant about services, where they are the main object being marketed, is the relative dominance of intangible attributes in the makeup of the service product".

Services are a special kind of product so the differences are not fundamental, they are classificatory and no one classification suits all ends. What differences there are, are differences of degree and of emphasis, just as there are differences of degree and emphasis between consumer marketing and marketing to organisations. What is required in service marketing is more attention to the adaptations which may be required to general marketing principles and practices, as core products being marketed are essentially intangible rather than tangible.

1.4 GENERIC DIFFERENCES BETWEEN GOODS AND SERVICES

Five generic differences can be identified that separate goods from services marketing. These involve the nature of the product itself, how that product is created, the marketer's ability (or inability) to stockpile the product, the nature of the distribution channels for the product, and the relative ease of determining costs for pricing purposes.

1.4.1 Nature of the Product

"A good", writes Berry (1980)[41] "is an object, a device, a thing; a service is a deed, a performance, an effort". Admittedly, goods are sometimes an integral part of a particular service, especially where rentals are concerned. But even in such an explicitly goods-oriented service as the car-rental business, the relevant product attributes extend far beyond those normally associated with owning one's own car, including such elements as pick-up and drop-off locations (often in different cities), inclusive insurance, maintenance, free connecting airport shuttle buses, long-distance reservations, and speedy, courteous customer contact personnel.

From the customer's perspective, three distinctive characteristics of most service products are: their ephemeral, experiential nature; the emphasis on time as a unit of consumption; and the fact that people - both service employees and other customers - are often part and parcel of

the service product. As we shall see, the relative importance of these characteristics varies according to whether the target of the service is the customer in person or the customer's possessions.

1.4.2 Different Production Methods

Producing a service typically involves assembling and delivering the output of a mix of physical facilities and mental or physical labour. Sometimes the customers' role is relatively passive, more often they are actually involved in helping create the service product. These factors make it hard for service organisations to control quality and to offer customers a consistent product. As a former packaged goods marketer, turned hotel marketer, observed: "We can't control the quality of our product as well as a P&G control engineer on a production line can... When you buy a box of Tide, you can reasonably be 99 and 44/100% sure that this stuff will work to get your clothes clean. When you buy a Holiday Inn room, you're sure at some lesser percentage that it will work to give you a good night's sleep without any hassle, or people banging on the walls, and all the bad things that can happen in a Hotel"[42] (Knisely, 1979a)

1.4.3 No Inventories for Services

Because a service is a deed or performance, rather than a tangible item, it cannot be inventoried[43]. Of course, the necessary equipment, facilities, and labour can be held in readiness to create the service, but these simply represent productive capacity, not the product itself. Unused capacity in a service organisation is rather like a running tap in a sink with no plug. The flow is wasted unless customers (or possessions requiring servicing) are present to receive it. As a result, service marketers must work to smooth demand levels to match capacity.

1.4.4 Lack of Physical Distribution Channels for Most Services

The marketer's task in manufacturing firms includes developing distribution strategies for physically moving the product from the factory to the customer. Typically, this involves the use of one or more intermediaries. Because services delivered to the person of the customer are consumed as they are produced, the service factory, retail outlet, and consumption point are often one and the same. Hence distribution strategies in service organisations emphasise the scheduling of service delivery as much as the locations. And unlike manufacturers, most service organisations have direct control over the service delivery outlet, either through outright ownership or tightly written franchise agreements[44].

However, physical distribution channels do exist for certain services performed on customers' goods. Examples include film processing, off-site equipment repair and maintenance, certain specialty cleaning services, and so forth. But these instances - involving drop-off at a convenient retail location, and shipment to a plant where the necessary servicing is done - are the exception rather than the rule in the service sector.

1.4.5 Availability of Electronic Distribution Channels for Some Services

A rapidly growing approach to service distribution is through electronic distribution channels. Physical goods and people cannot yet be 'teleported', as science fiction writers predict that some day they will. But services directed at the customer's mind - such as advice, education, entertainment, and information - can be telecommunicated through such channels as radio, television, the telephone, telecopying, or microwave relays. Moreover, the use of remote printers, video recorders, and telecopiers even makes it possible for such services to produce a hard copy at the receiving end - the closest we have yet come to 'teleportation'. Services directed at the customer's intangible assets - such as banking, insurance, and

stockbroking - can also be distributed, faster than a speeding bullet, through telephone-based authorisations or automated electronic transmission systems.

Theatres, hotels and transportation operators have long used travel and ticket agencies as intermediaries to handle enquiries, reservations, and ticket sales. Telecommunications now make it possible to deliver certain service products through independent retail intermediaries. One example is the availability in some cities of on-line banking services at supermarkets and department stores (Merliss and Lovelock, 1980)[45]. A second is the ability of libraries to sell on-line, computerised information services connected to data banks thousands of miles away. While marketing managers in such organisations face such traditional distribution problems as selecting outlets and determining commission structures (see, for instance, Davis and Star, 1977)[46], they have some novel advantages over their manufacturing industry counterparts. Demand can be smoothed by use of variable, time-of-day pricing; supplies can be cut off instantly as an extreme form of sanction; and new products can be made available spontaneously at many different locations, since there are no lengthy 'pipelines' to fill.

1.4.6 Determining Costs for Pricing Purposes

Relative to manufacturing firms, it is much more difficult for service businesses to determine which fixed and operating costs are associated with which products - especially when several services are being produced concurrently by the same organisation (Dearden, 1978)[47]. If a marketer does not know the average cost of producing a unit of service, it is hard to determine what the selling price should be.

The variable cost of selling one additional unit of service (e.g. an extra seat on an aircraft, an extra room in a hotel) is often minimal. Since demand may fluctuate widely by time of day (or week, or season), this gives service marketers much greater flexibility than

goods marketers to offer similar products at different prices to different market segments. The challenge is to ensure that the weighted average of all prices charged exceeds the average costs, thus looping the problem back to the tasks of cost determination and allocation.

Taken as a broad product class, services are distinguished from goods by several generic differences that have important implications for marketing management. Services are not homogeneous, of course; there are many different types (Lovelock 1980)[48]. Yet although the generic differences described above may be more or less pronounced for a specific type of service, and although some goods may share certain features with some services, these generic differences will continue to require distinctions in marketing practice between the manufacturing and service sectors.

1.4.7 Contextual Differences Between Goods and Services Marketing

Service marketers whose previous job was in the manufacturing sector - and particularly those who came from consumer packaged goods - often note sharp differences between their current and previous working environments. These differences presently include a narrow definition of marketing by other managers, limited appreciation for marketing skills, a different organisational structure, and a relative lack of competitive data. In addition, many service industries are experiencing a loosening of both government regulations and professional restrictions on management practices, with important strategic implications for marketing. Finally, there are special constraints and opportunities facing marketers in public and nonprofit organisations.

1.4.8 Narrow Definition of Marketing

Professional marketing management is still relatively new to the service sector. Many service industry executives, who tend to be

operations oriented, still define marketing as simply advertising and public relations; others extend this definition only as far as sales and market research. Decisions in such areas as new product development, retail site location, pricing, and product line policy have traditionally been excluded from marketing's domain in the service sector. This situation is changing, but many service organisations still have a long way to go before they can be said to have adopted the marketing concept and implemented it across a broad range of managerial activities.

1.4.9 Lack of Appreciation for Marketing Skills

The comedian, Rodney Dangerfield, whose perennial complaint is that "I don't get no respect", would probably feel very much at home as a marketing manager in most service firms. Knisely (1979b)[49] records an interview with a Lever Bros executive who had spent some time as a senior marketing manager in a large service organisation; the latter observed; "You feel less loved and less needed. In a service company which has perhaps been built on skills and disciplines that have not included large doses of marketing, you're selling - you're saying "listen to me" as opposed to "tell me, tell me".

Limited appreciation for marketing skills among other managers makes the service marketer's job just that much more difficult. Lack of clout limits his/her ability to win acceptance of new strategies - particularly if they require deviation from current practice, it may also constrain the amount of resources allocated to marketing.

1.4.10 Different Organisational Structures

As noted by Lovelock et al. (1981)[50], service organisations frequently include a general management-type position at both corporate and field levels. Example of the latter would be a branch bank manager, a station manager for an airline or trucking company, or the general manager of a hotel.

These 'field general managers' who usually report to operations, are engaged in marketing management tasks whether they recognise them as such or not. In particular, they are usually responsible for managing service personnel in regular contact with customers.

As noted earlier, service organisations generally control service outlets, the service equivalent of a retail store. But much of this benefit is lost if the 'store' is not run in a way that balances marketing considerations against operational ones. This means that marketing managers at the corporate level must either develop an organisational structure, such as a matrix, that provides them with access to customer contact personnel, or they must ensure that 'field general managers' possess marketing skills and are rewarded for good marketing practice. As noted by Czepiel (1980)[51] most service businesses have some distance to travel before they achieve an organisational structure that integrates marketing and operations in ways calculated to deliver consistently high levels of service quality and customer satisfaction.

1.4.11 Lack of Data on Competitive Performance

One of the differences felt most keenly by consumer goods marketers who have moved to the service sector is the lack of market data on their "brands". In many packaged goods businesses, historical data is available on brand performance extending back for many years; and detailed new Nielsen reports (or other retail audits) are published at regular intervals. However, in most service industries, as one bank marketing executive complained to Knisely (1979)[52] "there is an almost complete lack of historical competitive data....Therefore, the product manager and his (advertising) agency are not able to monitor the results of their marketing efforts as tightly".

Because service organisations rarely allow third parties to sell their products to customers, development of an independent retail audit similar to Nielsen would be difficult (Ticket sales through travel

agencies probably do not constitute a representative cross-section of the total sales base). Many service businesses - from colleges to hotels - share sales information with similar intitutions, but there is always the problem that some organisations may decline to participate or else supply deliberately biased information. And although some regulated industries are obliged to supply customer usage data to state or federal agencies, such data is usually highly aggregated for publication purposes.

1.4.12 Impact of Government Regulation and Deregulation

Many service industries have traditionally been highly regulated in the United States. Regulatory agencies have mandated price levels, constrained distribution stategies by limiting transportation route structures and banking service areas, and, in some instances, perscribed product attributes. Additionally, self-imposed 'professional ethics' have prohibited or restricted advertising in such fields as health care and the law.

Since the late 1970s there has been a trend toward complete or partial federal deregulation in several major service industries in the United States[53]. Changes in the regulatory environment are taking place at the state level, too. Meantime, the Federal Trade Commission has achieved removal or relaxation of bans on advertising in certain professional service industries. These moves have frequently served to stimulate competition and to unfetter such key strategic elements as pricing, distribution, and advertising. As a result of deregulation, marketing will undoubtedly assume greater importance as a management activity in the industries in question.

1.4.13 Constraints and Opportunities for Nonbusiness Marketers

The past decade has seen greater application of marketing to public and nonprofit services. But marketers need to be aware of the special context in which those services operate. In the public sector,

priorities are often established externally by politicians, not management. Externally imposed constraints may include limiting the use of advertising, confining service delivery within established political boundaries, mandating service to 'uneconomic' segments, establishing pricing policies, and even defining specific product attributes. Nonprofit marketers, meantime, may have to defer to the wishes of volunteer boards (Selby 1978)[54] and make compromises to retain the support of important donors.

On the other hand, many public and non profit services can be offered at prices well below the full costs of producing them; some are even offered free of charge. Free advertising time and space may be available in the form of publc service announcements. And volunteers may offer their services free of charge for such marketing-relating tasks as personal selling and customer-contact at the point of service delivery.

The context within which many service marketers must work is often sharply different from that facing their counterparts in the manufacturing sector (especially in consumer packaged goods firms, where marketing expertise has achieved a high level of sophistication).

But as service businesses become more familiar with the contributions that marketing management can make, there will be greater acceptance of this function. This, in turn, will facilitate development of new organisational structures that give marketing a more equal status with operations in managaging the business. Greater competition in service markets will spur efforts to develop more detailed, reliable market data. Finally, public and nonprofit service organisations, faced with greater financial stringency in the years ahead, are likely to develop more market-oriented operating strategies than they have historically, and to charge prices which reflect a higher proportion of total costs.

1.5 ROLES FOR SERVICE MARKETERS

Reflecting the generic differences between goods and services, in the life of a service marketer. Lovelock[55] examined some of the many roles played by service marketers - using the term 'marketers' in its broadest sense to include all service managers with responsibilities that include managing customer relationships.

1.5.1 The Service Manager as Admissions Director

With a few expections, usually confined to potentially dangerous products, the only qualification required of an adult wishing to buy a specific good is the ability to pay for it. By contrast, service marketers are much more likely to screen their customers against nonfinancial criteria before agreeing to sell their products. Since the customer is often part of the product and in close contact with service personnel, it may be very important for service businesses to ask "which types of customers will we agree to serve?"[56].

In higher education, would-be college students must apply for admission to the college of their choice, and may be rejected if they fail to meet certain minimum aptitude standards laid down by the institution. Other types of services may or may not have a formal admissions process, yet they still employ screening procedures. The hospitality industry, for instance, recognises that for any one customer, other guests are part of the product experience. Hence a service manager must ask "How will the appearance and behaviour of different types of customers affect the nature of the product experience? Should we set explicit (or implicit) standards and discourage patronage by those who fail to meet them?"

The proprietors of professional practices are often as concerned with the psychic satisfaction they obtain from their job as with the financial income they obtain. Once business exceeds a certain volume, they may start to become very selective about which jobs they accept, seeking to focus on those projects that will be challenging and satisfying; they may prefer more leisure time to obtaining additional income from a boring project.

The strategic questions here for service mareters are How do we attract the customers we want when we want them? and what procedures do we employ for evaluating prospective customers and tactfully screening out those whose business fails to meet our criteria?

In some instances, acceptance of a customer results in a long term relationship during the course of which numerous transactions take place. This results in an important role for:

1.5.2 The Service Marketer as Club Secretary

Many service businesses have much in common with clubs. You have to 'join' them before you may use their services. Using almost any form of public utility requires a formal turning on of the supply and(usually) paying a predefined, monthly subscription. To use most bank services requires that you first open an account. Although credit-worthiness is frequently a necessary criterion for admission to 'membership' in a service organisation, other criteria may include possession of specific types or models of physical equipment, residence within defined political boundaries, evidence of intellectual aptitude, attainment of a certain age, and even personal chemistry between marketer and customer.

"Membership" can also be de facto rather than de jure. Regular users of a specific service outlet can often obtain preferential treatment over casual, one-time customers, reflecting personal recognition by the service provider.

The service manager's role as club secretary requires attention to such tasks as:

1. setting monthly dues and supplementary fees.

2. admission procedures.

3. membership rights and privileges (these may have to be spelled out in contractual form in some instances)

4. publication of the 'club newsletter' (unlike many goods marketers, service marketers are much more likely to know their customers' names and addresses for billing and legal purposes, this greatly facilitates use of direct mail promotions, which can be included with the periodic financial statements sent to 'members').

Finally, there must be established procedures for updating membership lists and handling resignations and terminations. This leads us to the role of:

1.5.3 The Marketer as Police Officer

Because customers are frequently involved in the service production process and often interact with other customers, service marketers may have to lay down formal rules for customer behaviour. Sometimes such rules are required by law for safety purposes (consider how tightly your behaviour is prescribed every time you take a commercial airline flight) at other times they are laid down by the service organisation and relate to such behaviours as form of dress (e.g. restaurants, sailing schools), level of permitted noise (e.g. hotels), physical activity (e.g. health care), accurate completion of documents (e.g. banking), and avoidance of dangerous or inconsiderate activities (e.g. smoking in a nonsmoking area).

This raises the problem of how to get customers to conform to the desired standards, how to enforce behaviour when exhortation fails, and how to discipline disobedient customers.

When violations are nonlegal in nature, a mixture of tact and firmness may be needed to achieve the desired effect without generating bad feelings and even an embarrassing 'scene'. If worse comes to worst, the disobedient customer can be escorted to the door. In practice, the marketer's role as police officer can be made much easier by effective implementation of the role of:

1.5.4 The Service Marketer as Teacher

All but the simplest physical goods are accompanied by a set of instructions describing how to use the product. Pound for pound services tend to be much more complex for first-time purchasers to buy and use than are goods. Compare using the bus system in a new city - perhaps a 50 pence purchase - with buying and using a new brand of soap (or soft drink). And compare buying a room and breakfast at a hotel - perhaps a £50 purchase - with buying and using a common household appliance of similar value. As a broad generalization, the service purchase and usage process is considerably the more complex of the two. Typically it involves a sequence of steps, each of which must be successfully negotiated (usually in the presence of other people) before proceeding to the next.

Customers who fail to use a physical good correctly seldom cause problems for other users of the same product (car drivers are an exception). But customers who misuse a service product may also interfere with the smooth running of the service operation, delay service personnel, and irritate other customers who are seeking service at the same time. This places a great premium on effective education of customers, through printed materials, retail signage, and assistance from customer contact personnel.

The information to be transmitted may include instructions on where and when to seek the service, what operating procedures to follow, how to identify and interact with customer service personnel, how to tender payment, how to dress, how to interact with other customers, and what to do (and what not to do) if problems arise.

Contributing to the need for effective education is the fact that the customer is frequently participating in a carefully stage-managed process, designed to achieve both operational efficiencies and creation of a desirable atmosphere. This, in turn, emphasises the role of:-

1.5.5 <u>The Service Marketer as Dramatist and Choreographer</u>

Among the tasks faced by many service organisations are designing the service setting and costuming the service personnel; employee uniforms may be necessary not only for practical purposes, but also to simplify customer recognition of relevant personnel. When customers arrive at the service outlet, they may be left to find their own way; alternatively their progress may be carefully stage-managed. Service personnel often have a prepared script to deliver to customers, perhaps combining an introductory welcome with some information about how to use the service itself and some discreetly phrased guidelines concerning required or desired behaviour.

The delivery of the core service is sometimes carefully choreographed, especially in more complex services that involve the presence of several specialist personnel, require co-operative behaviour from customers, and employ a carefully sequenced delivery system. Examples range from good restaurants, to airlines, to dentists' offices.

Customer complaints tend to be more frequent and more emotional in service businesses, because quality control is harder to maintain and the customer is usually more immediately involved. Effective handling of such complaints is an important marketing rask because, if done

well, considerable goodwill may result, whereas if done badly the outcome may be permanent disaffection on the customer's part. Either outcome is likely to result in word-of-mouth advertising, the one positive and the other negative.

The final opportunity for theatrical action in the service transaction might be described as ringing down the curtain - closing out a specific customer contact in ways that leave good feelings on both sides and increase the likelihood of repeat usage.

1.5.6 The Service Marketer as Demand Engineer

Demand levels, as we have noted, often vary widely over time in a service business. Yet without warehouses to store the product, how can service managers bring supply and demand into balance?

Although supply cannot be inventoried, there may be opportunities for operations managers to adjust capacity levels and for marketing managers to smooth demand levels (Sasser, 1976)[57]. Successful demand management requires increasing demand in slack periods and decreasing demand on occasions when it would otherwise exceed capacity. It may entail such strategies as product enhancement in off-peak periods, selective pricing, and use of communications for both informational and persuasive purposes.

Another strategy is to inventory demand at times when it exceeds capacity. The service firm's ability to do this depends in part on the target of the service; it is difficult to keep people waiting in line for long unless a truly exceptional service is being offered. But if the target of the service is one of the customer's assets (such as an appliance to be repaired), then that item can be put in a holding area for days or even weeks. An alternative is to introduce a reservations system that establishes a mutually agreed time when the customer shall receive the service (or deliver a possession to be serviced). These may sound like operational procedures; the marketing task consists in designing and promoting them to be acceptable to customers.

1.5.7 The Service Marketer as Manufacturer and Producer

Those who create the service product are often perceived by customers as part of the product. The higher their level of contact with customers, the more likely they are to be evaluated by customers as an attribute of the service. From an operational perspective, flight attendants are a much less important aspect of the airline product than flight crew and mechanics; but the marketing role played by the former is usually much more significant, since they are in much closer contact with customers.

The salesforce and the production team are sometimes one and the same in service organisations - particularly in professional service firms such as consultants. Unfortunately, the fact that they are good service manufacturers does not necessarily make them convincing salespeople.

For some personal services, there is a veritable "service trinity", with a single individual running the service operation, seeking to market the service, and being equated by customers with the product. Few people have the skills to play all three roles successfully; marketing specialists can help such service professionals to understand the customer's viewpoint better and to develop an effective outreach strategy.

See Figures 4 and 5 overleaf.

FIGURE 4

UNIQUE SERVICE FEATURES AND RESULTING MARKETING PROBLEMS

Unique Service Features	Resulting Marketing Problems	Selected References Citing Problems
Intangibility	1. Services cannot be stored.	Bateson (1977), Berry (1980), Langeard et al. (1981), Sasser (1976)
	2. Cannot protect services through patents.	Eiglier and Langeard (1975, 1976), Judd (1968)
	3. Cannot readily display or communicate services.	Rathmell (1974)
	4. Prices are difficult to set.	Dearden (1978), Lovelock (1981), Thomas (1978)
Inseparability	1. Consumer involved in production.	Booms and Nyquist (1981)
	2. Other consumers involved in production.	Bateson (1977), George (1977), Gronroos (1978)
	3. Centralized mass production of services difficult.	Sasser et al. (1978), Upah (1980)
Heterogeneity	1. Standardization and quality control difficult to achieve.	Berry (1980), Booms and Bitner (1981)
Perishability	1. Services cannot be inventoried.	Bateson (1977), Sasser (1976)

Source: Journal of Marketing, Spring 1985

FIGURE 5

SUGGESTED MARKETING STRATEGIES FOR PROBLEMS STEMMING FROM UNIQUE SERVICE FEATURES

Unique Service Features	Marketing Strategies to Solve Problems	References Citing Strategies
Intangibility	1. Stress tangible cues.	Berry (1980), Booms and Bitner (1982), George and Berry (1981), Shostack (1977a)
	2. Use personal sources more than nonpersonal sources.	Donnelly (1980), Johnson (1969)
	3. Simulate or stimulate word-of-mouth communications.	Davis, Guiltinan, and Jones (1979), George and Berry (1981)
	4. Create strong organizational image.	Judd (1968), Knisely (1979a), Thomas (1978), Uhl and Upah (1980)
	5. Use cost accounting to help set prices.	Beard and Hoyle (1976), Dearden (1978)
	6. Engage in post-purchase communications.	Bessom and Jackson (1975), Fisk (1981), Zeithaml (1981)
Inseparability	1. Emphasize selection and training of public contact personnel.	Berry (1981), Davidson (1978), George (1977), Gronroos (1978)
	2. Manage consumers.	Lovelock (1981)
	3. Use multisite locations.	Carman and Langeard (1980), Langeard et al. (1981), Upah (1980)
Heterogeneity	1. Industrialize service.[a]	Levitt (1972, 1976)
	2. Customize service.	Bell (1981), Berry (1980), Johnson (1981), Regan (1963), Sasser and Arbeit (1978)
Perishability	1. Use strategies to cope with fluctuating demand.	Lovelock (1981)
	2. Make simultaneous adjustments in demand and capacity to achieve a closer match between the two.	Sasser (1976)

[a]Levitt suggests specific techniques to substitute organized preplanned systems for individual service operations (e.g., a travel agency could offer prepackaged vacation tours to obviate the need for the selling, tailoring, and haggling involved in customization). This strategy is the opposite of customization.

Source: Journal of Marketing, Spring 1985

The fundamental difference universally cited by authors (e.g. Bateson 1977[58]: Berry 1980[59]: Lovelock 1981[60]: Rathmell 1966[61] 1974: Shostack 1977[62]) is intangibility. Because services are performances, rather than objects, they cannot be seen, felt, tasted, or touched in the same manner in which goods can be sensed. Intangibility, according to Bateson 1979[63] is the critical goods-services distinction from which all other differences emerge.

Inseparability of production and consumption involves the simultaneous production and consumption which characterises most services. Whereas goods are first produced, then sold and then consumed, services are first sold, then produced and consumed simultaneously (Regan 1963)[64]. Since the customer must be present during the production of many services (hair cuts, airplane trips), inseparability "forces the buyer into intimate contact with the production process". (Carmen and Langeard 1980)[65]. Inseparability also means that the producer and the seller are the same entity, making only direct distribution possible in most cases (Upah 1980)[66] and causing marketing and production to be highly interactive (Gronroos 1978)[67].

Heterogeneity concerns the potential for high variability in the performance of services. The quality and essence of a service (a medical examination, car rental, restaurant meal) can vary from producer to producer, from customer to customer, and from day to day. Heterogeneity in service output is a particular problem for labour intensive services. "Many different employees may be in contact with an individual customer, raising a problem of consistency of behaviour (Langeard et al. 1981, p.16)[68]. Service performance from the same individual may also differ: "People's performance day in and day out fluctuates up and down. The level of consistency that you can count on and try to communicate to the consumer is not a certain thing". (Knisely 1979)[69].

Perishability means that services cannot be saved (Bessom and Jackson 1975[70], Thomas 1978)[71]. Motel rooms not occupied, airline seals not purchased, and telephone line capacity not used cannot be reclaimed. Because services are performances that cannot be stored, service businesses frequently find it difficult to synchronize supply and demand. Sometimes too much demand exists (a popular restaurant on a Saturday night) and sometimes too little demand exists (an income tax service in the summer).

FIGURE 6

REFERENCES LISTING UNIQUE CHARACTERISTICS OF SERVICES

Characteristic Cited	Bateson (1977, 1979)	Bell (1981)	Berry (1975, 1980, 1983)	Bessom and Jackson (1975)	Booms & Bitner (1981, 1982)	Carmen & Langeard (1980)	Davidson (1978)	Davis, Guillinan, and Jones (1979)	Donnelly (1976, 1980)	Eiglier and Langeard (1975, 1976), Eiglier et al. (1977)	Fisk (1981)	George and Barksdale (1974), George (1977)	Gronroos (1977, 1978, 1979, 1983)	Johnson (1969, 1981)	Judd (1968)	Knisely (1979a, 1979b, 1979c)	Langeard et al. (1981)	Lovelock (1981), Lovelock et al. (1981)	Rathmell (1966, 1974)	Regan (1963)	Sasser (1976), Sasser and Arbeit (1978)	Schlissel (1977)	Shostack (1977a, 1977b)	Thomas (1978)	Uhl & Upah (1980), Upah (1980), Upah and Uhl (1981)	Zeithaml (1981)
Intangibility	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Heterogeneity (Nonstandardization)		✓	✓	✓		✓	✓			✓				✓		✓	✓		✓	✓	✓	✓	✓	✓	✓	✓
Inseparability of Production and Consumption	✓		✓	✓	✓	✓	✓	✓	✓	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Perishability (Cannot be inventoried)	✓	✓	✓						✓							✓			✓	✓	✓				✓	

*Several authors have disputed the need for a separate treatment of services in marketing. These authors include Bonoma and Mills (1979), Enis and Roering (1981), and Wyckham, Fitzroy, and Mandry (1975).

Source: Journal of Marketing, Spring 1985

1.5.8 The Traditional Role of Marketing

Marketing has traditionally been viewed as an intermediate function where the specialists of the marketing department are the only persons who have an impact on the customer's view of the firm and on their buying behaviour. Employees in other departments are neither recruited or trained to think marketing, nor are they supervised so that they would feel any marketing responsibilities. In this approach, the core of marketing is the marketing mix. In many consumer packaged goods situation this conceptualisation of marketing functions sufficiently well. If the produce is a pre-produced item with no need for service or other contact between the firm and its customers, marketing specialists are capable of taking care of the customer relationships. Good market research, packaging, promotion, pricing and distribution decisions by the marketing specialists leads to good results.

As a general framework, the four keys of the marketing mix introduced by McCarthy, 1960[72], based on Borden's[73] (example 1965) and Culliton's (1948)[74] Notions of the Marketer as a mixer of ingredients. In spite of its pedagogical virtues, it is far too simplistic and may easily misguide both academics and practitioners and it has never been empirically tested. (Compare Cowell, 1984[75], Gronroos, 1989[76] and Kent, 1986)[77]. Particularly in services marketing and also in industrial marketing, the marketing mix approach frequently does not cover all the sources and activities that appear when the customer relationships at various stages of the customer relationship life cycle. (Gronroos, 1983, 1989[78]. Gronroos & Gummeson 1986[79]. Gummeson, 1987 A B[80] as well as Hakansson, 1982[81], Hakansson & Snehota, 1976[82], Kent, 1986[83], Webster, 1982[84]).

Especially during the consumption process, there is a range of contacts between the service firm and its customer which is outside the traditional marketing function as defined by the keys of the marketing mix. (Compare Rathmell, 1974[85]). Managing and operating these contacts, for example, with bank and hotel facilities, automatic teller machines, waitress, air stewardesses, telephone receptionists and bus drivers, R & D people, design engineers, maintenance people etc. are the responsibilities of operations and other non-marketing departments only. However, these buyer/seller interactions or interfacers, or the service encounter, have an immense impact on the future buying behaviour of the customers as well as on word of mouth, and therefore, they should be considered marketing resources and activities. The marketing function is spread throughout the entire organisation (Gummesson, 1987 A)[86] and the customers taken an active part in the production process. Gronroos, C. argues for a relationship approach for the buyer/seller interface. He argues that far too often customers are seen in terms of numbers. When someone stops being a customer, there are new potential customers to take the empty place. Customers, individuals and organisation alike are numbers only. In reality, this is not true. Every single customer forms a customer relationship with the seller that is broad or narrow in scope, continuous or discrete, short or lasting in nature which the firm has to develop and maintain.

Customer relationships are not just there, they have to be earned. According to the alternative approach developed by Gronroos, to define marketing, this function is considered to revolve around customer relationships. Where the objectives of the parties involved are met through various kinds of exchanges which take place in order to establish and maintain such relationships.

Especially long term relationships with such customers are important (Gummesson, 1987 B)[87] in services as in general short term relationships where the customers come and go are normally more expensive to develop. The marketing budget needs to create an interest in the firm's offerings and make potential customers accept the firm's promises are often very high. As Berry, 1983[88], observes:

"Clearly marketing to protect the customer base is becoming exceedingly important to a variety of service industries".

This holds true for industrial marketing as well, see Hakansson, 1982[89], Jackson, 1985[90].

This is not to say that new customers who perhaps make one purchase only would not be desirable but it means, however, that the emphasis should be on developing and maintaining, enduring long term customer relationships. Berry 1983[91] introduced the concept of relationship marketing as opposed to tranaction marketing to describe such a long term approach to marketing strategy. (See also Crosby, et.al 1988[92]. Gummesson, 1987 B[93]. Rosenberg & Czepiel, 1984)[94].

If close and long term relationships can be achieved, the possibility is high that this will lead to continual exchanges requiring lower marketing costs per customer.

1.5.9 A Relationship Definition of Marketing

Gronroos argues, the marketing concept as the basic philosophy guiding marketing in practice still holds. The marketing mix approach to transferring this concept to marketing in practice is considered too simplistic and too narrow in scope to be more than partly useful in most service situations. In conclusion to this

discussion, Gronroos[95] formulates a relationship definition of marketing. (Also compare Gummesson, 1987[96] AB, Berry, 1983[97]).

This definition states that:

"Marketing is to establish, maintain and enhance and commercialise customer relationships (often but not necessarily always long term relationships) so that the objectives of the parties involved are met. This is done by a mutual exchange and fulfillment of promises".

Moreover, this definition can be accompanied by the following supplement: the resources of the seller, personnel, technology and systems have to be used in such a manner that the customer's trust in the resource involved and thus in the firm itself is maintained and strengthened. The various resources the customer encounters in the relationship may be of any kind while part of any business function.

However, these resources and activities cannot be totally predetermined and explicitly categorised in a general definition.

The concept of promises as as integral part of the marketing vocabulary has been stressed by the Finnish researcher, Calonious, 1986[98] and 1988[96]. In establishing and maintaining customer relationships, the seller gives a set of promises concerning, for example, goods, services or systems of goods and services, financial solutions, materials, administration, transfer of information, social contacts and a range of future commitments. On the other hand, the buyer gives another set of promises concerning his commitments in the relationship. Then the promises have to be kept on both sides if the relationship is expected to be maintained and enhanced for the mutual benefits of the parties involved.

Long term customer relationships mean that the objective of marketing is mainly to go for enduring relationships with the customers. In some situation, short term sales which are sometimes called transactional marketing may be profitable, for example, Jackson, 1985[99]. However, the long term scope is vital to profitable marketing. Thus, commercialising the customer relationships means that the cost benefit ratio of transactions of goods and services or systems of goods and services is positive, at least in the long run.

Establishing, maintaining and enhancing customer relationships respectively, implies that marketing situation is different depending on how far the customer relationship have developed. From the service providers point of view:

1. Establishing a relationship involves giving promises.

2. Maintaining the relationship is based on fulfillment of promises and finally,

3. Enhancing a relationship means that a new set of promises are given with the fulfillment of earlier promises as a requisite.

This relationship definition of marketing does not say that the traditional elements of the marketing mix, such as advertising, personal selling, pricing and conceptualising of the product are less important than earlier. However, it demonstrates that so much else may be of importance to marketing than the means of competition of the marketing mix. It is based on how to develop and execute good marketing performance rather than just on what decisions to make to do marketing.

1.5.10 Implications of the Relationship Approach to Marketing

Gronroos[100] argues that a distinct difference exists between handling the moments of truth to use an expression introduced in the service manual literature by Normann, 1984[101] of the buyer/seller interactions as a marketing task and executing traditional marketing activities such as advertising, personal selling and sales promotion. Normally the latter are planned and implemented by marketing and sales specialists. On the other hand the former tasks are implemented at present who are specialists in other fields. Moreover, how the moments of truth are carried out is frequently planned and managed by non-marketing managers and supervisors.

The moments of truth with their tremendous marketing impact are frequently both managed and executed by people who neither are aware of their marketing responsibilities nor are interested in customers and marketing. Gronroos argues that the employees involved in marketing as non-specialists have been called part-time marketers. Gummesson, 1981[102], 1987[103] A compare also Gronroos 1988[104].

There are, of course, specialists in their areas and are supposed to remain so. At the same time, however, they will have to learn to performance their tasks in a marketing like manner so that the customers will want to return and the customer relationships are strengthened. Hence, they and their bosses as well will have to learn to think in terms of marketing and customer impact.

Gronroos suggests the marketing aspect of the moments of truth is related to interactive processes and, therefore, this part of marketing he calls 'the interactive marketing function'. (See Gronroos, 1980[105] and 1983[106]).

The impact of the part-time marketers as well as the customer orientation of systems, technology and physical resources is paramount to the success of interactive marketing. Hence the interactive marketing function recognises that every component, human as well as other, in producing a service, every production resource used and every stage in the service production and delivery process should be the concern of marketing as well and not considered operations or personnel problems only. The marketing consequences of every resource and activity involved in interactive marketing situations have to be acknowledged in the planning process so that the production resources and operations support and enhance the organisation's attempt to develop and maintain relationships with its customers.

Gummesson[107] observes:

"There is extreme inter-dependence between the traditional departments of a service firm, production, delivery, personnel, administration, finance, etc. and marketing".

For example, marketing, personnel, operations and technological development have to go hand in hand. These functions are linked together by the common objective of providing customers with good service. Schneider & Rentsch, 1987[108] formulated that service has to become an organisational imperative. Here we shall only focus upon one inter-relationship between business functions, the one being marketing and personnel/organisational behavious. Because the marketing impact of the part-time marketers is crucial, efforts have to be made to secure service orientation and market orientated attitudes and corresponding skills among the personnel.

Gronroos then discusses two important and inter-related aspects of human resources development that emerge from the service oriented and relationship oriented approach to marketing.

1.5.11 The Need for a Service Culture

In a service context, a strong and well established corporate culture, which enhances an appreciation for good service and customer orientation is extremely important (e.g. Bowen and Schneider, 1988[109], George Gronroos in Press[110] and Schneider 1986[111].

Normally, service production cannot be standardised. The situations vary and therefore service oriented culture is needed that tells employees how to respond to new, unforeseen and even awkard situations (Schneider 1986.)[113]

Culture has a vital impact on how service oriented its employees are and thus how well they act as part-time marketers. (Bowen & Schneider, 1988).

Internal projects or activities such as service or marketing training programmes probably have no significant impact on the thinking and behaviour of for example, employees of firms where goods oriented standards are regarded highly.

Furthermore, Schneider & Bowen, (1985)[114] have found that when employees identify with the norms and values of an organisation they are less inclined to quit. Furthermore, customers seem to be more satisfied with the service. In addition to this:

"When employee turnovers are minimised, service values and norms are more transmitted to newcomers and successive generations of service employees". (Bowen & Schneider, 1988 Page 63)[115].

Developing a service culture is the means of creating and enhancing good interactive marketing performance needed for implementing a relationship marketing strategy. The corporate

culture issue is closely linked to another personnel related issue that has emerged from the research into service marketing. This is internal marketing.

1.5.12 The Need for Internal Marketing

During the past ten years, the concept of internal marketing has emerged first in the literature on services marketing (see for example, Berry, 1981[116], Compton, et.al. 1987[117], George, et.al. 1987[118]. George and Gronroos, in press[119]. Gronroos, 1978, 1981 and 1985) see also Eiglier and Langeard, 1976[120] and then was adopted by the service management literature. See for example, Carlzon, 1987[121], Normann, 1984[122] and also intend to be valuable in industrial marketing. (Gronroos & Gummesson, 1985[123]). Heskett, 1987[124], recently touches upon this phenomenon as well as observing:

"High performing service companies have gained there status in large measure by turning the strategic vision inwards"

An increasing number of firms have recognised the need for internal marketing programmes. Perhaps the most spectacular internal marketing process is the one implemented by Scandanavian Airline System (SAS). (Carlzon, 1987[125]).

Today, internal marketing is considered a pre-requisite for external marketing. (see e.g. Compton et.al. 1987[126] and Groonroos, 1985[127]).

Internal marketing is a management philosophy. Management should create, encourage and enhance the understanding of and appreciation for the roles of the employees in the organisation. This is illustrated by an ancedote told by Jan Carlzon, President and CEO of SAS about two stonecutters who were chipping square blocks out of granite.:

"A visitor to the quarry asked what they were doing. The first stonecutter looking rather sour, grumbled 'I'm cutting this damned stone into a block'. The second who looked pleased with his work, replied proudly 'I'm on this team that's building a cathedral". (Carlzon, 1987 P. 135[128])

Jones [129] argues that in order to manage customer service organisation exchange efficiently, organisations must choose governing structures that match the nature of the transactions in which they are engaged. The more complex the transaction defined in terms of the amount of information that has to be exchanged to complete the transaction, the more complex the governing structure required. Three kinds of governing structures based on combinations of market, bureaucratic and professional control he proposes in relationship to the characteristics of different kinds of transactions.

Bowen argues that organisational dynamics surrounding the production and consumption of services has been a recent focus of study in both the organisational behaviour and marketing literatures. The two literatures have addressed many common issues, given that production and marketing activities are often intertwined within service organisations. He identifies those points where the literatures converge in their thinking and presents some issues in service that require interdisciplinary study.

Yorke and Joseph[130] from the Manchester School of Management propose three main segmentation bases which could be employed by the providers of personal financial services. They take the view that segmenting personal financial markets is now seen by all to be inevitable. Thus the way forward for personal financial marketers is to decide on market segmentation techniques which are best able to reflect the existing and

future trends in the market place. The issues relating to demographics, geomographics and psychographics are examined by them in the context of personal financial services and the scope and limitations of each technique is explored.

Yorke and Meehan[131] examined a relatively new segmentation tool available to management: ACORN (A classification of residential neighbourhoods). They proposed that ACORN was a suitable bases for segmenting the electoral marketplace. They argued that traditional segmentation bases such as social class appear unattractive for the political marketer.

Kitchen and Yorke[132] analysed commercial television breaks, consumer behaviour and new technology. Yorke and Bohan[133] examined the role and applicability of marketing in a public service organisation. They argue that the changing external environment now facing many police agencies requires them to develop a marketing orientation if they are to continue to be effective. Obstacles to achieving this as well as the key factors that impinge on the public image of the police force are discussed.

Yorke[134] examines the marketing of local authority leisure services.

1.5.13 Evaluating Service Encounters, the Effects of Physical Surroundings and Employee Responses

Bitner, Mary Joe[135] argues, 'for consumers, evaluations of the service firm often depends on evaluation of the service encounter for the period of time when the customer interacts directly with the firm. Knowledge of the factor that influences customer evaluation and service encounters is therefore critical, particularly at a time when general perceptions of service quality are declining'.

As service industries continue to grow in importance, customers voice increasing irritation, frustration and dissatisfaction within the service encounters. (Koepp 1987[136]). In many cases, those discrete encounters are the services from the customer's point of view. The recent and wide ranging focus on service encounters satisfaction and service quality speaks to both the importance and the complexity of the issue. First and foremost, customers satisfaction depends directly and most immediately on the management and monitoring of individual service encounters. (Parasuraman, Zeithaml and Berry, 1985[137]. Shostack 1984 and 1987[138]). Soloman et.al. 1985[139]. Surprenant and Soloman et al 1987[140]).

The management of individual encounters is nested within broader managerial issues of organisational structure, philosophy and culture that also can influence service delivery and ultimately customers' perceptions of service quality. (Bowen and Schneider 1988[141]. Gronroos 1984[142]. Heskett 1987[143]. Zeithaml, Berry and Parasuraman 1988[144]).

Through recognising the complex organisational and strategic issues that must be resolved and managed if service delivery is to be effective, Bitner (1990)[145] focusses narrowly on customer perceptions and marketing mix effects in individual service encounters. This focus draws attention to controllable elements at the point of interaction between the firm and the customer that may influence customer evaluations and ultimately affect perceptions of service quality and repeat behaviour.

Attempts to enhance managerial understanding of customer evaluation in service encounters by addressing the following questions:-

1. What are the antecedents and consequences of customer dis/satisfaction in service encounters.

2. How can the services marketing mix be utilised to influence customer satisfaction positively in service encounters.

To address these questions, she proposes a model of service encounter evaluation that synthesises customer consumer satisfaction, services marketing and attribution theories and provides a framework for programmatic research on service encounter evaluations. A portion of the model is tested experimentally to assess the effects of physical surroundings (atmospherics) and employee responses, explanations and offers to compensate, and attributions and satisfaction in the service context, managerial and research implications of the model and experimental results she presents.

1.5.14 Service Encounter

Bitner's[146] model of service encounter evaluation relies on Shostack's 1985 definition of the term service encounter at a period of time during which a consumer directly interacts with the service. Shostack's definition encompasses all aspects of the service firm with which the consumer may interact including its personnel, its physical facilities and other tangible elements during a given period of time.

1.5.15 Services Marketing Mix

Bitner's model illustrates how marketing mix elements are proposed to influence customer satisfaction. The marketing mix is defined as the controllable variable than an organisation can co-ordinate to satisfy its target market. (McCarthy and Parreault 1987, Page 35[147]).

Because of the distinguishing characterists of services, it has been suggested that service firms have additional variables beyond the traditional four Ps that can satisfy target markets.

For example, because services are produced and consumed simultaneously (Gronroos 1984[148]. Langeard et.al. 1981[149]. Zeithmal, Parasuraman and Berry 1985[150]) customers are often present in the firm's factory and interact directly with the firm's personnel. Thus the factory and the contact personnel play marketing roles as well as serving operational functions.

In addition, because services are essentially intangible processes, customers are frequently searching for surrogates or cues to help them determine the firm's capabilities. Shostack 1977[151]. Often the only cues available are the firm's physical facilities and its employees.

Booms and Bitner 1981[152] proposed an expanded marketing mix for services consisting of the four traditional elements:

- Product
- Price
- Place
- Promotion

and three new ones:

- physical evidence
- physical surroundings and all tangible cues
- participants - all human actors in the service encounter including firm, personnel and other customers
- process - procedures, mechanisms and flows of activity

Though the three new elements could be encompassed within the traditional mix, separating them out draws attention to factors that are of expressed importance to service firm managers. Of particular interest are two of the new elements, physical elements and participants.

1.5.16 Service Satisfaction and Service Quality

Service encounter satisfaction is defined within the disconfirmation of expectations paradign (Churchill and Surprenant 1982[153]. Oliver 1980[154]. Oliver and De Sarbo 1988[155]. Swan 1983[156]. Tse and Wilton 1988[157])

The theory underlying the disconfirmation paradign is that customers reach satisfaction decisions by comparing product with service performance with prior expectations about how the product would or should perform.

Each individual consumer is assumed to have expectations about how each individual service/product will perform. These expectations are compared with actual perceptions of performance as the product/service is consumed. If expectations exceed performance, dissatisfaction results. When expectations are met, or when performance actually exceeds expectations, satisfaction results.

Satisfaction is related closely to but not the same as customers general attitude to the service. The key to distinguishing satisfaction for an attitude is that satisfaction assessments relate to individual transactions whereas attitudes are more general. (Oliver and Westbrook 1982[158]. Swan 1983[159]).

Similarly, one interpretation suggests that satisfaction can be distinguished from perceived quality. Parasuraman, Zeithaml and Berry 1988[160] define perceived quality as the consumer's judgement about a firm's overall excellence or superiority. This definition suggests that perceived quality is similar to an individual's general attitude towards the firm. (See also Zeithmal 1988[161]).

1.5.17 Consumer Attributions

The model of service encounter evaluation incorporates consumer attributions within the satisfaction paradign. Attributions offered to people appear to be the causes behind their own behaviour, the behaviour of others or the events they observe. Whether attributions occur spontaneously for all behaviours and events is the subject of debate. However, in a major review of an article on the topic, Weiner 1985[162] concluded that:

"People do engage in spontaneous thinking, particularly in cases of unexpected and negative events".

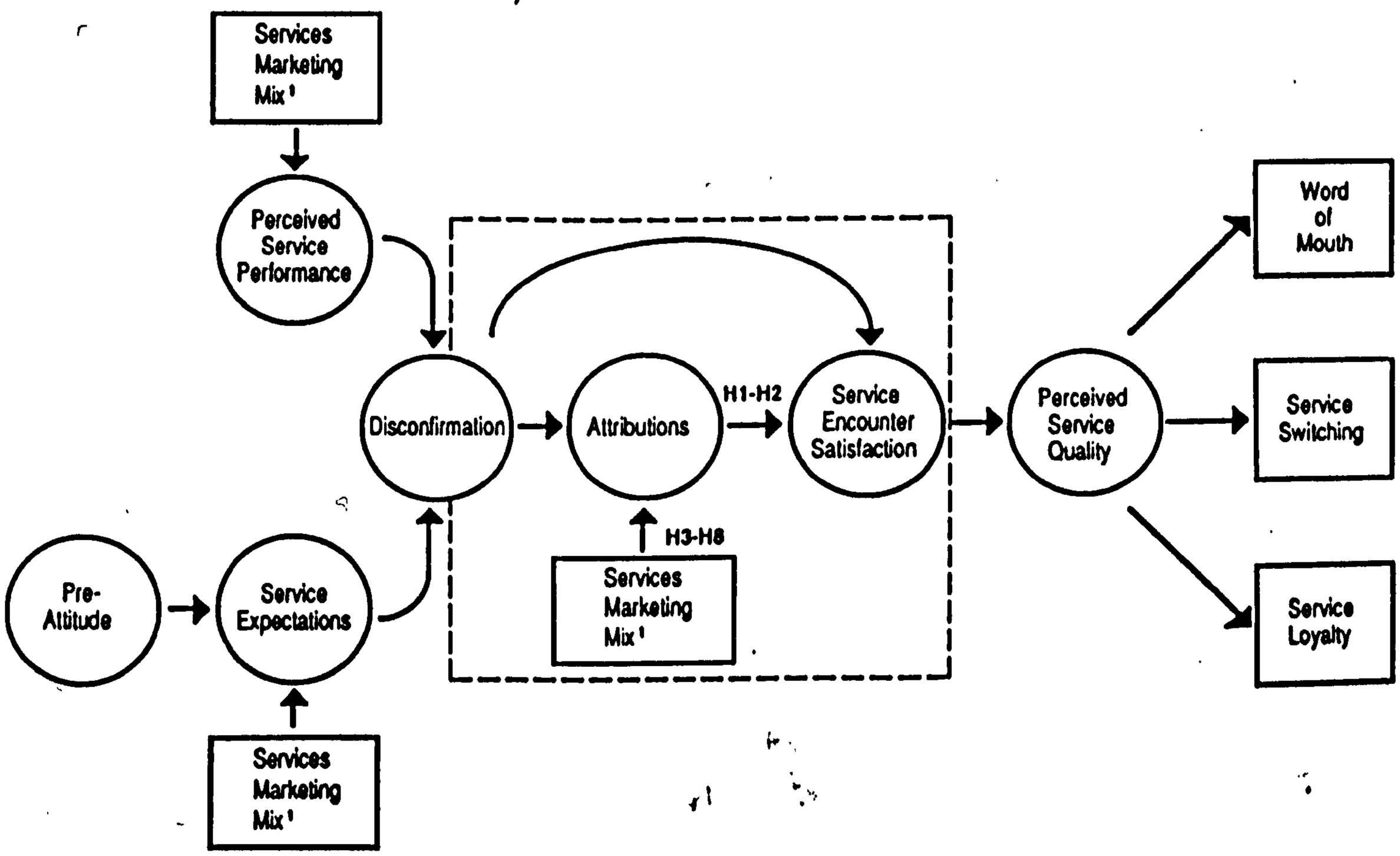
Weiner's long stream of research on attributions has led to the conclusion that most causes can be classified under three dimensions:

- Locus - who is responsible
- Control - did the responsible party have control over the cause
- Stability - is the cause likely to reoccur

The nature of the attributions made has been shown to influence both affective and behavioural responses (Folkes 1984, 1988[163]. Folkes, Koletsky and Graham 1987[164]. Krishnam and Valle 1979[165]. Weiner 1985 B[166]).

MODEL

OF SERVICE ENCOUNTER EVALUATION



Source: Journal of Marketing, April 1990, Volume 54, Number 2, Mary Jo Bitner, Page 71

1.5.18 A Model of Service Encounter Evaluation

On the basis of the preceeding concepts, Figure 1 represents a general model of the antecedents and outcomes of consumer satisfaction in service encounters. The first part of the model suggests than a consumer's pre-attitude will influence expectations about the outcome of a particular service encounter. (Oliver 1980[167]. Swan 1983[168]).

The second stage of the process suggests that the customer's immediate reaction after consumption depends on a comparison, prior expectations and perceived performance resulting in confirmation of expectations or in positive/negative disconfirmation when expectations and performance do not match.

The next part of the model proposed by Bitner implies that causal attribution for disconfirmation remediate customer satisfaction, i.e. before a customer determines his/her level of dis/satisfaction, he or she will diagnose the causes of disconfirmation and depending upon the perceived nature of the causes, the level of dis/satisfaction and subsequent behaviours may be modified. This positioning of the attribution concept after disconfirmation and before dis/satisfaction is consistent with recent work in consumer behaviour. (Folkes, Koletsky and Graham 1987[169]. Oliver and De Sarbo 1988[170]. McFarland and Moss 1982[171]. Reisenzein 1986[172]. Weiner 1980[173].

The results reported from these studies, suggests an attribution affect behaviour sequence rather than the effect attribution action sequence employed in earlier satisfaction research. (Folkes 1984[174]. Krishnam and Valle 1979[175]. Valle and Wallendorf 1977[176]).

The following part of the model shows service encounter satisfaction as an input into the more general concept, perceived service quality or attitute which in turn leads to related behaviours towards the service firm. (Oliver 1980[177]).

1.5.19 Marketing Mix Effects

Though all of the mix elements are likely to influence satisfaction directly, the purpose of Bitner's model and experiment is to begin to understand how this influence occurs by illustrating their effects on satisfaction and antecedents.

In Figure 8 (Page 64), the service marketing mix is shown as entering the service encounter satisfaction process by directly influencing three antecedents of satisfaction:

- expectations
- perceived service performance
- attributions

Because they have had limited attention in the marketing literature and because they are of particular importance in many service settings, two of the new mix elements, physical evidence and participants, are the focus of Bitner's experiment.

Because services are intangible and usually cannot be tried prior to purchase, customers look for tangible evidence of what they are about to experience in a given service encounter. Langeard et.al. 1981[178]. Shostack 1977[179].

Physical evidence such as environmental design, decor, signage and business cards/stationery send messages that help to establish the firm's image and influence the customer's expectations. (Baker 1987[180]. Booms and Bitner 1982[181]. Shostack 1977[182]).

The participants in the service environment also provide cue about what the customer should expect. Visual inspection of their dress (Soloman 1985[183]) and non verbal cues as to the demeanor of both the service firm's personnel, and other customers in the service facilities aid customers in categorising the firm, forming pre-experience expectations for the service encounter.

At the next stage of the evaluation process, elements of physical evidence such as noise level, odours, temperatures, colours, textures and comfort of furnishings may influence

perceived performance in the service encounter. Research suggests that such variations in physical environment can effect perceptions of an experience independently of the actual outcome, for example, Biggers & Pryor, 1982[184], Maslow & Mintz, 1956[185]. Similarly, the attitude and behaviours of service personnel also influence perceived service performance. In the services literature, such behaviour is usually associated with what is called 'process of functional quality - the how of service delivery as opposed to the outcome or technical quality - the fat of service delivery'. Gronroos, 1984[186] Lehtinen, 1986[187]. In addition, customers may be influenced by this perceived experiences of other customers.

Bitner's model suggests that marketing mix elements also may influence satisfaction in the service encounter through their affects on attributions for service disconfirmation. For example, when things go wrong in the service encounter, may employees frequently attempt to sooth disgruntled customers by apologising, offering to compensate and explaining why the service delivery failure occurred (Clemmer & Schneider, 1989[188]). Any of these behaviours may influence customer attributions about the firm's responsibility for the failure and the likelihood of its occurring again. Similarly, variations in the firm's physical facility may suggest different underlying causes when a failure occurs.

1.5.20 <u>The Servicing Encounter - Diagnosing Favourable and Unfavourable Incidents</u>

Bitner, Blooms and Tetreault (1990)[189], suggests that the service encounter frequently is the service from the customer's point of view, using the critical incident method. The authors collected 700 incidents from customers of airlines, hotels and restaurants. The incidents were categorised to isolate the

particular events and related behaviours of contact employees that cause customers to distinguish very satisfactory encounters from very dissatisfactory ones. Key implications for managers and researchers are highlighted by them. Blooms, Bitner and Tetreault argue that where service for managers seeking to improve customer satisfaction in service encounters, their study has implications related to:-

1. The usefulness of the method

2. The generalisability of the classification system and the insights based on the group and category frequencies.

First, the critical incident method appears to be a useful tool for assessing customer dissatisfaction in service encounters. Use of the method uncovered specific events and behaviours that underline service encounter dis/satisfaction which then can be used as a base for developing customer satisfaction monitoring programmes. Designing service procedures and policies and training contact personnel. The method enables the researcher to get behind such general concepts as friendly, efficient, professional to the actual contact employee behaviours that are linked to those concepts. The results of CIT studies provide much greater detail and depths of understanding than do typical customer satisfaction surveys.

Secondly, the classification system that emerged from the data can be used by managers of the industry studied and may be applicable to other high contact transaction base service industries as well. The classification system is abstract enough to generalise across several industries, but is sufficiently detailed to suggest an overall management approach to improving customer satisfaction in service encounters. For example, with a proper employee response, dissatisfactory

encounters due to failure of the delivery system can be transformed into satisfactory encounters. Likewise, the proper response to customer needs and requests can lead to customer satisfaction.

The data from their studies suggests that the ability of an employee to make a proper response is largely a function of the employee's knowledge and control. The CIT enables managers to identify what knowledge is needed and what control is required as well as providing a basis for determining which is more important for a given type of encounter.

Knowledge of the service concept, the service delivery system and its operation and the system standards enables employees to inform customers about what happened, what can be done and why their needs or requests can or cannot be accommodated. The incidents show that often a customer's need is for knowledge. Frequently information alone creates satisfaction or mitigates dissatisfaction. However, for many encounters, action of some kind is needed to create satisfaction. Having control enables employees to take approprite action. Though standardised responses or actions can be used for some type of incidents, in most cases the response must be tailored to the specifics of the incident. Giving employees control, empowers them to act and enables them to fix problems and respond to requests in effective ways.

Managers have the ability to influence the level of customer contact, employees knowledge and control.

The CIT can identify what employees need to know by making clear what general information customers consider important in different encounters. It is crucial that employees not only be taught scripts, but also be given approprite knowledge. Training programmes should be designed to develop a broad

repertoire of responses (range of knowledge) and to allow for practice in selecting from their repertoire.

Blooms, Bitner and Tetreault study deepens general knowledge and understanding of service encounters, satisfaction and service quality. Unlike previous research that has identified general abstract definitions of service quality, their study isolates specific events and behaviours that results in dis/satisfaction. The classification system identify dis/satisfaction that are generaliseable across the three industries studied and possibly others, giving the results broader applicability than previous findings in service satisfaction. Moreover, the study supports the appropriateness of the CIT for marketing applications. The critical incident method employed in the study is well used in other fields. Their results suggests that the CIT is also an appropriate and useful method for studying marketing questions and for assessing customer perceptions.

Other marketing uses of the technique might include the study of sales person interactions with customers or incidents in the provision of professional and business to business services. Moreover, the data analysis procedure prescribed by CIT could be modified to test predetermined classification schemes based on theory or previous impirical evidence.

The research should be replicated across industries differing in characteristics such as those identified by Lovelock, 1983[190]. Given that specificity of events and behaviours is the desired outcome of such studies. The generaliseability of the classification system may well be limited to transaction based service industries in which communcation between employees and customers is relatively routine.

Differing groups and categories are likely to result for industries such as professional services in which communication patterns are complex and long term and customer problems are more involved. In such cases, the events and behaviours that determine the favourableness of an encounter may depend on the phase of the buyer/seller relationship. (Dwyer, Schurr and Oh, 1987[191]).

Another direction for future research involves comparing manager, customer and contact employee perceptions of critical incidents and servicing encounters and the specific role expectations of all parties. Service quality theory suggests that to achieve customer satisfaction in service encounters, agreement between the firm's managers, contact employees and customers as to what constitutes dis/satisfactory service is important. (Parasuraman, Zeithaml and Berry 1985[192]).

Though some previous work suggests that customers and employees share common perceptions of quality service provided, Schneider & Bowen[193], other research suggests that customers and employees may disagree about the causes of dis/satisfaction (Folkes & Kotsos 1986[194], Nquist, Bitner and Booms 1985[195]).

A comparison of manager, employee and customer perceptions of critical service encounters, combined with the assessment of customer and employee role performance scripts (Leigh & Rethans, 1984[196]) would begin to address the interactive complexities of service encounters. In addition, whereas the Blooms, Bitner and Tetreault study and others focus on inter-personal factors. Future research should consider also the role of non human elements, for example, equipment, facilitating goods, atmospherics and service encounter dis/satisfaction.

1.6 PROBLEMS AND STRATEGIES IN THE INTERNATIONAL MARKETING OF SERVICES

Stanton[197] defines services as those separately identifiable essentially intangible activities which provide satisfaction and which are not necessarily tied to the sale of a tangible product or as a service.

Majaro[198] argues that products requiring heavy pre and post sale service and attention usually prescribe a higher level of standardisation in international markets.

Kotler, Fahey and Jatusripitak[199] suggest that post sale services are a critical part of the total product package for such consumer goods as cars and durables and for such industrial goods as computers and capital equipment. The company which provides a more effective after sale service has an edge over a competitor. They argue that Japanese manufacturers understood and applied this principle at an early stage of the internationalisation process. The success of their entry strategies notably in the United States is often attributed to a standard formula linking

1.6.1 Linking Price, Quality and Service

Recognising that downtime had to be kept to a minimum, Japanese manufacturers built immediate repair and maintenance services into the package they offered their US customers. (7 pg 93). Whatever competitive strategies international marketers choose to adopt they have to provide the services at least necessary to comply with warranties. In general the need for product services is highly environment sensitive. This need will depend on local practice such as level of development, climate, competitive practice and use conditions, for example, in the US high labour costs mean that various industrial machine tools are used more intensively than in Japan.

International marketers must objectively assess these local needs. Attention should be given to:

1. An adequate supply of spare parts
2. The training of service personnel

Nissan successfully applied this formula in entering the US. "It upgraded parts requirement for dealership, insisted on well balanced infantries and well trained parts personnel with adequate and needs appealing parts departments, capable of providing courteous, prompt and efficient services. Service departments have been established to develop good consumer relationships, handle consumer complaints, give direction and advice to dealers on design of service facilities, etc. (7 pg 91).

In international marketing, a good product service programme may provide the company with a competitive edge and valuable feedback than can be built into product improvement and other aspects of the marketing mix.

Rathmell[200] argues that services being performed rather than produced are essentially intangible. Services cannot be easily displayed or communicated since buyers cannot examine services before they purchase. They rely on surrogates, past experience, personal selling and word of mouth to make judgements to a far greater extent than with tangible products. He argues therefore that providers of services must:

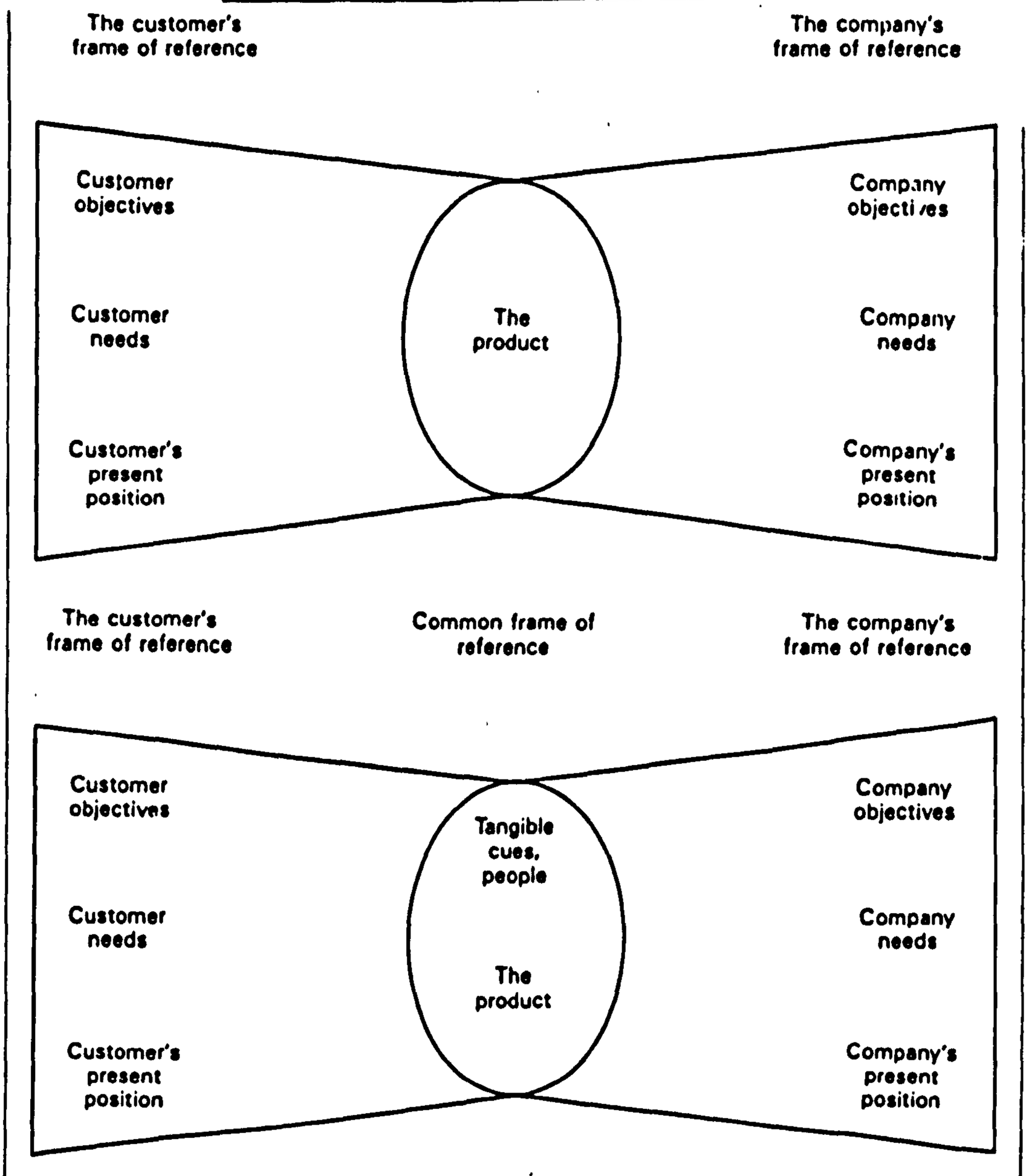
1. Stress tangible clues[201]
2. Use personal sources[202]
3. Create a strong organisational image[203]
4. Simulate or stimulate word of mouth[204] in their communication
5. Manage the assertions and implications made about their services with more care than is necessary with tangible products[205]

1.6.2 Customer/Sellers' Relationships

Carman and Langeard[206] argue that while goods are produced, services are performed. Hence services often cannot be separated from the person who performs or sells them. This inseparability forces the buyer to intimate contact with the production process. Furthermore, other consumers may be involved in the process, for example, passengers on a plane thus affecting individual consumers' perceptions of the service. In product marketing, the product has been offered as the link between the customer and the company[207] since in service marketing the product is essentially intangible. It is suggested here that the linkage will be made via the various tangible representations of the service and the people who provide/use it.

FIGURE 7

LINKS BETWEEN CUSTOMER AND COMPANY



Source: adapted from Wills, G. *et al.*

Therefore, buyer/seller relationships become very critical in service marketing. Furthermore, in international marketing, effort must be made to ensure that the product or its representatives fall into a frame of reference common to both parties.

The marketing mix is an essential element of marketing strategy. The principles of mixed management or the same intangible product and service marketing. What differs is the composition of the mix.

FIGURE 8

THE MARKETING MIX

Tangible Products	Services
• Product	• Product
• Place	• Place
• Promotion	• Promotion
• Price	• Price
	• People
	• Physical evidence
	• Process
(McCarthy's 4 Ps)	(Booms and Bitner's 7 Ps)

Sources: McCarthy, J.E., *Basic Marketing: A Managerial Approach*, Irwin, 1960; Booms, B.H. and Bitner, M.J., "Marketing Strategies and Organization Structure for Service Firms", in Donnelly, J. and George, W.R. (Eds.), *Marketing of Services*, American Marketing Association, Chicago, 1981, pp. 51-67.

A revised marketing mix for services seems to be necessary in view of their specific characteristics. The international marketing task, i.e. the matching of the organisation's resources with its customers needs and wants via the marketing mix within the context of changing environment will therefore be complicated by the need to control and extend its marketing mix. Moreover, the concept of level of involvement does not have the same significance in

international product or service marketing. The level of involvement is strongly associated with the method of entry from indirect exporting to overseas manufacturing and marketing in goods marketing. In the case of services, because of the inseparability of production and consumption, it is necessary to set up some form of foreign manufacturing facilities, however temporary.

For example, the international consultant will need to design and manufacture at least part of his/her study in his/her client's country. In such a situation, exporting does not merely apply to the product, but also to the production process. The more personal or the less tangible the service, the higher the providers visability. Hence the higher his/her involvement will need to be if the customer is to be satisfied.

Nicoulaud[208] argues that given the rapid growth of the service sector in economy throughout the world and in world trade, a need exists for research to be developed in international service marketing. He attempts to contribute to this research by exploring possible problems and appropriate solutions that may arise in the internationalisation of services. The approach he follows is a systematic albeit brief analysis of characteristics specific to services and how they might affect international service marketing.

Five main themes of discussions emerged.

1. The risk of international expansion
2. The strategic importance of the choise of the method of entry
3. The management of an extended marketing mix
4. The management of sellers/buyers relationships
5. Differences among service firms

1.7 CONCLUSION

There is now common agreement that the broad principles of marketing are applicable to marketing services and goods. There is less agreement about how readily broad marketing principles are of value in specific services contexts. Nevertheless, marketing ideas and practices are being more widely used and are likely to be more intensively used in the future, for example, in financial or educational services.

The field of marketing services though is still in its infancy. It offers great scope for further academic research and innovative marketing practice. This chapter has just briefly touched on four areas where further development is possible, i.e. marketing strategy in services, the marketing mix and services, consumer behaviour in services and operations management and services.

Two factors should guide academics and practitioners as they attempt to extend, manage, and apply broad marketing principles to service. First, they should be reluctant to make generalisations about marketing in all service situations based upon evidence drawn from particular service situations, and to assume that marketing tools and techniques are equally applicable across all services. The sheer size of the service sector and the problem of defining what is a service anyway, demands that caution be exercised when generalisations are made. Second, the key to successful marketing services is people. Most services are provided by people, they may be performed by equipment, but all services are provided for people.

It is vital then that service organisations extend their own understanding of their customers and consumers, why they behave as they do and how they make their decisions and choices. The behaviour of the customer reminds us that in many ways marketing services is no different to any other kind of marketing.

The rationale for a separate treatment of services marketing centers on the existence of a number of characteristics of services which are consistently cited in the literature; intangibility, inseparability of production and consumption, heterogeneity, and perishability. Figure 4 presents a summary of the references documenting these differences.

The literature suggests that each unique characteristic of services leads to specific problems for service marketers and necessitates special strategies for dealing with them.

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CHAPTER II

STRATEGIC MARKETING FOR TERTIARY EDUCATIONAL INSTITUTIONS

"An institution's actual quality is often less important than its prestige, or reputation for quality, because it is the university's perceived excellence which, in fact, guides the decisions of prospective students and scholars considering offers of employment, and federal agencies awarding grants".

DAVID GARVAN, HARVARD UNIDERSITY

CHAPTER II

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2. PURPOSE

The purpose of this chapter is to develop a strategic marketing model for use by third level educational institutions. The chapter starts with a discussion on how far marketing can be applied within the further education sector. The distinctive problems arising in the marketing of professional services proposed by Philip Kotler and Paul Bloom in "The Marketing of Professional Services" are applied to educational services to establish the extent to which these arise in the marketing of educational services. The question of the presence of a marketing orientation is examined. The chapter goes on to examine strategic marketing planning for third level educational institutions under the following headings:-

1. SWOT analysis
2. Environmental analysis
3. Goal formulation
4. Strategy formulation
5. Identification of market segment
6. Public relations
7. Marketing research
8. Marketing audit

The chapter ends with the development of a theoretical model for strategic marketing in third level institutions.

2.1 HOW FAR CAN MARKETING BE APPLIED WITHIN THE FURTHER EDUCATION SECTOR

In September 1985, a working party was established at the school of further education at Georgian Hill College of Education, Glasgow[1], to examine the present marketing practices within the further education (FE) sector in Scotland. It was intended to investigate how far marketing principles are incorporated into

the provision of further education. College services, and whether the needs of the consumer in its various guises, local community, school leavers and industry are met by the provision of educational courses through the colleges. The working party asked what encouragement is there for those working within the educational system to develop an effective marketing approach throughout the educational establishment.

Stone and Thomson[2] concluded that having reflected on the view of more than 40 different agencies involved in either the provision or the consumption of further education could be summed up in a school report formulae of making good progress and thus work harder. Colleges they found are increasingly obliged to apply marketing principles within their operation and there seems to be growing acceptance of this obligation. Tradition rather than market research, however, still determines much of the content and delivery mechanisms of FE courses and there are still administrative restrictions inhibiting colleges from operating in a truly market oriented manner. Had the working party confined its investigations to the views of the customers, the overall picture would still be a rather gloomy one 'of inaccessible and inflexible courses indecipherable promotional materials and inhospitable learning environments.

Discussion with further education providers, however, added to the expertise already existing within the working party highlighted the widespread albeit uneven awareness of the marketing problem and the commitment to tackling it that now exists within the further education sector.

2.1.1 International Marketing in Uk Higher Education; Some Issues in Relation to Marketing Educational Programmes to Overseas Students

Kinnell[3] considers the development of international marketing principles and practices in UK universities with specific reference to a study of two institutions. First an outline of

how marketing approach has emerged in relation to overseas students is offered, the way in which clients needs are assessed is then considered and the development of appropriate marketing mix and finally the management of marketing operations are appraised.

International services marketing has generally been poorly represented in the marketing literature; the experience of international marketing in US and UK educational institutions can therefore add to our understanding of this neglected area of marketing[4]

The recently interest in marketing within third level education has largely resulted from concern over recruitment in recent years; a concern which, in the United Kingdom, has resulted from financial constraints imposed on universities and polytechnics by central government policies and the additional difficulties of falling enrollments[5]

The expansion of UK tertiary education after the Robbins report of 1963 has not been sustained. The reasons for this are complex[6] but the facts are clear enough. Universities have sustained a cutting revenue from government at 10% in real terms in the past five years; they face a further 10% cut by the end of the decade.

With the prospect of such a bleak financial outlook they must therefore look to other sources of revenue. As American institutions discovered some ten years ago, one such source can be found in recruiting students from overseas. Other countries have sought similar solutions and are treating this recruitment with great seriousness. Australia has recently been co-ordinating its policies on overseas students and a recent conference on 'International Comparisons in Overseas Students Affairs' highlighted a similar concern in other countries.

The need to generate revenue has forced upon institutions the adoption of a marketing approach; they are no longer operating in a seller's market. Foreign students are been eagerly sought by so many institutions in a range of countries that competition for good students is keen.

The Jarratt report[7] specifically noted that 'overseas students are welcomed by universities as an important contribution to the international character of the institutions. They are also a valuable source of income as they can often be educated at marginal cost to the university.

Some local authority colleges of further education have also begun to accept the need to consider marketing methods[8].

As a result of the findings from the survey conducted by Margaret Kinnell of the Loughborough University of Technology of students and staff, it was possible to draw certain useful general conclusions in relation to international marketing principles and practices in the UK universities. Importantly for the two universities involved in this research (Loughborough University and Nottingham University), various specific issues were identified in both campuses enabling decision makers to consider means of addressing these. In order to explore the issues raised both generally and specifically, the marketing of courses to overseas students was examined under the following headings:-

1. The emergence of a marketing approach
2. Clients needs
3. Development of a marketing mix
4. Managing marketing operations

2.1.2 The Emergence of a Marketing Approach

An increasing emphasis in the marketing literature and services marketing including the marketing of education[9] was both a reflection of the growing awareness of US educators and business methods had relevance for them[10] and a spur to the improvement of education marketing technique. A survey of American administrators in higher education found that in thirty colleges and in universities, two thirds of the administrators considered the provision made for the performance of marketing activities was adequate, while marketing held a central position in at least twenty-five of the twenty-six organisational functions perceived by administrators[11]

Despite this fact, there were significant barriers to the implementation of marketing in these institutions. It is interested to note that marketing concepts were sufficiently well thought of by administrators for them to be seen as important in course management and student recruitment.

A feasibility study of marketing in colleges of further education, found considerable evidence of marketing activity in colleges although it was noted that barriers to effective implementation were a problem as in some American institutions. Three principal elements were lacking[12]

1. An overall marketing strategy or policy
2. The co-ordination of efforts and activities
3. The systematic application of formal procedures

Several studies have been undertaken on the need for marketing in education management which also highlight the need for more coherent approach to marketing activities. In particular, to the development of overall marketing strategies[13]

A statement recently made "a university which has not given corporate consideration to the questions of where it stands academically in relation to quality, spread and market performance, and where it wants to be in five years time, will have less chance of success and will be in danger of drifting" has considerable relevance for managers in assessing the need to formulate such a strategy.

2.1.3 Clients' Needs

Kinnell found that the nature of the total body of overseas students varied between the two universities. In addition to the different mix of post-graduate/undergraduate students in the two institutions, there was also a quite different spread of nationalities in the two campuses. This may have had some impact on the response rates which varied between the two universities.

The questionnaire survey which yielded much of the initial information on students was considered in relation to the 138 variables. Only some of the relevant findings can be discussed in this section of the chapter, but a full report of Ms. Kinnell's research will be available shortly.

A. Before Arrival

Communications to students in their home countries were seen as a vital pre-requisite to a proper understanding of firstly, UK culture and higher education in general and secondly, the specific institution, its expectations, academic programmes and facilities. This information did not always reach students because of postal delays and often erratic communication services in their home countries. There was a need for clear, appropriate and well timed pre-arrival information, giving accurate factual detail to alleviate students' anxieties.

B. On Arrival

It was considered important that suitable permanent accommodation should be available as soon as students reach the university. Spending a large part of the first term in temporary accommodation caused considerable stress in students. Appropriate information, advice and help on arrival were important to create favourable first impressions and to prevent the students experience becoming problem centered. A pre-session orientation course was a worthwhile means of easing cultural and language difficulties and helping adjustment to living as a student in the UK. Those students who did not attend such a course could not easily find such indepth help towards adjustment subsequently.

C. Teaching Styles

Students approved the relatively informal lecturing styles adopted in both universities. However, the perception was that this was an undirected means of teaching as it contrasted with their earlier educational experiences and created difficulties for some. Early contacts with academic tutors seemed to be crucial. Students wanted their teachers to take the initiative in making these contacts. The need for structure and support from sympathetic faculty tutors was expressed - those tutors responsible for students general academic development throughout their course. A clear system giving regular adequate access to such support with plentiful opportunities for consultation and discussion were seen as particularly important by research students. The organisation of accommodation did not seem to take sufficiently into account the vacation needs of overseas students nor their special dietary requirements. The needs of mature students with family commitments, especially women, were noted particularly.

D Course Quality

Students generally appreciated the good quality of courses. They found them relevant on the whole, although an international dimension was considered to be missing in some. Dividing students into home and overseas classes in some teaching institutions could give rise to resentment, it was felt.

E. Inadequate English

Many students were concerned with their inadequate English and or study skills and would have liked more emphasis on these, especially in the early weeks. The opportunity to meet and befriend British people, especially other students was seen as important but this could be an unfulfilled expectation where the initial welcome to an institution dissipated and students retreated into their own national groups. Contact with home students was a particular problem for mature post-graduates. Both universities it was felt were organised primarily around undergraduates needs, while post-graduates considered that they too were often not coping and suffered from similar problems of adjusting to a new situation. Assumptions about their ability to handle this was sometimes ill-founded.

The findings of Kinnell's research can be contrasted with the findings in this research dissertation in Chapter VI regarding the Irish educational experience by overseas students.

When new students were sampled by Kinnell on their expectations of life in the UK university, many of these points re-emerged. A general desire to make the most of a unique opportunity to study in England and to gain vocational qualifications were unsurprisingly the most often mentioned concerns. Significantly though and in line with the findings of the first survey of existing students on both campuses, they were also aware

of the likely problem they would encounter in a strange environment.

> "I am used to living as part of the majority, being in the minority will require adjustments. I look forward to it because so far a good number of people seem friendly. Some people, however, give me uncomfortable looks".

Emphasis on the broadening of personal as well as educational experience was very strong. Students were eager to meet with people from other cultures and exchange experiences. Being a student at university gave important status. It also entailed the responsibility of succeeding which created great pressures for some. The cost of coming to study in England heightened these expectations and pressures.

> "As an overseas student in England, I think I paid tremendously, therefore, in return I am expecting quite a lot from it. I am also interested in knowing how the lecturers and tutors study deeply in their own areas. The ways, approaches and the spirits they own and behave may stimulate me. I think not only their methodology and academic achievements are significant to me but more valuable may be their attitude of learning and their ways of thinking are striking to me. I need to overcome stereotypes concerning the English culture. As an American, I have to overcome the stereotypes about my own country".

In the two student surveys, the needs of clients were clearly stated. They expected to acquire an educational qualification of vocational use to them. They wished to gain academic acclaim in personal terms from their own and their sponsors considerable investment in money and time.

While these expectations differ in some respects from those of home students, they appear to much more keenly felt and to be overlain at all points by their fears as well as the hopes of cultural exchanges. It can be seen from these views of students that employers and other sponsors needs to significant publics have been adequately considered in

their responses. The adoption of Kinnell's customer orientation by universities in their international marketing practices would satisfy many of their publics needs. To be successful, this orientation must take particular account about the cultural and day-to-day living needs of overseas students.

In order to understand the extent to which clients needs were being understood and acted upon with regard to admissions procedures, course design and administration, teaching and students living needs, staff at all levels were interviewed. It was clear from these interviews that there was a good general understanding of the students needs. However, it was also apparent that the organisational structures and administrative practices in the two institutions were not always geared to these requirements. Often in quite apparently minor but in their effects far reaching ways. For example, sending mail to prospective students surface rather than airmail resulted in essential information either reaching students too late or not at all.

Administration arrangements over accommodation which made good sense to university accommodation managers, threw overseas students into confusion amounting to near panic in some cases. Mature married students were unable to bring their families to the UK because of a severe shortage of married accommodation. Students when registering for courses, expected a package deal of tuition, plus accommodation, even when the promotional literature clearly stated that accommodation would be negotiated separately. The mismatch between expectation and reality had obviously not been bridged by explicit communications between universities and students.

2.1.4 Development of a Marketing Mix

The need to integrate environmental factors into the marketing mix is demonstrated by the findings of the British Council Market Surveys in Brunei for example so great was the suspicion of sponsors with regard to recruitment visits by individual institutions that Generic promotion was favoured[14].

Singapore on the other hand had such a strong tradition of sending students to the UK and correspondingly close links with individual institutions that this could be enhanced by further visits and promotional activities by universities and polytechnics. Indeed this is essential to meet the challenge from American institutions whose representatives also regularly visit Singapore[15].

2.1.5 Pricing

The British Council found that this is one area which caused difficulties for UK institutions[16] in a competitive international market. The UK government's decision that universities should recover full cost fees from overseas students resulted in a decline in recruitment from many countries especially in South East Asia. While this situation has been retrieved somewhat over the past few years, there is evidence that costs are still seen as the most disadvantageous factor for UK higher education.

2.1.6 Managing Marketing Operations

The findings of the Kinnell research that the management of education marketing, along with other management functions is a key issue at present in UK tersiary education. Concern that universities should make use of established management activities is beginning to dispel the view of marketing as 'a disreputable activity for an educational institution'[17].

Nonetheless, marketing is still being implemented in a piecemeal fashion; the planning of an effective marketing programme requires careful co-ordination to take account of both client and instititional needs. Four elements must be considered:

1. Determining the market segment
2. Ensuring that courses of study and welfare support services meet students needs
3. Budgeting
4. Implementing and evaluating the marketing programme

A series of quite basic questions should be asked as part of a coherent marketing research audit[18].

1. What are the major current markets
2. What do they need and how can be meet that need
3. Which particular foreign markets are we recruiting from
4. How many foreign students do we want
5. Who are our many competitors
6. How did students find out about the university
7. What are students views of the courses and support services in the institution
8. What developments should the university institute to meet gaps in provision
9 Can our objectives be stated sufficiently clearly to measure how they are achieved

The problem of assessing the nature of the competition offered by other universities can be eased through such an audit.

The approach by Swedish universities has been different. There, the process of internationalisation is taking place entailing integrating international concepts into the whole curriculum in addition to promoting education overseas. The intention is cultural but internationalising the universities has also helped Swedish competitiveness abroad in various other ways[19].

> "The goal of internationalisation in higher education should be a goal to improve quality in higher education, to increase competitiveness, and to form a foundation for solidarity across political and cultural boundaries".

Overseas students are not simply a resource in financial terms, a market to be won; they add immeasurably to the academic and cultural life of a university. They also take home with them their knowledge and experience of UK institutions and culture and numerous contacts which can help to create customers for British goods and services. Measuring this contribution is virtually impossible and so it is all too easy to discount it. In assessing the importance of international marketing in universities, and considering the resources to be devoted to it, university administrators and government decision makers would do well to consider it.

The acceptance of marketing's relevance to universities is gaining ground, particularly in the field of overseas student recruitment. The United Kingdom Council for Overseas Student Affairs (UKCOSA) in promoting US experience to UK institutions and the association of university teachers (AUT/UKCOSA) Joint Conference on responsible recruitment which emphasise the need for institutions to develop properly co-ordinated policies[20].

A recent survey of overseas students across universities and polytechnics found a distinct shift of emphasis towards a more clearly defined marketing approach. With those universities who had the most to gain financially, the most active in developing recruitment policies. Nonetheless of the thirteen institutions studied in some depth, only six had well developed policies[21]

Kinnell[22] found that marketing within educational institutions raised certain fundamental issues and marketing to overseas students introduces a further dimension to the questions raised. She found that in addition to their learning needs, students' more general expectations of university life were analysed especially their general welfare and social expectations. Management issues related to overseas student care in terms of; recruitment policy and practice; residential and welfare needs; English language tuition; research supervision; cultural and

social integration were considered from the institution's viewpoint. While the research undertaken in the two institutions, Loughborough and Nottingham, were not intended to look particularly at the ways in which marketing principles were being applied it became evident as the investigation proceeded that marketing theories could both explain the institution's responses to overseas students and at the same time offer prescriptive solutions to managing the process of overseas student recruitment as well as courses for overseas students and research programmes for research students from overseas.

2.1.7 Distribution

The distribution element was not seen as being significant in marketing to overseas students although there were distribution considerations in specific instances. Research programmes for students who work partly in the host institution and partly under supervision in their own countries constitute one example. Distance learning packages such as the Open University model are being developed as a further means of providing access to UK higher education to overseas students.

2.1.8 Promotion

Jenkins[23] found that this is an element of the mix to cause considerable concern among some critics and which has raised moral and ethical issues with regard to marketing overseas student courses to ensure that educational and ethical standards are maintained by institutions, promotion and recruitment process have to be carefully managed; students must be carefully selected for courses and will meet their needs.

Litten[24] and Mackey[25] found that the ethical issues which are peculiar to promotion reside in the complex nature of the education process where students are inextricably entwined in the whole exercise. They are at one and the same time clients, participants in the process of education and quasi products at the completion of the process. So complex are these interactions of student process and environment that anticipation of the outcome becomes a difficult exercise. This difficulty and complexity must be recognised by promotional programmes.

2.2 DISTINCTIVE PROBLEMS IN THE MARKETING OF EDUCATIONAL SERVICES

Kotler and Bloom[26] argue that there are ten distinctive problems in the marketing of professional services. The following section of this chapter attempt to ascertain how far these problems apply to the provision of educational services.

The distinctive problems described by Kotler and Bloom are:-

1. Third party accountability
2. Client uncertainty
3. Experience
4. Limited differentiability
5. Maintaining quality control
6. Making professionals sell their services
7. Allocating professionals time to marketing
8. Pressure to react rather than pro-act
9. Advertising and its effectiveness
10. A limited marketing knowledge base

2.2.1 Third Party Accountability

Sound marketing involves making a strong commitment to serving the needs and desires of target markets. Marketers of commercial products like cars or breakfast cereals therefore generally give

primary consideration on how to fully satisfy their customers. Some consideration is given to how government regulatory agencies, shareholders and employees react to their activities, but this is given only secondary consideration. However, marketers of educational services must give substantial consideration to how third parties other than their clients will react to their marketing programmes.

Educationalists like other professionals typically cannot go to quite as great lengths to produce satisfied customers as conventional marketers can. An accountant cannot offer to overlook a client's financial irregularities, a physician cannot continuously prescribe addictive drugs to a patient, and an engineer cannot accede to cost cutting pressures of clients and use unsafe building materials. Educationalists should always recognise that in serving one type of client, they are also serving other third party clients (such as investors, insurance companies, government agencies, and the members of their own profession as most third level academic staff belong to professional associations. To go overboard in serving one type of client, could lead to a loss of trust with important third parties; and a loss of the legal certification or licensing that allows one to be a professional in the first place. Educational institutions are accountable to either national, sender or host governments.

2.2.2 Client Uncertainty

People face uncertainty in all types of buying situations and uncertainty is particularly high for buyers of educational services[27]. Not alone do buyers of educational services face the common problem of having difficulty evaluating the performance characteristics of an offering prior to purchase and use, but they also frequently face the problem of not being able to

evaluate performance characteristics after purchase and use. This feature is shared with the providers of professional services, e.g. a patient may not be convinced that he should have had surgery for a certain ailment; and a plantiff may not be convinced that his lawyer should have settled out of court. There is a mystery and complexity associated with many professional services that clients often do not comprehend. High levels of client uncertainty create unique challenges for educational service marketers. Client education must play a much bigger role in the marketing of educational services than in the marketing of other offerings. Clients must be educated about the criteria to use in evaluating educational product offerings.

In marketing educational services, the provision of information regarding staff qualifications, recognition of degrees, success rates in examinations and subsequent employment prospects.

2.2.3 Experience

Albeit purchasers of educational services are frequently uncertain about the criteria to use in selecting an institution or course, one criterion is almost prominently considered, prior experience with similar situations. People prefer to use accountants and management consultants who have worked in their industry before. Lawyers who have litigated cases just like theirs. Architects who have built buildings like the one they want to build, and surgeons who have successfully performed the needed surgical procedure hundreds of times.

The need to have this kind of experience to obtain students, produces problems for many educational service organisations. Institutions with expertise in limited areas often find it difficult to diversify into new lines of work. Inexperienced institutions often find it difficult to find any work at all.

Newness cannot be readily promoted as a favourable attribute in most institutions including the provision of educational services, as might be done with a new soft drink or banking service. This situation makes it especially important for educationalists to do extensive marketing planning to help them determine the future market potential associated with the different specialised services they are considering providing. In the marketing of educational services the reputation of an institution is an important factor.

2.2.4 Limited Differentiability

Marketers typically attempt to differentiate their offerings from those of their competitors[28]. They desire to have target markets perceive their offerings as having certain unique and superior characteristics. Example, Havard MBA, Strathclyde MBA, London Business School MBA.

Differentiation is carried out by actually producing an offering with unique charteristics and/or by persuading buyers via advertising and selling, that the offering possesses unique characteristics.

The differentiation of offerings is difficult for most marketers to achieve, but it is an especially difficult task for marketers of educational services. The innate differentiability of many educational services is quite limited. It is hard to differentiate a financial audit, a title search, or an eye examination, or a university degree in economics or a medical degree - hence the need for independent accreditation of such offerings. Example, National Council for Educational awards, Ireland, Council for National Academic Awards, United Kingdom, degrees in Ireland and the United Kingdom only offered by institutions empowered by parliament to confer degrees, Regional Accreditation offered in the United States[29], etc.

Unlike the case of a consumer product like breakfast cereals, one cannot accomplish differentiation through simply sprinkling on a new coating or stamping out a new shape. The amount of variation in the way educational services can be provided may be quite limited, particularly if certain professional standards restrict methods of provision. For example, in the accountancy profession, the consultative committee of accountancy bodies (CCAB) lays down strict guidelines on the educational requirement of qualified accountants, or the general medical council in the case of physicians or the Royal Institute of British Architects, or the Royal Institute of the Architects of Ireland for architects, or the Incorporated Law Society in Ireland for the education of solicitors and barristers. Moreover, even if a service is provided that really is different than competing services, it may be difficult to get students who may be experiencing great uncertainty to perceive and recognise the real differences. For example, some would object to the frequent usage in Ireland of honorary doctorates as conferring an academic status which is probably unmerited. The possibility of awarding honorary fellowships to eminent personages may be preferable.

2.2.5 Maintaining Quality Control

Keeping high quality control levels is a challenging task for service marketers in general, and for educational service marketers in particular. Services do not come off production lines which statistical sampling can be done to check on levels of quality. Instead of fine tuning a machine to maintain quality, people in intensive service organisations must emphasise finding good people and exhorting them to work conscientiously, for example the development of the title distinguished teaching professor in leading American universities to exhort their academic staff to greater teaching efforts[30]. The process of merit awards being linked to performance appraisal in an industrial setting or indeed in many service organisations.

Many educational service organisations have to contend with the additional problem that the quality of their service often depends on the behaviour of their clients. An academic service will usually be more helpful to those persons who follow the professional advice they have received. Uncooperative students can unfortunately produce poor results and a poor track record for a professional to try to build upon. For example, a patient who takes too high a dosage of a particular medicine, an investor who does not follow to the letter the advice of his investment adviser, etc.

2.2.6 Making Educationalists Sell their Services

Before purchasing educational services, people like to meet and become acquainted with the academics who will be serving them. It is a way for them to reduce their uncertainty. The use of only sales people or full time presenters to sell the services of unseen professionals is therefore questionable. Academics who will be the executives need to become involved with the selling of their services, but convincing many academics that they should become actively involved with selling their services can be very difficult and teaching these people how to improve selling skills can be even more difficult[31]. Many lawyers, accountants, architects, doctors, academics and other professionals simply do not want to have anything to do with selling and many others do not have personal characteristics that would make them good at selling. Indeed in the academic world, much resistance to marketing was encountered during the preparation of this dissertation.

Tenure in the academic world may act as a disincentive towards academics becoming involved in the marketing of their services.

2.2.7 Allocating Academics Time to Marketing

Since academic institutions can charge students for time they spend providing professional services, but cannot charge anyone for time they spent marketing their services, many institutions are reluctant to allocate very much of academics time to marketing.

Moreover, even if academics devote substantial time to marketing, decisions must still be made about how much of this time to devote to existing students, new prospects, and more general public relations work. In some institutions, a problem can arise when certain key people spend too much time with marketing, accepting every speaking invitation and proposal writing opportunity and not enough time in an executive capacity maintaining the institution's quality control. The dual role for academics as executives and marketers can be a daunting management problem.

2.2.8 Pressure to React rather than Pro-Act

A problem related to the time allocation problem has to do with the constant demand many academics face to provide services on short notice. Being pro-active while students are putting time pressure upon you can be extremely difficult. In the academic world, the college authorities have much scope in the area of planning, etc. Our research survey in Chapter VI will examine how they perceive themselves in this regard.

2.2.9 Advertising and its Effectiveness

The use of advertising is still so new in the academic world that a sophisticated understanding of its effects has not yet been obtained. Knowledge about the most effective appeals, media and spokes persons used to promote particular educational services has not thus far been accumulated[32].

Moreover, knowledge about the types of advertising that can be counterproductive for academics has not been developed. Counterproductiveness could occur because many people are not accustomed to seeing educational services advertising. They could interpret some messages as suggesting that an advertiser lacks competence or else why would advertising be needed to obtain business or possess other negative features. Undoubtedly, more experience and research are needed with educational service advertising before clear guidelines will be available. Witness some public dismay for Professor Ralph Dahrendorf's slogan for the London School of Economics "Get a degree from the LSE" or the American College Literature disseminated in Malaysia "Get yourself a college education". Many academics and others feel that such cheap advertising can debase the creditability and respectability of many academic institutions.

2.2.10 A Limited Marketing Knowledge Base

In addition to not having much knowledge available to guide them in making advertising decisions, educational service marketers do not have much knowledge available to guide them in making all marketing decisions. The relative newness of marketing in the academic world has not left much time for many books, articles or trade journals to appear on the subject[33]. Meetings and conferences focusing on marketing educational services have also been in short supply in Ireland and elsewhere. Unlike marketers in other industries, marketers of professional services cannot rely on reading materials or discussions with colleagues in similar situations to provide them with much guidance. There is a tendency for those involved with marketing educational services to keep silent about many of their approaches out of fear of losing some type of competitive edge. In general, marketers of educational services find it necessary to fend for themselves to a greater extent than do other marketers.

These ten problems will face different institutions with varying intensity. Nonetheless, all educational service organisations face these problems to some degree. Before producing a theoretical model for the international marketing of services, it was felt that these problem areas should be identified.

2.3 MARKETING ORIENTATION

This orientation should be the very first mission of an educational service organisation seeking to become effective at marketing. It involves more than just introducing a marketing function, the mere appointment of a marketing director, or having marketing research undertaken will not be sufficient. Marketing orientation must be developed. It has been defined by Philip Kotler[34]

> "as a marketing orientation holds that the main task of the organisation is to determine the needs and wants of target markets and to satisfy them through the design, communication, pricing and delivery of appropriate and competitively viable offerings".

2.3.1 Marketing Orientation

Some organisations have discovered the value of focusing their attention, not on production offerings or sales, but on meeting the changing needs and wants of their clients. They recognise that production offerings and sales are all means of producing satisfaction in target markets. Without satisfied clients, these organisations would soon find themselves without clients. Marketing orientation is attained in an organisation through hard work. The organisation must systematically study clients needs, wants, perceptions, preferences and satisfaction using surveys, group interviews and other means. The organisation must act on their information to improve its services constantly to meet its

clients needs better. The professional staff must be well selected and trained to feel that they are working for the client rather than the boss. A client orientation will express itself in the friendliness with which the organisation's telephone operators answer the phone and the helpfulness of various staff members in solving client problems. Staff members in a marketing oriented organisation will work with clients rather than on clients. In a sense, the professional service organisation must centre itself around a broader group of clients than other types of organisations. For example, a university has an obligation to teach its students well, to enforce disciplines and to provide a high academic standard. It also has a responsibility for the property and efficient use of taxpayers funds and a responsibility for the proper and efficient use of taxpayers funds and a responsibility to supply industry and the professions with graduates of suitable and relevant training. Much discussion, particularly in the United Kingdom, focuses on whether education should be vocationally based or should be liberal in its approach. No doubt this debate will rage for many more years[35].

2.3.2 Assessing the Need for Marketing

The issue of whether an educational service organistion should install a formal marketing office should not be confused with the issue that it should be engaged in marketing. All organisations do marketing whether or not it is organised in a formal way or even cold marketing, business development or practice development or other terms used.

2.3.3 Hypothesised Strategic Marketing Model for Educational Institutions - Government Policy Host

A strategic marketing model for educational institutions must start with an examination of the government policy of the host government. In Chapter V, an attempt is made to examine the

host government's policy in Malaysia towards their students being educated overseas. A copy of the Malaysian Planning document, 1990 to 1995 is included as an Appendix to Chapter V.

The strategic marketing model must undertake an environmental analysis whereby the significant opportunities in the environment which can be capitalised upon by the institution are examined. The threats which face the institution from the environment must also be examined. The market size and potential in the various potential markets for the institution must be considered and the growth rate of the market in these countries.

The government policy of the host country, such as the Irish government's policy on overseas students, must also be examined to see is there is encouragement towards the initiative by the institution in the first place. In the case of the Dublin Institute of Technology in Ireland, and the Regional Technical Colleges, as yet there is no definite government permission for these colleges to increase their overseas student numbers. In the case of the Irish universities, the government has made some progress towards encouraging a greater overseas student presence in Ireland.

2.3.4 Stakeholders

The strategic marketing model must look at the various stakeholders who can influence the organisation. These include the surrounding business community and the business community in the country generally.

Various foundations such as the Jefferson Smurfit Charitable Foundation, the Rotary Foundation and other large corporate funding institutions. The various government agencies must be taken account of such as in Ireland, Coras Trachtala, the Irish

Development Agency, the Higher Education Authority, the Irish Council for Overseas Students, the Organisation for Higher Education Development Co-Operation, etc.

Alumni of the institution must also be considered. As in the case of Trinity College Dublin, these can form useful sources of reference or initial interview agents in the various overseas countries. Also alumini would like to be happy that the quality of the degree offered to overseas students compares favourably with the degree awarded to home students, particularly in the area of distance learning programmes.

The local community must be considered and more education institutions are realising their debt to the local community. In Ireland, many of the new colleges are forming industrial links with the surrounding business community and also the concept of a third level institution becoming a focal point for various groups within the local community is developing.

The general public are an interest group in the sense that taxpayers money generally is funding the public sector third level institutions and taxpayers like to see greater accountability and responsibility by the authorities of the institution. Misuse of students behaving badly in public, etc. would have a bearing on the general public. The mass media such as television, radio, etc. are an important audience and it is extremely important that the institution's public relations programme allows key figures within the institution to be available to the mass media where necessary.

Suppliers must also be considered in the sense that many suppliers specialise in the production of educational text books, educational equipment and liaison with the institution can ensure the delivery of the appropriate quality product.

Trustees of the institution are important as these people often act as guardians or watchdogs for the general public or on behalf of various funding foundations.

The administration and staff of the institution must be considered as many pledge a life long career to the institution. The institution must be seen to be acknowledging their role in its development.

The academic faculty of the institution are a very important interest group as under one of the seven Ps of servicing marketing, people, the quality of faculty that the institution attracts and retains is crucial. Indeed increasingly it is felt that the heads of department of institutions are key factors in the institution's eventual success and they have a significant effect on the motivation and moral of academic staff generally within the institution.

Various initatives in Ireland are being considered, for example, the rotation of departmental heads is being considered to improve the quality of management in tertiary institutions and the Open Business School is now offering in Ireland a Masters Degree in Education Training and Development awarded by the University of Sheffield.

The parents of students are a very important interest group as the parents fund, to some extent, various students. Parents also support these students and therefore they should have as positive a view of the institution as possible.

Accreditation organisations must also be considered, such as the National Council for Educational Awards and the various professional bodies who accredit programmes developed by the institution. These accrediting organisations must be happy that quality control within the institution is of a sufficiently high standard.

Prospective students must be considered in the sense that the institution must have a profile and a quality of course that attracts a sufficiently high calibre of prospective student. Many institutions in Ireland have career evenings whereby the faculty of the institution discusses the various courses available to school leavers.

Current students are an important group to be addressed and the moral of current students must be kept high. This is where liaison between the academic staff, the management staff and the Students Services Union is very important.

Stakeholders

Business Community
Foundations
Govt. Agencies
Alumni
Local Community
General Public
Mass Media
Suppliers
Trustees
Administration & Staff
Faculty
Parents of students
Accreditation Organisations
Prospective students
Current students

2.3.5 Mission/Objectives

It is very important that a tertiary institution developes a mission statement for its activities. A mission statement suggested by the author for the new Regional Technical College in Tallaght, Dublin is as follows:

> "Our mission is to supply quality education in the fields of science, engineering, business and the humanities aimed at contributing towards Ireland's future economic development while serving the local community".

The specific corporate objectives of the institutions must be detailed such as does the institution intend becoming the premier institution in the country. Does it intend becoming number one in educating overseas students. Does it intend becoming the premier institution in a particular select area of activity. All of these issues must be

considered by the institution. In the United Kingdom, some newly developing institutions such as the Loughborough University of Technology and Cranfield have specific corporate objectives which distinguish them from the more traditional universities in the United Kingdom.

In Ireland to some extent, the Dublin City University and the University of Limerick have a similar distinctive feature and it is argued that new institutions developing in Ireland must distinguish a particular niche for their activity.

An educational institution exists to accomplish some purpose. A useful way to examine the school's mission is to answer questions such as 'what is our business, who is our consumer, what is our value to the consumer, what will our business be, what should our business be'. Is the institution in the intellectual training business so that its students are highly knowledgeable and perceptive about the world they live in. Is the institution in the personal growth business aiming to help students develop their total personalhood intellectually, emotionally and socially. Is the institution in the college fun and games business providing students ' the best time of their lives' before becoming adults. Each definition implies a different consumer and a different way of rendering value to the consumer.

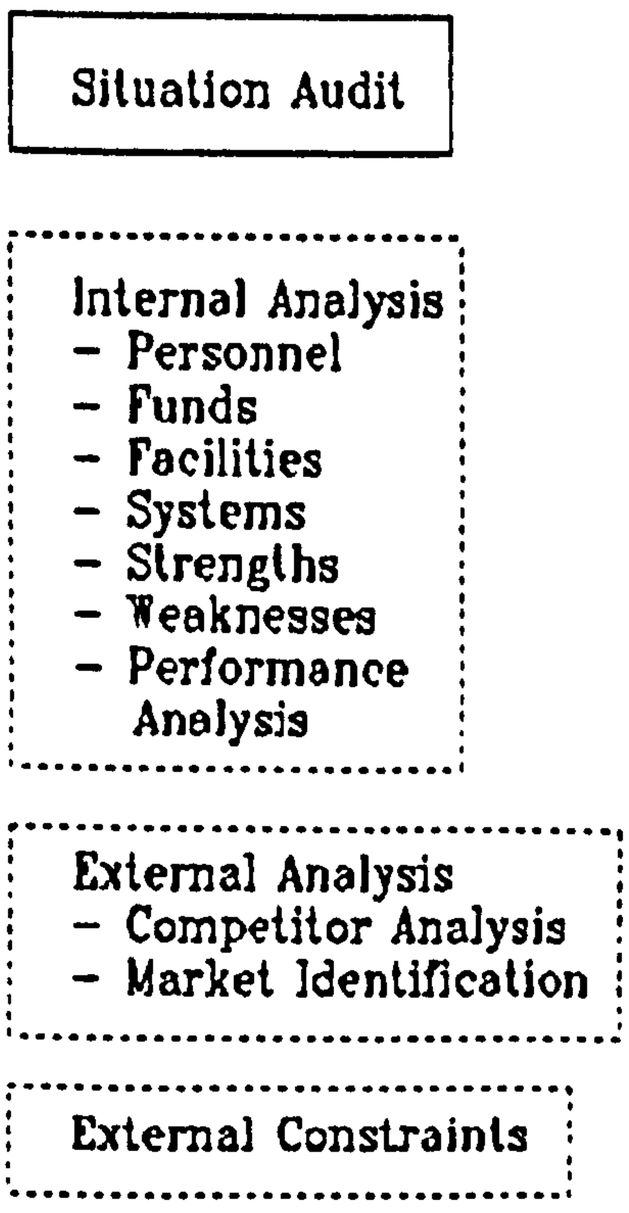
2.3.6 Situation Audit

A situation audit is an analysis of the current position of the organisation. It would require an internal analysis whereby the personnel facilities of the institution would be examined. The quality of academic staff, the quality of administrative staff, etc. The funds available within the institution would be examined. Has the college adequate funds for necessary expansion, what sources of funding are currently available to the institution via research grants, etc. The facilities of the institution regarding plant, laboratory equipment,

regarding lecture theatres, etc. The systems regarding computers, administrative systems would be examined. The strength and weaknesses of the organisation internally would be detailed and some form of performance analysis would be of value and criteria for measuring the effectiveness of current systems must be established.

An external analysis in this sense would comprise a competitor profile analysis whereby the leading competitors in certain areas would be examined and their profile and the reasons for their success coupled with an examination of their particular weaknesses would be recommended.

Market identification would be an issue here whereby the institution could identify particular markets where it is deemed that potential could exist. The various external constraints acting on the institution would be an issue here. External constraints in Ireland could be, for example, public acceptance of an increased overseas student presence, particularly in ireland where the demographic situation at present is such that there is excess home demand for third level places. This is a difficult political area for the government and perhaps explains one of the reasons why government policy in this area has been slow in being developed.



2.4 ENVIRONMENTAL ANALYSIS

The most serious threats are those with the potentially severe impact and high probably of occurence. The institution can ignore threats that are low in both severity and probability. The third level institution should monitor but need not prepare contingency plans for threats such as competition from other colleges. By identifying and classifying threats, the institution can determine which environmental threats to monitor, plan for or ignore.

Opportunity analysis can be very valuable for a third level institution. By managing its threats successfully, the institution can stay intact but will not grow. However, by managing its opportunities successfully the institution can make tremendous strides forward. A marketing opportunity is one in which the institution is likely to enjoy superior competitive advantages.

Examples of marketing opportunities may be:

1. In the market environment, the institution may find that the demand for liberal arts graduates from employers requires some emphasis in applied areas which the institution was particularly strong on.

2. In the public environment, the institution may notice that legislators and government officials will continue to support public scholarship aid for the institution.

3. In the competitive environment, the institution may find its location is reasonably close to a major industrial area and not too far from major employers.

2.4.1 Cooperation -v- Competition

If we view the third level education market as a global market, one can perceive all other third level institutions in the European community as being potential competitors and indeed, all universities and institutions at third level in the world as being potential competitors. To alleviate this problem, many institutions in the United Kingdom have adopted a twinning policy with many polytechnics but notably in Malaysia whereby two years of the degree programme may be undertaken in Malaysia and the degree programme is then completed in the United Kingdom. The National Institute for Higher Education in Dublin has adopted a similar strategy with a number of American colleges and colleges in Africa.

2.4.2 Institutions

This again in Ireland is a feature of government policy and as yet, no private institutions are allowed to confer degrees. This is a major failing and one that should change in the near future. Some private colleges overcome this problem by having their degrees accredited by reputable foreign universities, such for example is Newman College in Dublin whose degrees are conferred by both the University of London for the LLB degree and certain diplomas by the University of Navarre in Spain. A franchising agreement with a leading business school might be another way to circumvent this national problem, e.g. MBA degree by distance learning at Strathclyde University, Kingston Business School, Durham, Warwick, Henley, etc.

2.4.3 Legal

This again would deal with accreditation matters.

2.4.4 Technological

The technological environment in Ireland is equivalent to that of other European countries and Ireland is highly regarded in this area. The number of technological graduates per capita in Ireland is extremely high by European standards and so this should act as an opportunity for the Irish third level system.

2.4.5 Political

Again being a democracy, much debate surrounds any proposal for change in education policy and in many ways, the political environment is the main barrier to the development of the third level education system. Sufficient political will does not appear to exist to favour the idea of the Irish third level education system adopting a more marketing oriented approach.

2.4.6 Social

Ireland is experiencing considerable social change since our accession to the European Community in 1973 and is slowly becoming a Euro-Culture.

2.4.7 National Culture/Organisation Culture

Ireland lacks a cosmopolitan culture but this is slowly changing. With increased travel, with satellite television, etc. cultural divides are not as large a problem as they may have been.

Environmental Analysis
-Opportunities -Threats -Market size/potential -Market growth rates -Govt. Policy (sender)

2.5 GOAL FORMULATION

It is important for any tertiary third level institution to establish definite corporate goals and as we will see later, specific marketing goals. The goal formulation of an institution is a quantifiable objective.

2.6 STRATEGY

2.6.1 Strategy Formulation

The tertiary institution has to decide the type of strategy open to it. Various strategies outlined by M.E. Porter, et.al. are:

1. Overall cost leadership: This would have limited application in the field of tertiary education as economies of scale are not a significant factor in most areas.

2. Differentiation: The scope for differentiating an engineering degree, a business degree, a medical qualification or often very limited as many of the professional degree programmes are influenced to a large extent by the professional accrediting bodies or licencing bodies as the case may be. Differentiation may be in the form of a particular focus of a course such as an MBA for Europe or an international MBA or an MBA majoring in strategic marketing. Some academics dislike MBAs differentiating in this way as they argue that the strength of an MBA is its generalist nature.

3. Broad line global competition: This strategy would have very limited application in the area of education. It could be argued that the franchising of certain post graduate degree programmes by major universities would be one example of providing some element of global competition in tertiary education.

4. Global focus: Global focus again would have limited application in the tertiary education provision.

5. National focus: In Ireland, it is argued that the Malaysian market is the one which has the most significant potential for Ireland in the short/medium term. As as a result, the Malaysian market is addressed specifically in the application of this model to the Irish third level sector in Chapter V.

6. Protected niche: This strategy would have some application in Ireland in areas such as the Irish institutions working with educational aid in Eastern European countries whereby the Irish tertiary institutions may develop programmes for specific sectors in Eastern Europe funded by various aid agencies. One difficulty in this sense is that the world bank funding is normally on the basis of tenders being submitted. Preferential treatment to any one country would be most unlikely and would not politically acceptable in the case of the world bank or the United Nations.

An institutional strategy includes decisions about its current programmes, whether to maintain, build or drop them and about future new programmes and market opportunities, Kotler argues that strategies grow out of and reflect the environmental analysis, resource analysis and goal formulation steps. Unless the institution has goals it wishes to accomplish, there is no need for strategy formulation. Several analytical tools help educational planners to carry out this review to a particularly appropriate for education; academic portfolio strategy which involves reviewing existing programmes for market attractiveness, programme quality and centrality to the institution's mission and product/market opportunity strategy to identify potential programme changes and markets.

2.6.4 Culture

The institution offering programmes either overseas or bringing overseas students to the institution would have to take account of cultural differences among the overseas student body. In the survey mentioned in Chapter VI, the lack of choice of diet of menu in Ireland is one factor. Another factor in Ireland is the unwillingness to integrate the overseas students and also to have regard for their particular cultural differences. The focus group interviews in Chapter VI particularly addressed this point of the cultural differences and the problems that this can bring about.

2.6.5 Information

In the various target markets the information available being presented in the language of the overseas students, that the information is produced in a timely way, is complete, is reliable, is current and is in no way misleading. The information should also reflect truthfully the quality of the programme and the legimitate career expectations graduates should have.

2.6.6 Planning and Control

The marketing plans for each target market should be prepared and should contain an executive summary. Various controls should be considered for each target market such as some system of budgetary control or marketing audit on a regular basis. The strategy for each target market should be co-ordinated with the strategies for other target markets so that there is no inflect between the strategy often adapted in neighbouring countries or in similar target markets.

2.7 MARKETING PLANNING

This section of the model refers to the development of a definite marketing plan for each specific target market so markets B, C, etc. would also be prepared and some level of co-ordination between the marketing plans should be evident.

2.7.1 Resource Analysis

A resource analysis for each target market must be considered. Has the institution adequate personnel available in the overseas country if a twinning arrangement is considered or a franchising arrangement with a local institution.

Welfare facilities to the overseas students if they are brought to the home institution. Are adequate funds available for the institution to effectively operate in the target market chosen from the point of view of recruiting overseas students and are adequate funds available in the home institution to provide adequate educational standards for the overseas students when present.

2.7.2 Facilities

Does the institutions have adequate facilities to cater for the sports and welfare needs of the overseas student body.

2.7.3 Systems

Does the institution have adequate administrative resources, have adequate computer laboratory facilities, etc. for overseas students. Does the institution have sufficient strengths in the academic area to offer a competitively viable programme of interest to overseas students.

2.7.4 Weaknesses

What weaknesses does the institution have regarding its ability to provide tertiary education for overseas students.

2.7.5 Performance Analysis

Some form of analysis is needed whereby the institution is able to develop measures whereby it can examine its effectiveness in several areas, including registration, admissions, its teaching performance, etc.

2.7.6 Marketing Analysis

The target market must be analysed to see which products are successful in the target market. A BCG matrix may be applied to the institution's product offerings so that the stars can be readily identified and the dogs present could be eliminated in due course. A competitive analysis is again important in this context and the market share of competitors, the product offerings of competitors and their success in the target markets must be examined. Environmental screening would take place here whereby factors in the environment which militate against the institution would be considered and also factors in the environment which work in the interests of the institution would also be considered.

2.7.7 Constraints

The availability of funds in the target market both perhaps on a shared funding basis with the host government, or funds available from the institution would have to be exained to make sure that the institution has adequate funds to provide proper facilities and quality in the target market. Institution policies on standardisation would be examined, again to make sure that any product offered at an overseas site would be of equal quality to a similar programme offered

domestically. The image of the institution would have to be constantly kept under review to ensure that the image of the institution was favourable. In this sense, the public relations effort of the institution would have a bearing.

Finally, the government policy in the particular target market is essential. If there are changes in government policy which could affect the future development of the institution in that country then it would be important for key figures in the institution to interview the relevant government authorities or if serious threats emerged, perhaps consider withdrawing from the market temporarily.

2.7.8 Matrix

A matrix is presented in the model whereby the seven 'Ps' of marketing, product, price, promotion, place, people, physical evidence and process advanced by Boons and Bitner and referred to in Chapter I are presented. These seven Ps are measured against the various factors in the environment in each target market to decide how the competition for example will affect the seven Ps, how the institutions in the environment would have a bearing, the legal environment, technological, political, social, cultural and demographic. Thereby the environment in the target market is analysed according to its possible impact on each of the seven Ps to ensure high quality service delivery by the tertiary institution.

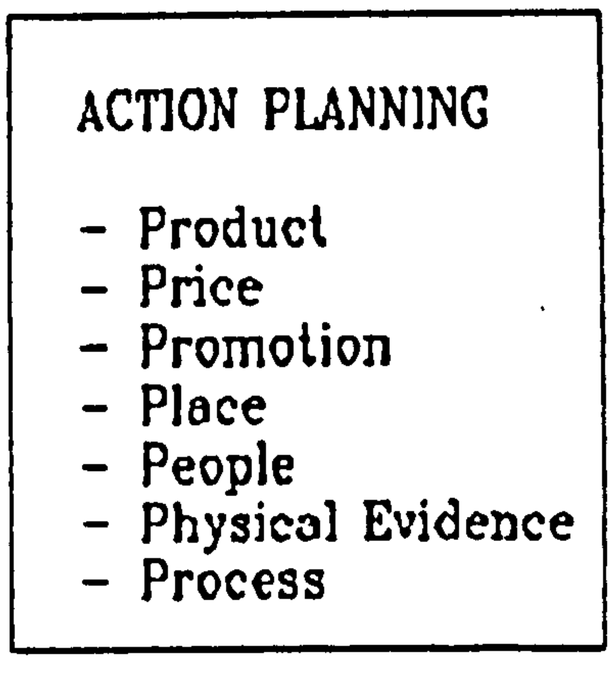
	Product	Price	Promotion	Place	People	Physical Evidence	Process
Environment							
Competition							
Institutions							
Legal							
Technological							
Political							
Social							
Cultural							
Demographic							

2.7.9 Marketing Goals

The strategic model then identifies specific marketing goals by the institution in each target market. These marketing goals when co-ordinated produce marketing goals for the educational institution.

2.8 ACTION PLANNING

The model then proposes action plans on each of the seven Ps, action plans regarding the product offering, regarding the pricing policy, the promotional policy to be followed in the target market, the distribution policy available, the calibre of people as academic, administrative and ancilliary level required by the institution, action planning regarding physical evidence whereby physical evidence requirements in different target markets may vary and finally, the process whereby the administrative procedures for registration, etc. are carried out in each target market satisfactorily.



2.8.1 Implementation

The model then goes to the implementation stage.

2.9 MARKETING AUDIT

The model concludes with the provision of a marketing audit whereby the institution would evaluate on a regular basis its whole marketing activity to ensure that any weaknesses or difficulties experienced in the marketing process are quickly identified and corrected.

The marketing audit consists of examining the major components of the institution's marketing situation.

- *Historical and cultural analysis* includes current information, history of the institution, history of programs and services, the events leading to the initiation of the study, and the current institutional climate. This part of the audit places the current institutional environment in historical perspective.
- *Marketing environment analysis* is an assessment of the internal and external trends and significant groups that affect the institution. The following aspects of the institution's environment are analyzed: curricular programs, student services, publics, markets, students, distribution, competition, demographic trends, economic and political factors, social and cultural factors, and technology.
- *Marketing planning analysis* assesses how the institution's mission has been translated into planning, including a marketing plan. This phase includes an evaluation of the planning function and planning mechanisms of the institution.
- *Marketing strategy analysis* reviews the institution's strategies relating to program selection, positioning, market segmentation, and competition, and the extent to which the current strategy is appropriate in the light of the existing and anticipated environment and opportunities.
- *Marketing organization analysis* is an evaluation of the formal marketing structure of the institution, or, when no formal marketing structure exists, of the various functions that support marketing.
- *Marketing information analysis* evaluates the information and research capabilities and needs of the institution.
- *Pricing analysis* evaluates the monetary and budgetary needs of the institution, including an analysis of tuition, costs, fund-raising effectiveness, and the market response to tuition.
- *Administrative-department analysis* reviews the administrative departments that support the marketing effort of the institution, typically including admissions, financial aid, development, and institutional relations.
- *Curricular-program analysis* considers the institution's programs, degrees, majors, and courses in relation to student markets, publics, and societal trends. This analysis has implications for recruitment programs in the various program areas. Supporting resources, including the library and student services programs, can be reviewed in this phase.

The complexity of the marketing audit will vary with the size and complexity of the institution and its current situation. Many institutions conduct an audit for the first time when there are major problems or opportunities, and top administrators and trustees face important decisions. The relative emphasis given to each audit component may vary depending on the institution's circumstances.

Hypothesised Strategic Marketing Model for Educational Institutions

Host Government Policy

Environmental Analysis

Opportunities
Threats
Market size/potential
Market growth rates
Sender government policy

Stakeholders

Business Community
Foundations
Government Agencies
Alumni
Locak Community
General Public
Mass Media
Suppliers
Trustees
Administration
Faculty
Parents of atudents
Accrediting organisations
Prospective students
Current students

INSTITUTION

Mission

Situation Audit

Internal Analysis
personnel
funds
facilities
systems
strengths
weaknesses
performance analysis

External Analysis
competitor analysis
market identification

External constraints

Goal Formulation

Strategy Formulation

overall cost leadership
differentiation
broad-line global competition
Global focus
National focus
Protected niche

Strategy Evaluation

Selection of appropiate strategy for target markets

co-ordinate with other markets

Structure
People
Culture
Information
Planning
Control

Marketing Planning

Market A
Market B
Market C
etc.

Target Markets

Resource Analysis

personnel
funds
facilities
systems strengths
weaknesses
peformance
analysis

Marketing Analysis

competitor analysis
environmental scanning

Constraints

funds availability
institution policies on standardisation
image
sender/host government policy

Marketing Audit

Implementation

marketing goals

Action Planning

product
price
promotion
place
people
physical evidence
process

	Product	Price	Promotion	Place	People	Physical evidence	Process
Environment							
Competition							
Institutions							
Legal							
Political							
Technological							
Social							
Cultural							
Demographic							

2.10 SUMMARY

The purpose of this chapter was to develop a strategic marketing model for use by tertiary educational institutions. The chapter starts considering the work of Margaret Kinnell of Loughborough University of Technology in the United Kingdom. Ms. Kinnell considers the development of international marketing principles and practices in UK universities with specific reference to a study of two institutions. Firstly she presents an outline of how a marketing approach in relation to overseas students. The ways in which clients' needs are assessed is then considered. The development of an appropriate marketing mix and finally the management of marketing operations are appraised.

The chapter then examines the ten distinctive problems proposed by Philip Kotler and Paul Bloom in the Marketing of Professional Services, the extent to which these ten distinctive problems are applicable in the area of educational services are discussed. The question of the presence of a marketing orientation is examined. The chapter then goes on to develop a strategic marketing planning model with tertiary educational institutions under the following headings:-

1. Host government policy
2. Environmental analysis
3. Stake holder's expectations
4. Mission/objectives
5. Situation audit
6. Goal formulation
7. Strategy formulation
8. Strategy evaluation
9. Selection of appropriate strategy for target markets
10. Marketing planning
11. Resource analysis
12. Marketing analysis

13. Constraints
14. Matrix
15. Marketing goals
16. Action planning
17. Implementation
18. Marketing audit

The strategic marketing planning model for educational institutions proposed and developed in this chapter is applied in Chapter V to the Irish third level sector. Its application is based on the Malaysian market which has been identified by a number of recent studies in Ireland as the one having the most significant marketing potential in the short/medium term.

The model advanced in Chapter II also is corroborated by the research survey in Chapter VI, particularly the focus group interviews conducted during the preparation of the dissertation and the detailed questionnaire distributed to a random sample of overseas students in Ireland.

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CHAPTER III

GOVERNMENT POLICY TOWARDS OVERSEAS STUDENTS - AN INTERNATIONAL PERSPECTIVE

"You are aware that a multitude of scholars from diverse parts, as well as from this side of the sea as from overseas, meet at our town of Cambridge for study, which we hold a very gratifying and desirable thing, since no small benefit and glory accrues therefrom to our whole realm.. Unless you conduct yourselves with more restraint and moderation towards them...they will be driven by your exactions to leave your town, and, abandoning their studies, leave the country, which we by no means desire".

Quote from His Majesty King Henry III of England, 1231 addressing the citizens of Cambridge.

CHAPTER III

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3.11 SUMMARY

3. PURPOSE

This chapter examines government policy towards overseas students in a number of selected host countries. It starts by examining the whole question of the international mobility of students and the different levels of needs arising. The changing regulations in a number of host countries are critically appraised viz. numerical limitations on enrolments and the tightening of admission requirements and procedures, the imposition of student fees regulation via market processes, a differentiated approach to foreign student admissions (geographical origin, level of study and proposed duration of stay, field of study, government scholarship schemes). The need for a coherent policy from government is considered and certain research findings on international student mobility are discussed.

As an appendix to the chapter, current overseas student policy in the major international players is outlined and briefly discussed.

3.1 INTRODUCTION

Policies directed towards the acceptance and financing of foreign students in education and training institutions necessarily involves both demand and supply considerations. As to demand, what do foreign governments and individuals want from us and what do they need. On the supply side what should we be prepared to provide.

We will now look at the constantly changing course of demand from developing countries i.e. not from Europe or America. When we are dealing with demand from sovereign governments of developing

countries there can be a question of whether and on what basis we can look behind the bare demand to the need. Whether we should look seems easily answered since we have a right to choose how our own resources are to be spent. On what basis we should look poses a more difficult question. Government must be supposed as a presumption to know their own needs and they may well support them with evidence from their planning documents. One long term Irish interest is to contribute to narrowing the gap between the rich and the poor world and it would not be unreasonable to discriminate in favour of demands which are more helpful to this aim.

It is therefore appropriate to look briefly at the nature and history of demand from developing countries and the achievements and defects of past records of educational and training co-operation insofar as they may give lessons for the future.

3.2 INTERNATIONAL MOBILITY

Three types of international mobility may be distinguished according to the participants motivation:-

1. Students go abroad because the opportunities for study which they seek are either non existent, of inferior quality, or subject to severe admission restrictions in their home country. Many Irish applicants study in the United Kingdom in the restricted faculties for this reason.

2. They do so because a period of study abroad is either an intrinsic and obligatory part of their course, or at least represents a demonstrable enrichment of them. Language study, etc. With the EC involved, this is a significant development among Irish third level institutions.

3. Opportunity for study abroad is not of superior quality of range, but is less costly in financial terms. Many US residents cross the border into Canada, many overseas students undertake the Fordham/IMI MBA degree of the Irish Management Institute (IMI) because the relative cost of doing so is far more favourable than studying in the US[1].

However, mobility between industralised countries analysis suggests that the mere removal of administrative obstacles is unlikely to provide the key to increasing flows. In addition, measures would need to be taken to stimulate these actively by enhancing the benefits and reducing the costs to the students by rendering study abroad more advantageous. Apart from the improved provision of financial support, one potentially effective means of achieving this is the development of structures for full integration of study periods abroad into a student's prescribed course, thereby overcoming a number of administrative problems and improving the professional prospects of the students concerned. In addition, the creating of inexpensive and well integrated language courses for students of all faculties will be indispensible if such mobility between countries and different cultures is to be increased. In 1981 a major conference was organised by both inter-governmental (Council of Europe) and academic (European Rectors Bodies [CRE]) bodies on the whole question of foreign student flows and policies[2].

3.3 THE DEMAND FOR EDUCATION IN THE DEVELOPING WORLD

A significant development in the developing world is the variation in need and demand country by country, springing from their different historical backgrounds and development experiences. It is tempting to divide countries by categories of similar needs although such categories are necessarily rough and full of minor exceptions. Let us first focus at the lower levels of needs, artisans, technicians, clerical staff, traders and merchants before considering demand at the higher level.

3.3.1 Lower Level Needs

At this level, a broad distinction can be made between large geographical areas particularly Asia, Latin America and Africa. The ancient civilisations of Asia were far ahead of pre Renaissance Europe except perhaps in the architecture and growth of the Christian church, not only in their philosophy, literature and fine arts, but in the magnificance of their crafts and manufactures with their superb textiles, metal works, jewellery, ceramics, leather and woodwork. It is worth reflecting that it was from Asia as well as from Greece, Rome and Islam through wandering scholars, explorers, merchants and artisans that the rebirth of Europe's knowledge and skills were learned through courts, the infant universities and the church. As late as 1600, ambassadors from the court of Queen Elizabeth I were astonished at the state of learning and practical arts of Mughal India. It has only been since the 18th century that science and technology have carried the west so far ahead in economics and power.

If we take the period of rapid decolonisation (1947 to 1965) as a starting point for modern concern, much of Asia had retained its richness at the level of artisans and merchants diffused from the palaces where they had been originally to serve wide spread common needs. Much of Latin America because of long contact and inter-marriage had this advantage too, but tropical Africa, particularly in the eastern centre when penetrated by colonial power in the 19th century was far behind. These local societies with little accumulation of wealth had great need for educational development. This is true of many small subsistent societies scattered in many parts of the globe. We can think of these countries as those in need of more educational help. While not a primary concern of this dissertation, they have very considerable effects both in development and in the approach to all levels of educational aid or co-operation.

The concentration of educational aid on academic, secondary, undergraduate and graduate courses has been much critised as widening the gap between an official, usually urban elite and the mass of mainly rural population. Secondly, in development terms, a lack of trained artisans, technicians and foremen between the graduate engineer or manager and unskilled labour has lead to great difficulties in industralisation. Similarly in administration the lack of good middle ranks has led to overwork and under delegation by a few senior administrators, again with adverse results. Finally, this gap in middle skills may be at least partly responsible for the tendency for development planning to concentrate on large modern capital intensive units often calling on expatriate experts rather than on smaller craft processing, agricultural and commercial development in which management is first learnt and which uses more indigenous materials, manpower and energy.

The Belgian Congo for example at the moment of independence had a far better cadre of indigenous artisans and clerks than east or central Africa but only two university graduates. East and central Africa had partly filled the gaps at this level with Asians, Angola and Mozambique with Portugese, some Francophone West African countries with French, petits blancs; English speaking West African countries with earlier western influence (including Fourah Bay College in Sierra Leone for higher studies) were also rather better off at the artisan and trading level partly from their traditional apprenticeship system. In Asia, the overseas Chinese filled up the same gaps in some countries, notably Malaysia and parts of Indonesia. All these local differences employed rather different education and training tasks in each particular case. The tasks could be defined by the particular balance between the most urgent needs for development manpower and the existing supply, both stock and flow of such manpower in any one country at any given time.

3.3.2 Higher Level Needs

Decolonisation left behind it a very considerable and in some countries sudden demand for well educated manpower to replace expatriates in many branches of administration, in central and provincial government, in foreign service, in scientific and technical institutions, in the police, armed forces, etc. Moreover in some countries, particularly where indirect rule had been practised, there was a tendency to replace indigenous local rulers, chiefs, emirs, princes, maharajahs, etc. thought to be contaminated by the colonial ethos with a growing cadre of new civil servants. This sudden and glittering opportunity for promotion from school teacher to ambassador put the enormous premium on education and, if possible, education overseas.

In some countries, for example, India, where independence had long been foreseen and to some extent prepared for by the colonial power and where expatriates were in any case a tiny number in relation to total population and the middle tiers of administration were already manned indigenously this transition was quite easily absorbed. In non colonial countries for example, Thailand, Ethopia, Iran, existing rulers sent their sons to be educated abroad in order to retain the establishment within an acceptable modern form. In some where independence came 10 to 20 years earlier than had been expected, the process of replacement and expansion lasted for at least a decade. It was this sudden and very large demand for high level manpower which started the intense demand for places in universities overseas in the 1960s and 70s. Indeed it may have been this urgent demand for university qualifications which lead to the comparative neglect of the lower levels of training and competence even where most needed.

3.3.3 Government Policy and Attitudes

Government policy must meet national interests, short term or even long term and interests here include some obligations of a rich and highly educated nation. These interests include:

1. Trade interests

2. Political interests in promulgating the values of a free society

3. An interest in enriching our own institutions by the presence of overseas students and scholars and possibly by their contribution to research

4. A narrower commercial interest in selling a product, education, to willing buyers

Firstly policy towards the development of the third world - perhaps an obligation, is both in the interest of developing countries and the long term Irish interest - for their economic success and stability are in our interests too. Secondly, the internationalism of learning and the exchange of scholars has been historically, and is today, a moral obligation on the wealthier and more developed nations however unquantifiable its benefits may be. These two points must rank among our criteria that we apply in judging our response to the demands for educational opportunities from developing countries.

There are two possible attitudes that could be developed:

3.3.4 A Less Committed View

It is possible to take a cool, somewhat uncommitted view of what future policy should be. This attitude would be as follows:'

(a) Meet commitments to exceptional countries, particularly dependent on our help

(b) Continue positive aid and co-operation with late comers to independence who may still need the level of expansion which for most took place in the 1960s

(c) Pursue identifiable middle term Irish interests and trade

(d) Apply full costs so the majority of applicants for first degree courses, particularly unsponsored students with a modest number of scholarships reserved for exceptionally deserving cases

(e) Expect the majority of governments to finance in whole or at least in part, applicants who are intended to fill a planning requirement

(f) Keep an open door to wandering scholars including refugees.

This attitude to policy would accept an important educational philosophy which would emphasise a free choice of course and an experience which enables the student to make the best of his abilities in his own way. It would also imply that the more wealthy families will have the lion's share of available privately financed places and some poorer governments may fulfil manpower plans elsewhere.

3.3.5 A More Committed View

This attitude to policy would employ a more positive effort to alter the profile of students accepted in educational institutions in a direction which better reflects two factors; first, Irish interests including long term interests and second, the interests of development in the third world. It would also rest on the assumption that overall economic and social development in the third world does coincide, as the Brandt report[3] emphasises, with a very important Irish

interest. Such an effort would require criteria, both with choices and appropriate agencies, not all of which are confined to universities and colleges or to the Ministry of Education.

3.4 OVERSEAS STUDENTS - A GROWING PROBLEM FOR HIGHER EDUCATION POLICY

In 1980 the total number of foreign students world wide had exceeded the million mark. In 1976, the year for which most comprehensive data are available, the figure had already reached 800,000 over three times the 240,000 registered just 20 years ago (see Table 1). The world's total student population has also shown a three fold increase over the same period so at first sight it might appear that there had been no disproportionate rise in international student mobility.

TABLE 1

FOREIGN STUDENT POPULATION: GENERAL OVERVIEW

Table 2.5 Tuition fees – Comparison of actual (cash) fees with the same fees expressed at constant 1979 prices

		Universities										Non-university public sector					
		Home students				Overseas students				Advanced			Non-advanced				
	Retail prices indices Nov.	Postgraduates		Undergraduates		Category 1980/81	Postgraduates		Undergraduates		Home Students		Category 1980,81	Overseas Students		Home Students		Category 1980,81	Overseas Students	
		Actual (£)	Nov. 79 prices (£)	Actual (£)	Nov. 79 prices (£)		Actual (£)	Nov. 79 prices (£)	Actual (£)	Nov. 79 prices (£)	Actual (£)	Nov. 79 prices (£)		Actual (£)	Nov. 79 prices (£)	Actual (£)	Nov. 79 prices (£)		Actual (£)	Nov. 79 prices (£)
Year	100	70	265	70	265		250	945	250	945	45	170		250	945	30	115		150	570
(for the academic years 1968/69 to 1974/75 the increases were left to the discretion of universities and local education authorities)																				
1975/76	144.2	140	230	140	230		320	525	320	525	115	190		320	525	100	165		200	330
1976/77	165.8	182	260	182	260		416	595	416	595	150	215		416	595	104	150		260	375
1977/78	187.4	750	950	500	635		850	1080	650	825	500	635		650	825	165	210		360	450
1978/79	202.5	815	955	545	640		925	1085	705	825	545	640		705	830	165	195		390	460
1979/80	237.7	890	890	595	595	Continuers	1230	1230	940	940	595	595	Continuers	940	940	165	165	Continuers	520	520
1980/81	(295.1)	1105	890	740	595	Continuers	1525	1230	1165	940	740	595	Continuers	1165	940	205	165	Continuers	645	520
						New arts etc.	2000	1611	2000	1611			New laboratory-based	3300	2660			New laboratory-based	1890	1525
						New science etc.	3000	2416	3000	2416			New classroom based	2400	1935			New classroom based	1380	1115
						New medicine etc.	5000	4027	5000	4027										

Source: *First Report of the House of Commons Education, Science and Arts Committee, 1980*, Appendix C: modified to include fees for new overseas students in 1980/81 and fees for the non-advanced sector. For the non-advanced sector, fee levels cited here are those given in *Overseas Students and Government Policy* (Overseas Students Trust 1979) Appendix I

Nevertheless, foreign students have been increasingly becoming a problem area for higher education policy in recent years.

- How many foreign students should be admitted?

- How many of them should come from which parts of the world?

- Should measures be adopted to restrict or promote foreign student access in specific sectors?

Questions like these have become typical of the higher education debate in many industralised countries. A recent study in the United Kingdom[4] sought to analyse the quantitative development of student mobility world wide in the last 20 years and to identify some of the more significant policy trends of recent years with respect to foreign student admissions. They chose 24 host countries using the only comprehensive comparative data available, i.e. those collated by UNESCO plus additional material especially solicited for the study on a reduced number of countries notably those marked with an asterisk.

- Austria*
- Belgium*
- Canada
- Czechoslovakia
- Denmark
- Finland
- France*
- Germany* - Federal Republic
- Germany - Democratic Republic
- Greece
- Ireland
- Italy
- Japan

- Luxembourg
- Netherlands
- Norway
- Portugal
- Spain
- Sweden*
- Turkey
- United Kingdom*
- USA*
- USSR

This was no random choice, the study was concerned with inward rather than outward flows and in 1976 these countries were playing host to 80% of all foreign students enrolled world wide. Almost 60% of the world total were registered at higher education institutions in just five of them, namely:-

- USA
- France
- United Kingdom
- Federal Republic of Germany
- Canada

By contrast, students coming from the 24 countries accounted for less than 30% of the total number of foreign students world wide in the same year and only 9 of the 24 countries figure among the world's 21 nations which exported over 10,000 students each in 1976.

Table 2 overleaf shows that the great majority of foreign students come to the United Kingdom from developing countries. Asian students alone accounted for some 40% of the world's total and their growth rates have generally been significantly higher than those for students coming from industralised countries.

TABLE 2

FOREIGN STUDENTS BY CONTINENT OF ORIGIN

Continent of origin	*Total* 1970	1976	*Percentage* 1970	1976	*Average annual growth rate (%) 1970–76*
Africa	50553	115077	10·6	16·3	14·7
Asia	195910	280811	41·0	39·8	7·7
North America	61426	79392	12·6	11·3	4·4
South America	26283	42218	5·5	6·0	8·2
Europe	90254	144535	18·9	20·5	8·0
Total	424426	662033	88·9	93·9	
World total[a]	477837	705222	100·0	100·0	6·7

Note: [a]This sum includes 90–95% of the world total foreign student population.

Source: Based on UNESCO Statistical Yearbook 1972, 1978/9 editions

World wide student mobility tends to be characterised by one-way traffic rather than reciprocal flows or by emigration rather than exchange as the discussion of the phenomenon of 'brain drain' of scientific and technical personnel from the developing to the industralised countries has shown*.

Facilitating study abroad is a far more practicable proposition for many developing countries than a correspondingly rapid growth of higher education provision at home, particularly in that primary and secondary education are often considered to have immediate priority. Thus, these countries tend to seek ways and means of curbing the brain drain rather than curtailing study abroad as such and the search for educational advantage while it may therefore correspond both to national policy aims

*(Statistics of the Federal Labour Agency show more than 82,000 employees from non European countries excluding Turkey putting their work capacity, their knowledge and their skills at the disposal of German firms, hospitals or scientific institutes)[7].

and to those of the individual students concerned who see study abroad as a means of enhancing their future employment prospects. Hence in recent years, there has been an increasing shift of emphasis towards the economic aspects of study abroad at the expense of the more cultural policy oriented aspects of the problem often prevalent early in the 1970s.

Whereas most of the publications dealing with foreign students a decade ago tended to treat the subject mainly from a socio psychological perspective against the background of the conviction that study abroad was mainly of cultural value and contributed to the development of the cosmopolitan citizen[5] more recently economic benefits have been substituted for cultural benefits and the role of study abroad producing the classic cosmopolitan cultured individual has been subordinated to its role in providing needed skills that can be used by nations at home in the development process[6].

For the host countries too, economic considerations have begun to play an increasingly significant role in the discussion on policies to be adopted with regard to foreign student access. The rising cost of higher education provision, the increasing difficulty of meeting demand for places in certain disciplines, notably medicine and pharmacy, rising graduate unemployment and the realisation that certain developing countries, notably those belonging to the OPEC group (Organisation of Petroleum Exporting Countries) had suddendly reached such a level of affluence as to render them less dependent on free higher education elsewhere. All these factors and others besides have led to the introduction of various forms of restrictive measures. At the same time, attention is increasingly drawn to the vital necessity of maintaining and further developing the international flow of students, again with frequent reference to the international ramifications of political and economic affairs in the modern world. This is particularly true of the relatively meagre student mobility between the industralised countries which will be discussed later.

3.5. CHANGING REGULATIONS

The diversity of and increasingly rapidly changing regulations pertaining to higher education access for foreign students make it difficult to identify trends common to all the countries under review. All the more considering the relative scarcity of up-to-date comparative material on this topic[8]. Open uncontrolled systems have access for all students fulfilling basic admission requirements have in general tended to become less and less usual in recent years, although as Cerych has pointed out[9]

> "increased restrictions on one sector of higher education is sometimes counterbalanced by a slackening of restrictions in others".

Particularly severe have tended to be admission restrictions in the fields of medicine and allied subjects and even countries that have largely preserved an open access system such as Italy and Spain are now actively considering the introduction of restrictions in this sector. Foreign student admission policies have not been left unscathed by such developments and a variety of regulative measures have been introduced. The form that such measures may take differ considerably. In general they fall into two categories:-

1. A severe tightening of academic or other admission requirements often linked to a quantified admissions system whereby only a restricted number of students are admitted (numerus clausus)

2. The imposition of significant rises in tuition fees.

Access is being made more difficult and/or more costly while an attempt is increasingly being made to treat different categories of foreign student applicants in different ways.

There are two approaches to regulating flows:

3.5.1 Numerical Limitations on Enrolments and the Tightening of Admission Requirements and Procedures

In most of the countries reviewed by the United Kingdom study, such as Federal Republic of Germany, Denmark and the Netherlands, various types of quota systems have been developed. Such systems normally affect both home and foreign students. The quota often varying from subject to subject and sometimes according to the origin of the foreign students concerned. In the Federal Republic of Germany for example, up to 6% of all available places are reserved for foreign students in the fields subject to the highest imbalance between demand and supply of places, namely the medical and allied fields while up to 8% are set aside in agriculture, architecture, biology, forestry, home economics, nutritional science, food chemistry and psychology. In Denmark, foreign student quotas are currently set at 10% in medicine and allied disciplines and 20% in the social sciences. There is some evidence in Ireland that both University College Dublin and the University of Dublin, Trinity College informally adopt this approach.

Nationwide quotas are difficult to operate unless there are structures for nationwide legislation or control. The latter conditions are typically fulfilled in the Federal Republic of Germany where although the decision to admit or reject the individual foreign student rests with the individual admitting institution, overall admission policy is governed by law and guidelines for the application of restricted admissions for both home and foreign students have been promulgated by inter-state agreement among the Lander.

Where such legislative powers are more limited or where governments choose not to exercise them, quotas may be recommended to institutions and government funding to institutions oriented along the lines of the quotas concerned. In the United Kingdom this was the case when the government sought in 1977/78 to establish a quota whereby foreign student enrolments would be effectively pegged back to 1975/76 numbers by corresponding adjustments of the grant to institutions. Similar government strategy has been adopted in Switzerland where no funding is provided to institutions to cover the costs incurred when foreign students comprise more than 17% of total enrolments in medicine and engineering.

Both Switzerland and Austria have been characterised in recent years by severe restrictions on foreign student access accompanied by attempts to exempt home students from such limitations. In both countries, foreign student admissions are a discretionary matter in the individual institutions and this has led to marked variations in practice from one institution and subject to another. Therefore, in Switzerland the University of Basle was reported as accepting no foreign students whatever in the 1980/81 academic year and there are no places open at any universities for foreign candidates not resident in Switzerland wishing to embark upon a full course in medicine, dentistry or veterinary science. Local restrictions are common in pharmacy, psychology and other fields. Similarly, in Austria, where criteria for foreign student admission were newly formulated in 1975 the University for Veterinary Medicine in Vienna had a complete ban on new foreign enrolments in 1979/80. While the Universities of Vienna, Graz and Innsbruck adopted similar measures in medicine, certain natural sciences, journalism and psychology with less severe restrictions in a number of other fields[10].

The case of Austria is significant for another reason too for its policy is not to admit students from countries where numerical limitations are in operation only in such cases where the candidates would also have been admitted in their home country. At the time of its introduction,

this move gave rise to considerable debate not least in the Council of Europe where it was the factor largely responsible for a re-interpretation of the Council's convention and the mutual recognition of admission qualifications dating back to 1953 and it is interesting that a similar measure was mooted in Italy in 1976/77 before eventually being retracted. 'Numerous clausus mobility' the knock-on effect caused by the introduction of admission restrictions in a given country and the situation of its neighbours has become an increasingly significant phenomenon in recent years affecting international student flows and thereby influencing the formulation of policies and procedures on access.

Other countries without actually stifling foreign student admissions at a given institution have recently been introducing much severer selection mechanisms than heretofore, particularly France which like the two countries just mentioned, has traditionally enjoyed a reputation of being particularly generous about the admission of foreign students. At the end of 1979, the French government seeking to maintain the quality of both the foreign students admitted and of the education and services provided for them in France and with a view to stemming the rising tide of foreign students discerned over the past few years passed the so called 'imbert decree'. This gave rise to wide spread student demonstrations and clashes with the police during the summer term of 1980. This decree constitutes a marked tightening up of admission procedures. Firstly it requires that foreign students wishing to study in France pass a French language examination in their home country thereby reinforcing the system of Pre-inscription (pre-registration) already introduced in 1974. Secondly, prospective entrants must give proof of having a bank account at their disposal containing sufficient resources for each phase of their course. Thirdly, the decree marks a radical centralisation of responsibility in the selection process itself. Formerly a matter for each institution of higher education individually, the power to decide on whether or not a candidate from overseas shall be accepted or rejected and at which institution he/she shall be registered is henceforth invested in one single central

commission chaired by the director Imbert, hence the name of the decree of the Centre National des Oeuvres Universitaires et Scolaires (CNOUS) a government sponsored agency charged with the provision of social aid for students, university restaurant work, accommodation and the adminstration of certain student grants.

The effects of this change in French policy was thought to create severe repercussions for neighbouring countries, in particular, French speaking Belgium whose fee waiving arrangements made it potentially highly vulnerable. These restrictions have since largely been abolished and France's admission policy is now characterised by decentralisation. Over-concentration in universities in the Paris region continues to be a problem which has caused considerable government concern.

In the Federal Republic of Germany too, centralised procedures have been adopted in respect of admission for foreign students to the so called 'numerus clausus' subjects. The co-ordination office for foreign student admissions established under the aegis of the West German Rector's Office and with the Secretariat located at the German Academic Exchange Service headquarters differs from its French counterpart in two respects. Firstly, it is the result of voluntary action taking by the institutions and secondly, its function is fundamentally distributive designed to ensure an even spread of foreign students across the country in the particularly oversubscribed disciplines and thereby to make optimal use of the overall quota laid down nationally whereas the individual institutions are still formally, at least, at liberty to take the final decision on the candidates admission or rejection.

In this sense, one might describe the German system as a halfway house between the purely clearing house concept of the University's Central Council on Admissions in the United Kingdom (UCCA) and the discretionary powers invested in the new central committee in France (CNOUS).

3.5.2 The Imposition of Student Fees Regulation via Market Processes

A second form of regulative measure on the influx of foreign students is that of the imposition of relatively high tuition fees. This is typically the case in countries such as the USA, Canada, United Kingdom and Ireland where fee income traditionally represents a significant proportion of institutional revenue. Such fees are payable by all students, but in recent years we have seen the introduction of increasingly sizeable differentials between fees for home and foreign students. Whatever definition of the latter is adopted, many US state institutions have tended to distinguish between their in-state and out of state clientele.

Government policy in the UK has been directed towards ensuring that foreign students pay for a much larger proportion of their higher education received than heretofore. According to official estimates the British taxpayer's subsidy to foreign students in higher education in 1978/79 amounted to £102 million taking into account all recurrent expenditure less fee income from foreign students but not capital outlay. Foreign students were now to pay several times as much as home students for the same course as the table below shows.

TABLE 3

RECOMMENDED TUITION FEES IN THE UK FOR 1980/81 (£Stg)

Level type of study	*Home students and students from other EC Member States*	*Overseas students*			
		Continuing in course already commenced	*Starting new course (maintained sector)*	*Starting new course (universities')*	
Non-advanced further education	216	645	Laboratory workshop based: 1890 Classroom based: 1380		
Advanced further education undergraduate	740	1165	Lab/ workshop based: 3300	Arts Science Med*	2000 3000
Postgraduate	1105	1525	Classroom based: 2400	Vet	5000

Notes. 'The figures for universities are minimum levels and actual fees in particular institutions could be higher. In all cases there will be no set level of fees for postgraduate courses, subject to the proviso that they are not lower than the undergraduate fee for that type of course.
*Clinical years

Source: First Report of the House of Commons Education, Science and Arts Committee 1980

TABLE 4

Tuition fees – Comparison of actual (cash) fees with the same fees expressed at constant 1979 prices

		Universities										Non-university public sector							
		Home students				Overseas students				Advanced				Non-advanced					
	Retail prices indices	Postgraduates		Undergraduates			Postgraduates		Undergraduates		Home Students			Overseas Students		Home Students			Overseas Students
	Nov	Actual (£)	Nov 79 prices (£)	Actual (£)	Nov 79 prices (£)	Category 1980/81	Actual (£)	Nov. 79 prices (£)	Actual (£)	Nov 79 prices (£)	Actual (£)	Nov 79 prices (£)	Category 1980/81	Actual (£)	Nov 79 prices (£)	Actual (£)	Nov 79 prices (£)	Category 1980/81	Actual (£)	Nov 79 prices (£)
Year	100	70	265	70	265		250	945	250	945	45	170		250	945	90	115		190	570
(for the academic years 1968/69 to 1974/75 the increases were left to the discretion of universities and local education authorities)																			
1975/76	144.2	140	230	140	230		320	525	320	525	115	190		320	525	100	165		200	330
1976/77	165.8	182	260	182	260		416	595	416	595	150	215		416	595	104	150		260	375
1977/78	187.4	750	950	500	635		850	1080	650	825	500	635		650	825	165	210		340	450
1978/79	202.5	815	955	545	640		925	1085	705	825	545	640		705	830	165	195		390	460
1979/80	237.7	890	890	595	595	Con-	1230	1230	940	940	595	595	Con-	940	940	165	165	Con-	520	520
1980/81	(295.1)	1105	890	740	595	tinuers	1525	1230	1165	940	740	595	tinuers	1165	940	205	165	tinuers	645	520
						New arts etc.	2000	1611	2000	1611			New laboratory-based	3300	2660			New laboratory-based	1890	1525
						New science etc.	3000	2416	3000	2416			New classroom based	2400	1935			New classroom based	1380	1115
						New medicine etc.	5000	4027	5000	4027										

Source: *First Report of the House of Commons Education, Science and Arts Committee, 1980*, Appendix C modified to include fees for new overseas students in 1980/81 and fees for the non-advanced sector. For the non-advanced sector, fee levels cited here are those given in *Overseas Students and Government Policy* (Overseas Students Trust 1979) Appendix I

Table 3 also shows how the recommendations provide for the important exception that students from other European community countries, are to be treated on the same basis as those from Britain. Whilst specific grant award schemes have been introduced to help in the case of certain categories of students from developing countries, the imposition of fees, and in particular differential fees, is a form of regulative measure in the sense that it is a departure from complete equality of treatment for home and foreign students and also is to be seen as symptomatic of a more conscious attitude towards the question of foreign student admissions.

On the other hand the policy objectives which such measures are designed to meet may be completely opposed in relation to the desired effect on student flows from abroad. Britain is one example since, whereas just two or three years earlier the aim appeared to be one of curbing influx, it can now be said to be one of even encouraging such an influx providing that the students concerned pay. Trends in the highly fee oriented USA may provide a pointer in Ireland as to the way

things may develop. There, while on the one hand the conditions of access have in some instances, example in medicine, been made more difficult for students from overseas and the immigration regulations tightened up, renewed efforts are being made in certain quarters to attract greater numbers of foreign students still. Between 1950 and 1976 the proportion of the total student population in the USA enrolled at private institutions of higher education fell from 50% to just 21.5%[11] and since the institutions concerned are largely dependent on fee income for their survival recruitment of foreign students sometimes appears as a welcome means of filling up unused capacity. That this practice is a cause of concern is evidenced by the recent headline:

> "Abuses in Foreign Student Recruiting Tarnish US Colleges Image Abroad"[12]

and the Johnson Foundations Wingspread conference of the 26th/28th March 1980 even went so far as to establish an ethics code to stem abuses in recruiting foreign students[13].

The signs are that in the United Kingdom the imposition of high level fees had significantly checked the growth in foreign student numbers by 1979 and the early indications were that with the advent of the full cost fee a substantial drop in new enrolments was expected in 1981/82 unless institutions were prepared to accept a decrease in quality of the students accepted. In the United Kingdom the UCCA had reported a 43% fall in the number of applications received by November 1980 compared with the same time in 1979.

Overseas student fees in the United Kingdom were raised in 1967/68 by a huge 368%, the largest across the board percentage increase ever and this rise was associated with the decline in numbers of 12%. The next increase in fees came in 1975/76 and more increases followed every year thereafter. Nonetheless, the total number of overseas students kept growing along a continuously rising trend up to 1978/79

TABLE 5

TOTAL FOREIGN STUDENT ENROLMENTS IN SELECTED EUROPEAN COUNTRIES SINCE 1975/76

Host country	*1975/76* Home	Foreign	Total	*1976/77* Home	Foreign	Total	*1977/78* Home	Foreign	Total	*1978/79* Home	Foreign	Total
Austria	62292	8753 (11·4%)	77045	74387	8939 (10·7%)	83326	80553	9138 (10·2%)	89691			
Belgium	73572	9788 (10·5%)	83360	76386	10396 (12·0%)	86792	78287	11062 (12·4%)	89349	78318	11320 (12·6%)	89638
France	711195	85578 (10·7%)	796773	715011	96409 (11·9%)	811420	722877	104503 (12·6%)	827380	736861	108471 (12·8%)	845332
Germany (Fed. Rep.)	788022	47281 (6·0%)	835313	822656	48580 (5·6%)	870236	862056	51252 (5·6%)	913308	893724	52173 (5·5%)	945897
Italy	717382	18921 (2·5%)	736303	728205	28390 (3·8%)	756595	730959	27136 (3·6%)	758095	740255	26648 (3·5%)	766903
Switzerland	42510	10113 (19·2%)	52623	44113	10085 (18·6%)	54198	45475	10423 (18·6%)	55898	46934	10676 (18·5%)	57610
United Kingdom	456800	47900 (9·5%)	504700	459600	55900 (10·8%)	515500	451700	58400 (11·4%)	510110	450000	58000 (11.4%)	508000

Sources: Austria: Bundesamt für Statistik, Wien.
Belgium: J. P. Jarousse, *Foreign Students in Belgium*. Paris, Institute of Education, European. Cultural Foundation, 1980 (mimeograph).
France: J. P. Jarousse, *Foreign Students in France*. Paris, Institute of Education, European Culture Foundation, 1980 (mimeograph).
Germany: Figures provided by the German Academic Exchange Service, Bonn.
Italy: D. Fazio, 'L'Università Italiana: Situazione e Problemi', *Universitas* 1/1 (April-June 1980), pp. 101f (19).
Switzerland: C. Woesler, *Foreign Students in Switzerland*, Paris, Institute of Education ECF 1980 (mimeograph).
U.K.: J. P. Jarousse, *Foreign Students in the UK*, Paris, Institute of Education ECF 1980 (mimeograph).

TABLE 6

MAIN COUNTRY OF ORIGIN IN SELECTED HOST COUNTRIES

Host country	*Country of origin*	*Percentage of total number of foreign students* 1964	1970	1976
Greece	Cyprus	72	66	63
Italy	Greece	37	47	59
Japan	Korea (Dem.)	49	49	57
Portugal	Brazil	72	45	39
Turkey	Cyprus	46	35	31
Austria	Germany, Fed. Rep.	39	29	25
Denmark	Norway	—	14	22
Switzerland	Germany, Fed. Rep.	24	20	21
Canada	UK	7	10	20

Source: Based on Unesco *Statistical Yearbooks.*

TABLE 7

Number of students and annual percentage increase for foreign students from OPEC countries, non-OPEC countries and all countries, in the USA, 1976/77–1978/79

Country grouping	*1976/77*	*1977/78*		*1978/79*	
	Number of students	*Number of students*	*Percentage increase*	*Number of students*	*Percentage increase*
OPEC	52040	73550	41·3	89120	21·2
Non-OPEC	151028	161959	7·2	174818	7·9
All foreign students	203068	235509	16·0	263938	12·1

Source: Institute of International Education, Open Doors Report, 1978/79, Page 11

TABLE 8

Students from OPEC countries in selected host countries, 1970 and 1976

Host country	*Canada*		*Austria*		*France*		*Germany (Fed.)*		*Switzerland*		*UK*	
Year	*1970*	*1976*	*1970*	*1976*	*1970*	*1976*	*1970*	*1976*	*1970*	*1976*	*1970*	*1976*
Country of origin												
Algeria	35	106	—	17	1002	6970	30	448	77	130	31	662
Ecuador	13	22	1	2	27	125	77	84	8	8	4	20
Gabon	8	48	—	—	391	847	3	10	1	3	1	4
Indonesia	81	260	91	49	14	110	1201	3543	30	44	62	338
Iran	93	387	900	881	503	2469	2805	4118	213	225	550	3775
Iraq	24	70	58	49	79	349	369	221	7	8	570	1541
Kuwait	—	1	—	—	13	27	4	4	4	5	39	214
Libya	4	5	—	—	27	118	136	63	2	4	119	157
Nigeria	212	788	20	47	92	101	316	671	—	15	937	3690
Qatar	—	—	—	—	—	1	—	1	—	—	3	30
Saudi Arabia	7	9	52	46	20	272	177	38	8	6	147	262
United Arab Emirates	—	2	—	—	—	16	—	1	—	—	4	39
Venezuela	51	139	14	26	64	678	64	122	37	33	137	535
OPEC Total	588	1837	1136	1117	2232	12083	5182	9324	387	481	2504	11017
Total foreign students	22263	52087	8573	10696	34877	96409	27769	54080	9469	12204	24606	55927
OPEC percentage	2·4	3·5	13·3	10·4	6·4	12·5*	18·7	17·2	4·1	3·9^	10·2	19·7

Notes: *This figure rose to 14·7% in 1978/79 according to J. P. Jarousse, *Foreign Students in France*, Paris, Institute of Education ECF 1980 (mimeograph).
^1978/79: 4·2% according to data provided by the Swiss Federal Office of Statistics.
Source. Unesco *Statistical Yearbook*, 1972, 1978–79 editions.

TABLE 9

Iranian students in the USA, 1964–79

Year	*Total*	*Index*	*Average annual growth rate*	*% of all Iranian students abroad*	*% of all Asian students in USA*
1964	3719	100	9·5	40·3	9·2
1970	6402	172	24·0	49·0	9·0
1976	23310	627	39·4	60·6	21·5
1978	43340	1210	n.a.	n.a.	n.a.
1979	51870	1394	19.7	n.a.	32.9

Source: 1979 figures kindly supplied by the Institute of International Education (IIE) ahead of publication.

3.5.3 Income from Student Fees

Both the United Kingdom and the USA are countries where income from student fees has traditionally been part of the budgetary fabric of higher education. In this respect, the imposition of higher fees for foreign students therefore comes as no real surprise - likewise in Ireland.

In Belgium, the position is significantly different. Apart from contribution to cover items such as social security and student activities (around Stg£200 in the 1980/81 academic year at a major university in the private sector) no significant fees have traditionally been payable.

A system was introduced in 1976 whereby certain categories of foreign students are now required to pay considerable sums. Designed to meet the dual objective of checking the influx of students escaping from neighbouring industralised countries (where restrictions on admission had been imposed numerous clauses mobility) while at the same time maintaining the high level of support to students in the developing world. The Belgian measures prescribed payment of fees by almost all students from countries with a per capita GNP of more than $600 per annum amounting to half the previous year's Ministry of Education grant per student to the institution and in the subject area concerned.

In the 1980/81 academic year, this means anything between £1,200 per paper subject, arts and social sciences at one end of the scale to over £3,300 in clinical medicine.

It could be said that the Belgian measures have been successful in achieving their aim. However, their liberal approach to students from the developing countries may well render the country extremely vunerable to an influx of particularly North African students when the French admission reforms take their toll.

3.6 A DIFFERENTIATED APPROACH TO FOREIGN STUDENT ADMISSIONS

All of the policy measures mentioned are indicative of a trend towards a more conscious regulative approach to the admission of foreign students in industralised countries (see Table 5). The main characteristic of which appears to be a greater differentiation between various categories of foreign students. Whether it be according to their country of origin, their level of study or their length of stay in the host country concerned. Such policies of differentiation may require several sets of measures at once, dampening the influx of some categories while stimulating that of others.

Policies of differentiation may be conveniently analysed in relation to two questions:-

1. What examples may be found of exemption or preferential treatment for certain categories of foreign students where regulative admission measures such as numerical restrictions, high tuition fees, etc. are in operation.

2. What evidence is there of active host country encouragement to stimulate the admission of certain categories of students, notably as expressed by government scholarship schemes. At the same time, an assessment of trends in the host countries selected for more indepth examination provides the other dimension in this matrix, namely the types of positive or negative differentiation which can be observed. These being discernable in terms of foreign students:-

   1. Geographical origin

   2. Proposed length of study, level of study and length of stay

   3. Subject of study

3.6.1 Differentiation by Geographical Origin

Differentiation according to foreign students country of origin is probably the most common type of measure (see Table 6). Where restricted admissions are in operation, it frequently finds expression in preferential treatment for students from developing countries, either by means of a nationwide policy decision or practice adopted by individual institutions. An example of the former being the Federal Republic of Germany and the latter, Austria and again in Germany. Other geographical considerations may also play a role. Therefore, in Austria bilateral arrangements have been introduced whereby students from Luxembourg, Liechtenstein and the South Tirol region of Italy are treated as home students and thereby effectively exempted from 'numerous clausus'. At multilateral level the Nordic Council agreement concluded in 1975, provides for reservation of 10% of study places for students from other Scandanivian countries. Ministers from then all nine EC member states have approved the 27th June 1980 guidelines for the admission of students from other member states comprising inter alia provision for keeping as many opportunities open to EC students as possible, even in over-subscribed subjects.

Finally, many countries and/or institutions operate a system providing preferential treatment for the seemingly ever increasing flow of refugees seeking shelter or asylum predominantly in the industrialised countries after fleeing one of the world's many areas upset by natural disaster or policital unrest.

At the same time, defensive measures may be taken to curb the growing numbers of foreign students from other parts of the world. Thus certain institutions in the USA are now reported to be rejecting a disproportionately high percentage of applications from Iran, Hong Kong and Taiwan in view of the large student population from these countries already enrolled and in the case of Iran, this trend was further accentuated by policital measures taken in retaliation to the taking of American hostages in Teheran. Meanwhile, in the Federal Republic of

Germany, there has been much debate on the question of whether or not to introduce admission quotas for students from proportionately over represented Greece, Turkey, Indonesia and Iran.

The same kind of policy features may also be discerned to some extent in the case of countries where flow regulation measures have been predominantly of a financial nature. The best example being Belgium which has recently introduced tuition fee provisions, effectively maintaining free higher education, first for students from an approved list of developing countries, second for those from Luxembourg and for refugees, third for government scholarship holders coming to Belgium in the context of bilateral cultural agreements, and finally for students whose parents are resident and are or have been working in Belgium[14]. This list effectively discriminates against the vast majority of students from industrialised countries who must pay a notional 50% of their cost of their education except for a number of them not exceeding 2% of the number of Belgian students enrolled in the field concerned the previous year.

The reasoning behind these measures in the context of 'numerous clausus' mobility is the fear statistically that the country might be overrun by German and to a lesser extent by Dutch students seeking to circumvent restricted admissions in their home country, particularly in high cost subjects such as medical sciences. No such arrangements according to geographical origin exist in the United Kingdom, the other country looked at in the United Kingdom study in the context of its fees policy except in the case of students from EC countries. These are to be charged the same fees as home students albeit unlike British students, they will not be eligible for local education authority or other grants to cover such fees. A similar policy is adopted as a member of the EC by the Republic of Ireland. The effects of full cost fees are being at least partially offset in the United Kingdom by preferential grant schemes aimed at students from developing countries while a scheme has been introduced for providing full cost programmes, specifically designed in the United Kingdom for students from the oil rich countries and funded by the governments concerned.

3.6.2 Differentiation by Level of Study and Proposed Duration of Stay

As in the case of differentiation by foreign students geographical origin, many host countries may be increasingly observed to be distinguishing in their admissions policies between foreign students seeking access to a first degree level course and those seeking further specialised training leading to a higher degree qualification.

Firstly, the latter is often more costly to the provider, particularly in the case of subjects involving the use of expensive equipment and therefore, it is not surprising that until the introduction of a blanket rate of full cost fees in 1980, recommended United Kingdom fees for post-graduates were considerably higher than those for undergraduates. Similarly, Belgian fees are now higher for the clinical section years four to seven of medical studies than for the pre-clinical phase.

There is clear evidence to show that most countries are moving towards a policy of preferential treatment for students entering at further degree level. In France, such candidates remain unaffected by the new restrictions imposed just as they had been exempted from the 'pre-inscription measures' five years before and experts in Germany, Belgium and Switzerland when asked for their views on probable policy trends in years to come all mentioned an increased emphasis of provision on further degree level facilities is likely. Some Swiss universities are still admitting post-graduate candidates from overseas even where no beginners at all are accepted. In some instances, notably in the United Kingdom, the proportion of further degree level foreign students is of course very high.

TABLE 10

UK PUBLICLY FINANCED HIGHER AND FURTHER EDUCATION

OVERSEAS STUDENTS BY SUBJECT GROUPS 1977/78

Subject group	*Universities*						*Other higher and further education*		*Total publicly financed higher and further education*		
	Undergraduates			*Postgraduates*			*Advanced*	*Non-advanced*			
		Overseas students			*Overseas students*					*As percentage of total overseas students*	
	All students	*Number*	*As percentage of student body*	*All students*	*Number*	*As percentage of student body*	*Overseas students number*	*Overseas students number*	*Overseas students number*	*All students*	*Classified students only*
Education	3286	241	7·3	8403	1354	16·1	1290	45	2930	3·4	4·3
Medicine, dentistry and health	27517	1120	4·0	3233	1427	44·1	406	95	3048	3·5	4·5
Engineering and technology	34311	7399	21·6	6900	3971	57·6	8468	5019	24857	28·9	36·4
Agriculture, forestry and veterinary science	4698	112	2·4	1084	606	55·9	32	143	893	1·0	1·3
Science	53110	2920	5·5	11756	4103	34·9	2357	602	9982	11·6	14·6
Social, administrative and business studies	56807	3248	5·7	10702	4021	37·6	7534	1967	16770	19·5	24·6
Architecture and other professional and vocational subjects	4202	221	5·3	1714	569	33·2	1461	1022	3273	3·8	4·8
Language, literature and area studies	30420	1000	3·3	3182	1184	37·2	217	151	2552	3·0	3·7
Arts other than languages	24110	1075	4·5	2700	923	34·2	910	1053	3961	4·6	5·5
Other and unclassified	—	—	—	394	394	—	—	17447	17841	20·7	
Total	238461	17336	7·3	50068	18552	37·1	22675	27544	86107	86107 = 100	68266 = 100

Note: 394 unclassified postgraduate students have been included so as to make this table consistent with those based on British Council figures.

An exception to this trend would relate to students coming from industralised rather than developing countries. In their case, there has traditionally been a widely held view to the effect that study abroad except in subjects such as modern languages (where it was directly related to the field concerned) was of demonstrable value only at further degree level for the purpose of profiting from research expertise available elsewhere. Recently, there has been some evidence to refute this theory and to suggest that in a wide variety of disciplines, mobility during first degree studies may be just as profitable (EC Erasmus Programme).

Thus the response about the German academic exchange services scheme to promote undergraduate study abroad and to the European Community Scheme of Grants for the development of joint programmes of study has been overwhelming. These schemes point to a further type of differentiation of increasing importance, that by duration of stay in the host country.

In recent years, there has been a trend towards distinguishing for admission purposes between foreign students whose intention it is to carry out an entire course of study in the host country and those who merely wish to stay there for a limited period of time, usually between three months and one year, although occasionally longer before returning to their country of origin to complete their degree.

The latter category are widely held to place less strain on host institutions, both from a financial and a capacity and infrastructural point of view and to form a particularly significant proportion of the foreign students coming from industralised countries, are increasingly often been given preferential treatment.

These were referred to by an important package of policies designed to facilitate equality of treatment in the admission of students from other member states and approved by the education ministers of the then Nine on the 27th June, 1980 and the rules on admission for foreign students published in 1980 by the Danish authorities which include similar provisions.

3.6.3 Differentiation by Field of Study

In this context foreign students should be taken to mean students from abroad who are non-nationals of a member state of the European Community. It is understood that schemes of this nature already operate in some of the university medical schools.

All proposals for the expansion of existing schemes or for the establishment of new schemes would have to be within the limits of existing staffing policies and facilities.

The Department of Education welcomed the response of the Higher Education Authority as to the best way of ensuring that early effect be given to the government's decision so that additional foreign students would be accepted in the academic year 1987/88 if at all possible.

Differentiation of admission arrangements according to foreign students chosen field of study has become a feature in a number of countries. Several examples have been noted.

First, differentiation by subject is almost bound to play a role in a situation of restricted admissions in the host country since some subjects are more disproportionately over-subscribed than others. Thus, access is rendered more difficult to the subjects concerned for foreign students also and a subject by subject quota as in Germany or even a zero intake as at some institutions in Austria and Switzerland is the result.

Similarly, because of the varying cost of provision, tuition fee oriented regulatory measures also tend to differentiate between different levels of study, in countries such as Belgium, Ireland and the United Kingdom (see Table 10).

3.7 GOVERNMENT SCHOLARSHIP SCHEMES AS A VEHICLE FOR DIFFERENTIATION POLICIES

Given that foreign student admissions are often a discretionary matter for the individual higher education institution, or divided responsibility between institution and government, centrally induced measures of a reactive nature may often become diluted in their effect.

Government sponsored scholarship schemes are a direct expression of the policy makers strategy and at the same time, much more closely controlled by government. See Appendix for details of current British Government funded award schemes. For this reason, it is worth looking at the trends underlying such schemes in recent years. Government grant schemes have begun to show clear signs of greater differentiation in recent years, again expressable in terms of foreign students geographical origin, level of study and chosen discipline. Thus several countries of those selected for analysis by the United Kingdom study group (notably the United Kingdom with its fee support scheme and earlier overseas student fees award scheme, Austria with preferential treatment to enable the students concerned to study in otherwise closed disciplines and the Federal Republic of Germany) have been orienting their scholarship policies more towards developing countries.

At the same time, particuarly Germany, but also France and the United Kingdom have been stepping up what are known as 'sur place' scholarships to enable foreign students to study in their home country rather than coming to Europe. This latter move indicates a more comprehensive view of scholarship policies whereby students receive their basic training at home, but follow more specialised courses in the European host country at a later stage, normally further degree level and often merely for part of the course of study.

Thus experts from almost all the countries reviewed by the United Kingdom group predicted that the coming years would witness an intensification of grant aided post-graduate level and an attempt to dovetail such aid more closely to the needs of the sending country, for example, making increased use of binational selection panels and by enhancing access opportunities in subject areas of particular relevance to the country concerned.

However, it is not only the interests of the sending countries which have become increasingly taken into consideration of late, but those of the host nations, witness the dramatic escalation in the number of scholarships provided for students from the Peoples Republic of China. The Federal Republic of Germany awarded no fewer than 500 scholarships in 1980 is a direct expression of the foreign policy interests of the funding countries concerned and several host countries are currently seeking to shift some of the burden of scholarship funding from their own budgets to those of the sending nations.

Reviewing all these trends current and emerging, the most significant example of scholarship policy in recent years has been the introduction of the so called priority programme in France which in one single scheme appears to demonstrate all the trends concerned. The official government announcement of the scheme is worth quoting.

"The Prime Minister has instructed that a system of scholarships for foreign students be introduced as of 1976. The recipients of which would be working towards a doctorate in a scientific or technological discipline. The programme is to be oriented first and foremost towards students from countries producing important raw materials and sources of energy or those which constitute potentially important markets for our economy".

Equally interesting is the list of the countries concerned, namely:-

- Brazil
- Venezuala
- Mexico
- Egypt
- Iran
- Iraq
- Indonesia
- Sri Lanka
- South Korea
- Thailand
- Singapore

Funding of the scheme under the auspices of which some 500 students have received support is shared between France and the sending country and selection is extremely severe being made by a national panel often including the admissions officer, especially flown out for the purpose, of the institution to which access is being sought.

Successful applicants are provided with intensive language tuition prior to the commencement of their studies and with special tutorial facilities during their studies. The philosophy behind this priority programme in France is close to that which inspired the 1980 reform of admission procedures and the government seems likely to continue along the same path as indicated by the even more recent contractual programme scheme negotiated on a bilateral basis in each instance. China, Brazil and Venezuala being involved in such programmes similar to the priority programme in their basic conception so far.

3.8 COHERENT POLICY REQUIRED

From an examination of the United Kingdom study, recent years have been characterised by a growing awareness of the foreign student question and by a considerable number of regulatory measures in most major host countries. Generally speaking, there has been little consultation between the countries concerned, let alone a conscious attempt to co-ordinate the measures involved. The European Community Agreement of June 1980 does constitute an exception, but it relates only to the flow of students among member states not to a common policy on access for students from other parts of the world.

Instead each country has reacted to the specific situation in which it found itself adopting measures in line with its own perceived requirements and related more or less to its own principles of education planning. In some cases, for example, high level fees in the United Kingdom, and admission quotas in the Federal Republic of Germany has taken the form of a logical extension of a custom practice. In

others, introduction of significant fees in Belgium, imposition of central selection and distribution of grants it has meant a noticeable departure from traditional practice and has introduced elements which may well in the long term exert an influence on policy with regard to the host country's own students also.

Moreover, the intensity of the consultation process prior to the introduction of the measures concerned has tended to vary widely from country to country as has the extent to which the results of such consultation have been taken into consideration. In the United Kingdom, for example, changes in fee levels over the past few years and in particular, the move towards full cost fees as at 1980/81 have been accompanied by frequent parliamentary debates, deputations, hearings, conferences and consultations with the bodies involved. Whether the opinions expressed during this process have more than marginally affected the measures eventually introduced, however, is debatable.

In France on the other hand, almost the entire admissions procedure and access policy on foreign students have been altered at the wave of a ministerial wand without any such consultation process having taken place. Furthermore, the measures themselves have been based on the results of two reports, one for the Auditor General in which foreign students play a peripheral, but for this small sector of policy important, role the other for the Prime Minister and more specifically devoted to foreign student admissions neither of which has been made accessible to the general public. In Ireland similar fears are not without grounds.

The apparent spontaneity with which measures have been introduced in a number of countries gives rise to the question as to whether one may properly speak of a policy with regard to foreign student access to higher education at all. Are governments and/or institutions not merely merely reacting as best they can to the pressure of events

rather than taking a step back from the demands of the moment to having a more unimpressioned look at the question as a whole in all its long as well as short term ramifications for foreign economic trade and development policies as well as those related more specifically to education. Or how else was it possible for the British government to seek the imposition of a voluntary quota designed to cut foreign student numbers back to their 1975/76 level only to abandon this approach two years later for one which in effect must encourage institutions to accept as many as possible provided they can find ones who are willing and able to pay. From an international comparative stance, we are witnessing a more conscious approach to foreign student access which is beginning to deserve the mantel of policy and despite many variations in detail, a number of common trends are emerging.

1. There is a general move away from what may be described loosely as open access, meaning admission for all who fulfil the basic requirements to a more differentiated approach describable in terms of the factors discussed.

2. One may discern an increasing awareness of the inter relationship between inward and outward flows. This is particularly in evidence within a clearly delineated geographical area such as the European Community where considerable efforts have been made in recent years to stimulate inter community student flows of the desired kind on a multilateral front, for example, the EC joint study programme scheme and the ministerial agreement on common measures of June 1980 bilateral. The many Franco German scholarship schemes on the unilateral level and the German academic exchange services (DAAD) Integrated study abroad scheme which is not restricted to the EC countries.

It is also reflected in the desire to regulate the outward flow from the developing countries as well as the inward one into the industralised nations by intensifying discussions with the sender countries seeking to dovetail higher education provision more closely to their real needs and stepping up the proportional allocation of funds for 'surplace' scholarships.

There can be little doubt that we are seeing a shift of emphasis towards foreign student measures designed to further more effectively the interests of the receiving countries, scholarships again being the clearest but not the only expression of this trend. The United Kingdom study group concluded that it is becoming increasingly appropriate to speak of a foreign student policy in a number of countries and although it is partially, and in this case indeed largely conditioned by pressure of events, it is worth noting before turning to an analysis flow which demonstrates most clearly that the pressure has come not simply from the foreign student flows themselves, but from a multiplicity of factors. Above all, the measures introduced have been triggered off largely by the deterioration in the economy of so many of the host countries with its inevitable repercussions for access and higher education provision policies for all students, including those from abroad. Other factors have also played a role and in particular what could be described as the changing shape of higher education in the industralised countries. Barbara Burns[15] recently stated:-

"higher education systems in Western Europe have undergone sweeping changes in the last decade and these changes affect international student exchanges".

First of all there are the demographic factors which suggest that because of the fall in the birth rate in almost all European countries since the mid 1960s, the increasing demand for higher education will only continue until the mid 80s and then tend to fall. With this in mind, and in view of the rising cost of higher education provision, the tendency has been to adopt relatively short term measures to bridge this intervening period. The most obvious result being restricted admission for both home and foreign students as discussed. Secondly, reference must be made to the changes which have taken place in the composition of the student population itself in the industralised countries. As Cerych and Colton have recently pointed out[16]:-

> "rising new enrolments despite falling total numbers in the size of the traditional higher education entrance age group cohorts indicate a disassociation between the secondary and higher education sectors which should have heretofore been considered as directly related to one another in quantitative terms".

Adult education classes, distance study facilities, sandwich courses, part time study, alternative access routes for those not holding formal higher education entrance qualifications and an increase in the proportion of heretofore under represented social groups such as women and the children of manual workers. All these are symptoms of and factors contributing to the democratisation of higher education in many industralised countries. However, the new groups of students now participating in higher education, whether because of their origins and social groups are less oriented towards international mobility or simply through being tied by family responsibilities and/or a full or part time job are often less inclined to opt for a period of study abroad and this can scarcely fail to have a negative effect on student mobility within Europe.

A third factor is that of rising graduate unemployment. At a time when the labour market seemed unable to absorb even the graduates from a given host country itself, that country may be less willing than usual to open its doors to foreign students who when they graduate may exacerbate the job situation further. Increased selectivity or at the least tightening of visa restrictions and other formalities are the result. In other ways, the precarious labour market situation impinges on student mobility for while on the one hand it is held that students tend to want to study longer in order to obtain higher qualifications and thereby enhance their career prospects, there is also much evidence to suggest that many students wish to complete their courses as quickly as possible in order to enter the job market before it deteriorates still further.

With students in this latter frame of mind, and in particular, those from highly industralised countries for whom study abroad generally constitutes an enrichment rather than a dire necessity, a period of study abroad must often appear as an unwelcome prolongation of their course without sufficiently tangible recompense. However, empirical evidence suggests that meaningful study experience abroad tends to improve employment prospects.

3.9 INTERNATIONAL STUDENT MOBILITY - RESEARCH FINDINGS

The research carried out during 1980 by the Institute of Education of the European Cultural Foundation Paris/Brussels[17] initiated and sponsored by the Overseas Students Trust received material and financial support from the Commission of the European Communities Council of Europe and the German Academic Exchange Service. It examined trends and developments in the foreign student population in selected industralised countries and suggested that this represents but one element in what one would hope might become a systematic analysis of student mobility in world wide terms. This is a highly complex phenomenon influenced as it is by the interacting factors related to

educational and social policy, economic and political development of both the sender and receiver country, together with the multitude of less easily definable but in motivational terms nonetheless important considerations. From our discussion of the report and other sources, there is a pressing need for more adequate statistical data.

At international level, the only available comparative source, UNESCO, lacks many of the most important categories for analysing student flows. Notably field of study, sex, new enrolments, rejection ratio at entrance and at other levels, distribution by phase of study first or higher degree, success rates and social background. Some of these are taken into consideration when collecting statistics at national level but comparison across a large number of countries is at present almost impossible.

Equally lacking are empirically founded calculations of the actual cost of providing higher education for foreign students and the work being carried out under the current Overseas Students Trust project may well provide some much needed guidance in this respect. Some of these categories are available when it comes to studying the student population as a whole of that of the host country concerned. What is really needed is a means whereby developments in the foreign student population may be studied in genuine comparison with this.

The annual Open Doors Report produced by the Institute of International Education in New York on foreign students in the USA is now sufficiently computerised to facilitate unique opportunities for cross correlation of categories as an example of what can be done when manpower resources and imagination are brought to bear on the task and the signs are that the currently increasing interest in foreign student affairs may be encouraging other countries to follow suit.

Foreign student flows and policies must be viewed in the context of world wide secondary, further, and higher education developments as a whole. It is clear that drastic changes in higher education policy, together with other extrinsic factors such as changes in the labour market are bound to affect host countries attitudes to the reception of foreign students and such changes have characterised many of the statistically most important receiver countries in recent years. Similar changes in the situation of the sender countries are equally important particularly, that of the developing nations which form the largest source of foreign students.

Many countries in Asia, Africa and South America have witnessed an unprecedented expansion of pre-tertiary eduation in recent years and this is likely to give rise to a continuing, if not indeed quickening, increase in the number of foreign students seeking admission to higher education in the more highly industralised countries in the years to come. Foreign students policies, therefore, seem likely to play an ever increasing part in the context of governmental development aid policies in future and the beginnings of this trend are already in evidence.

As well as a clear tendency towards greater differentiation, this trend will be heightened further by the increasing demand for places for students from OPEC countries and, in particular, countries with traditionally 'open access' policies seem likely to be constrained to compromise on such policies.

Further study is needed on motivation and reasons for mobility and it may be regarded as crucial, if policy makers are to be provided with a more comprehensive basis on which to make their decisions. The international analysis of student flows lead us to form the hypothesis that such flows may be usefully explained by reference to the cost benefit model applying these concepts to the individual student's decision on whether to study abroad or not and using them in a broader sense than the strictly economic sense (see Chapter IV).

While apart from the higher financial cost, travel, subsistence in a foreign country involved, other costs are inevitably incurred by students wishing to study in another country. Overcoming the language barrier and adapting to a different culture are just two of many. A student will weigh up these costs against the possible benefits which may accrue and view them in the light of the resources at his disposal. Unless the student is convinced that the benefits outweigh the costs, they are unlikely to take the step of going abroad of their own will.

3.10 UK GOVERNMENT POLICY TOWARDS OVERSEAS STUDENTS

Each year there are over one million foreign students, worldwide, who are studying at the tertiary level outside their own country. UNESCO statistics of the number of foreign students in higher eduction (table overleaf) show that, between 1970 and 1980, numbers nearly doubled from under 500,000 to over 900,000. If those who are excluded from these statistics, which in Britain are students on non-advanced courses, some short courses and those in private institutions, are added into this total, the global figure would probably have exceeded the one million mark by 1980 and would certainly be higher today.

The rapid increase in overseas student numbers that occurred in Britain during the 1970s (reaching a peak of over 60,000 in higher education and over 90,000 in all publicly funded higher and further education in 1978) was therefore part of a worldwide phenomenon. By 1979 a number of countries, including Britain, had become concerned about this rapid growth, either on grounds of the cost of public subsidies for overseas students or because of fears that their growing numbers would displace home students or cause imbalances to develop, particularly in the most popular courses or institutions. Some countries, for example West Germany feared that in some cases increased flows of foreign students represented 'disguised immigration', which caused concern at a time of growing unemployment. For a variety of reasons, therefore, a number of host countries took steps to restrict or regulate overseas student numbers, either by means of quotas or by introducing differential fees.

TABLE 11

FOREIGN STUDENT ENROLMENT IN HIGHER EDUCATION IN SELECTED HOST COUNTRIES 1970 to 1984

Host Country	*1970*	*1975*	*1980*	*1983*	*1984*
USA	144,708	179,350	311,882	338,894	342,113
France	34,500	93,750	110,763	128,350	133,848
USSR	27,918	43,287	62,942	n.a.	100,000 (estimate)
Germany, F.R.	27,769	53,560	61,841	69,619	72,242
United Kingdom	24,606	49,032	56,003	47,662	48,183
Canada	22,263	22,700	28,443	32,610	30,346
Belgium	8,611	9,748	12,875	12,528	12,648
India	7,804	8,880	14,710	n.a.	n.a.
Australia	7,525	8,356	8,777	10,797	13,047
Japan	n.a.	5,573	6,572	10,428	12,410
Netherlands	1,721	1,844	4,128	4,634	4,494
World Total	489,660	634,000	932,000 (estimate)	985,000 (estimate)	1,000,000 (estimate)

Source: UNESCO Statistical Yearbooks and national statistics.

3.10.1 The Use of Quotas or Differential Fees for Overseas Students

Britain's attempts to regulate numbers through numerical, institutional quotas, between 1977 and 1979 found parallels in France, where a system of pre-inscription was introduced in 1974 and strengthened in 1979, also in Australia, where an overall limit on the number of overseas students was imposed in 1972. In West Germany and the Netherlands, 'numerus clausus' restrictions were imposed in the most popular faculties, but these subject quotas covered home and overseas students alike (see Table 11).

The use of differential fees, first introduced in Britain in 1967, has also been growing. In Belgium fee differentials were introduced for foreign students in 1972, and Australia introduced an overseas student charge in 1980. In Canada, some provinces introduced differential fees in the 1970s and seven out of the ten provinces now charge foreign students higher fees than Canadian students.

On the other hand, the largest receiver of overseas students, the USA, still maintains an 'open door' policy and the majority of institutions do not charge differential fees. Private universities and colleges charge full cost fees to both American and foreign students, and state institutions which charge 'out-of-state' fees do not differentiate between foreigners and American residents of other states. Nor are there any quotas to restrict foreign student numbers. At the time of the Iranian hostage crisis there were a number of proposals to curtail foreign student enrolments, but surveys carried out by the Institute for International Education in 1981-1983 show that only 10% of American institutions impose a 'tuition fee surcharge' to foreign students and hardly any impose quotas or other restrictions on foreign enrolments.

In both West Germany and France tuition is free, both for home and foreign students, and in France the country quota system and National Selection Commission (known as the 'Imbert Commission') which was set up in 1979, has now been abolished, and the French Government has declared a policy of equality of access and treatment for all students regardless of nationality. Both France and West Germany regulate admissions through stringent tests of language proficiency, rather than through quotas, although West Germany does impose immigration quotas in the case of countries which send large numbers of foreign workers to Germany, for example Turkey, and these country quotas also apply to foreign students.

3.10.2 Developments in Government Policies

Since 1980, when full cost fees were introduced in Britain, some countries have continued to regulate foreign student numbers, while others have relaxed restrictions. In Australia a new policy introduced in 1985 combines an increased overseas student charge with numerical quotas, to limit the number of subsidised students. This policy was introduced after two government committees, the Goldring Committee on Private Overseas Student Policy and the Jackson Committee

on the Australian Overseas Aid Programme reached opposite conclusions, in 1984, about the level of fees to be charged to overseas students. The Goldring committee argued for a subsidy for overseas students on the grounds of the economic, political and cultural benefits they bring to Australia, but the Jackson committee recommended a shift towards full cost fees combined with a selective scholarship policy and vigourous efforts to promote higher education as an export industry. The policy announced by the Australian government represents a compromise between the two approaches. The overseas student charge was retained and increased to cover 35% of the costs in 1986 and 45% in 1987. However, quotas were also introduced to ensure that foreign students paying these subsidised fees did not represent more than 10% of total enrolment in higher education or 20% of the students on any single course. Additionally, some students from developing countries have their fees paid in full under the aid programme and institutions may also recruit additional students above the quotas provided they pay full cost fees. An overseas student office has been established and the Departments of Trade and Education are jointly studying the marketing potential of Australian higher education as an export.

In Canada where education policy is a matter of provincial rather than federal government jurisdiction several provinces have increased fees for overseas student sharply during the 1980s. In Ontario, overseas students pay about two thirds of the full costs of tutition and in Quebec fees for foreign students now represent 80% of the average costs of tuition.

In the USA which has the world's largest foreign student enrolment, 342,000 in 1984/5, there is no national coordinated policy on foreign students and American policy has been described as an aggregate of thousands of local decisions. There have been calls for the development of a more co-ordinated policy in the USA and there has been a growing awareness in recent years of the importance of the foreign policy and educational implications of the rapidly growing presence of foreign students in American universities and colleges.

The US federal government has recently created a number of new scholarship programmes, particularly for students from Central America and the Carribean and Latin American scholarship programme and a new developing country scholarship act is being proposed in congress. This reflects growing awareness of the importance of scholarship diplomacy since a report to congress by the govenmment accounting office 1984 revealed that the Soviet Union was financing 10 to 12 times as many students from developing countries as the USA and a speech by Peter McPherson administrator of the US agency for international development AID in 1985 argued that the communist block countries are way ahead of us and are lengthening their lead. No accurate figures are available from the Soviet Union, but the Soviet weekly Tass put the total number of foreign students in the USSR in 1984 as over 100,000.

Other countries have also taken steps to encourage foreign student flows. The Japanese government aims to increase overseas student numbers ten fold by the end of the century from 10,000 in 1983 to 100,000 by the year 2000. This follows a report to the prime minister on overseas student policy for the 21st century Japan which stressed the economic, cultural and political advantages of recruiting more foreign students, particularly from neighbouring Asian countries. The European commission also wants to see a 10 fold increase in the number of university students in the community studying in other member countries. A new programme called Erasmus (European action scheme for the mobility of university students) aims to increase the flow of students within the community from less than 1% of all European students to at least 10% by 1992.

3.10.3 The Effect of Government Policies on Enrolments

The spread of restrictive quotas or increased fees resulted in a decline in overseas students in some countries, while in others, enrolment levels continued to increase during the 1980s. There has, however, been a general levelling off in rates of growth and the rapid increases of the 1970s have not been matched in any host countries

since 1980. The decline in overseas numbers was most marked in Britain where total numbers fell by more than one third between 1979 and 1983 from 88,000 to 55,600. The number in higher education fell from 59,000 in 1979 to 47,700 in 1983 but numbers began to increase again in 1984. In France also, numbers fell between 1979 and 1980 after the introduction of the Imbert commission but have been rising since restrictions have eased. In Germany there have been continued increases though much less marked than in the 1970s. Meanwhile in Canada, sharp increases in differential fees in several provinces in 1983 lead to a fall in foreign student numbers in 1984 and 1985.

In the USA the very rapid increase in foreign enrolments in the 1970s lead to the prediction by a committee on foreign students and the institutional policy appointed by the American Council on Education ACE[18] that if this trend continued, the number of foreign students attending US colleges and universities would reach half a million by 1985 and a million or so by 1990 (ACE 1982). In fact the rate of growth slowed considerably after 1980 and in 1984 and 1985 foreign student enrolments were increasing at less than 1% a year compared with an average increase of 12.5% a year between 1975 and 1980. However, this was a result of changing policies in sending countries rather than of any change in US policy towards foreign students. There was a very marked fall in the number of Iranian students after 1981 and fluctuations in the numbers from other Organisation of Petroleum Exporting Countries (OPEC) have also been a contributary factor in the general slowdown in foreign student flows since 1980.

Other general trends include a shift towards post graduate study in several countries, including Britain. In Canada the fall in numbers has been more marked at the undergraduate rather than at the post-graduate level and in France the government is trying to encourage graduate level study through its scholarship policy.

3.10.4 The Development of Future Policies Towards Overseas Students

In Britain the introduction of full cost fees for overseas students followed by the Pym package in 1983 which increased scholarships for particular categories of students represented a major shift away from general subsidies for all students in favour of selective awards, targeted on particular countries notably Cyprus, Hong Kong and Malaysia, and developing countries in the commonwealth. The government in Britain argued that selective subsidies are more cost effective than a policy of haphazard and indiscriminate subsidies which were not being directed to serve the aims of British policy. (Renton 1985)[19].

Some other countries are also moving towards a more selective system of scholarships or fee exemptions. The introduction of fee differentials in Belgium was accompanied by fee exemptions for students from developing countries and several Canadian provinces operate fee waivers for students from particular countries; the Canadian government has recently increased the number of Commonwealth scholarships and fellowships and there have been proposals for more targeted awards in Canada. In Australia, students from neighbouring countries (e.g. New Zealand and Papua New Guinea) are exempt from the overseas student charge, and increased numbers of scholarships have been made available for particular categories of overseas students in several European countries.

The trend towards greater reliance on differential fees and quotas and towards selective scholarship policies is widespread, but by no means universal. In France, Germany and the Netherlands, and also in India, there are no plans to reduce subsidies for overseas students, or introduce differential fees.

In countries where differential fees or quotas are used, the emphasis is increasingly on the need to regulate rather than restrict overseas student numbers. A number of major sending countries, such as

Malaysia, are also seeking to regulate the flow of students abroad, for example by giving greater emphasis to postgraduate rather than undergraduate study. One notable trend is a growing awareness of the importance of overseas student flows and the need for more coherent policies towards overseas students in a number of host countries.

In Canada, where responsibility for fees and admissions policies is a provincial rather than a federal matter, there have been several recent calls for a more coherent national policy, including those from a Commission on Foreign Student Policy in 1981, from the Canadian Bureau for International Education and from the North-South Institute in Ottawa, which produced a report in 1985 on 'Foreign Students in Canada: A Neglected Foreign Policy Issue'. As a result, the Council of Ministers of Education commissioned a discussion document which states that:

> "the presence of foreign students in educational institutions in Canada is viewed by ministers responsible for education as an asset, not as a liability"

and also that:

> "whereas a simple policy may not emerge from interprovincial or federal provincial discussions on foreign students, what could emerge is a will for the policies of the various governments, provincial and federal, to be supportive of one another"

(Council of Ministers of Education, Canada, 1986)[20].

In the USA too, where policy towards overseas students is the result of institutional and state government, rather than federal government decision, there are a number of instances of more co-ordinated policies being developed, and a growing awareness of foreign policy issues[21]. Japan's desire for a tenfold increase in the flow of foreign students, on the grounds of political and educational as well

as commercial benefits, is perhaps the most obvious example of an increased perception of the value of overseas students, but this awareness is also evident in other host countries such as France and Germany.

A return to the high and unregulated rates of growth of the 1970s is unlikely for many reasons. But it is clear that overseas student policy will be high on the political agenda in many countries in the next decade.

3.11 SUMMARY

This chapter took an international look at the provision of educational services. It first looked at the question of international mobility and the reason why students go overseas to study. It examined the demand for education in the developing world at both higher and lower level needs. The question of government policy and attitudes was examined and a number of views which could be adopted by governments were discussed. The growing problem for higher education policy of overseas students was examined and policy was discussed in a number of major competitor countries. The various changing regulations were discussed such as numerical limitations on enrolments and the tightening of admission requirements and procedures. The imposition of student fees regulation via market processes. A differentiated approach to foreign student admissions was considered and various bases for differentiation were examined such as geographical origin, level of study and proposed duration of stay, field of study and government scholarship schemes as a vehicle for differentiation policies.

The case for a coherent policy was examined and research findings on international student mobility were presented.

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CHAPTER IV

THE ECONOMIC COSTS AND BENEFITS OF OVERSEAS STUDENTS - ASSESSING THE COMMERCIAL ELEMENT IN OVERSEAS STUDENT POLICY

"We are entering the international education market, aiming to attract students from abroad and thereby earn revenues which will create jobs and keep the costs of Irish education down. Studies show that each IR £1m. earned from foreign students who study in Ireland results in IR £1.394m. of economic activity and the generation of 553 new jobs.

"The challenge is how to launch self-financing initiatives externally and internally which will source alternative sources of finance and the long-term growth and development of NIHE".

EDWARD M WALSH
President, National Institute for Higher Education
Limerick, Ireland

CHAPTER IV

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4. PURPOSE

This chapter opens with a literature review on overseas students policy in Ireland and Great Britain. The Irish Council for Overseas Students (ICOS) is discussed as this is the only (non-governmental) organisation established to promote the interests of overseas students and trainees in Ireland. ICOS conducted a survey of overseas students in 1987 and its findings are discussed. The chapter then examines the question of applying cost benefit analysis to overseas students. A major study for Ireland was outside the scope of this thesis, however, as a prelude to allocating significant government resources to the overseas students question, such a study should be conducted along the lines suggested in this chapter. Moreover, in the absence of a study for Ireland, it was not possible to apply Spearman's correlation co-efficient for rank orders of Irish export shares and overseas students by countries. However, the figures are presented for the UK and should be attempted for Ireland in the light of a subsequent comprehensive funded study. The UK cost benefit study conducted in 1980 is critically appraised and examined in detail in this chapter. An attempt is made to establish the additional costs relating to the presence of overseas students. The various benefits, some extremely difficult to quantify, are examined and discussed.

4.1 INTRODUCTION

Little attention has been paid in Ireland to the situation of overseas students and there is little published research for immediate background on which to build. The most authoritative commentary (Fahey 1987)[1] was published in the autumn of 1987, and the annual reports of the Irish Council for Overseas Students have addressed many issues and provide a wealth of helpful detail. There are also several very useful unpublished papers and reports.

In the United Kingdom there has been rather more research, though where surveys are involved, the numbers are often small and uncomprehensive. A brief review of the United Kingdom literature is therefore justified to provide a perspective to our research.

A very useful study on overseas students was published by the British Council in 1956[2] and revised and improved almost every year until 1968. Its purpose is purely descriptive giving the number of students at different centres and institutions.

A number of policy documents have been published by the Overseas Students Trust[3]. They are all directed at policy issues but are not supported by any particular research on the students themselves, although one of them (Williams et.al 1986)[4] did survey students with regard to study facilities. A study more specifically directed towards the needs of students (Reed et.al 1978)[5] makes a comprehensive attempt to consider the role of the overseas student. Nonetheless it is based on a survey and group discussion with only 150 students from a total population of 81,979. One of the most interesting and relevant findings in this study was that following steep fee increases, the number of students from Malaysia in particular had declined drastically. The selective impact of fee increases should be kept in mind, considering the fee increases in Irish colleges over the past few years and the impact this will have on revenue anticipated from foreign students studying in Ireland for the coming years.

A number of surveys conducted in the late 1970s addressed the issue of 'brain drain' and the migration of talent from their home country subsequent to studying abroad. Rao's 1979[6] "Study of Foreign Students in Australia" is a good example.

Smaller surveys in the United Kingdom have been conducted by a variety of groups. The World University Service for instance conducted a survey of women overseas students (Goldsmith and Shawcross 1985)[7]. This report is based on 127 questionnaires (14.5% response rate) and

was conducted in seven centres. In this report, the salience in the United Kingdom of the problems of sexism and racism were pointed out. The World University Service in the United Kingdom has also published a number of reports dealing with issues such as fees, number and distribution of overseas students. A recent study recording the decline in numbers of students from Africa and Asia and the rising number of those from Europe and America is "Overseas Students; The Dramatic Decline" published in 1981[8]. UNESCO statistics estimate that the numbers of overseas students at present exceeds 900,000, Asia being the largest sending continent with over 395,000 students. Even where the sojourn is not permanent, the length of stay may last up to six years, sometimes even longer. In the 1950s student exchanges were encouraged and often financial assistance given to them. The interests of financial donor countries was served by boosting the economies of student sending countries upon the return of qualified personnel, thus creating markets for the former's industries by stemming the tide of communism through improving the standard of living in Third World regions; and by securing influential allies to support the donor country's diplomatic and military interests. To this end, a programme such as the Australian Colombo plan and the American Fulbright scheme were established (Bochner and Wicks 1972)[9]. The focus of research then switched to the pass rates of foreign students and how results might be improved, in turn directing research towards the mental health implications of the students sojourn. However, many of the brighter students showed a tendency either not to return to their home countries, or to emigrate soon after returning, thereby negating the aims of the programmes.

The development of junior year abroad in similar programmes of an exchange nature by US colleges in the 1980s, as well as the promotion of exchange arrangements with the European community under the Erasmus programme[10] has again altered the student market. As yet, there is little research which addresses these changes directly.

In a recent study by two psychologists (Furner and Bochner 1986)[11]. the emphasis is shifted towards the process of cultural learning and adjustment of the foreign student. Differences in adaptation to the mental and physical environment, and the variables associated with the capacity to adapt are considered from an interactional perspective. Age, social status in home country, marital status, and the existence of ethnic networks are among the variables shown to be related to the success of the sojourn in another country for the student. Carey 1956[12]. found in his study of (then) colonial students in Great Britain that many students had excessively optimistic expectations about their lives in Great Britain and subsequently suffered disillusionment and consequent depression. He stressed the importance of British beliefs and attitudes to the experiences and difficulties encountered by the overseas students. The disappointment and subsequent depression of these students were amplified often by accommodation problems and prejudices encountered. Some institutions tried to introduce these foreign students to the local population with poor results. Carey writes:

> "In the formal context of official introductions, both groups tend to regard one another as stereotypes, and the relationships that ensue are generally not what the students desire". (Carey 1956, Pages 164)[13].

Dawson and Tajfel (1965)[14] reported very similar findings of disillusionment and evidence of prejudice and discrimination. Using content analysis of essays of disappointed guests, they found there were six times as many unfavourable comments as favourable ones about the British. Studies focussing on which factors benefit the process of cultural learning, for instance, Schild (1962)[15] found that the crucial factor was the willingness of the hosts to allow the stranger to participate. He stated:

> "Participation is the best facilitator of attitude change, followed by observation of the host culture and finally by communication".

Studies focussing on the non-intellectual factors of success and failure such as Hopkins et.al (1957)[16] found that friendship patterns were highly relevant. 68.4% of students who failed reported having no particular friend, as opposed to 37.3% of successful students. Bourne (1975)[17] studied the particular problems faced by Chinese students in the United States and found that parental, personal and other demands for excellence greatly influenced the effort invested by these students. He also found that males tended to be shy, unassertive and have few friends, whereas females tended to be less isolated but felt guilty about dating non orientals. Eldridge (1960)[18] found that British students had difficulties forming friendships with foreign students as they felt that on the one hand, if they took the initiative they were seen as patronising and on the other, if they did not, they were seen as prejudiced.

Different psychological reactions were investigated by Still (1961)[19] who found that 14% of British students exhibited psychological problems, whereas the percentage of foreign students groups was always higher. Hypochondria was reported in nearly half of these cases. This may be due to western physicians labelling as pathological behaviour that which is normal in the student's country of origin (Cole et.al 1980)[20]. Gunn (1970)[21] found a higher incidence of digestive dermatological and sexual problems in overseas as opposed to home students. Others found that help seekers were likely to be older graduate students living away from their family and used to visiting a doctor. (O'Neill et.al 1984)[22]. The best predictors for seeking help seemed to be the severity of the problem, the individual's general help seeking behaviour and in particular, the availability of health services.

The higher incidence of reported problems among foreign students may be an expression largely of a general need for help and the concern about health on the part of the student via an acceptable channel. Illness may thus be the somatic expression of difficulties experienced during the sojourn. Singh 1963[23] found that many of 300 students interviewed in Britain experienced unexpected difficulties. He reports the following categories of problems:-

1. Emotional problems such as loneliness and home sickness, lack of training in looking after themselves, food difficulties and worries about domestic problems at home.

2. Academic problems such as language difficulties, higher standards at British universities, and difficulties in teacher/student relationships, particularly with regard to status.

3. Adjustment problems were related to place of residence, social class, duration of stay and social skills. These strains were associated significantly with adjustment.

Rather than grouping students by country of origin, this study emphasises the individual with his or her own personal aetiology, an approach that has very definite implications with the improvement of services to overseas students and facilitation of a satisfactory sojourn experience.

Babiker et.al (1980)[24] used the concept of culture distance to devise a culture distance index (CDI) to assess the disparity between two cultures. It included items like climate, food, clothing, religion and family structure and found that culture distance was significantly related to anxiety and a total number of medical consultations, but not to examination success. Furnham and Bochner (1982)[25] found that stress experienced by overseas students is largely due to their lacking the social skills required in the host country with which to negotiate specific social situations. This again ties in with the necessity to establish contact with host nationals in order to facilitate participation and thus learning of the host culture.

Antler (1970)[26] found that those least distant culturally and socioeconomically from their American hosts reported most frequent personal contact with them. Selltiz and Cook (1962)[27] found that sojourners who had at least one close host national friend, experienced fewer problems than sojourners with none at all. Bochner (1982)[28] emphasised the source of support, arguing that help from a host

national network is important for learning the necessary social skills, whereas co-national contact is important for the maintenance of the student's culture of origin. He found that only about a quarter of foreign students nominated a British person as best friend and more significantly, 56% of all foreign students had no British friends at all. The major international study of student sojourners was conducted by Klineberg and Hull in 1979[29]. It concentrated on four major fields:-

- Sources of satisfaction
- Difficulties encountered
- Changes in attitude
- Possible ways of improving the sojourn experience

They found that the prior travel experience of students was associated with better coping skills, fewer difficulties and more contact with local people during their sojourn, and subsequent reports of general satisfaction. However, the majority of respondents failed to establish intimate relations with host members and associated mainly with fellow nationals or other foreign students. Furnham and Bochner (1982)[30] argued that foreign students face four sorts of problems, two of which are also encountered by local students:

1. Problems such as racial discrimination, language problems, accommodation difficulties, separation reactions, dietary restrictions, financial stress, misunderstanding and loneliness.

2. Difficulties facing late adolescence and young adults in becoming emotionally independent, self supporting and productive.

3. Academic stresses where students are expected to work hard, often under poor conditions with complex material.

4. The national and ethnic role of overseas students is often prominent in their interactions with host nationals.

Often students are treated as some sort of ambassador for their home countries. Studies of heightened national role salience have shown that this can lead to mis-understandings and hostility between foreign students and host members. Huang (1977)[31] identified the foremost common areas of difficulty. Firstly, communication barriers arising from unfamiliar and complex linguistic and paralinguistic features; secondly shifting cultural gears as the student is forced to move between new and old cultural values, identity and so forth; thirdly replacing a social network of family, neighbours and friends at a time when they are all regarded as a stranger and even an intruder; and finally multiple accountability to family, government, or other sponsor, academic adviser and immigration officials. Zwingman and Gunn (1983)[32] have described these factors in terms of the process of uprooting pointing out different scenarios associated with high or low likelihood of encountering problems and describe these scenarios in terms of relatively open or closed systems. Thus a high risk scenario might be a person who returns to a closed system after enjoying the life style of an open one, whereas a low risk would constitute a person who goes from one open system to anther. Grove and Torbjorn (1985)[33] used Torbjorn's "New Conceptualisation of Inter-Cultural Adjustment" to devise a training scheme for individuals about to enter into a new environment during the early part of the sojourn. The main goal was to reduce the severity and shorten the duration of the culture fatigue stage. Barna (1983)[34] characterises this stage as a state of mental and physiological stress resulting from over-stimulation and over-use of the body's coping mechanisms due to a high degree of novelty in the environment.

This brief review of the literature highlights a number of specific difficulties that are common to those moving from one cultural milieu to another. Unlike most other migrants, the overseas student is a temporary visitor making a temporary stay within a different cultural and social context for a specific instrumental purpose. Restrained by the expectation of a return to the home environment and the objectives

relating to his or her situation at home, there are strong disincentives to close involvement or adaptation to the social and cultural norms of the host society. In many instances there may also be resentment related to the dependency characteristic of latent colonialism in the relationship between host and guest. There are in any case, high risks associated with social and sexual entanglements in the foreign culture. The overseas students are therefore in a classic dilemma leading to preserve the integrity of his or her own culture and normative structures while at the same time needing to adapt sufficiently to facilitate the experience of study abroad. Conversely, the host population also experiences a conflict with regard to the extent to which the visiting students are seen as integrated with the host population. Where there is an opening and welcoming attitude, this is likely to be conditional on the temporary nature of the visitor's stay and the fact that they are not perceived as a risk or as competitors with their indigenous peers. In an international labour market with heavy emigration from Ireland, some contradictions may be experienced with regard to the reception of foreign students - because Irish graduates may be competitors in the same international market as some of the overseas students - especially those from the other European countries and the newly industrialised countries in Asia.

4.2 THE IRISH COUNCIL FOR OVERSEAS STUDENTS

The Irish Council for Overseas Students (ICOS)[35] is a non governmental organisation established in 1970 to promote the interests of overseas students and trainees in Ireland. Its governing body includes representatives from all third level educational institutions, semi-state organisations, religious bodies and voluntary groups. The Council's headquarters and Secretariat are in Dublin with a full time staff of six. There is a regional office in Galway with one staff member.

4.2.1 ICOS Services

ICOS handles queries from intending overseas students about study or training in Ireland. The general information and advisory service including educational information and counselling is available to overseas students and trainees after arrival in Ireland. ICOS makes specific arrangements with colleges, training bodies and sponsors for the provision of services including:-

1. Receptions and orientation courses for newly arrived students and trainees

2. Accommodation and welfare service

3. Monitoring of academic progress

4. Social and cultural programmes

5. Financial administration of grants, salaries, stipends, etc.

6. Travel arrangements.

ICOS maintains close links with relevant government departments, academic and training staff, student services personnel, overseas students societies and others responsible for overseas students and trainees.

4.3 ICOS SURVEY 1987

A recent survey conducted on behalf of the Irish Council for Overseas Students[36] analyses the experience of a cohort of overseas students in Ireland. From statistics compiled by the Irish Council of Overseas

Students over the last few years, Appendix 1, it would appear that the number of overseas students students increased until 1984/5 with a slight decline evident in 1985/86, possibly as a result of fee increases and inflation. However, figures recently produced for 1986/7 show a slight increase related to the participation of Irish institutions in European student exchange programmes. However, this increase is not evenly spread in terms of origin of foreign students whereas there has been a decline in African and South American overseas students, the number of students from Asia and in particular the Far East and North America and Europe has increased. The United States of America and Malaysia continue to be the countries with the largest number of overseas students comprising 17% and 14% respectively of all overseas students.

Students in the ICOS survey[37] have been differentiated by continent of origin. This differentiation is evident also in the subject choice and length of stay. In general, students from developing countries would appear to choose Ireland on the basis of a rational calculative decision which involves weighing up the costs, benefits and alternatives available. These students want to pursue courses which will lead to a recognised professional qualification and career. However, personal factors and especially in a family context would appear to be quite important in providing the information for the decision to study in Ireland. Ireland until recently undoubtedly was a cheaper alternative to studying in the United States though continuing fee increases, particularly the full economic cost fees applicable for the 1988/9 session and restricted educational resources may mean that other alternatives will be considered in future. The fact that Ireland is an English speaking country in Europe weighs heavily in its favour.

In contrast, many students from western and developed countries come to Ireland as one year students. They are most numerous in the faculties of arts and social science and choose a more wide range of courses offered in these faculties, i.e. anglo Irish literature, history, politics, sociology and philosophy. However, courses in business

studies tend to be most popular amongst students on European exchange programmes. The information upon which their decision is based tends to rest on linkups between institutions in the student's home country and institutions in Ireland. Academic standards and interests in particular courses are the most important motives among this group.

The major focus of the ICOS research project[38] was the question of information available to overseas students entering higher education; this is clearly of paramount importance. Difficulties for both students and institution can be minimised if a student makes a fully informed choice of country as well as course of study and if the right information is provided on arrival to smooth the process of adaptation to a new academic environment and a new culture. Yet a quarter of students surveyed claim to have received only college and course specific information and half claimed that no orientation programme was provided for them on arrival. There are gaps here that should be addressed. Part of the recruitment process should be the provision of clear and accurate information, specifically tailored to overseas applicants on all aspects of the student's stay in Ireland. The local accommodation situation and the availability of health care should be presented in such a way that false expectations are not aroused; these are two areas where major problems may otherwise arise.

Financial difficulty in varying degrees affected many of the students in the ICOS survey[39] and this is perhaps the most crucial area for advance information of a non academic nature. Fees and any related charges such as laboratory related fees must be clearly indicated in advance and prospective students given a fair indication of the cost of living bearing in mind the extra cost incurred by many overseas students on items like special foods and winter heating. The question of fee rises during a student's course is one that institutions should consider carefully as these can precipitate real problems for a student who has budgeted on the basis of the first year's fee levels; information on likely percentage increases should be part of advance

information. However, even well prepared students may encounter hardship in exceptional circumstances such as civil strife in their home country, and third level institutions need to recognise the necessity of an emergency fund for such cases. A further area where much anxiety can be avoided is that of immigration and aliens regulations. Clear details about essential documentation and procedures are necessary well in advance of arrival. The finding of the ICOS survey support the thinking behind some recent internal developments in Irish third level institutions; that the successful building of an overseas students body in a college depends to a large extent on the structures and services available. Experience elsewhere, particularly in the United Kingdom where fee earning capacities have been increased in many third level institutions through overseas recruitment confirms this. So far in Ireland, one institution has appointed an academic office holder with overall responsibility for overseas students (Overseas Students Counsellor, University College Cork) during their stay and one other has an overseas students officer as part of students services (Trinity College, University of Dublin)[40].

Overseas students should not be seen as an homogenous group being differentiated particularly in relation to origins, length of stay and resources available. The numbers in each institution are relatively small. These factors pose problems for the institution considering responding to overseas students needs and it may also be problematic if their needs seem to be emphasised above those of Irish students. Nonetheless, if institutions are embarking on active overseas recruitment in the present rapidly changing and increasingly competitive context, it will be necessary for them to review their policies on overseas students and the provision of services for them.

Within an overall support structure involving academic administrative and student services staff as well as student unions some elements highlighted by the responses to the survey have a key role. These include the need for incoming students to have a clear point of focus

or reference on arrival, someone who will establish the new arrival's identity and facilitate other contacts. Another is the need for academic staff to become sensitised to the special difficulties of overseas students, particularly in relation to language where academic progress can be severely hampered.

Furthermore, the provision of comprehensive welcoming and orientation programmes on arrival and ongoing social and cultural activities to encourage contacts among overseas students themselves and between them and Irish students will be fundamental in helping to deal with some of the problems of integration noted by the students in the ICOS survey.

Students unions and the National Union of Students in Ireland, could play a useful part in giving more emphasis to the needs of overseas students and providing a wider range of services directed towards those needs. The research which is being carried out under the auspices for the Irish Council for Overseas Students (the main non governmental organisation with responsibility for promoting the welfare of overseas students) is particularly relevant at a time when questions relating to the education of overseas students are being discussed at national level.

The findings have a specific and pertinent contribution to make to the thinking of government and the relevant departments in the development of a national policy for overseas students coming to Ireland.

4.4 OVERSEAS STUDENTS TRUST SURVEY, UNITED KINGDOM

4.4.1 The Economic Costs of Overseas Students

On the 1st November, 1979 the British government announced that overseas students in British higher education would from October 1980 be charged what it called 'full cost fees' with the aim of

withdrawing all state subsidies to overseas students by 1982. As there is a standard economic case for state subsidies to higher education students, why then was there an objection to subsiding overseas students where there is no objection to subsiding home students. Mark Blaug et.al[41] attributed this to the 'Contributory principle of government expenditure' which states that:

> "thou shall not enjoy the services rendered by government if thou or thy parents have contributed nought to the public exchequer".

This appears to be a widely endorsed norm of public life although it has so far been violated by national health service provision for tourists and foreign businessmen. In this chapter we shall attempt to apply cost benefit analysis to overseas students to determine whether their benefits are in fact greater than their costs. It is worth emphasising that we are concerned only with the economic costs and benefits of overseas students to Ireland. There are political costs and benefits involved in subsiding overseas students as well as purely educational ones and we shall have to face the question as to whether it is possible to add economic costs and benefits to political and educational costs and benefits. Further, there may be objections to treating Ireland as the unit of welfare whose net benefits over costs we are seeking to maximise rather than the world as a whole. Indeed subsidising overseas students could be seen as a form of international co-operation. The appropriate costs to consider in relation to the question of overseas students are long run marginal social costs. The short and long run economic benefits of overseas students to Ireland fall principally into four categories:

1. The market value of scientific research which some overseas students carry out.

2. The contribution which some overseas students subsequently make to Irish exports.

3. The contribution which the spending of all overseas students make to our balance of payments, and

4. The contribution which all overseas students make to aggregate demand for Irish goods and services.

There is no such thing as a single long run marginal social cost of one extra overseas student. It will differ by institution, by department and even by individual course studied and although some of the economic benefits can only be measured in terms of general magnitude, not precise numbers, there is little doubt that the smallest single unit we can plausibly assign to the long run marginal costs of overseas students exceeds the largest possible number we can reasonably assign to the sum of their marginal economic benefits. It is therefore not possible on strictly economic grounds to make a case for waiving the contributory principle of government expenditure thus subsiding overseas students as we subsidise home students.

4.4.2 Sampling Frame used in Overseas Students Trust, UK Study

It was not possible to conduct a survey of overseas students in Ireland. However, a critical appraisal of an indepth survey by the Overseas Students Trust in the United Kingdom[42] has considerable application to the Irish scene and is therefore worth discussing in some detail so that any future survey in Ireland could consider the approach taken as a model for their survey. In this study, it was decided to survey a random sample of overseas students focussing on full time students in advanced level work in either universities or polytechnics thereby ignoring all those overseas students studying for a general certificate of education (GCE) "O" levels and "A" levels, ordinary national certificates (ONCs) and ordinary national diplomas (ONDs) and other qualifcations below the level of a first degree in polytechnics, further education colleges and the private sector.

Therefore, instead of taking all the 86,779 overseas students in public higher and further education in the United Kingdom 1978/79 they concentrated on 37,140 overseas students in universities and 14,375 overseas students taking advance level work in polytechnics. Overseas students was defined for these purposes simply as any student paying fees at the overseas rate regardless of his country or nationality, domicility or residence. Having limited themselves to 51,515 fairly homogenous overseas students they opted for a 5% random sample or roughly 2,600 overseas students whom they interviewed face to face.

The sample was drawn in two stages, first they clustered university colleges and polytechnics into six types, weighted each institution by its proportion of total overseas students higher education students and then selected institutions randomly within each of the six clusters. Secondly, they sampled overseas students within each of the selected institutions so as to give each overseas student in advanced, higher and further education an equal chance of being selected. In this way they simultanously obtained a random sample of 14 institutions and a random sample of about 2,600 overseas students, each of whom was enrolled at one of the 14 institutions which they visited. They supplemented the 14 institutional visits by an additional one to the supporting institution, the University of London Institute of Education and derived additional insights from a working party report on overseas students recruitment at the Institute which was completed just before the completion of their report (August 1980). This latter report was the subject of a follow-up report in 1985.

4.4.3 Marginal Costs Versus Average Costs

If there is one generalisation we can safely make about cost benefit analysis it is that the costs are usually easy and the benefits are usually difficult and sometimes almost impossible to measure. Not so in the case of overseas students however. Here the costs are almost as troublesome as the benefits. The first question is which costs,

average or marginal. If we are asking whether there are too few or too many overseas students in Irish higher education as we are in this chapter, or if for any other reason we are concerned with the efficient utilisation of resources and higher education institutions, the costs we are after are marginal and not average costs. What we want to know is the incremental cost of having one more or one less student and there is no reason why this should coincide with average costs, that is, total capital plus current expenditure divided by the total number of students. On the other hand, if all we are interested in is to save public expenditure on higher education by withdrawing the subsidy to overseas students, the costs we should be looking at are average costs. In Britain the government has not disguised the fact that the decision to introduce full cost fees for overseas students in 1980/81 was part of a general policy of reducing public expenditure and it calculated this full cost by dividing total current expenditure on higher education by the number of home plus overseas students. In other words what are called "full cost fees" are simply crudely estimated average costs per student. Thus there is no correct answer to the question "which costs, average or marginal? It all depends on the motive for asking the question. In any case, it is the relationship between the average and marginal costs which gives us all the information we need.

Where marginal costs are less than average costs, it follows that additional students will result in a reduction of average costs, the institution is too small to produce graduates at the lowest possible cost per student. On the other hand, when marginal costs exceed average costs, further growth in student numbers will raise average costs because the institution is too large to yield the lowest possible cost per student. Therefore, if there were firm evidence that marginal costs are less than average costs in Irish universities and colleges of technology government policy should be directed towards expanding student numbers, including overseas students.

However, this is true if and only if it cares more about efficiency in higher education institutions than about total public spending and higher education. Any comprehensive view of the subsidy to overseas students must take account of the relationship between average and marginal costs. In the United Kingdom, having raised fees for overseas students in the 1980/81 academic year by 111% to 177% for advanced level work depending on the course and the level in question (see Table 2) we could be fairly sure that the numbers of overseas students would decline in 1980 and indeed in 1981/82.

TABLE 1

Tuition fees – Comparison of actual (cash) fees with the same fees expressed at constant 1979 prices

		Universities										*Non-university public sector*							
		Home students				*Overseas students*				*Advanced*			*Overseas Students*		*Non-advanced*				
	Retail prices indices	*Postgraduates*		*Undergraduates*			*Postgraduates*		*Undergraduates*		*Home Students*					*Home Students*			
	Nov	*Actual*	*Nov 79 prices*	*Actual*	*Nov. 79 prices*	*Category 1980 81*	*Actual*	*Nov 79 prices*	*Actual*	*Nov 79 prices*	*Actual*	*Nov 79 prices*	*Category 1980 81*	*Actual*	*Nov 79 prices*	*Actual*	*Nov 79 prices*	*Category 1980 81*	*Actual*	*Nov 79 prices*
		(£)	(£)	(£)	(£)		(£)	(£)	(£)	(£)	(£)	(£)		(£)	(£)	(£)	(£)		(£)	(£)
Year	100	70	265	70	265		250	945	250	945	45	170		250	945	30	115		150	570
1975/76	144 2	140	230	140	230		320	525	320	525	115	190		320	525	100	165		200	330
1976/77	165 8	182	260	182	260		416	595	416	595	150	215		416	595	104	150		260	375
1977/78	187 4	750	950	500	635		850	1080	650	825	500	635		650	825	165	210		360	450
1978/79	202.5	815	955	545	640		925	1085	705	825	545	640		705	830	165	195		360	460
1979/80	237 7	890	890	595	595		1230	1230	940	940	595	595		940	940	165	165		520	520
1980/81	(295 1)	1105	890	740	595	Continuers	1525	1230	1165	940	740	595	Continuers	1165	940	205	165	Continuers	645	520
						New arts etc	2000	1611	2000	1611			New laboratory-based	1300	2660			New laboratories based	1890	1525
						New science etc	3000	2416	3000	2416			New classroom based	2400	1915			New classroom based	1380	1115
						New medicine etc	5000	4027	5000	4027										

(for the academic years 1968 69 to 1974 75 the increases were left to the discretion of universities and local education authorities)

Source: Confidential data – United Kingdom

Overseas student fees in the United Kingdom were raised in 1967/68 by a huge 368%, the largest across the board percentage increase ever and this rise was associated with the decline in numbers of 12%. The next increase in fees came in 1975/76 and more increases followed every year thereafter. Nonetheless, the total number of overseas students kept growing along a continuously rising trend up to 1978/79.

TABLE 2

Total foreign student enrolments in selected European countries since 1975/76

Host country	*1975/76*			*1976/77*			*1977/78*			*1978/79*		
	Home	*Foreign*	*Total*	*Home*	*Foreign*	*Total*	*Home*	*Foreign*	*Total*	*Home*	*Foreign*	*Total*
Austria	62292	8753 (11·4%)	77045	74387	8939 (10·7%)	83326	80553	9138 (10·2%)	89691			
Belgium	73572	9788 (10·5%)	83360	76386	10396 (12·0%)	86792	78287	11062 (12·4%)	89349	78318	11320 (12·6%)	89638
France	711195	85578 (10·7%)	796773	715011	96409 (11·9%)	811420	722877	104503 (12·6%)	827380	736861	108471 (12·8%)	845332
Germany (Fed. Rep.)	788022	47281 (6·0%)	835313	822656	48580 (5·6%)	870236	862056	51252 (5·6%)	913308	893724	52173 (5·5%)	945897
Italy	717382	18921 (2·5%)	736303	728205	28390 (3·8%)	756595	730959	27136 (3·6%)	758095	740255	26648 (3·5%)	766903
Switzerland	42510	10113 (19·2%)	52623	44113	10085 (18·6%)	54198	45475	10423 (18·6%)	55898	46934	10676 (18·5%)	57610
United Kingdom	456800	47900 (9·5%)	504700	459600	55900 (10·8%)	515500	451700	58400 (11·4%)	510110	450000	58000 (11·4%)	508000

Sources. Austria: Bundesamt für Statistik, Wien.
Belgium: J. P. Jarousse, *Foreign Students in Belgium*, Paris, Institute of Education, European Cultural Foundation, 198 (mimeograph).
France: J. P. Jarousse, *Foreign Students in France*, Paris, Institute of Education European Culture Foundation, 198 (mimeograph).
Germany: Figures provided by the German Academic Exchange Service, Bonn
Italy: D. Fazio, 'L'Universita Italiana: Situazione e Problemi', *Universitas* 1 1 (April June 1980), pp 1011 (19)
Switzerland: C. Woesler, *Foreign Students in Switzerland*, Paris, Institute of Education I C I 1980 (mimeograph)
U.K.: J. P Jarousse, *Foreign Students in the UK*, Paris, Institute of Education I C I 1980 (mimeograph)

This might suggest in the United Kingdom that overseas demand is totally insensitive to the level of fees. However, interpretation of the data is confused by continual changes in the offical definition of an overseas student. Half of the decline in numbers in 1967/68 were as a result of a legal re-interpretation of the concept "normal country of residence" which shifted students previously defined to be overseas students into the category of home students. The definition of overseas students was tightened up in 1971/72, 1977/78 and 1978/79 and these redefinitions went the other way, they counted as overseas students those who would previously have been designated as home students, thus making the decline in overseas demand. Recent changes in the definition in the United Kingdom once again work in the same direction serving to cushion the impact of rising fees and the reported numbers of overseas students studying in British universities and polytechnics. In the United Kingdom, it is suggested by a number of

observers that a rise in fees for overseas students everything else being the same, does in fact cause a decline in the number of overseas students than would otherwise be forthcoming.

Furthermore such is the strength of the negative responses to higher fees that we could safely have predicted that there would be fewer overseas students in British higher education in 1980/81 than there were in 1979/80 despite the likelihood that a further tightening in the definition of the overseas students status would once again produce an articifial inflation in their numbers. We should be concerned not with the marginal costs of additional overseas students but the marginal savings of fewer overseas students and the latter is not simply the inverse of the former. The costs of expansion are not matched by the savings of contraction. Besides announcing the impending increase in overseas students fees in November 1979 in Great Britain, the government also placed an effective ceiling on the finance available to support home students in higher education institutions, thereby making its purpose in raising overseas students fees perfectly plain. In other words, from October 1980, higher education institutions would no longer be able to recruit in the home market to fill places left vacant by the shortfall in overseas applications, thus fewer overseas students in 1980/81 as a result of higher fees would produce vacant places in higher education and therefore under-employed staff.

If it were possible to dismiss staff on short notice, there might be considerable savings even in the short run, but over 90% of academic staff in British universities and polytechnics were tenured and furthermore only polytechnics are signatories of a national redundancy scheme in the United Kingdom which would allow them to break tenure agreements. It follows that the short or marginal savings of fewer overseas students in 1980/81 would be nearly zero. Although the short run marginal savings of fewer overseas students are nearly zero the long run marginal savings are by no means zero. In time, institutions could lay off part time staff and rely on natural wastage to reduce their full time staff numbers. They could also sell off buildings or cut back on their building programmes.

The length of this long run required to equate the marginal and average savings of fewer students will vary from institution to institution and even from department to department within the same institution because it depends principally on firstly, the age structure and normal turnover rate of the teaching staff and secondly, the actual proportion of overseas students in different courses at different levels.

If overseas students were evenly distributed across institutions, departments and courses, or if more home students could be substituted for fewer overseas students then there would be one set of marginal costs or marginal savings for all students. But home students and overseas students are no longer substitutes and besides overseas students are highly unevenly distributed across institutions across levels of study and across fields of specialisation.

This is a fact of such crucial importance to the question of overseas students fees that we can hardly emphasise it too much. Overseas students in the United Kingdom constituted only 8% of all under graduates in universities, polytechnics and further education colleges in 1978/79 but they comprised 35% (Ireland 8%) of all post graduates in universities (Ireland 3.6%)[43]. At one extreme in the United Kingdom, there are colleges of the University of London such as the London School of Economics, Imperial College, The School of Oriental & African Studies and the Institute of Education where the proportion of overseas students estimated on a full time equivalent basis runs as high as 20% to 25%. The School of Hygiene and Tropical Medicine at the University of London has a proportion of 80%.

At the other extreme there were some universities and polytechnics in the north of England and the midlands where a fraction of overseas students may be as low as 3%/4%. Apart from being concentrated in post graduate courses in particular institutions (notably in Ireland, the Royal College of Surgeons and Trinity College Dublin), overseas students are also heavily concentrated in three or four fields of study. At the post graduate level, they make up half of all the students enrolled in:-

1. Engineering and technology

2. Agriculture and veterinary science

3. Medicine and dentistry

At the under graduate level in the United Kingdom they make up one of four/five students in engineering and technology.

Therefore, the typical overseas students in Ireland and Britain is an under graduate student in engineering and technology or else a post graduate student in either engineering and technology or agriculture and medicine. These are largely laboratory based courses and therefore more expensive than most.

There are therefore two sets of marginal costs. One for home students and one for overseas students and in addition to distinguishing between the marginal costs of expansion and the non symetrical marginal savings of contraction, there is the ordinary distinction between the short run and the long run being the length of time required to alter the entire scale of operations which in this case has more to do with inflexibility in the volume of employment offered than with the inflexibility of the amount of plant and equipment available. The 1980 full cost fees in the United Kingdom for overseas students in universities, Stg £2,000 for arts, Stg £3,000 for science and Stg £5,000 for medicine were based on crude estimates of the average cost per student regardless of the level of study and as such, clearly far in excess of the short run marginal costs of more overseas students as well as the short run marginal savings of fewer overseas students.

It is not clear whether that level of fees also exceeds the long run marginal costs and long run marginal savings of overseas students. Because overseas students are heavily concentrated in particular departments in particular institutions, the marginal costs of more of

TABLE 3

UK publicly financed higher and further education: overseas students by subject groups 1977/78

Subject group	Universities						Other higher and further education		Total publicly financed higher and further education		
	Undergraduates			Postgraduates			Advanced	Non-advanced			
		Overseas students			Overseas students					As percentage of tot overseas students	
	All students	Number	As percentage of student body	All students	Number	As percentage of student body	Overseas students number	Overseas students number	Overseas students number	All students	Classific student only
Education	3286	241	7·3	8403	1354	16·1	1290	45	2930	3·4	4·3
Medicine, dentistry and health	27517	1120	4·0	3233	1427	44·1	406	95	3048	3·5	4·5
Engineering and technology	34311	7399	21·6	6900	3971	57·6	8468	5019	24857	28·9	36·4
Agriculture, forestry and veterinary science	4698	112	2·4	1084	606	55·9	32	143	893	1·0	1·3
Science	53110	2920	5·5	11756	4103	34·9	2357	602	9982	11·6	14·6
Social, administrative and business studies	56807	3248	5·7	10702	4021	37·6	7534	1967	16770	19·5	24·6
Architecture and other professional and vocational subjects	4202	221	5·3	1714	569	33·2	1461	1022	3273	3·8	4·8
Language, literature and area studies	30420	1000	3·3	3182	1184	37·2	217	151	2552	3·0	3·7
Arts other than languages	24110	1075	4·5	2700	923	34·2	910	1053	3961	4·6	5·5
Other and unclassified	—	—	—	394	394	-	--	17447	17841	20·7	
Total	238461	17336	7·3	50068	18552	37·1	22675	27544	86107	86107 = 100	68266 = 100

Source: The Overseas Student Question - Studies for a Policy. Williams et.al. OST 1980.

them or the marginal savings of fewer are larger than it might at first appear. Everything depends on the magnitude of the change in the numbers of overseas students we are considering.

There is no such thing as 'a marginal cost' or 'a marginal saving' of overseas students. Marginal costs and marginal savings are not discrete numbers but stepwise functions. The marginal costs of adding 100 students might be zero whereas the marginal costs of adding 200 students might be considerable. Furthermore the marginal costs of adding 1,000 students is not twice the marginal costs of adding 500 students. It is also necessary to take a close look at specific courses in specific institutions to see how much excess capacity will

in fact be created by stated reductions in overseas demand and how long it will take to work off this excess capacity by means of natural wastage.

In the United Kingdom, institutional visits were designed to throw some light on these questions, bearing in mind the generalisation that the greater the excess capacity and the longer the time period required to eliminate excess capacity the lower are the true marginal savings of fewer overseas students in terms of resources foregone.

4.4.4 Concrete Evidence from Institutions

In announcing a new set of fees for overseas students, the government in the United Kingdom added the provision that there were minimum recommended figures which individual institutions may wish to exceed. In November, 1987, the Irish government made a similar recommendation to the universities recommending a minimum fee of IR £11,000 for medical sciences and IR £3,950 for non-medical subjects. In doing so they forced higher education institutions to consider the optimum level of fees which they ought to charge. In view of the difficulty of estimating long run marginal costs, it was found that many institutions solved the problem by preparing new estimates of the long run average costs of all students.

One university in the United Kingdom with a heavy concentration of students in pure and applied science made a detailed study of its cost structure in 1978 and estimated the long run annual average costs of all students at £3,700 made up of departmental costs of £3,200 and central costs of £500 but excluding capital costs for premises, maintenance and rates. This figure of Stg £3,700 was itself a weighted average by student numbers of long run annual average costs for under graduate of 1,610 per post graduate in top courses at Stg £3,540 and for post graduate taking research degress at Stg £5,670, thus dramatically revealing the significance of the level of the course at which students are studying. The University of Dublin, Trinity College undertook a similar exercise (see Chapter V).

Another university in the United Kingdom with a more even spread of students across fields of study produce the following set of annual departmental plus central average costs, once again excluding capital costs in 1978/9 by major faculties without distinction between undergraduates and post-graduates.

TABLE 4

ILLUSTRATIVE UNIVERSITY DEPARTMENT-PLUS-CENTRAL AVERAGE COSTS BY MAJOR FACULTIES 1978/79 (£Stg)

Social studies	1600
Humanities	1800
Mathematics	2000
Basic medicine	3170
Electronics	3550
Biological science	3630
Physical chemistry	4470
Average (weighted by student numbers)	2800

Source: Confidential data

In the United Kingdom figures were collected on average costs from other universities all of which were of similar orders of magnitude suggesting that a full cost fee of £2,000 per arts student comes close to true average current costs. Whereas the full cost fee of £3,000 per science student is, if anything, a little less than current costs per student.

In this regard, a number of science and technology oriented universities decided to charge more than £3,000 for laboratory based and less than £3,000 for non-laboratory based courses in science and engineering. Likewise, they decided to charge much less for the first and second year of pre-clinical medicine than the £5,000 recommended by the British government and slightly more than £5,000 for the third and

fourth year of clinical medicine. The Irish universities have adopted a similar policy - medical sciences IR £11,000 per annum (less for pre-clinical years), non-medical sciences IR £3,950 per annum.

The new overseas students fees recommended for polytechnics £2,400 for classroom based and £3,300 (1980) for laboratory based advanced courses are regarded in most of the polytechnics in the United Kingdom that were visited as a reasonable estimate of average costs, possibly a little on the low rather than the high side. A typical set of calculations in one polytechnic of average current costs per full time equivalent student taking advanced work in 1978 yielded the results reported in Table 5 below.

TABLE 5

ILLUSTRATIVE POLYTECHNIC DEPARTMENT-PLUS-CENTRAL AVERAGE COSTS BY MAJOR FACULTIES 1978/79 (£)

Social sciences	2371
Humanities	2804
Education	2808
Engineering	2977
Sciences	3155
Art and design	3537
Unweighted average	2729

Source: Confidential data

It is worth noting that wherever there was any experience with self financing commercially priced courses fees that were charged were frequently higher than those recommended for overseas students by the Department of Education & Science. The United Kingdom survey found a number of such self financing courses, especially set up for overseas students usually in highly specialised subjects at the post graduate level. In many of the universities they visited as well as many courses run by TOPS (Training Opportunity Pilot Schemes) charging full cost fees in the polytechnics, fees of £2,000 for a six months course were not unusual in either universities or polytechnics (1978/79).

In the United Kingdom, only one of the visited institutions the science based university referred to went so far as precisely to estimate long run marginal costs £1,800 as against a figure of £3,700 for long run average costs, but all of them had much to say about the relationship between average and marginal costs and between average and marginal saving in both the short and long run. All the universities visited had just completed an exercise for the University Grants Committee (UGC) which made them extremely conscious of the financial implications of fewer overseas students in 1980/81. The subsidy to new overseas students was supposed to be withdrawn gradually over the three years 1980/82 to reach level funding by 1982. Level funding in the United Kingdom is crudely calculated for each institution by taking the ratio of full time overseas students in 1979 to all full time students. If this stands at, say, 25%, the institution's grant is cut by 10% in 1980, 10% in 1981 and 5% in 1982. Universities in the United Kingdom were asked by the UGC to project the total number of home students, plus overseas students currently enrolled who would be continuing their course in 1980 on three assumptions:_

1. Level funding for all these students.

2. Level funding plus 2%, and

3. Level funding minus 5%.

This exercise required universities to project both the number of overseas students expected in the future and the fees that they would be charged for the simple reason that the projection of overseas students and fees affects total institution income, therefore total staffing and therefore the number of home students that could be accepted.

One London university college with a relatively high ratio of overseas students calculated these numbers on various assumptions about fees. The fees in 1980 were £2,000 and overseas students were estimated to decline by 25%. If £2,750, they were estimated to decline by 33% and if £3,500 by 42%.

Evidence was also collected in the United Kingdom from both heads of departments and from overseas students themselves to support these assumptions. On the basis of level funding by 1982 and a fee of £2,000 for overseas students this college calculated that its cut in grant would by then mean a loss of 10% in academic, administrative and secretarial posts.

All the institutions visited in the United Kingdom survey had undertaken a more of less similar exercise during the academic year 1979/80. Although few had projected overseas student demand on various alternative assumptions about these as in the case of the London college cited above, the visiting team were struck by a marked tendency in virtually all the fourteen institutions they visited to reduce their estimates of the expected fall in the new overseas students in 1980 as time passed in the academic year 1979/80.

When the British government first announced the fee increases in November 1979 a number of vice chancellors and principals went on record in predicting a fall as large as 70% in the number of new overseas students in 1980. By the time the visits were made March/June 1980 most of the estimates had declined to 10% to 50%, the model estimate being 30%. Considering that fees were going to rise on average by 111% for undergraduates and by 177% for post-graduates, the reduction in demand of 30% would actually be rather modest. As economists would say "the implied price elasticity of demand defined as the percentage change in the quantity demanded divided by the percentage change in price was only around 0.2%". Such at any rate were the arguments advanced to account for the low elasticity of the foreign demand for British higher education.

Many institutions believe that the crucial question would be the policy of grant awarding agencies who financed over 30% of all overseas students in higher and further education. In the universities, the proportion of overseas students financed by an official sponsor was 42% in 1977 but the proportions vary widely among countries.

It was clear that the reactions of particular government such as those of Nigeria and Iraq as well as the reactions of the Overseas Development Association (ODA) and the British Council would have a considerable affect on the numbers forthcoming and such reactions were even more difficult to predict than the reactions of privately financed students.

TABLE 6

Percentage of full-time university overseas students known to hold a scholarship, grant or other award by countries of origin, 1977/78

Nigeria	69
Iraq	60
India	49
Rhodesia	46
Germany	44
Japan	39
Sri Lanka	39
Malaysia	38
Mauritius	37
Turkey	37
Ireland	36
France	33
USA	30
Iran	29
Singapore	20
Switzerland	20
Cyprus	18
Greece	16
Hong Kong	16
All countries	42

Source: *Association of Commonwealth Universities Yearbook, 1980*, London, ACU, 1980, Vol. 3, pp. 2164-9.

Statistical analysis of overseas demand for British higher education over the last 14 years suggests a much smaller reaction to the 1980/81 rise in fees than a reduction of 30%. The true figure in the first year, 1980/81 was more likely to in the fall of 5% building up to 7% in the fall of the third year 1982/83.

Furthermore it was noted that a stricter definition of the overseas students status in 1980/81 would partly offset even this relatively small decline in actual numbers. This conclusion was subject to one provision, increases in fees of this magnitude at least £760 per post-graduate and as much as £3,360 for medical students had never been experienced before and hence the past would be no guide to the future.

So that casual empiricism of informed observers may have been correct. The bulk of overseas students in the survey expressed the view that they would never have come to Britain if fees had been £500 higher than they were.

TABLE 7

MAIN REASONS FOR DECISION TO STUDY IN BRITAIN BY POOR/RICH COUNTRIES

		Very poor		*Poor*		*Middle East*		*Rich*
Reasons	*Base*	*Common-wealth*	*Non-Common-wealth*	*Common-wealth*	*Non-Common-wealth*	*OPEC*	*Non-OPEC*	
Base	1484	36	34	513	149	273	75	404
Course not available in own country	330	42%	50%	22%	19%	26%	17%	18%
Course not available at suitable time in own country	31	6%	—	2%	1%	4%	1%	1%
Course not available in other overseas country	6	—	—	0%	—	1%	—	0%
Better course	254	22%	21%	14%	24%	20%	20%	15%
Shorter course	24	—	—	1%	2%	1%	4%	2%
Cheaper course	15	—	3%	—	1%	1%	1%	2%
Selection procedure less complicated	21	—	—	3%	—	1%	3%	1%
Speak English better than other languages	41	3%	—	1%	3%	5%	3%	3%
Wish to improve English	26	—	—	0%	5%	1%	3%	3%
Friends or relatives in Britain	37	—	3%	2%	3%	4%	3%	2%
Believed qualification better for jobs or study	334	22%	15%	29%	16%	14%	23%	23%
Application not accepted in own country	101	—	—	12%	1%	7%	3%	5%
Application not accepted in another country	8	—	—	1%	—	0%	—	0%
Attraction to Britain	63	3%	—	2%	4%	4%	7%	8%
Attraction to abroad	46	—	—	1%	2%	4%	3%	6%
Political reasons	33	—	—	2%	9%	1%	7%	0%
Competition stiffer at home	22	—	—	3%	—	2%	—	1%
Minority discrimination at home	14	—	—	2%	—	—	1%	1%
Scholarship or sponsorship	43	—	—	4%	4%	1%	3%	3%
Exchange agreement	5	—	—	—	—	—	—	1%
Not answered	13	3%	3%	0%	2%	1%	—	1%

The visiting researchers were concerned to discover whether institutions were also relaxing their standards of admission for new overseas students in an effort to further offset the decline in

numbers. Naturally everyone denied that standards would be allowed to decline, but they received occasional hints that some departments were now prepared to apply less stringent rules about the appropriateness of foreign qualifications.

The question was exceedingly difficult they found to assess because acceptance rates, numbers of candidates accepted as a fraction of the number of applicants differ widely for subject groups and even across individual institutions in identifiable subject groups and as much is true of the take-up rate by overseas students of successful applications.

Furthermore they arrived in the middle of the annual process of considering applications and before the date at which students agree to take up or reject the unconditional offer of a place, thus only a retrospective glance in 1981 or later would show whether the withdrawal of subsidies to overseas students had the effect of lowering admission standards.

The polytechnics proved to have much greater difficulties in forecasting overseas demand than the universities. Unlike universities polytechnics have been operating in the United Kingdom a departmental quota system for overseas students ever since September 1978 restricting the number of overseas students in a department to the numbers attending in the academic year 1975/76. With the exception of London polytechnics the quota system was to be dropped once full cost fees were charged.

For polytechnics outside London, therefore, the problem was that of predicting the combined effect of three changes taking place simultaneously; first, an increase in fees tending to discourage overseas students; second, a change in the definition of the overseas student status tending to increase the numbers of potential overseas students at the expense of what used to be home students from the point of view of paying fees and third, the elimination of the quota system which taken by itself would tend to increase the numbers of potential

overseas students because most polytechnic courses had larger numbers of overseas students before the imposition of quotas in 1978 than afterwards. To add to the confusion, most polytechnics faced extreme uncertainty regarding their 1980 income as a result of the decision to 'cap the pool' the imposition of cash limits on local authority pool expenditure on advanced further education. This over shadowed their concern over the financial implications of the decision to raise overseas students fees.

In general, the researchers gained the impression that polytechnics were more alarmed about possible changes in the definition of an overseas student than about higher fees as such. Therefore, one polytechnic predicted a 10% reduction in overseas numbers if the older and looser decision still applied but a fall of at least 40% and perhaps as much as 50% if a new tighter definition were to be given legal sanction.

The question of fees and the question of re-definition cannot be entirely separated. The argument was that if a change in definition vastly increased the number of potential overseas students then the increase in fees would have a dramatic effect. By and large, polytechnics tended to be more pessimistic about the elasticity of overseas demand than universities, sensing perhaps that they faced a somewhat different clientele than universities.

One topic on which the researchers gathered as much information as possible was that of the density of overseas students in particular courses. The marginal costs of extra overseas students or the marginal savings of fewer overseas students is more affected by this than by any other factor. That is not to say that a low density of overseas students in particular courses justifies a concern about marginal rather than the average costs of overseas students. Hence the Foreign Affairs Committee of the House of Commons[44] declared that "Long run marginal and not average costs are appropriate if both of the following propositions are true:

(a) Resources would not become available for reallocation if student numbers declined.

(b) overseas students are generally marginal on all courses.

But (a) is the exact opposite of the truth and (b) is merely an irrelevant play on the word 'marginal'. The case for paying attention to marginal rather than average costs rests on other grounds. Besides, the more one and two hold the less and not the more relevant are marginal calculations. The Committee went on to note that it received evidence on many courses that overseas students are not marginal but indeed comprise 80% to 100% of the students. The researchers found an enormous variety of circumstances in the universities they visited and they said that the density of overseas students is fairly high in most post-graduate courses in science and engineering where they frequently comprise 40% to 50% of students on a course and relatively low 5% to 10% only in undergraduate courses in arts, humanities and social studies. In no university they visited would an undergraduate course close if no overseas students came and most under-graduate courses had a little spare capacity. It appears that the addition to costs or savings of more or fewer overseas students at this level would not be great.

The opportunities for savings appeared much greater at the post-graduate level where half of all the overseas students in universities were to be found. Nonetheless they found a few cases when the abandonment of a post-graduate course in the case of a drastic fall in the numbers of overseas students applying was seriously contemplated. The common view in the United Kingdom was that staff development and the educational profile of the department required that courses be kept open for home students even if only one or two students came. Besides, even if certain courses were closed staff were too specialised to be usefully redeployed in other departments or faculties and natural wastage could rarely cope with anything but small changes in staff in the right areas, early retirement was expensive and

moreover, the age profile of most departments showed a middle age bulge ancilliary and part time staff could be laid off but these involved very few numbers, etc.

These arguments led to the conclusion that there was little scope for savings even at the post-graduate level except in the very very long run. These factors will be of considerable relevance to the Irish third level education sector as overseas student numbers increase.

They are no published and very few unpublished figures in the United Kingdom for universities on the proportion of overseas students in individual courses. Figures for Ireland were not included in the recent ICOS survey. Such figures that have been collected by the United Kingdom Department of Education & Science for public sector institutions and one analysis of polytechnics and a further education college in London and the home counties for 1978 provide a graphic picture of the density of overseas students in particular courses. 50% of first degree courses, 54% of higher national diploma courses, 84% of higher degree courses and 70% of professional courses have over 25% overseas students.

Most degree level courses in chemistry, computer science, economics, engineering and mathematics have over 65% overseas students and some higher degree courses in management studies are recorded as having nothing but overseas students. In Ireland, the Systems Development Programme (MSc) in Trinity College has a 100% overseas student body.

There is little doubt therefore that a drastic fall in the number of overseas students in polytechnics of, say, 40% to 50% would make a large number of courses in different departments right across a polytechnic non viable. In the sense of student numbers falling below the minimum number of 14 to 16 regarded by the DES and the Council for National Academic Awards (CNAA) as the lowest limit of student numbers in a course.

Unlike the unversities, there is little doubt that in polytechnics such a decline in overseas students would yield large marginal savings in two or three years. Polytechnics can lay off staff at relatively short notice and they have considerable experience with staff redeployment schemes.

Even in universities where there is small scope for such short run savings there is little doubt that a drastic fall in the numbers of overseas students would hit some courses very hard and others not at all.

The researchers asked the overseas students in their survey what proportion of the students on their course were from overseas across both universities and polytechnics.

46% testified that overseas students were more than half of all students on their course and 23% said that overseas students constituted three-quarters of their class mates.

This tendency of overseas students to be concentrated in individual courses was more pronounced among post-graduates than among undergraduates.

TABLE 8

PROPORTIONS OF OVERSEAS STUDENTS ON COURSE BY COURSE LEVELS (%)

Proportions on course	*Base*	*M Phil PhD*	*Masters*	*Diploma*	*First degree*	*Higher national diploma*	*Teacher training*	*Professional qualification*	*Others*
Base	1484	333	229	74	739	14	9	9	90
< ½	493	18	14	19	47	29	88	67	31
> ¼, < ½	292	15	18	9	24	7	—	11	19
> ¼, < ¾	290	23	18	16	19	29	13	11	19
> ¾	347	31	48	55	9	29	—	11	31
It varies	6	—	—	—	1	—	—	—	—
Irrelevant	17	5	—	—	—	—	—	—	—
Don't know	38	9	1	—	1	7	—	—	—

Notes: — = 0%;
Base row and column are absolute numbers and all other figures in the table are percentages of column totals. Percentages of column totals can be translated into percentages of row totals by dividing the row base into the column base and multiplying the percentage entry by the resulting divisor

Source: Overseas Students Trust 1981

Another source of savings from fewer overseas students would seem to preoccupy polytechnics far more than universities. Overseas students sometimes require higher teaching costs particularly remedial teaching in English or mathematics and almost always higher administrative costs than home students. Exchange control in certain overseas students such as Iran and Nigeria makes it difficult for many overseas students to pay their fees in time and this leads to endless litigation with students on the collection of fees. In one London polytechnic total unpaid fees of overseas students in the past was almost as high as £50,000 a year and this polytechnic estimates that at least half of the time of its administrative staff was taken up with the problems of overseas students checking qualifications, processing applications for the remission of fees and chasing up unpaid fees for what would constitute less than one-quarter of all students. A policy of requiring all overseas students to pay their first year fees in advance has worked to reduce the total debt outstanding. Nonetheless the polytechnic in question estimated that perhaps as much as half of the total unpaid fees of overseas students in 1979 would have to be written off. These problems have considerable relevance for Ireland as the number of overseas students increases from its present low base of 3.7% (1985/86). This somewhat gloomy picture is rarely encountered in the university sector. Many of the university departments visited by researchers expressly denied that overseas students were particularly demanding of administrative or teaching time. Where there was project work in a taught MA or MSC there was general agreement that overseas students required more assistance with their projects, particularly when these involved laboratory work.

Likewise, in the United Kingdom it was said that overseas PhD students usually took a longer period of time to complete their theses but their failure rate was higher and that, in general, they did not receive as high quality a degree as home students. All these statements were no more than general impressions. Despite persistent probing by the research team in the United Kingdom nobody produced hard facts about the differential performance rates of home and overseas students.

Overseas students were found to impose somewhat higher teaching and administrative costs than home students at least in certain institutions. In addition to these extra costs, the cost of advertising abroad, the cost of circulating information abroad, and the cost of operating fee remission schemes or hardship funds the latter totalled in the United Kingdom £30,000/£40,000 at many higher education institutions providing each successful applicant with sums of £200/£300 each. One thing which surprised the researchers in the United Kingdom were the vast difference in attitudes which different institutions displayed with regard to the problems of overseas students. Some institutions had looked carefully at their students by countries of origin and had monitored overseas applications coming in on the same basis. Some had studied the likely effect of the rise in fees on a department by department basis. Some had surveyed their students to improve their forecasts of likely numbers forthcoming in the future, some had set up development committees which had visited every department to discover how economies could be made and how staff could be redeployed and a few had engaged in all of these activities. But there were other institutions and not always those with a low proportion of overseas students who seemed almost indifferent to the effects of higher overseas students fees and who were unable to provide data on the country of origin, the sources of finance and the academic achievments of their overseas students.

Much of these differences are perhaps explained by the different financial circumstances of individual institutions. Prestige institutions with few part time students with generous research funding and with well established reputations in particular areas were sufficiently secure to withstand the blow of a cut in their UGC grant and were hence more inclined to ignore the problems of overseas students in the hope that government policy would soon change. These were also the type of institution who declared that they were seeking to increase revenue rather than to cut expenditure. Examples of action designed to secure this result were additional consultancy work, mounting of new special courses tailormade to identify groups of

overseas students and vigourous advertising to attract more overseas students to existing courses. The general impression was that the prestige institutions would be competing more vigourously to attract a greater share of the dwindling number of overseas students.

4.4.5 A Single Figure for Marginal Costs

The United Kingdom study[45] decided that nothing in general could be said about the marginal cost or marginal savings of overseas students. This is not merely surprising because it is bound to be true that differences loom larger than similarities at the level of fine detail in individual institutions and departments. Nonetheless, governments must to some extent set fees across the board and must control the expenditure of higher education institutions without endless attention to individual circumstances. They can thus hardly avoid taking some general view of the average and marginal costs of higher education students particularly in the long run. Likewise, the application of cost benefit analysis to overseas students requires us to settle on a single figure for the long run marginal cost of overseas students. In the United Kingdom the most recent authoritative study on higher education costs in Britain is by Donald Berry and Bleddyn Davies[46] "University Costs and Output" (1976) which despite its title, includes data on polytechnics.

There is a familiar problem about higher education costs which has to do with the distinction between teaching costs and research costs. Research costs consist largely of special equipment, the pay of non teaching research assistants and the time of teaching staff devoted to research. The first two items are usually met out of research grants to higher education institutions and hence are ignored in cost calculations. But the last item is invariably financed out of institutional funds and moreover, it is typically a major portion of the real cost of carrying out research. The teaching load of academic staff is fixed on the understanding that something like half of their time is devoted to research which implies that teaching and research

are strict complements which cannot be separated from each other. In effect, the extra cost of teaching more students also involves the extra cost of carrying out research, thus confusing the unavoidable and the avoidable costs of an expansion.

Although it is not possible in principle to separate teaching from research costs, what we can do is artifically to break down both marginal and average costs into their teaching and research components in terms of the time that individual staff members spend on the two activities. This is what Berry and Davies did. They asked academics to fill in time diaries and estimate costs by means of regression analysis which allow one to calculate the marginal and average costs of more students while holding constant the amount of staff time devoted to research. They show that average recurrent departmental plus central teaching costs in universities in 1968 varied for undergraduates from £849 per annum to £1,435 in the physical sciences being invariably higher than marginal costs even after adding some £300 for capital costs per student. Their estimates of marginal costs for both undergraduates and post-graduates once again holding constant staff time devoted to research and a forced capital cost were as follows:-

TABLE 9

RECURRENT DEPARTMENTAL-PLUS-CENTRAL MARGINAL COSTS PER STUDENT IN UK UNIVERSITIES (EXCEPT OXFORD AND CAMBRIDGE) BY MAJOR FIELDS OF STUDY 1968/69

	Undergraduates	*Postgraduates*
Arts	310	710
Social science	310	860
Mathematics	350	1470
Physical sciences	480	2100
Biological sciences	550	1580
Engineering	680	1610

Source: R. Lavard and D. Verry, 'Cost Functions for University Teaching and Research', *Economic Journal*, March 1975, Table VII, p. 70; see also Verry and Davies, *University Costs and Outputs*, Table 6.13, p. 194

All this refers only to universities in the United Kingdom whereas we are concerned with both universities and polytechnics. There is a highly contentious area in the United Kingdom of cost comparisons between universities and polytechnics which remains unresolved and we

will therefore assume that cost figures for universities can be read as applying to all higher education institutions. If this assumption is accepted we may lay down the rough general rule that long run marginal costs in undergraduate higher education are half of average costs in fields such as arts, social science, mathematics and two-thirds of average costs in fields such as physics, biological science and engineering. No consistent pattern in the relationship between marginal and average costs emerges at the post-graduate level. It appears therefore that British universities and polytechnics are generally too small at least at the undergraduate level to minimise tuition costs per student.

In 1976 Tony Flowerdew and Richard Layard[47] updated these Berry Davies figures by using the Browns Index of University Costs which had risen from 100 in July 1969 to 266 in January 1976. They estimated the long run recurrent plus capital marginal costs of home students in January 1976 at £1,750 and noted that this was roughly two-thirds of the average cost per student £2,625. Because overseas students were concentrated in more expensive post-graduate courses, however, they calculated that the long run marginal costs of overseas students was as much as £2,600 being a cost weighted average of £900 for undergraduates and £3,000 for post-graduates which by pure chance is the same figure as the average costs of all students. The Browne Index has risen from 100 in January 1976 to 132.1 in November 1978 and 146.6 in November 1979. Applying the Browne Index to the Flowerdew/Layard estimates thus yields the following figures for long run marginal costs in the academic years, 1978/79 and 1979/80:

-	Home students	o 1978	2,312
-		o 1979	2,565
-	Overseas students	o 1978	3,435
-		o 1979	3,811

Overseas students are much more expensive than home students, not because of any higher teaching or administrative costs involved, but simply because roughly a third of all overseas students are post-graduates on laboratory based science, engineering and medical courses. A similar picture emerges for Ireland.

The British government has frequently mentioned the figure of £127 million as the cost to the Exchequer in 1978/89 of subsidising overseas students in public higher and further education made up of £102 million of 59,625 overseas students in advanced level work and £25 million and 27,154 overseas students in non advanced work a category of overseas students thus far ignored. These figures seem to have been calculated from average recurrent expenditure on both home and overseas students in higher and further education.

Layard and Flowerdew[48] do not explain the basis of their calculations. However, if we take the 1975 distribution of overseas students between levels and subjects translating the reported categories into those employed by Berry and Davies and use these as weights to add up to the 1968 costs updated to 1976 by means of the Browne Index we obtain the figures of £1,681 for the marginal recurrent plus capital costs of home students and £2,877 for the corresponding costs of overseas students which is roughly the same of the Flowerdew/Layard numbers of 1,750 and 2,600 continuing. But if the long run marginal cost of overseas students in universities and polytechnics is more or less the same as the average cost of all students, the implied subsidy per overseas students in advanced work in 1978 is 2,635 (3,435 - 800 the weighted average being paid by or for overseas students in the academic year 1978/79 amounting to a total of £155 million to which something more must be added for the subsidy for overseas students in non advanced work. Little is known about costs of non advanced further education colleges but if we update earlier work in the United Kingdom in 1960 it appears that a figure of £1,300 per marginal costs in 1978 is not unreasonable. Overseas students in non advanced further education paid a fee of £390 in 1978, thus the

subsidy for this category of student is indeed £25 million (27,154 x £1,300 - £390 giving a grand total of £180 million for the subsidy on all overseas students in public higher and further education. The British government's smaller figure of £127 million ignores capital costs and takes no account of the fact that overseas students in advanced higher education are congregated in the more expensive type of courses.

The notion that long run marginal costs in higher education are roughly two-thirds of average costs and that the government is constantly over estimating the public costs of subsiding overseas students by appealing to average rather than marginal costs has received wide currency. It seems to have been planted by a report of the working party on the costs and benefits of overseas students in the United Kingdom which simply applied the perfectly valid two-thirds rule for home students indiscriminately to overseas students whereas Flowerdew and Layard[49] showed it does not pertain. Since then it has been echoed repeatedly in the United Kingdom in parliamentary debates and endorsed by at least one parliamentary committee. The British governments propensity to appeal to a crude measure of average costs recurrent expenditure on higher education divided by the total number of students has in fact flattered rather than damaged the case for overseas students at the price unfortunately of promoting widespread misunderstanding about the true costs of overseas students.

If we must have a single figure for the total long run marginal costs of overseas students in public sectors higher and further education it is £266 million made up of £225 million (3,811 x 59,000) in advanced work and £41 million (1,500 x 27,500) in non advanced work. This calculation refers to 1979/80 and student numbers in the United Kingdom for that year are estimates only. It was emphasised by the research committee that the long run marginal savings of fewer overseas students are not simply the inverse of the long run marginal costs of more overseas students. It might take more than 10 years to realise all the potential savings of fewer overseas students. In the next two or three

years any reduction in numbers would leave some savings in the polytechnics and almost no savings in the universities. Even if all overseas students were to disappear tomorrow in the United Kingdom it would only be by the 1990s that they could reduce gross expenditure by as much as £266 million or net expenditure (gross expenditure less fee receipts) by £200 million.

4.5 THE ECONOMIC BENEFITS OF OVERSEAS STUDENTS

The economic benefits of overseas students as a whole may be classified under four headings:

1. Research
2. Exports
3. The balance of payments
4. Aggregate demand

We shall now examine each of these four headings in turn.

4.5.1 Value of Research

In the United Kingdom the report of the working party on costs and benefits of overseas students[50] an informal group made up representatives from the United Kingdom Council for Overseas Student Affairs (UKCOSA) and the National Union of Students (NUS) managed to assign a number to almost all of the benefits listed above. To suggest the flavour of their approach, consider the first of the four benefits. They estimated that there were 7,500 overseas students undertaking full time research in 1976 and another 2,500 who produced useful research reports as part of their masters degrees. It cost at least £2,000 in 1976 to hire a qualified research assistant in a science department. So multiplying £7,500 x £2,000 we get £15

million for the value of PhD research carried out by overseas students to which they add £5 million for 2,500 master students also doing useful research. The first of the four benefits is thus valued at £20 million.

Many criticisms of these figures are the notion that all overseas PhD students, not to mention overseas master students are carrying out research that is commercially profitable or at least socially useful in the sense that some award granting body in Ireland would be willing to pay a home student to carry it out if no overseas students were available. This point was touched on by the research group for the United Kingdom Council for Student Affairs (UKCOSA) with all the non universities they visited and they found science and engineering departments who were employing overseas students on full time basis in funded research.

On the other hand in 12% of the universities and university colleges in England and Wales they observed some 200 overseas students employed in full time research. Moreover their study of overseas students found only 2% who had earned any income in research posts and an even smaller percentage who had earned as much as £2,000 per annum in such posts. 2% applied to 59,625 overseas students in universities and polytechnics in 1978/79 yields a figure of just under 1,200. Although this is the crudest kind of check on the working party's estimate, it does begin to suggest an element of exaggeration in their calculations.

It is not evident that suitable home candidates are not available for such research posts on the same terms as overseas students. If the argument is that they are cheaper than available home students, then we should have multiplied 7,500 overseas students in full time research not by £2,000 but the difference between £2,000 and, say, £3,000. However, that the benefit the working party had in mind was the unpaid but nonetheless valuable research work carried out by overseas students which they then approximated by the going market price of a research assistant. If we could assign a money value to the output of research

activities in universities it would be unnecessary to take this circuitous route to an answer. The difficulty is that there are no other objective measures of the value of research than what the market or foundations in research councils will pay for. It follows that if overseas students are paid for research work there are no hidden unpaid benefits to add to this into the account. If overseas students are generally paid less than an equivalent home student to the tune of £1,000 per annum if we are correct in estimating the number of overseas students carrying out paid research at 1,200 this factor alone yields a benefit of £1.2 million. Let us suppose that of the remaining 6,000/7,000 overseas PhD students have or are carrying out research that is of value to Britain rather than to the students themselves or their governments, if it would cost £3,500 to hire a post-graduate research assistant in 1979 we may add £12 million to arrive at a total of £13 million for the value of research undertaken by overseas students.

4.5.2 Stimulus to Exports

The working party referred to cited a 1969 Board of Trade study in the United Kingdom which found that three-quarters of the firms responding to a survey of export oriented enterprises testified that training of overseas personnel was valuable to their exports. They also cite a number of engineering departments in universities and polytechnics similarly testifying that certain orders for British goods could be definitely traced to ex overseas students. The working party found this evidence to be totally convincing and consequently placed a figure of £35 million a year on the bias towards British equipment that derived from having overseas students in the United Kingdom without however a single word of explanation of how this figure was arrived at. In examining the topic further, it is worth spending a moment on the 1969 Board of Trade study, "Exports and the industrial training of people from overseas".

The study was not principally concerned with overseas students but rather with on the job industrial training of overseas nationals by British firms across the entire spectrum of skills. Craftsmen, technicians and engineers with professional status for both short and long periods. The Board of Trade working party conceded it impossible to single out familiarity with British equipment in all the myriad forces that influence an export order but they take comfort in the fact that Britain's leading commercial rivals act as if training of overseas nationals is valuable to their own export trade, a view which was supported by 76% of the 300 British firms replying to the main questionnaire (response rate = 66%). It is clear that the firms in question were largely providing industrial training for periods of less than six months under arrangements made privately between British and overseas firms.

It is true that 19% of the 6,000 overseas trainees identified in the survey were enrolled in higher education courses most for less than a year and the rest received in-plant training.

It is also true that 35% of the responding firms believed that a course of formal study in an educational institution was more effective from the point of view of export promotion than a period of on the job training but that is only to say that it is this figure of 36% and not that of two-thirds or 76% that should be cited as confirming the hypothesis that the presence of overseas students tends to stimulate exports.

This study in the United Kingdom serves to teach the vital lesson that even without overseas students there would still be many ways in which firms could increase the number of individuals in foreign markets who are familiar with their goods. Moreover the advantage of doing short periods of in-plant training or even briefer factory visits is that the individuals in question can be hand picked as likely to become in their own country the production engineers and managers of tomorrow whereas

more than half of overseas students all in higher education select themselves and hence it must be true that many will never reach decision making positions in industry or government which would entitle them to place orders for imports from one country rather than another.

The study in the United Kingdom collected a considerable body of testimony from particular departments in universities and polytechnics concerning individual overseas students who would return to their own country to man offices of British firms or who had entered local industry and ordered British goods. In a few cases they had returned to higher education in their own country and having become dedicated anglophiles proceeded to order British books and British educational equipment.

The study also visited a number of British based multinational enterprises and received evidence from such bodies as the Industrial Council for Educational and Training Technology and the British Educational Equipment Association all of whom provided evidence testifying to the positive effects of selling in foreign markets that are well endowed with individuals who had once studied in Britain. However, the difficulty with this evidence is that in many cases there are traditional British in anglophile countries in which the BBC foreign language service and the cultural activities of the British Council may have as great an influence in anglophilia as a period of overseas studies in Britain. For example, Nigeria has always been linked to Britain. Many educated Nigerians including those who received their entire education at home speak English, go to Britain for holidays, specialist medical equipment conferences and short courses and confine much of their reading to British books and journals. Nonetheless UNESCO data[51] shows that in 1976 there were three times as many Nigerian students in the United States as in the United Kingdom and some say that young educated Nigerians are now increasingly orienting themselves towards the United States.

Nonetheless it is difficult, if not impossible in such circumstances to single out the effect exposure to long term study in Britain and even more the marginal effect of exposing more or fewer Nigerians to the experience of studying in Britain. In Ireland, similar difficulty in quantifying the trade linkages exist.

In an attempt to analyse this problem further, a study group in Britain calculated the country share of the total value of United Kingdom world exports and the country shares of total overseas students coming to the United Kingdom and compared the two rankings. Fixing the link between prior overseas students and subsequent exports arbitrarily at various time lags. The top 20 importers of United Kingdom exports are ranked in Table 10.

TABLE 10

1961		*1970*		*1977*	
1. USA	7·8	USA	11·7	USA	9·3
2. Canada	5·9	Germany, Fed. Rep.	6·2	Germany, Fed. Rep.	7·5
3. Australia	5·3	Ireland	4·7	France	6·4
4. Germany, Fed. Rep.	5·0	Netherlands	4·7	Netherlands	6·4
5. India	4·0	Sweden	4·5	Belgium	5·5
6. South Africa	3·9	Australia	4·3	Ireland	4·9
7. Sweden	3·8	France	4·2	Switzerland	4·3
8. Netherlands	3·7	South Africa	4·2	Sweden	3·6
9. Ireland	3·6	Belgium	3·6	Nigeria	3·2
10. New Zealand	3·2	Canada	3·6	Italy	2·9
11. France	3·2	Italy	3·0	Denmark	2·4
12. Italy	3·2	Denmark	2·7	Norway	2·3
13. Denmark	2·4	Switzerland	2·6	Australia	2·3
14. Norway	2·2	Norway	2·2	Canada	2·1
15. Belgium	2·1	Japan	1·8	Iran	1·9
16. Nigeria	2·0	Spain	1·8	South Africa	1·7
17. USSR	1·8	New Zealand	1·6	Saudi Arabia	1·7
18. Switzerland	1·5	Finland	1·6	Spain	1·6
19. Finland	1·4	Nigeria	1·4	Japan	1·4
20. Rest of the world	35·0	Rest of the world	29·6	Rest of the world	27·7

Source: Oveseas Student Trust 1981

It is obvious that the principal markets for Britain particularly in recent years are Europe and the United States and the United States but not Europe is a major sending area of overseas students to Britain. Compare the rankings of the top 20 senders of overseas students as shown in Table 11.

TABLE 11

RANK ORDER OF TOP 20 COUNTRIES SENDING OVERSEAS STUDENTS TO UK, 1968, 1972, 1977

1968	*1972*	*1977*
1. France	Malaysia	Malaysia
2. Malaysia	France	Iran
3. Nigeria	USA	Nigeria
4. India	Ireland	Hong Kong
5. USA	Iran	USA
6. Mauritius	Mauritius	Greece
7. Hong Kong	Nigeria	France
8. Germany	Switzerland	Ireland
9. Sri Lanka	Hong Kong	Switzerland
10. Iran	Germany	Sri Lanka
11. Cyprus	India	Germany
12. Switzerland	Greece	Iraq
13. Greece	Cyprus	Turkey
14. Singapore	Sri Lanka	Japan
15. Iraq	Iraq	Singapore
16. Turkey	Turkey	Rhodesia
17. Rhodesia	Singapore	Cyprus
18. Japan	Rhodesia	India
19. Ireland	Japan	Mauritius
20. Rest of the world	Rest of the world	Rest of the world

Source: Overseas Student Trust 1981

In 1972 only Malaysia sent more than 8,000 students to the United Kingdom followed by France, USA, the Republic of Ireland, Iran, Mauritius and Hong Kong sending 3,000/7,000 each. In 1977 only Malaysia and Iran sent more than 10,000 students (Malaysis topping the list with 16,600 students followed by Nigeria, Hong Kong, USA, Greece, France, Republic of Ireland and Switzerland sending 3,000/7,000 each, together these top 9 countries sent one-third of all overseas students in the United Kingdom in 1977).

There is some sort of loose relationship between export and overseas students. The USA, France and Switzerland are important export markets for British goods and are also large exporters of students to the United Kingdom. On the other hand, countries such as Malaysia, Iran, Nigeria and Hong Kong which are major senders of overseas students are not major markets for British exports. The United Kingdom study group applied Spearman's Coefficient of rank correlation to the company ranking orders of exports and overseas students.

Spearman's P" is a standard non parametric measure of association between two variables and both are measured ordinarily and hence can only be ranked in series.

There is the old problem of the appropriate time lag between overseas students and exports and this problem was solved by experimenting with various lags of 2, 5, 8 and even 10 years between the academic year in which overseas students studied in Britain and the year in which British exports were sold abroad. As a sample of their calculations in Table 12 we list a number of Spearman's correlation to which was applied a standard "T" test to check whether the correlation is significant or not.

TABLE 12

SPEARMAN'S CORRELATION COEFFICIENTS FOR RANK ORDERS OF UK EXPORT SHARES AND OVERSEAS STUDENTS BY COUNTRIES VARIOUS YEARS

1. Overseas students leading by 8 years: shares of exports 1977 and overseas students 1968/69
   $\rho = +0{\cdot}29$, not significant at 0·10 level
2. Overseas students leading by 2 years: shares of exports 1977 and overseas students 1974/75
   $\rho = +0{\cdot}57$, significant at 0·01 level
3. Overseas students leading by 2 years: shares of exports 1975 and overseas students 1972/73
   $\rho = +0{\cdot}46$, significant at 0·025 level
4. Exports leading by 5 years: shares of exports 1970 and overseas students 1974/75
   $\rho = +0{\cdot}47$, significant at 0·025 level

Source: Overseas Student Trust 1981

Spearmans 'P' varies between zero and one being one of the two rankings coincide exactly and zero the second ranking whereas no relationship whatsoever to the first.

The first of their correlations is low and not significant since the lag involved here is as much as eight years. The study group tried a shorter lead and this gave significant results whatever the years involved, even when the lead was as short as two years. Correlations 2 and 3

Because correlation does not imply causality they once again inverted the rankings to test the hypothesis that British exports generate overseas students. This produced a significant correlation not alone for five year lead of exports correlation 4 but also for 3 and 4 years not shown in Table 12. The study group therefore reject the simple theory that overseas students stimulate exports and likewise the simple theory that exports stimulate overseas students. Table 13 below refers to all overseas students in public and private sector education whether doing advanced or non advanced work.

Taking the argument one step further, they conjecture that it was perhaps public sector overseas students in particular fields of study that alone tended to promote exports and so they applied the same procedure to overseas students in universities classified by fields of specialisation. Table 13 overleaf shows a sample of their results

The study group in the United Kingdom therefore found there was no basis for endorsing and indeed many reasons for rejecting the figure of £35 million a year which the working party on the costs and benefits of overseas students placed on the value of the stimulus which overseas students provided to British exports. In Ireland again there is undoubtedly some connection between exports and overseas students but any attempt to measure this effect would involve spurious precision by assigning a number to the connection.

TABLE 13

SPEARMAN'S CORRELATION COEFFICIENTS FOR RANK ORDERS OF UK EXPORT SHARES AND OVERSEAS STUDENTS IN UNIVERSITIES BY MAJOR FIELDS OF STUDY BY COUNTRIES VARIOUS YEARS

1. Overseas students leading by 6 years: shares of exports 1977 and overseas students in engineering and technology 1970/71
   $\rho = -0{\cdot}582$, significant at 0 01 level
2. Overseas students leading by 4 years: shares of exports 1977 and overseas students in engineering and technology 1972/73
   $\rho = -0{\cdot}49$, significant at 0·025 level
3. Overseas students leading by 6 years: shares of exports 1977 and overseas students in social, administrative and business studies 1970/71
   $\rho = +0{\cdot}02$, not significant at 0·10 level
4. Overseas students leading by 6 years: shares of exports 1977 and overseas students in postgraduate engineering and technology 1970/71
   $\rho = -0{\cdot}513$, significant at 0·025 level
5. Overseas students leading by 6 years: shares of exports 1977 and overseas students in postgraduate social, administrative and business studies 1970/71
   $\rho = -0\,044$, not significant at 0·10 level
6. Exports leading by 8 years: shares of exports 1970 and overseas students in engineering and technology 1977/78
   $\rho = -0{\cdot}49$, significant at 0·025 level
7. Exports leading by 8 years: shares of exports 1970 and overseas students in social, administrative and business studies 1977 78
   $\rho = +0{\cdot}11$, not significant at 0·10 level

Source: Overseas Student Trust 1981

4.5.3 CONTRIBUTION TO THE BALANCE OF PAYMENTS

The third of the economic benefits of overseas students we referred to is their contribution to the balance of payments. Again the report of the working party and the costs and benefits of overseas students in the United Kingdom places a value of not less than £50 million per annum on the contribution that overseas students make up to the British balance of payments. They arrive at this figure in the following manner; estimating the average annual expenditure of overseas students in 1976/77 exclusive of the fees they pay at £2,000, then multiply the £2,000 by the 83,000 students in public sector, higher and further education in 1976 to arrive at a total of £166 million of which 30% or £50m is said to be a reasonable estimate of the net gain in foreign exchange from overseas students. No explanation is provided as to why it should be 30% rather than some other percentage.

Before accepting this figure we must consider that a major proportion of the 83,000 public sector overseas students in Britain are there on scholarship programmes and hence do not spend foreign currency in Britain. Their numbers are offset by another 40,000 full time overseas students in the private sector many of whom are deliberately equipping themselves with qualifications to progress to higher and further education in public institutions. This spending makes as much of a contribution to the balance of payments as the spending of public sector students. The United Kingdom study concluded that we may treat the spending of overseas students as if it were an addition to aggregate demand on the same footing as the spending of home students. In that case, however, should we not count that in addition to aggregate demand as a benefit to Ireland being nothing more than an export of goods and services to a particular brand of tourist.

4.5.4 CONTRIBUTION TO AGGREGATE DEMAND

The average annual consumption expenditure of some 87,000 overseas students in the United Kingdom in 1979/80 could not have been much less than £25 exclusive of fees. Not all of this expenditure constituted in addition to aggregate demand or net value added because raw materials and intermediate products were used up in the production of the goods and services required to satisfy the demands of overseas students. Most of these intermediate products were imports but some are the products of British producer goods industries. Without entering into an elaborate calculation of the cost of bought in materials and the production of British consumer goods and services, we can summise that net value added wages plus profits plus rents in consumer goods industries is about 65% of gross sales giving a figure of £141 million to the net addition to aggregate demand generated by the consumer expenditure of overseas students. In the United Kingdom the dominant view of economists in 1981 was that Britain's unemployment problems were caused by constraints on the side of supply rather than on the side of demand;

- to the immobility of resources in general and labour in particular,

- to an inadequate investment in new equipment,
- to real wages being too high and real profits too low,
- to a distortion in the entire structure of relative prices

For this reason, the United Kingdom government was committed to cutting public expenditure a policy which would make no sense if higher levels of aggregate demand would cure their ills.

It appears therefore that the question of whether the contribution of overseas students to aggregate demand should or should not be counted as an economic benefit depends critically on the view one takes of the nature of the English disease and the policies that would cure that disease. If overseas students do stimulate exports this is a benefit that must appear in the cost benefit equation. But why is it better to sell goods and services to foreigners in Iran than goods and services to Iranians in Britain. One benefit is that this tends to stimulate investment in the export industries thus adding to Britain's productive capacity. On the other hand, a once and for all increase in spending of overseas students for housing, food, clothing, travel and entertainment probably does nothing to improve the utilisation of Britian's resources or to realign relative prices so as to create incentives for investment.

4.6 CONCLUSION OF UNITED KINGDOM STUDY

The working party on the costs and benefits of overseas students[52] in the United Kingdom concluded that the benefits of overseas students exceed their costs. Their final calculations for 1976/77 for the normal overseas students in public higher and further eduation yielded the following:-

-	Total long run marginal costs (£ million)	- 102
-	Total long run marginal benefits (£ million)	+ 134
-	Research	+ 20]
-	Trade effects	+ 35]
-	Foreign exchange earnings	+ 50]
-	Net income from fees after remissions	+ 29]
-	Nets benefits over costs	+ 32

The calculations for 1979 once again for all overseas students in advanced and non advanced public higher and further education reversed these results.

-	Total long run marginal costs (£ millions)	- 266
-	Total long run marginal benefits (£ millions)	(+ 80 to 219)
-	Research input	+ 13
-	Trade effects	+ ?
-	Foreign exchange benefits	+ 0
-	Contribution to aggregate demand	(+ 1 to 140)
-	Net income from fees after remissions	+ 66
-	Net benefits over costs £ millions	(-47 to 186)

The report of the working party on the costs and benfits of overseas students in the United Kingdom suggested a net social gain of £32 million received considerable publicity. The Times Higher Education Supplement[53] featured it in a full page on the problems of overseas students and the Association of University Teachers sent 30,000 members a pamphlet in January 1980 entitled "Universities at Risk" which praised its calculations as the product of a high powered working party from a number of organisations and higher education. It was cited and endorsed by several speakers in an important House of Lords debate on overseas students in December 1979. Baroness Young, Minister of State at the DES seemed to reject the working party report in the House of Lords debate and she declared:-

> "we have yet to see figures which will stand up to rigorous examination on how one quantifies precisely the benefits that the overseas students bring".

The Foreign Affairs Committee of the House of Commons in its report on overseas fees in April 1980 was even more categorical. They reviewed the estimates of the working party and concluded:-

> "we remain sceptical of some of the calculations made. Indeed some of these are clearly fallacious".

Nonetheless the committee remained persuaded that the economic benefits to Britain of overseas students are substantial.

However, Mark Blaug et.al[54] have shown that the long run marginal costs of overseas students exceed their long run marginal benefits. This does not mean that the United Kingdom government is perfectly correct to stop subsiding overseas students because this is not the question we are asking. There are standard economic arguments for subsiding higher education students having to do with the external effects of higher education and the imperfections of private capital markets and on the face of it these apply just as much to overseas students as to home students.

Government policy, however, is based on the normative judgement that they apply only to British students whose families are contributing with their direct taxes to public revenues. The contributory principle of government expenditure. If one rejects this philosophy there is no justification whatever for charging higher fees to overseas students than to home students and what one must then answer is at what level should all students be subsidised. What the report by Blaug et.al sought was an economic reason for setting aside the contributory principle of government expenditure based on the demonstration that the indirect and anticipated benefits of overseas students to Britain as a whole are greater than their costs. They found the opposite to be the case which means that they cannot waive the principle on economic grounds.

However, waiving it on other grounds by adopting a global cosmopolitan approach to the problem of overseas students entering into reciprocal arrangements with some countries where there is a basis for reciprocity and treating the subsidy to overseas students as a special form of foreign aid. This would employ full cost fees for overseas students but generous scholarships programmes for students from selected countries.

4.7 OVERSEAS STUDENTS - THE FOREIGN POLICY IMPLICATIONS

From the perspective of public policy, the issue of overseas students must be approached within the context of foreign country policy. Universities and colleges may have their own distinctive interests and objectives to pursue, but for central government, the issue is essentially how to assess a student interchange among the various instruments available by the pursuit of cultural relations. Bringing foreigners to Ireland for period of study or so arranging educational charges and regulations as to encourage them to come - is an activity comparable to and complementary to other forms of sponsored visits to Ireland. To despatch Irish lecturers and teachers to institutions overseas, to the provision of Irish books, equipment and films to schools and universities in other countries and to the support of links between them and equivalent institutions in Ireland.

It is in principle, open to question which of these is the most cost effective means of improving attitudes towards Ireland among the educated population of other countries or of contributing to the improvement of that education; so the problems of attributing costs and benefits are such that any prudent policy will involve some judicious blend of these several activities. In the United Kingdom, the Central Policy Review Staff (CPRS)[55] defined Britain's overseas objectives broadly into four categories:-

1. To ensure the external security of the United Kingdom

2. To promote the country's economic and social well being

3. To honour certain commitments or obligations which the United Kingdom has voluntarily entered into or cannot withdraw from

4. To work for a peaceful and just world

Again in the United Kingdom, the House of Commons Expenditure Committee[64] added a fifth objective:

5. To promote the English language and British culture.

The Foreign Office in the United Kingdom in replying to the Expenditure Committee added two further objectives:-

6. Concern for values and freedoms "The standing of this country in the eyes of the world is bound up with our stand on human rights, and how far we can make our values political, social and cultural understood".

7. Assistance to developing countries.

In Ireland, a similar list of objectives would be appropriate.

Cultural policy services all but the first of these objectives though only for the three additional objectives does it provide a major contribution to their achievement. Even the first objective, the ensurance of Ireland's external security, is indirectly promoted by activities which increase the propensity of foreign governments to listen to Irish representations and to respect Irish interests.

4.8 POLITICAL AND ECONOMIC INFLUENCE

The strongest arguments made for cultural activities and for encouraging students from overseas to study in Ireland, in particular, have in recent years been political and economic to increase Ireland's influence on and access to other governments and similarly to increase our influence on and access to foreign companies, institutions and government agencies when purchasing supplies and negotiating contracts. Political influence is one of the most intangible aspects of international relations, particularly in a world in which few of the more important governments are dominated by personalities holding

their positions for extended periods and able to impose their decisions without political compromises and bureaucratic modification. Governments offering the opportunity of courses of conferences to a larger selection in the hope that the future leaders will be among their numbers. So long as Ireland wishes to influence the policies of other governments, this will be a necessary part of foreign policy. In a world of mass societies, it is less easy for governments to pick out and cultivate in advance, the politically influential of other countries. They are forced, therefore, to offer the opportunity of courses, etc.

The impressionability of youth to new experiences makes a period of study in Ireland a particularly appropriate means to this end. The issue for policy makers to decide is how many and which country's policies it is most important for Ireland to influence. If we are concerned to exert political influence on a global scale then the trawl must indeed be very wide. If our political concerns are more limited in scope, then it is more important from this prospective to encourage selected students to study in Ireland.

Economic influence and access is as intangible as political. For a country with faltering competitiveness, this is arguably the most valuable gain from overseas students in this country and from other efforts of interchange and exchanges. The CPRS team in the United Kingdom put the argument firmly in perspective "How much are peoples decisions affected by their general attitudes". The answer varies greatly from group to group and country to country. As a general rule, a rational calculation of where the decision taker's own interests lie is the most important determinant of decisions, but it cannot be denied that general attitudes have some effect. How far the provision of education in Ireland should be seen more directly as promoting the country's economic well being by contributing in the same way as tourism to Ireland's invisible export effort is at present a matter for considerable dispute. In the United Kingdom, the Select Committee on Education and Science said:[56]

"The Government must make clear to institutions the extent to which they are expected to behave as an entrepreneurial element in Britain's export effort".

This is an area in which there is still wide spread confusion. The United Kingdom government replied cautiously:

> "The guidelines recommended to universities which set out only minimum fees gave them scope for an entrepreneurial approach and there is evidence that several are taking advantage of this. The advice given to the public sector of education which laid down the actual fees, left scope in this respect. It is in any case for the local education authorities to consider the extent to which the Education Acts allow them to assume the role of entrepreneur"[57]

4.8.1 The Promotion of Irish Values

The external expression of domestic values is an intrinsic part of any democracy's foreign policy so long as it retains any degree of self confidence. We do still assume, in spite of all the disappointments of the last fifty years, that a more democratic world would be a more peaceful world and that our political, social and legal institutions thus offer a model for many other countries to follow.

4.8.2 A Peaceful and Just World

The issue here for public policy is how high a priority to place upon international inter change among other educational and foreign policy activities and how best to promote a balanced and reciprocal flow of students and others within an international community which values fluency in the English language and thus, also, education in the English language more highly than Irish citizens value, for example, fluency or education in Danish, Dutch, or Greek. Elite conferences, student exchange at all levels contribute to this widening of popular imagination and deepening of popular understanding bringing in their wake continuing personal contacts, intermarriage, unofficial international channels which at least marginally blur the simplicity of national stereotypes and the sharpness of national boundaries.

4.8.3 Assistance to Developing Countries

Indirectly one could argue that this promotes a peaceful stable and just world. In the United Kingdom, the British Council's involvement in overseas students questions had from the outset a substantial developmental side. The Colonial Office gave it the official responsibility for housing and welfare for colonial students in 1950 and presided over a rapid expansion of students from the colonies during the next decade. The main issue is about how best to accommodate the demand for education and training from the developing countries without at the same time allowing a flood of students often pursuing their individual economic advantage from the richer parts of the world.

Suggestions for discriminate subsidies, even differential levels of fees have been floated. The proposal that a least a proportion of the projected savings from the education budget should be transferred to the individual colleges is the most recent and in administrative terms, the most straight forward. It is not proven that the best way to meet the needs of the poorer countries for education and training

is to take their brightest students out of their own cultures for extended periods with the risk that they will not wish to return nor that the education provided in Irish colleges and universities is the most appropriate for these countries[58].

It is arguable that greater assistance with educational and training facilities in their own countries supplemented where necessary by shorter visits to Ireland for more advanced studies would be more suitable. The Brandt report[59] paid remarkably little attention to education in northern countries as an aspect of development and what attention it pays is not uncritical. It notes, for example, that in the early 1960s and 1970s well over 400,000 physicians and surgeons, engineers, scientists and other skilled people have moved from developing countries to developed ones. This "brain drain" has occurred in part because many students and professionals trained in developed countries have chosen not to return home. The report urges rather that more support be given to provide the local basis for research and evaluation of needs.

One could also ask how large a contribution Ireland should make to the global good of economic and political development compared to other advanced countries given its straightened economic circumstances. Nonetheless, the assumption that Ireland does have a contribution to make to the process of economic development and that a significant part of this contribution should be made through the present of students from less developed countries in Irish institutions remains the least questioned of all aspects of the debate. This is because their presence in Ireland does not simply serve developmental objectives, but is also seen as promoting Irish, political and commercial interests.

4.9 THE INTERNATIONAL CONTEXT

Much of the debate about overseas students in Ireland has ignored the international context. The 1966 and 1979 decisions in the United

Kingdom were taken in the domestic context of public expenditure cuts for the Department of Education and Science in consultation with the Treasury. Other governments were not consulted in advance and no information was available to the responsible policy makers about the policies of other important receiving countries or about international trends.

The United Kingdom government, like others, had been struggling with the consequences of the general upsurge in student migration which has resulted from cheaper and easier international travel, the struggle by poorer countries for economic development and by individuals for intellectual advancement and career advantage. Some other governments, such as the Australian, appear to have been relatively successful at evolving and maintaining a coherent policy even including consultation with the major sending countries. Others have found themselves faced with substantial international or domestic difficulties. The Italian government announced in 1978 that no more foreign students would be accepted into its medical schools in the face of severe over crowding only to reverse its decision a few days later after protests from a number of foreign governments. The introduction of new restrictions on foreign student entry to France in December 1979 provoked strikes and riots at several French universities. Quotas, differential fees and surcharges have proliferated, each receiving government's shifts of policy diverting the flow towards others.

In the wake of the recent increases in British fees, the Association of Indian Universities has called for a regulatory mechanism to limit and control the upsurge in students from the Middle East, Africa and Asia which they anticipated would follow.

How much account should Ireland take of the attitudes and policies of other governments in formulating policy for overseas students. Which are the foreign governments that we should regard as most relevant to Irish policy making. The United Kingdom CPRS discussion of cultural

policy and educational aid and interchange looked most often to France and Germany for comparisons. On a number of occasions since the imposition of full cost fees, the spectre has been raised of the flow of students diverted from Britain to East European countries and the Soviet Union. But it is clear from all the overseas students studies in the United Kingdom and from the students survey (Appendix A) in particular, that for the overwhelming majority of overseas students who go to Britain, the English language is a major factor in their choice and that the alternatives they would look to would be the other anglophone countries. The USA and Canada above all cited as alternatives for 73% of students in the survey then Australia and New Zealand cited by 20% marginally more 23% mentioned other western European countries, Ireland would, of course, be included here.

The significance of English as a world language in science, business, finance and in a number of the better paid professions indeed dominates the context of Ireland's overseas education policy. It is enormously to Ireland's advantage that English is such a wide spread language and its acquisition in such global demand that enables us to some extent to act as a cultural free rider benefiting from the efforts that other English speaking governments may make to promote the common language or operating on a commercial basis where promoters of French and German feel impelled to subsidise their foreign educational operations. The argument that because other governments maintain extensive programmes or pursue political objectives in the education and cultural field Irish governments should also do so is not in itself convincing. It becomes convincing only if it can be show that they thereby gain particular advantages in areas where Irish interests are at stake and Irish objectives pursued. No government has yet devised a satisfactory means of assessing the cost effectiveness of such activities or of relating scholarships given or studies undertaken to contracts gained or policies reshaped two or twenty years later.

Consultation is a time consuming process which governments are reluctant to embark on without good cause. It would be recommended that the Irish government would do well to consult a little more formally with its partners within the western world regarding the political objectives and obligations of overseas students policy. Given the knockon effects involved of changes of policy by individual receiving governments, it would make sense for the major receiving governments to consult each other about their common problems, despite the considerable differences bwtween their patterns of higher education and so between their particular responses.

Policies towards students from third world countries have not yet been placed upon the Agenda of the European Communities Education Committee or the Council of Europe's Council for Cultural Co-operation or the Education Committee of the OECD. All or any of which would appear on the face of it to offer appropriate forums. There is a more particular case for consultation with the other anglophone receiving states, primarily the United States, Canada and Australia, which all face the acute pressure of demand from such major senders as Malaysia and Hong Kong and which in some respects form a single market for students from the third world. As for the many sending governments, it is worth recalling that a substantial number of overseas students in Ireland are financed through scholarships from their home governments and a further substantial number through Irish aid schemes, administered in co-operation with those governments and that for many third world countries, these account for all the students they send to Ireland. Changes in policies that directly affect their training schemes, also affect their overall perception of Ireland. Other receiving countries hve managed to go through the process of consultation which should not be impossible for Ireland.

4.10 DEFINING POLICY

A clear distinction between policies appropriate to the developing world and to other industralised countries would be useful, but in the

developing world, Ireland and other receiving countries are facing an explosion of demand for education predominantly technical and scientific. Some of this demand is transitory from countries which have not yet established comparable educational institutions, or which are attempting to push through crash programmes of educational and economic development. Some of it is likely to persist at least as long as Ireland remains a more prosperous, and more technically advanced country that the home countries from which they come. There is little likelihood within the foreseeable future of balancing the flow. Ireland's particular interest in relations with the sending countries are limited and largely economic in character. A policy towards them may justifiably, however, be seen within the wider framework of western security, i.e. the stability of the international economy and the international order as a whole and the desirability of assisting global economic development.

A more deliberate policy of promoting student inter change among developed countries would seem to be an important aspect of any rational policy towards overseas students. It would involve a greater recognition of the desirability of widening the experience and increasing the language skills of Irish students, or paying more attention to the international understanding of our own potential and economic elites. Given the obstacles to student exchange within western Europe presented by different structures of higher education and the obstacles to faculty exchange presented by different civil service regulations, this would require substantial government involvement, some funding, and a good deal of negotiation. The President of University College Dublin has called for a coherent European educational policy[60].

The question of inter change with the socialist world is intriguing, but much depends on the political and social change within those countries. At the moment, the flow of students is subject in both directions to tight controls, the political and economic interests at stake more complicated. Here a degree of consultation between Ireland its its European partners within the framework of the Conference on Security and Co-Operation in Europe would be of value.

With the developing world, the most appropriate policy is one of discriminate subsidy with the discrimination depending upon political and economic considerations, assessment of the sending countries needs and our ability to meet them, their relative wealth and foreign exchange position and their ability to provide equivalent education from their own resources. This has been the basis of the most directly controlled areas of Irish government involvement with overseas students - a series of scholarship schemes operated, etc. The exact nature of the subsidies or scholarships offered, the agencies which should administer them, their spread across countries and across disciplines, is a matter for discussion.

If one accepts that some priority in public expenditure should be given to the promotion of Ireland's political and economic interests in the third world and to an Irish contribution to the stability and prosperity of the international order, than a package of well directed subsidies and scholarships is prima facie a more cost effective way of achieving these aims. The flushing out of any expanded programme would reqire a clear sense of geographical and developmental priority as well as extensive consideration of the different interests and objectives represented by the foreign policy implications and trade implications. This could be discussed between the Department of Foreign Affairs and Coras Trachtala for example.

The provision of specific grants for students in developing countries would appear appropriate to define policies more closely and the provision of educational services on a commercial basis. In the United Kingdom in 1981, the conservative government looked at the service sector to take up the slack in employment in the economy created by the decline of manufacturing industry. The educational sector is a substantial employer and a source of valuable invisible export earnings actually and potentially for educational institutions a continuing flow of overseas students may provide a stimulus to maintaining the quality and variety of students and a welcome source of additional finance independent of government. How far a competitive approach to the

overseas students market would require government and educational bodies to have regard in fixing fees to those set by Ireland's major competitors is an interesting question involving rash judgements about marginal costs and benefits.

It is worth noting that in the international market, the Irish level of fees is far less than that of Australia and Canada and well below levels in the United States. Whatever attitude is taken towards fees, it might be appropriate for the promotion of Irish education overseas, to be seen in terms of the direct economic benefits and regarded by overseas consular posts as a matter of economic as well as cultural advantage.

Policy towards overseas students and expenditure incurred under that policy can make at best only a marginal contribution to the achievement of the foreign policy objectives outlined in this chapter, but much politics, much commerce and much more diplomacy is a matter of margin. The level of expenditure involved in a package of discriminate subsidies, support for educational inter change and the promotion of Irish education as a commercial service represents a relatively small element within the external relations budget which is where, rather than within the eduation budget, it belongs. It is for the cabinet to decide how far the intangible benefits gained justify the expenditure. There is little evidence that the issue has been posed to ministers in recent years.

4.11 SUMMARY

This chapter examined the economic costs and benefits of overseas students and tried to assess the commercial element in overseas student policy. One point which has been mentioned by almost all Registrars and Deans of overseas students interviewed (see Chapter VI) is that the pure financial element of attracting overseas students cannot be seen as being the overriding factor. When overseas students are welcome to a country they must be provided with value for money in the education they receive. A policy over-concerned with the financial benefits could well flounder in the longer term. The chapter started with a literature review of overseas students in Ireland. It will be seen that very little has been conducted other than of a sociological nature. The case is made throughout the chapter that a funded cost benefit study relating to overseas students would be a very worthwhile exercise for Ireland.

An attempt was made in this chapter to examine a cost benefit study undertaken in Britain which would give an ideal framework within which such a study could be conducted in Ireland. It was felt to be outside the scope of this dissertation to undertake such a study and indeed the resources available to a sole researcher would have precluded such an attempt. The Irish Council for Overseas Students (ICOS) is examined, its role, services, etc.. In the recommendations of this dissertation it is suggested that an Irish Council should be formed, along the lines of the British Council which would have the role of promoting Irish education overseas and also make a significant contribution to the provision of adequate welfare facilities for students when they come to Ireland. It is felt that too many disparate bodies exist, such as APSO (Association for Personal Services Overseas), DEVCO (Development Co-Operative), HEDCO (Higher Education for Development Co-Operative) and ICOS.

A survey recently conducted by ICOS in collaboration with SUS Research Consultants, concentrated more on a sociological perspective of the experiences of overseas students in Ireland. The survey conducted in

this thesis at a later stage will have a wider brief while also looking at the welfare of the overseas students concerned. It also tries to examine how valuable they found their education experience in Ireland and how well they felt the third level institution they attended marketed itself. It asks questions on areas such as educational background, socioeconomic status, reason for studying in Ireland, preferred institution, sources of information on Irish education in home country, financial difficulties in Ireland experienced, if any, problems with accommodation, orientation by universities, experience of admissions office by students, etc. This is the first study of its kind conducted among overseas students in Ireland.

The chapter then looked at a study conducted in 1980 in Britain and examines in detail the conduct and conclusions of this study. The contributory principle of government expenditure advanced by Mark Blaug of London University was examined. It was concluded that the long term benefits afforded a country by the existence of overseas students are not sufficient to warrant the same level of subsidisation of overseas students as for home students. The UK study took a 5% random sample or roughly 2,600 overseas students whom they interviewed face to face. This was a methodology welcomed by the researcher, however, access to students for interview purposes was not afforded by many of the institutions in the Irish sample (see Chapter VI). The concept of marginal versus average cost was examined and the supposed full cost fee basis was explored. In few institutions would capital recovery be a factor in deciding pricing policy. If this were the case, fees for overseas students would be substantially higher than at present. However, in the development of overseas students numbers in Ireland, perhaps the pay back period for capital expenditure could be estimated and fee levels based accordingly. Particularly for the more expensive faculties such as medicine, science and engineering, and less for the 'paper' degrees.

An educational mission was recently established under the auspices of Coras Trachtala. It is noted that while the universities and NIHEs attended, the Regional Technical Colleges and Colleges of the Dublin Institute of Technology did not participate in these missions. This is a sad feature in the development of any consortium approach and will effect the regional distribution of overseas students to Ireland. This is also a problem in the United Kingdom in that there is over concentration of overseas students in certain parts of Britain. It is felt that if the Dublin Institute of Technology Colleges and the Regional Technical Colleges were to partake in a consortium approach that there could be a more even distribution across the various institutions. This matter is discussed more fully in Chapter VII, conclusions and recommendations.

The United Kingdom study obtained concrete evidence from institutions on their experiences with overseas students and looked at the adoption in Britain of full cost fees. While the UK cost benefit study mentioned the university sector, it also included a number of polytechnics to provide a wider picture of the UK scene. The various benefits provided by the existence of overseas students were examined in detail. These can be classified under four headings:-

1. Research
2. Export
3. The balance of payments
4. Aggregate demand

It was found that these benefits are quite difficult to assess. However, their presence, especially in the longer term, are quite significant. Again in Ireland, the value of research provided by overseas students, particularly in the science and engineering areas, would be quite difficult to quantify. It is suggested that perhaps estimating the salary payable to a research assistance in the absence of a full time research student might be an approximate measure. The

stimulus to export provided by the presence of overseas students again is quite difficult to estimate. Much of the evidence found during the course of the dissertation was apocrophyl. However, the various people consulted, especially Coras Trachtala, were much supportive of the existence of significant trade benefits.

The contribution to the balance of payments was examined and again Dr. Edward Walsh of the University of Limerick has often mentioned the down stream effects of the presence of overseas students in Ireland and the contribution to aggregate demand thereby created. The conclusion of the United Kingdom study was that the cost/benefit is extremely difficult to measure in any accurate way. While the costs are quite easy to measure, the long term benefits are extremely difficult to measure. Again, such a cost/benefit study in Ireland would be extremely valuable and would help make a public case for increasing government support to third level institutions who wish to market their educational services overseas. This would well allay public fears that subsidisation of overseas students was damaging the quality of education provided to home students. This indeed must be an overriding concern in any change in government policy.

The foreign policy implications of the presence of overseas students were examined and again in Chapter VI it will be mentioned that in a survey of overseas students non EC at the University of Strathclyde, violence in Northern Ireland was a major deterrent for students deciding to come to study in Ireland. It is felt that if a number of overseas students are present in Ireland that they can then provide a more positive image of Ireland in their home countries upon graduation.

The political and economic influences of the presence of overseas students was discussed and its role in the promotion of Irish culture and values was examined. Such nebulous criteria as the creation of a peaceful and just world were mentioned but again these benefits are extremely difficult to estimate. Ireland's role in assisting

developing countries again would provide a moral obligation upon us to educate overseas students. The international context was discussed and the fact that Ireland as a member of the European Community must look increasingly outward would benefit significantly from the intercultural benefits of an overseas students presence. An attempt was then made to define policy in this area and some key figures in the Irish academic world have argued for a coherent European educational policy, including Prof. Patrick Masterson of University College Dublin (the largest third level institution in Ireland). This chapter makes a case for the presence of overseas students and argues that they are cost beneficial in the longer term. Again, a funded cost benefit study for Ireland would help make a tremendous public case for increasing government support for the attraction of overseas students in Ireland. As an appendix (Appendix 2) to this chapter, some figures for the contribution to the UK balance of payments afforded by the presence of overseas students is presented. Similar data for Ireland should be the subject of further study.

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CHAPTER V

A STRATETIC MARKETING ANALYSIS OF THE IRISH THIRD LEVEL SECTOR

"Whatever an institution's size, location or level of study, the full value of an international dimension to the programme it offers can only be realised if a conscious commitment has been made to a comprehensive and coherent policy and consistent and caring practices in the recruitment, reception and education of its overseas students".

UNITED KINGDOM COUNCIL FOR OVERSEAS STUDENT AFFAIRS, 1988

CHAPTER V

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5. PURPOSE

This chapter attempts to identify and discuss strategic issues in the Irish third level sector. It starts by describing, particularly for the non-Irish reader, the Irish third level education system. Various admission and registration procedures, etc. are discussed. An environmental analysis along the lines suggested by M.E. Porter, et.al is undertaken. This examines world demand for education and its nature, direct funded markets and sources of finance for indirectly funded markets. It establishes certain markets which are particularly suitable for Ireland, e.g. low income countries, Arab/OPEC markets and newly industrialised countries (Malaysia, Singapore and Indonesia in particular).

The Irish third level system is examined critically regarding resources available, cost effectiveness, and evolving Irish needs. The strengths and weaknesses of the system are then discussed. A very important issue for Ireland is the pattern of participation in higher education by the domestic population. In this regard, a recent study by Dr. Patrick Clancy of University College Dublin is discussed. This is of major importance when considering a policy for overseas students admission. Indeed, in the research interviews some key figures argued that until the demographically led indigeneous demand for third level falls around 1998 that no major development in overseas students admission will be possible or receive sufficient government support. Various educational policy implications arising from the Clancy study are proposed.

The marketing mix for services is discussed with specific application to the Irish third level sector under the headings: product, price, promotion, place, people, physical evidence and process. The external environment is then briefly reviewed under the following headings, competition, institutions, legal, technological, political, social, cultural, demographic.

The chapter then examines one particular potential market, i.e. Malysia, and examines how the Irish third level sector can best develop this market. An educational mission to Malaysia was conducted under the Auspices of Coras Trachtala Teo (the Irish Export Board) in 1987 and the market research conducted during this mission was very helpful for the preparation of this chapter.

As an appendix to this chapter, supporting material from the CTT led educational mission is supplied and a model for the establishment of a National Promotional Support Agency is proposed.

5.1 SITUATION AUDIT

Higher education in Ireland is provided mainly by universities, technological colleges and colleges of education, but also by a number of other institutions providing specialised training in such fields as art and design, medicine, theology, music and law. By far the greater proportion of education is provided in institutions supported very substantially by the state. For example, universities and technological colleges receive over 70% of their income from this source, while other receive little or no support.

5.1.1 Types of Higher Education Institutions

The Irish system of higher education has developed along two separate lines with traditional universities on the one hand and non university institutions offering education generally more oriented to specific careers on the other.

5.1.2 Universities

There are four universities in Ireland, the National University of Ireland, the University of Dublin, the University of Limerick and Dublin City University (previously the National Institute for Higher Education at Limerick and Dublin respectively). The National University has three constitutent colleges, University College Dublin, University College Cork and University College Galway. Government proposals for the reorganisation of higher education envisage that the National University of Ireland be dissolved and its three constitutent colleges become independent universities are being considered. This would allow each university to establish its own brand image in a marketing sense and would confer many other benefits.

The National University also has six recognised colleges:

- St. Patrick's College, Maynooth
- The Royal College of Surgeons in Ireland

and four other colleges, three of which specialise in the education of primary school teachers and one in the training of teachers of home economics.

Courses and teachers at these colleges are recognised by the university and degrees are awarded by the university to students taking recognised courses. Trinity College is the only constitutent college of the University of Dublin.

The three Colleges of Education which specialise in the education of primary school teachers and the college which specialises in the education of teachers of home economics are associated with Trinity College. Courses in the universities are generally provided at both undergraduate and post-graduate levels.

5.1.3 Other Institutions

In addition to the four universities, higher education is provided by colleges of technology and other colleges run by various local vocational education committees. A number of these colleges viz the College of Commerce Rathmines, the College of Technology Bolton Street, the College of Technology Kevin Street, the College of Marketing & Design and the College of Catering have since 1978 been referred to as the Dublin Institute of Technology (DIT).

The Regional Technology Colleges, Teacher Training Colleges and a small number of institutions provide specialised courses of study. The University of Limerick provides education oriented towards technology, applied science and practical business methods and Dublin City University offers courses in computer applications, business studies, media studies, accounting and finance, languages, biotechnology, electronics and analytical science. Awards which are generally at degree or higher level are now conferred by the University itself. Dublin City University is also the National Centre for Distance Education, the first distance education diploma course in information technology commenced in 1986/87.

Regional Technological Colleges at Athlone, Carlow, Cork, Dundalk, Galway, Letterkenny, Sligo, Tralee, Waterford and Tallaght provide third level technological and commercial courses. Diplomas and Certificates for these courses are awarded by the NCEA. A small but growing number of degree level courses are awarded by the NCEA also.

In the cities of Dublin, Cork and Limerick, colleges are operated by vocational education committees which provide third level courses in applied science, architecture, engineering, quantity surveying, hotel and catering management and commercial studies of various kinds. Many of these courses lead to qualifications of professional institutes and some of the courses in the Dublin Institute of Technology lead to a degree award from the University of Dublin, Trinity College, while degree awards for other colleges are made by the NCEA. The Royal College of Surgeons in Ireland is a medical school which provides both undergraduate and post-graduate training for doctors and post-graduate training for dentists and courses for nurses. Its qualifications have acceptance in many countries and the majority of its students are from outside Ireland.

The Honourable Society of Kings Inns and the Incorporated Law Society conduct courses in the professional and technical aspects of law. The courses run by the Honourable Society of Kings Inns lead to the professional qualification of Barrister at Law, while the courses run by the Incorporated Law Society lead to qualifications enabling the holder to practice as a solicitor. The National College of Art and Design provides courses at degree and diploma level.

5.1.4 <u>Teacher Education</u>

There are six colleges in the state which train teachers for primary schools. Three are recognised colleges of the National University of Ireland and three are associated with Trinity College Dublin. The courses lead to degrees and to qualifications at a national or primary teacher. Degree courses in the colleges of education associated with Trinity College are taught both at Trinity College and the College of Education. Students are full students of the University of Dublin. The

Thomond College of Education Limerick provides courses for teachers and physical education, woodwork and building construction, metal work and engineering sciences, business studies and general and rural science.

5.1.5 Student Statistics

As in most other European countries, the growth in higher education was slow until after the second world war. Total enrolment in university and non university higher education was about 15,000 in 1950 and this had risen to over 56,000 by 1986/87. The number of students in higher education attending non university institutions grew rapidly from 7,000 in 1970 to 28,056 in 1986/87. In the academic year 1986/87 there were 56,438 full time students in higher education in the Republic of Ireland Of these, 27,270 were in the university institutions, 4,574 in the NIHEs (which have since been awarded university status) 531 in the NCAD, 863 in the RCSI, 2,748 in the teacher training colleges, 7,964 in the Vocational Technological Colleges of the Dublin Institute of Technology, 11,376 in the Regional Technical Colleges (see Table 1).

In the Higher Education Authority funded institutions (UCD, UCC, UCG, TCD, MAY, NIHED, NIHEC, NCAD, RCSI) 31,403 were from the Republic of Ireland (see Table 2), 241 from Afria (0.76%) 436 were from North American (1.38%), 8 were from South America (0.025%) 674 were from Asia (2.1%) 45 (0.14%) were from non EC European countries and 13 were from Oceania (0.04%)[1].

5.2 ORGANISATION AND VALIDATION OF COURSES

The academic year in Irish colleges normally begins in October and in some cases in September. The range of faculties, departments and subject varies from college to college. The duration of study for the first degree, the Batchelors degree in arts and humanities

TABLE 1

FULL-TIME STUDENTS IN THIRD-LEVEL EDUCATION 1986/87

Type of Institution	Number of Full-time Students		
	Male	Female	Total
Universities	13,686	13,584	27,270
National Institutes for Higher Education	2,924	1,650	4,574
National College of Art and Design	199	332	531
Royal College of Surgeons in Ireland	585	278	863
Teacher Training—			
Primary	339	1,493	1,832
Domestic Science	—	260	260
Thomond College	447	209	656
Vocational Technological	4,689	3,275	7,964
Regional Technical Colleges	6,687	4,689	11,376
Other Aided Institutions	71	4	75
Other Non-Aided Institutions—			
Religious Institutions	771	223	994
Other	190	304	494
SUB-TOTAL	30,588	26,301	56,889
Less Students enrolled in more than one institution	56	395	451
TOTAL — Third Level	30,532	25,906	56,438

Source: The Higher Educational Authority "Report Accounts & Student Statistics 1986/87"

come with the social sciences, law and commerce/business studies with some exceptions three years at the colleges of the National University of Ireland and four years at Trinity College. First degree courses in engineering, agriculture and science generally take four years and five years in the case of dentistry, architecture and veterinary medicine. Six years are required for medicine.

TABLE 2

DOMICILIARY ORIGIN OF FULL-TIME STUDENTS: 1986/87

COUNTRY OF ORIGIN	UCD		UCC		UCG		TCD		MAY		NIHED		NIHEL		NCAD		RCSI		TOTALS		Grand Total
	M	F	M	F	M	F	M	F	M	F	M	F	M	F	M	F	M	F	M	F	
Africa																					
Algeria	–	–	–	–	–	–	1	–	–	–	–	–	–	–	–	–	–		–	1	1
Burundi	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–		2	–	2
Cameroon	1	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–		1	–	1
Egypt	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–		9	3	12
Ethiopia	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–		1	–	1
Ghana	2	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–		6	2	8
Kenya	2	–	1	–	–	–	1	–	–	–	4	–	–	–	–	–	–		8	3	11
Lesotho	–	–	–	–	2	–	–	–	–	–	3	–	–	–	–	–	–		3	2	5
Libya	20	3	1	–	6	2	10	2	1	–	2	1	–	–	–	–	–		40	5	45
Malawi	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–		1	–	1
Mauritius	9	6	2	1	3	1	11	6	2	1	1	1	6	4	–	–	–		36	17	53
Nigeria	6	4	3	1	4	1	4	1	2	1	2	1	1	3	–	–	1		25	10	35
Rwanda	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–		2	–	2
Sierra Leone	–	2	–	–	1	–	–	–	–	–	–	–	–	–	–	–	–		4	3	7
South Africa	1	–	–	–	–	–	3	1	3	1	1	1	–	3	–	–	1		19	8	27
Sudan	–	–	–	–	2	–	–	–	–	–	–	–	–	–	–	–	–		7	–	7
Swaziland	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–		–	–	–
Tanzania	4	2	1	–	2	–	1	–	1	–	1	–	–	–	–	–	–		10	4	14
Uganda	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–		–	–	–
Zambia	2	–	–	–	–	–	1	–	–	–	–	–	–	–	–	–	–		3	1	4
Zimbabwe	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–		2	1	3
America-North																					
Bermuda	–	–	–	–	–	–	–	1	–	–	–	–	–	–	–	–	–		–	1	1
Canada	9	3	8	2	3	–	4	3	1	–	2	2	–	–	–	–	39	11	66	21	87
Costa Rica	1	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	1	–	1
Grenada	–	–	–	–	–	–	–	1	–	–	–	–	–	–	–	–	–	–	1	–	1
Trinidad and Tobago	1	1	–	–	3	–	4	2	–	–	–	–	–	–	–	–	10	2	18	5	23
United States of America	19	24	33	35	16	24	31	59	7	22	3	1	–	–	–	1	36	10	145	176	321
West Indies	–	–	2	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	2	–	2
America-South																					
Argentina	1	1	–	–	–	–	–	1	–	–	–	–	–	–	–	–	–	–	1	2	3
Guyana	–	–	–	–	1	–	–	–	–	–	1	–	–	–	–	–	2	1	4	1	5
Asia																					
Bahrain	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	1	1	2
Bangladesh	–	–	–	–	2	–	–	–	–	–	–	–	–	–	–	–	–	–	2	–	2
Burma	1	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	1	–	1	–	1
China	2	2	2	–	1	–	3	1	–	–	–	–	1	–	–	–	–	–	9	5	14
Hong Kong	8	5	2	–	–	–	19	7	–	–	1	–	1	–	–	–	14	1	45	13	58
India	3	1	1	–	5	–	2	3	–	–	1	–	2	–	–	–	4	5	17	9	26
Indonesia	–	–	–	–	–	–	1	–	–	–	–	–	–	–	–	–	–	–	2	–	2
Iran	2	–	–	–	3	–	2	–	–	–	–	–	3	1	–	–	5	1	16	3	19
Iraq	8	1	3	–	–	–	1	–	–	–	1	–	–	–	–	–	11	–	34	1	35
Israel	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	1	–	1	–	1
Japan	1	1	–	–	–	–	2	1	–	–	–	–	–	–	–	–	1	–	3	2	5
Jordan	3	–	–	–	–	–	–	–	–	–	–	–	–	–	2	–	2	2	7	1	8
Kuwait	3	–	–	–	–	–	4	2	–	–	–	–	–	–	–	–	40	1	48	3	51
Lebanon	2	–	3	1	–	–	–	–	–	–	–	–	–	–	–	–	6	2	13	2	15
Malaysia	26	17	2	1	21	8	31	18	–	–	–	–	–	–	–	–	83	65	164	109	273
Nepal	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	1	1	–	1
Oman	–	–	–	–	–	–	4	–	–	–	–	–	–	–	–	–	4	1	9	1	10
Pakistan	–	–	–	–	–	–	1	1	–	–	1	–	1	–	–	–	2	1	5	2	7
Palestine (Refugees)	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Qatar	2	–	–	–	–	–	3	–	–	–	–	–	–	–	–	–	41	1	41	1	42
Saudia Arabia	1	–	–	–	–	–	1	–	–	–	–	–	–	–	–	–	1	3	6	3	9
Singapore	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	22	8	24	10	34
Sri Lanka	–	–	–	–	2	1	–	–	–	–	–	–	–	–	–	–	2	3	5	4	9
Syria	1	1	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	2	1	3
Thailand	–	1	4	6	2	–	2	–	–	–	–	–	–	–	–	–	2	1	10	8	18
Turkey	2	–	–	–	–	–	–	–	–	–	–	–	1	–	–	–	–	–	2	1	3
United Arab Emirates	1	–	–	–	–	–	1	2	–	–	–	–	–	–	–	–	23	8	25	10	35

Table 2 continued overleaf..

TABLE 2

Continued

Europe																				
Austria	1	—	—	—	—	—	2	—	—	—	—	—	—	—	—	—	—	3	—	3
Belgium	3	3	—	—	—	—	4	5	—	—	—	—	—	—	—	—	—	7	8	15
Denmark	1	3	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	1	3	4
Finland	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
France	6	7	—	2	—	—	3	3	—	—	17	13	—	—	—	—	—	26	25	51
Germany Federal Republic	11	7	3	5	2	18	5	17	—	1	20	20	—	—	1	1	14	6	56	75	131
Gibraltar	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	1	—	1	—	1
Great Britain	6	11	16	3	6	—	46	31	6	—	1	—	1	1	—	—	23	6	105	52	157
Greece	—	2	—	—	1	—	2	1	—	—	—	—	—	—	—	—	—	—	3	3	6
Iceland	—	1	—	—	—	—	1	—	—	—	—	—	—	—	—	—	—	—	1	1	2
Ireland	4.852	4.179	2.619	2.777	1.980	2.164	2.964	3.152	613	851	1.137	858	1.712	745	198	329	149	124	16.224	15.179	31.403
Italy	2	2	1	—	—	—	4	2	—	—	—	—	—	—	—	—	—	—	7	4	11
Luxembourg	2	3	1	—	—	—	2	1	—	—	—	—	—	—	—	—	—	—	5	4	9
Malta	—	—	—	—	—	—	1	2	—	—	—	—	—	—	—	—	1	1	2	3	5
Netherlands	2	3	—	—	1	—	5	—	—	—	—	—	—	—	—	—	—	—	8	3	11
Norway	1	1	—	—	—	—	—	1	—	—	—	—	—	—	—	—	4	2	5	4	9
Poland	1	—	—	—	—	—	1	—	—	—	—	—	—	—	—	—	—	—	2	—	2
Portugal	—	—	—	—	—	—	2	1	—	—	—	—	—	—	—	—	—	—	2	1	3
Spain	2	2	2	2	1	—	—	4	—	—	1	—	—	—	—	—	—	—	6	8	14
Sweden	1	—	—	—	—	—	1	—	—	—	—	—	—	—	—	—	1	1	3	1	4
Switzerland	1	—	—	3	—	2	3	1	—	—	—	1	—	—	—	1	—	—	4	8	12
Oceania																					
Australia	1	1	1	—	—	—	1	1	—	—	—	—	—	—	—	—	6	2	9	4	13
Unknown	—	—	2	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	2	—	2
TOTALS	5.038	4.300	2.718	2.842	2.077	2.221	3.211	3.343	642	878	1.192	898	1.732	752	199	332	585	278	17.394	15.844	33.238

Note: Thomond College had one male student from Lesotho. The remaining 655 full-time students were Irish.

Source: The Higher Educational Authority "Report Accounts & Student Statistics 1986/87"

The first post-graduate degree, the Masters Degree, requires another one to three years of study and can be taken either by thesis or by examination and minor thesis. A further two years at least are normally required for the Degree of Doctor of Philosophy and four years for a higher doctorate DSc D.Litt etc.

The programmes of study offered in the other institutions vary both in length and in the amount of practical work required for the degrees, diplomas and certificates. Many of these programmes are directed towards particular careers or areas of work and they may include a period of work outside of the college as part of the course of study.

Nearly all of them are at the undergraduate level. Diploma courses at these institutions generally last for three years and certificate courses for two years. Degree courses take four years except in the colleges of education for primary school teachers which last three years.

The NCEA provides formal recognition and validation on a national basis for courses at institutions other than universities and confers degrees, diplomas and certificates on students who have successfully completed such courses. Students may apply for admission to Trinity College Dublin for one year or one term.

Applicants must be supported by a recommendation from a senior official of the university to which the applicant belongs and by an official statement of his/her academic record.

5.3 MACROENVIRONMENTAL ANALYSIS - WORLD DEMAND FOR EDUCATION

A report was recently commissioned by Coras Trachtala (Irish Export Board) on potential world markets for Irish educational services[2].

The Irish Minister for Education established a committee to prepare a brochure on Irish educational resources. This committee was representative of the main interests involved in the promotion and supply of Irish educational resources overseas.

In addition to members of the Department of Education, it includes Coras Trachtala, HEDCO, APSO, DEVCO, Department of Foreign Affairs and Mr. Brian Hogan, an architect.

The Committee recognised that there are much wider issues to be considered than simple production of a brochure if the export of educational resources is to be effectively developed.

These include the essential questions:-

1. What are the markets and what services do they require?

2. What are the resources available, and of these, what are exportable in the context of the present and likely future demands of the market place?

3. What are the appropriate vehicles for the promotion and delivery of these resources/service?

4. What are the appropriate marketing strategies?

The report commissioned by Coras Trachtala addresses the question of what are the principal markets for Irish educational services.

In a study of a market as large of the world market for educational services, the quantitive aspects were considered less significant than the qualititive.

The absolute size of the market and its segments and the volume of expenditure on education is so great that the figures are not particularly good guides to market potential.

In fact, the figures in themselves can be misleading since the distribution of past expenditures may not be a good indicator of future patterns.

For example, the very fact that Indonesia has been the largest borrower of international funds for educational development in the past does not imply that it will continue to be so, in fact it may well mean that another country such as Peoples Republic of China will become the largest borrower in the future.

The CTT report (1986)[3], therefore, paid more attention to the identification of trends in educational development and expenditure with a view to determining what kinds of services are in demand and in what markets. The basic market statistics are not entirely without use as they establish the general parameters to the markets and are indicative of basic trends.

5.3.1 Volume of Expenditure

On the basis of UNESCO data is it estimated that total world public spending on education in 1980 was about US $650 billion or about 5.6% of gross world product.

Updating this figure using OECD average inflation rates, world expenditure in 1983 would have exceeded US $800,000 even had there been no real increase between 1980 and 1983*.

*Public expenditure on education in Ireland in 1983 was £939.3 million (10.4% of gross public spending). Inclusion of AnCO Cert YEA and IMI brings this figure up to £1,061.3 million, almost US £1.5 billion.

TABLE 3

WORLD EDUCATIONAL EXPENDITURE 1980

	Total $ bn	Current as % of Total Expenditure	Spend per capita ($)
Europe	233	89	479
Oceania	10	91	441
Americas	225	92	389
USSR	55	85	105
Asia	110	73	12
Africa	17	75	37
TOTAL	650	87	150

Source: World Market for Education - Preliminary Survey, CTT, 1986.

As Table 3 highlights, there is a huge gap between the developed and developing worlds in respect of educational expenditure, both in absolute levels and more significantly in terms of per capita expenditure. Almost 90% of world spending on education is accounted for by the developed world.

The Table also illustrates the relatively high allocation to capital expenditure in Asia and Africa where much of the focus has been on expanding educational systems. From 1960 to 1977, the percentage of GNP allocated to education world wide grew by 60% with the highest rate of increase being in the developing countries.

(Although the absolute level devoted by developing countries is lower, there has been an explosive increase in the demand for education during the past 25 years with dramatic increases in enrolment at all levels occurring in the developing world).

While the largest numbers are at primary level, the greatest increases have taken place at secondary and especially at tertiary levels. Between 1965 and 1981 enrolment in third level institutions in Africa increased by a factor than more than eight.

5.3.2 Sources of Finance

Essentially countries finance their own education systems, principally from public funds spent in their governments budgets. Very large slices of most governments budgets is usually between 10% and 30% in most developing countries and 5% to 15% in developed countries. In some countries, governments are committed to maintaining certain levels of expenditure, for example, the government in Ecuador is constitutionally obliged to allocate 30% of its capital budget to education. However, in most countries high levels of expenditure on education are maintained from a combination of popular demand, government philosophy and above all, the very high recurring costs of supporting rapidly expanding educational systems.

TABLE 4

ENROLMENT IN EDUCATION 1965 - 1981

Region		Primary	Secondary	Tertiary
Africa	1965	26.2	3.0	0.3
	1981	67.1	16.1	2.6
Asia*	1965	118.0	37.9	4.6
	1981	195.7	79.6	13.2
Americas	1965	67.3	25.1	6.8
	1981	99.2	34.3	18.3
Europe	1965	76.0	42.1	7.5
	1981	67.5	57.5	13.9
Developing	1965	165.7	36.3	4.6
Countries	1981	312.2	103.0	17.1
Developed	1965	122.2	72.5	14.9
Countries	1981	120.0	86.5	30.3

* Excluding China

Source: World Market for Education - Preliminary Survey, CTT, 1986.

External finance for education is a characteristic of developing countries and is obtained from multilateral and bilateral aid sources. In 1983 the total spent under these programmes was in the region of US $4 billion, about three-quarters of which came from bilateral sources. Table 5 gives an estimated distribution of aid expenditure by source.

TABLE 5

ESTIMATED DISTRIBUTION OF AID EXPENDITURE BY SOURCE

Source	Amount $bm	Percentage of Total
		%
World Bank	500	14
Regional Development Banks	180	5
UN Organisations	150	-
EEC	100	-
OPEC/Arab funds	90	-
Total Multilateral	1,030	26
OECD Countries Bilateral	2,800	69
Other Bilateral	800	5
TOTAL	1,050	100

Source: World Market for Education - Preliminary Survey, CTT, 1986.

NOTE: The figures do not include non-government organisations of which there are many and whose distribution of expenditure is unknown. Their total spent in 1983 was about $2.3 billion, most of which was spent on social programmes including disaster relief, health, food and education.

In the context of world expenditure on education, aid programmes are not very significant, accounting for about 5% of the total. However, the impact of aid on developing countries is far greater than this figure would suggest. Aid funded education projects cover about 5% of expenditure on education by developing countries. Foreign aid is particularly valuable in meeting the hard currency costs of external education services which are very important in the developing world. Aid programmes are very relevant since the greatest demand for external education services is generated by developing countries. The following sections are mainly concerned with current education issues in developing countries. This does not mean that the only opportunities for the export of Irish education services are to be found in aid funded markets. On the contrary, there are also valuable opportunities arising in direct funded markets. Many of these markets are in the wealthier and newly industrialised parts of the developing world. Notably the Middle East and South East Asia and therefore much of what is discussed below applies equally to them.

5.4 THE NATURE OF DEMAND - PROBLEMS OF RAPID EXPANSION

During the 1960s and 1970s the developing world, and indeed the developed world pursued expansionist education policies. There was a recognition that education was a fundamental element of development and popular demand for education grew rapidly, sparked off in many developing countries by their newly won independence.

Newly independent countries had an urgent need to develop their education systems, as the colonial inheritance in this area was extremely poor. At independence, Tanzania and Cameroon, for example,

had no institutions of higher learning at all. Zambia had only 36 university graduates and Malawi only 33. Countries such as the Ivory Coast, Zambia, Senegal and Somalia had illiteracy rates of over 90%.

The international community was slow to react to this need for education and for the creation of national pools of skilled manpower in developing countries. The world bank initially did not regard education as one of the productive economic sectors and therefore did not lend money for education until 1962.

It was only in the 1960s that the international community began to turn their attention to the education sector in developing countries. The initial objective was to physically build up education systems. The aid agencies, including the World Bank and EC provided direct support to this expansion and most of their finance during these two decades went to development of the educational infrastructure.

The rapid growth of enrolment in education in developing countries, illustrated in Table 4 has brought its own problems. There is a growing concern about the performance and value of education, as it eats up more and more of government budgets because of the high recurring costs involved. Expansion of the education system has not turned out to be the rapid path to development that it was once seen as, and most developing countries are still afflicted by shortages of trained and skilled manpower. This is due more to the approach to educational development that was implemented rather than to the merits of education per se.

The emphasis on a rapid expansion of education systems in developing countries led to uncontrolled growth in the number of schools, large numbers of unqualified teachers staffing them, and serious shortages of school materials, books and supplies. In the pursuit of quantitative targets, quality came a poor second. The systems developed were also out of context.

Between 1965 and 1980, there was an attempted transfer of the western model of schooling to developing countries - much of which was fostered by the national elites who themselves had received western education and often owed their position to it. This model was offered to the people of developing countries who saw it as a vehicle to social and economic advantage. However, it usually led to a system based on the European model which projected a social image of man which was far removed from the rural lifestyles and experience of developing peoples.

5.5 CURRENT FOCUS ON QUALITY IMPROVEMENTS

The principal issue now is to improve the quality of education rather than the quantity, and to focus on the cultural, social and economic needs of countries when developing and improving their education systems. The need to improve the quality of education systems and the education which they provide has meant that there is a growing emphasis on aspects such as teacher training, education planning and administration, curriculum innovation, and institutional development. All of these are areas in which most developing countries must seek outside assistance, and this provides opportunities for Ireland.

The change in thinking and strategy on the part of developing countries and the aid agencies had led to a direction of expenditure to the following areas:

1. Teacher training at all levels, but especially at primary and technical/vocational.

2. Restructuring and development of education systems in line with the economic and social requirements of a country - curriculum development is an essential aspect of this.

3. Strengthening of education planning, management, and administration is vital.

4. Development of education institutions at technical and university levels both through supply of experts, teaching staff and especially through co-operation programmes between institutions in developed and developing countries.

5. The implementation of integrated education projects by aid agencies, combining a range of actions including infrastructural development, teacher training, curriculum development, strengthening education administration and study grants into co-ordinated packages.

6. Grants for study and training from multilateral agencies will increasingly utilise institutions in developing countries themselves. The EC's analysis of scholarship awards made under the first four EDF's shows that the success rate of scholarship holders are clearly higher in their country of origin and in other ACP countries than in Europe.

7. Aid programmes in education will attempt to be consistent with national development objectives and especially with the objectives of specific development programmes in other sectors.

8. Technical and vocational education will continue to be emphasised to fulfil manpower requirements. Non formal education will be important in this respect.

9. Higher education programmes will place emphasis on those areas of most relevance to national requirements.

10. Production and supply of educational and teaching materials is an important area. Examples here are the British Council's book presentation and low priced textbook schemes, and Sweden's supply of printing material and paper to Tanzania for textbook production.

11. Other growth areas include adult education, functional literacy programmes, and rural education.

5.6 DIRECT FUNDED MARKETS

It has already been noted that many of the issues discussed above apply equally to the better off countries of the developing world, notably those in the Middle East and South East Asia. They too have rapidly built up their education infrastructure and are now seeking to improve the quality of the education which their systems provide.

Education expenditure in these countries is being directed to the areas listed in Section 5.10 and there is a demand for external services in areas such as institutional development, education planning and administration, the development of technical and vocational education, and teacher and instructor training.

An area of opportunity which exists to a far greater extent in direct funded markets (including developed countries) than in aid funded markets is the direct provision of third-level education at universities and technical and professional institutes. Every year, about one million students travel abroad for full time higher education and while Ireland obtains a small share of these (the Royal College of Surgeons being to the fore in terms of recruitment of overseas students) there should be potential for substantially increasing this share.

5.7 COMPETITOR ANALYSIS - SOURCES OF EDUCATION SERVICES

There are many organisations throughout the world supplying services to the developing world and, in certain areas, to the developed world as well.

1. Organisations established by groups of educational institutions with governmental support to undertake bilateral projects. An example would be the Australian Universities' International Development Programme and Canadian University Service Overseas.

2. Individual educational institutions offering courses to overseas students. These include many of the world's universities and technical institutions. There are in the region of one million students annually in full time third level education outside their own country. Most of these would be privately funded or on private foundation scholarships. Funds are also available from bilateral and multilateral aid sources for students from developing countries.

3. Foundations, institutions and private companies who offer training and specialised consultancy services overseas. In the training area, much of the activity is in industrial and management training. Consultancy services include such areas as institutional development, supply of materials, and planning, design and construction of educational facilities. Much of this work is obtained in directly funded markets such as the OPEC states.

4. Organisations which compete internationally for education sector projects funded by multilateral agencies, by their own governments, or by foreign governments and institutions. These are frequently sponsored or part-financed by their own governments, and essentially act as marketing agents and delivery systems for the combined educational resources of their countries. The British Council is the best known example.

Many of the organisations involved in supplying education services internationally are not competing in the true sense of the word since they work exclusively, or almost exclusively, on closed sources of finance (bilateral and own resources). Where competition does arise, it is becoming more intensive, particularly since educational institutions in many western developed economies find themselves faced with a static or declining domestic demand and therefore have increasing capacity for overseas work.

5.8 MARKET IDENTIFICATION

5.8.1 Geographical

Essentially, the greatest demand for external education services comes from the developing world. This can be divided broadly into the low income countries of Africa and Asia (also, the low income Caribbean and Pacific countries), the Arab/OPEC countries, and the newly industralised countries of South East Asia and Latin America. In considering possible target markets in these areas, among the basic criteria are use of English, accessibility, and reliance on external education services. Using these criteria, priority markets can be identified as follows:

1. Low Income Countries: Anglophone East and West Africa, and the Caribbean. Note that these are aid funded markets (see note on aid agencies below)

2. Arab/OPEC markets: Potential for supply of certain services (especially institutional development and technical/vocational and university education) to countries in the Arabian Peninsula. However, the current slump in oil markets counsels caution in approaching these markets.

3. Newly industralised countries: Malaysia is the main source of opportunities, with some potential also in Singapore and Indonesia.

5.8.2 Aid Agencies

Of the multilateral aid agencies the EC is the most accessible to us, in its ACP and Mediterranean operations.

The World Bank is less accessible, but efforts should continue to be made to develop it as a 'market' since it is the largest single source of educational expenditure.

World Bank projects are sizeable, far larger than EC fund projects. However, Ireland could still seek the technical assistance aspects of World Bank projects. In some cases, however, (China for example), Ireland's small size may result in a perceived lack of ability to handle major projects in large and populous countries.

Project related training is an increasingly important aspect of all aid funded projects, regardless of sector. Opportunities in this areas are more difficult to identify and mainly concern industrial, technical and vocational training. However, prospects for subcontract work in this area should be investigated.

Of the other multilateral agencies, the UN organisations offer the most potential, notably UNESCO and the ILO. An important point to bear in mind in relation to multilateral agencies is that the increase in cofinancing of projects with bilateral programmes is limiting the proportion available for 'open' competition.

5.8.3 Services

The growing emphasis on quality and on the 'software' aspects of education development suits Ireland very well. The areas in which technical assistance is being sought have already been noted in the paragraph above. Obvious areas of interest for Ireland include teacher training, technical and vocational education, education management and administration, inter university co-operation, and institutional development at

technical and vocational and university levels. These services are in demand both in the aid funded and direct funded markets of the developing world.

There would also appear to be scope for substantially increasing the intake of overseas students for higher education, both in universities, and in technical and professional institutes. It may be possible, for example, to establish institutes in Ireland specialising in the provision of education and training in certain fields for students from developing countries.

5.8.4 The Supply Side

This chapter has so far concentrated on the demand side of the equation, and the fundamental conclusion is that there is a strong demand in developing countries for external services relating to improving the quality of education. However, this demand must be related to the capacity of Ireland to supply these services at a greater volume than is presently being achieved.

It is essential now to review the Irish resource base for overseas projects and to determine exactly where advances can be made. An important issue to be addressed is the the availability of personnel from the Department of Education and the educational institutions for long and short term assignments. More specifically, the availability of personnel with the right combination of experience, expertise, and understanding of development issues in under-developed countries. The numbers of appropriately qualified people in this respect is probably limited, and their availability even more so. The position regarding release of staff from institutions also needs to be clarified and a definite policy

established in this regard. (An interesting possibility for consideration is the UNESCO Associated Expert Scheme which offers the opportunity for young educational professionals to obtain experience of education development in developing countries).

Other issues to investigate include the availability of places for overseas students and prospects for increasing these, the possibility of utilising Irish teacher training resources, and the extent to which Ireland could operate in the areas of educational materials supply.

Finally, the approach to marketing Irish educational services will be studied, in particular the vehicle(s) to be used or set up to undertake marketing and to deliver the services.

5.9 FINDINGS OF CTT STUDY

Drawing together the finding of the Coras Trachtala (Irish Export Board) study[4], the principal conclusions may be summarised as follows:-

1. The main opportunities for Irish education services overseas lie in developing countries, primarily the Anglophone countries of East and West AFrica. Sources of finance for projects in these countries are Irish bilateral aid, the EDF, world bank and UN (especially UNESCO and the ILO).

2. Other aid funded markets with potential are the Caribbean states and the Mashraq group (Jordan, Syria, Lebanon and Egypt).

3. Of the direct funded markets, the Arab/OPEC countries present the better opportunities. While Malaysia also offers good prospects, the South and Far East Asian countries in general are difficult and costly markets to develop.

4. The main services in demand which Ireland can supply include teacher training, technical and vocational education, education management and administration, and institutional development. Opportunities also exist for increasing the inflow of overseas students at higher levels.

5. The immediate task is to review the Irish supply side and determine precisely the capacity and capability to expand exports of education services. Following this, the key issues of marketing structures and strategies can be addressed.

5.10 RESOURCE ANALYSIS

It seems unlikely that the universities which provide for more than half of the students at third level at present will lose their appeal[5] both because of their prestige as established institutions and the breath of experience they offer. Within the colleges choice illustrated by an example from Trinity College Dublin Figure 1 is very strongly directed towards professional faculties.

FIGURE 1

TRINITY COLLEGE 1982/83 - PLACE DEMAND

Field of Study	First Preference	Places Available
Arts	1,006	400
Economic & Social Science	575	205
Engineering	285	165
Computer Science	173	30
Medicine	767	70
Dental Science	211	35
Science	322	190
Pharmacy	346	50
Remedial Linguistics	260	20
Law	441	60
Total	4,386	1,225

It is not certain whether what has been chosen is a professional career with associated assumptions about prestige and social standing or their chance of a job with clear earning opportunities. If there is an increase in applicants and the number of places is static, competition is heightened. The way to relieve the pressure of school leavers is to create more places. There seems to be a case more now than ever before to establish some understanding about the roles the different types of institutions should play in the future[6]. Some observers have already argued for greater coordination between third level institutions and greater automony both in academic development and in financial controls for regional technical colleges [7].

It is suggested that the higher education authority should recommend on the relationships which would be developed between third level institutions and the roles each category should play. Who develop degree courses, with what constraints, who should carry out research and award higher degrees, who should be responsible for technician training. There is a danger of convergence to a mediocre medium point if roles are not defined more exactly[8].

Because of the demographic pressures on the education system, there should be no cut back in overall real current public expenditure in this area in the years to 1987. A programme for action in education 1984/87[9] states:-

> "The greatest demand for growth in percentage terms would be at third level which is also the most costly. It would seem logical that the greatest demand should be reflected in the financial provision made and that at least third level should not be given a lower priority than at present as many commentators seem to assume".

5.11 COST EFFECTIVENESS

One way in which funds can be released is by improving our efficiency. P. O'Maoldomhnaigh, Assistant Secretary to the Department of Education stated:-

> "In the third level area in particular, there is a very common perception that very much more could be done to get greater output from existing capital investment"[10]

What we need to do is to measure that perception against the facts. Trinity College Dublin in liaising with the building unit of the Department of Education has reported on a study of its lecture theatre and laboratory use and has established a computerised procedure for examining use. This shows a 70% seat occupancy during term, a very high figure[11].

It might be improved slightly by some small adjustments and relatively inexpensive modifications to building, but it has proved to the Department's satisfaction that there is no capacity to add additional large groups. For them, significant increased capital expenditure will be necessary. The programme is available to other colleges.

Universities within Ireland have as a matter of policy, similar costs per students so that the Trinity College Dublin figures that we will use will be equally valid for University College Dublin.

Figure 2 shows that universities funded within the British system have much better student staff ratios than we do and have at least twice as much funding per students.

Such comparisons are necessarily crude because the institutions differ in many details. For example, Queens University of Belfast has a very expensive part time adult education programme, nonetheless, the broad

character of the information is incontestable. State Publications (Programme for Action in Education Para 611 NPB Proposals for Plan attach importance to the provision of unit costs per faculties and departments[12]. In fact, these have been provided to the HEA for some time. At present the form of calculation is being refined. There appears to be an implication that unit cost studies will reveal over expenditure.

FIGURE 2

FINANCIAL COMPARISONS - TCD, QUEEN'S UNIVERSITY BELFAST, MANCHESTER

	1 Full time Student Numbers	2 Full time Academic Staff	3 Ratio 1 : 2	4 Total Income IR£'000	Research Income IR£'000
TCD (Sept 83)	7,041	440	16.1	28,394	1,835
QUB (Jun 83)	6,694	670	10.1	46,610	8,745
Manchester (Jun 83)	9,549	1,221	10.1	81,234	9,479

Source: Internal sources

However, a study first carried out two years ago in 1982 and now updated, compares costs in Southampton University with Trinity College.

FIGURE 3

COMPARISON OF SOME COSTS, SOUTHAMPTON UNIVERSITY (YEAR ENDED 31ST JULY, 1983) WITH TRINITY COLLEGE DUBLIN (1982/83) EXPRESSED IN IR POUNDS

Southampton	TCD	
1. Student Number (full time equivalent)	6,387	7,982
2. Faculty unit costs		
- Arts	1,877	1,138
- Science	4,030	2,270
- Engineering	3,914	1,136
- Economics/Social Sciences	2,057	863
- Medicine	5,747	2,941
Average unit cost	3,155	1,541
3. Unit cost per student of some central services		
- Library	255	237
- Computing	146	77
- Maintenance	735	564
- Central Administration	350	152
4. Average cost per student (total 2-3)	5,438	2,798

Southampton was chosen because of similarities to Trinity College Dublin in size and range of disciplines. The unit cost is quite grossly to our disadvantage in engineering which has nonetheless shown considerable improvement since the subsequent introduction of the manpower programme. Even in library services where Trinity College Dublin supports a great historic library, the unit costs are no better than comparable. Irish universities produce internationally acceptable graduates and carry out research of international calibre. They do so at much lower cost than in the surrounding economies. When our costs are being assessed, it would be desirable that comparative costs in Britain and other EC countries should be at hand so that a just assessment of Ireland's achievement can be made.

A programme for action in Education Paragraph 6.11(10) states that:

> "Priority and financial support will be given to those academic developments which are geared to the developments in modern society".

The National Planning Board's reservation stressing the importance of balance in third level education between its contribution to economic growth and its contribution to cultural and social development for producing a well educated population is welcome and represents accurately the views likely to be held in third level education. However, how can be improve our performance in science and technology. Several factors are involved, including staffing, equipment and building. Since the public sector embargo on new appointments, university staffs have decreased in number.

There are forty 'frozen' posts in Trinity College Dublin and larger numbers in University College Dublin. Salaries make up 80% of the typical Irish university budget. It is too high a proportion leaving far too little for departmental grants, library and other facilities. The embargo is in a sense irrelevant because the universities cannot afford to make new appointments.

Certain strategic areas have been identified and a great deal of work has been done by the Industrial Development Authority, National Board for Science and Technology, the Higher Education Authority and third level institutions to develop a national programme in biotechnology in which special fields would be developed within each of a number of institutions. This still awaits a long delayed government decision on funding. More generally to avoid the stagnation of colleges and to create opportunities for able young scholars to be recruited, a programme similar to the new blood appointments in Britain is necessary which has the advantage that posts can be placed predominantly in science and technology if that change in orientation is desired. To perform adequately in modern science and technology, new equipment and consumable costs are necessary. The insured value of equipment in the universities is very high and its replacement rate pitiable. For example, the insured value of equipment in Trinity College Dublin in 1983 was £12 million. In 1983, £200,000 was available for replacement and new equipment. Even writing off equipment over a 10 year period £1.2 million would be required annually.

The failure to provide funding for equipment is the biggest single stumbling block in the way of modern academic development in science and technology. The figures are such that it is obvious that the universities would break down if equipment was not also purchased from research grants and from privately raised funds. Equipment purchase is all subject to 25% value added tax, the comparable figure in Great Britain is 15%. As nearly all our equipment is imported, it is also subject to transport costs and the fees of local agents. We are thus at a great disadvantage in comparison with universities in Britain with which our standards are directly compared.

It is possible to envisage some expansion in non scientific subjects in existing premises, but new specialisms in biotechnology, in electronic engineering, in laser physics and in other fields we require trained personnel to support industrial development and help to generate

employment will need capital expenditure on new buildings. It can be very highly focussed on the so called strategic areas which are necessary for national economic development and it may provide for specialised activities which can only take place in one institution, but capitalisation is necessary. It is ironic that the Industrial Development Authority constantly advertises Ireland's strengths in trained manpower as a major attraction to foreign investors while so little is done to provide the resources needed to sustain just a training process.

The Higher Education Authority for a long time has been recommending a higher level of capital expenditure and has been approved by government. The present numbers crisis would be less acute if important proposals for capital development were no longer deferred.

5.12 THE CLIENTS EVOLVING NEEDS - INDIGENOUS DEMAND

If we see higher education as a business, we must identify the clients and their needs. In doing so we see a market which has changed significantly in the course of a generation. Previously the prime clients were the children of the professional and upper classes who purchased higher education as a means of maintaining an established position in society. Their needs once admitted were not very specific. Going to college and obtaining a degree was often more important than the nature or content of the study. A generation ago in Ireland the state had not much interest or involvement in higher education other than providing a subsidy in an altruistic way. In the 1960s, in the mistaken belief that education was the prime vehicle by which social differences would be quickly eroded, higher education was moved towards centre stage as the vehicle by which governments pursued egaliterian objectives. Also at this time, business and industry identified the need for specialists as a key prerequisite for corporate development. As a result in a course of a generation, Ireland has found that previously neglected higher education has become of prime interest to groups who had ignored it. The upper class client has been replaced by a complex demanding and focal composite client:

1. The state in implementing egalitarian and more recently development policies

2. Business and industry in seeking the more sophisticated manpower needed for the transition from an industrial to an information based society

3. Students who generally do not have independent means and want an education that is relevant to their more ambitious career goals[13]

Developed countries having evolved from agriculture into industrial societies are now evolving further into information societies in which the strategic resource is information and the transforming resource is intelligence.

These key resources, information and intelligence link national economic development inextricably with the educational system. The relevance and productivity of the educational system become crucial factors in determining the rate of national economic development.

Japanese planners recognised the dependence of economic development and higher education at an early date and the 1960 plan adopted for doubling the national income in a decade (it achieved it in seven years) states

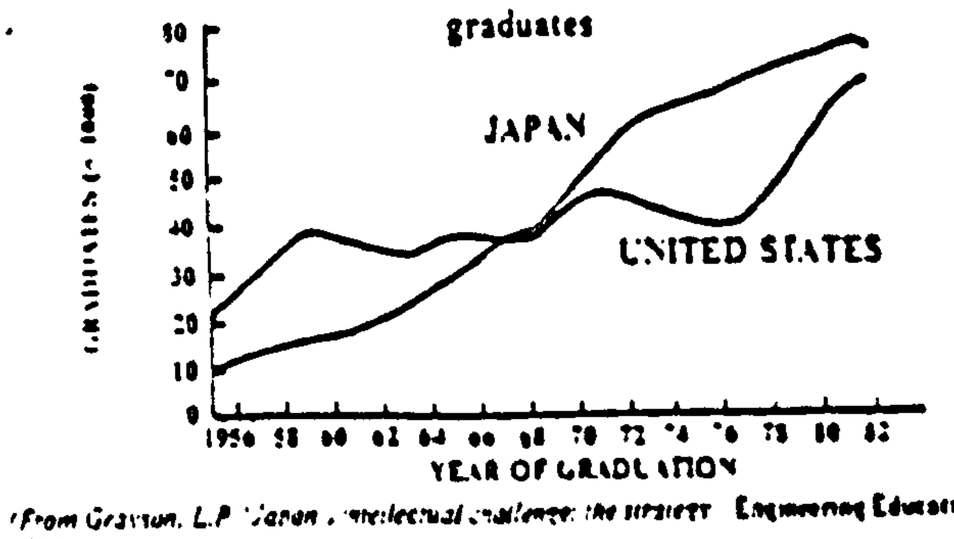
> "Economic competition between nations is a technical competition and technical competition has become an educational competition[14]".

The Japanese Ministry of Education was reorganised with strong linkages to the scientific and technological community. Education was given a high funding priority in particular engineering and technological education.

As a result, the output of engineers was increased three-fold in a decade and by 1967 Japan was producing more engineers than the United States as shown in Figure 4.

FIGURE 4

COMPARISON OF US AND JAPANESE OUTPUT OF ENGINEERING DEGREE GRADUATES



(From Grayson, L.P. 'Japan - intellectual challenge: the strategy' Engineering Education, Dec 1983)

The transition from the industrial to the information society and the associated increasing availability of cheap computers and access to data banks is causing fundamental changes to educational priorities. Memorising and accumulating facts is now of considerably less importance than developing skills and an ability to convert raw information into products or services in the broadest sense of these words. As we look to the future, there is no doubt that a healthy higher educational system would be seen as one which:

1. Is responsive to the economic development needs of the state, the manpower needs of business, industry and the professions and the personal development needs of the individual.

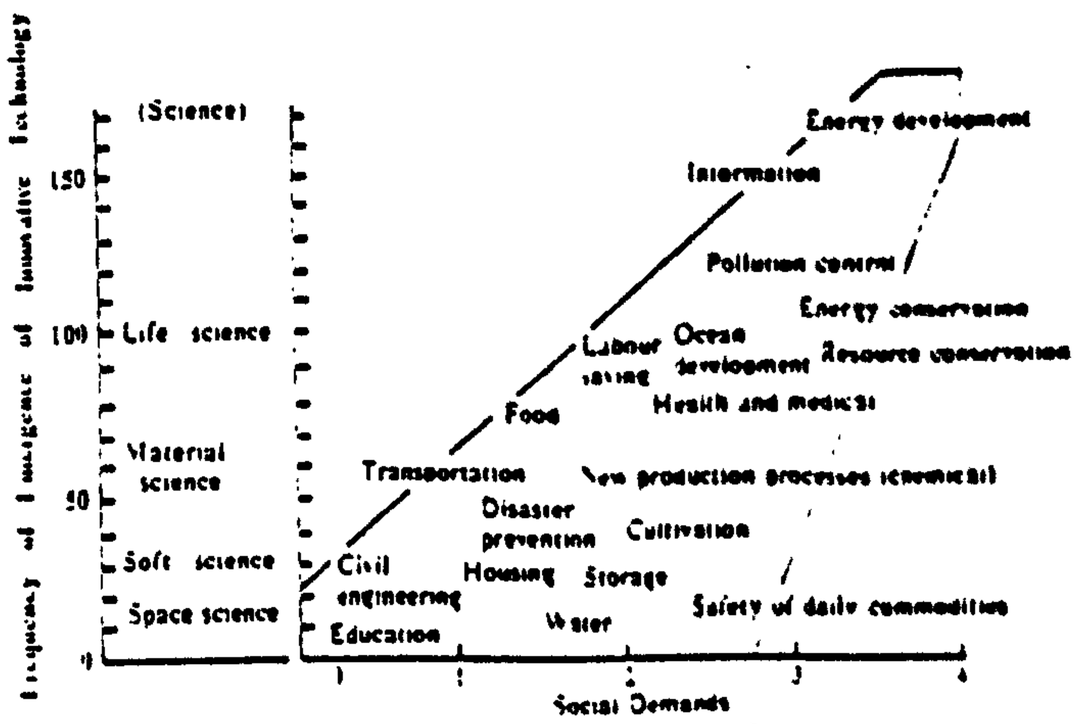
2. Is primarily concerned with the intelligent manipulation and application of information and the acquisition of skills rather than memorisation and recall of data.

5.13 THE NEW TECHNOLOGIES AND ECONOMIC DEVELOPMENT

The Japanese are taking a lead in welding together technological innovation and social needs. In the document 'Japan Towards the 21st Century'[15] produced by the Japanese National Institute for Research & Advancement, the aim of a nation state founded on technology is addressed. Figure 5 illustrates how the Japanese have identified technological priorities in correlating technological innovation with social needs.

FIGURE 5

AREAS OF TECHNOLOGICAL INNOVATION AND SOCIAL NEEDS



From Japan: towards the 21st Century, National Institute for Research and Advancement Tokyo 1981.

Ireland has something to learn from this approach. As a small country we must give increasing focus to certain key technologies and in identifying these we must take account of Irish social needs.

Figure 6 shows how Japan, France and the Federal Republic of Germany have recognised that limited resources must be focussed on selective technologies and are using industrial targetting in order to optimise returns.

FIGURE 6

INDUSTRIAL TARGETING BY THREE NATIONS

Industry	Japan	France	Federal Republic of Germany
Computers	X	X	X
Microelectronics	X	X	X
Electronic instruments	X		
Lasers	X		
Optical communication	X		
Electronic office equipment		X	X
Biotechnology	X	X	
Robots	X	X	
Energy conservation equipment		X	
Underwater exploration equipment		X	
Aerospace	X	X	
Telecommunications	X	X	

From US Department of Commerce An Assessment of US competitiveness in high technology industries. [illegible].

There is a strong case for small countries, such as Ireland, selecting a limited number of technological target areas and higher education in partnership with industry and state development agencies focussing their energies in the pursuit of excellence.

Incremental planning which is administratively attractive must be replaced by strategic planning. This is a difficult assignment associated with picking winners on the one hand and on the other deciding to reduce the size or indeed close down certain departments. For the foreseeable future, the role of the higher education authority would be the redeployment of resources so as to achieve excellence in areas of strategic importance to Ireland. The success of the higher education authority in serving Ireland in the future will depend much on its resolve to develop its surgical skills in the fields of amputation and grafting and indeed to try its hand at euthanasia where necessary[16].

Pressure to make these decisions will ultimately come from employment/unemployment graduate statistics. An example of this is to be seen in Germany where the number of unemployed graduates has risen from 1,000 in 1973 to 100,000 at present[17].

A study by the Institute of German Economy[18] shows that engineers and economists have the best job opportunities while graduates in law, sociology, political science and psychology have less prospects. Higher education having moved from being a privileged and idealistic activity to a centre stage activity crucial to both Ireland and the productive sector must plan its future developments in close partnership with both. It is recommended that the current 300% weighting given to graduate students be reviewed, that all higher education institutions be required to provide unit cost data for publication by the Higher Education Authority, that good unit cost achievement be encouraged and rewarded by the Higher Education Authority through preferential treatment of the organisation, example, priority when new national initatives, special research grants and of the personnel, improved promotional prospects through adjustments in the senior/junior staff ratios. We might also look to the means adopted by the multinationals in controlling and developing their subsidiaries when seeking the most cost effective means whereby the state controls and develops its institutions.

It is further recommended that:

1. Annual budgets be augmented by four year rolling budgets associated with prestated measurable criteria.

2. That the present unnecessary wasteful frequent and unproductive involvement of government departments in the detailed management of the institutions be replaced by interaction concerning long term planning on the basis of a four year rolling plan and the control of the institutions by means of a four year rolling budget.

3. That the proposed introduction of unit cost analysis within HEA institutions be extended to include the unit costs associated with the current cumbersome interaction between the institutions and governing departments. At present costs per student are determined by confining one's examination to the teaching

institutions themselves. The costs are significantly greater if one takes into account the costs incurred in the associated bureaucracy and costs associated with mismatch between capital investment and recurrent budget provision. It seems that savings in education should be sought first in the associated bureaucracy where the elimination of unnecessary letter writing, meetings or delays can both reduce total costs and improve the quality of the product. As a last resort savings should be sought in the classroom. A major initiative in educational entrepreneurship should be launched with cabinet level commitment to a plan, the first phase of which would seek to have 15,000 foreign students in Ireland by 1992, thereby turning higher education into a national financial asset, creating jobs, earning foreign revenue, increasing tourism and trade.

There are three main issues which we must consider:-

1. The need to act positively in response to the demand for third level places from a growing population of school leavers.

2. The need to be flexible in using our resources and determining our priorities and directions to take account of financial shortage and the need to create employment.

3. To maintain high academic standards sustained by a strong vision of education and knowledge as having very great inherent value irrespective of the market place.

The report of the Commission on Adult Education shows that in 1979, 48% of our population was under 25 years compared with a European average of 38%. The most recent census, 1981, confirms the figure . It shows very nearly twice as many people in the 15 to 19 as in the 40 to 45 age groups. In contrast to other Western European countries such as Britain or West Germany which have a declining population at secondary level, our population is growing rapidly. There is no

foreseeable slackening in demand for third level education for the rest of this century. The measures that have been taken to reduce the size of universities or to close or amalgamate some departments and institutions in Britain are a response to the recession and to actual or forecast falls in numbers of applicants. It is important to emphasise that Britain does not provide a useful analogue for us at present because there is a totally different demographic structure. The fall in our birth rate reported for the last two or three years will not have any impact until the year 2000. It should not be allowed to distract us from dealing positively with the problems for the next eleven years.

The anticipated demand for third level education has not been adequately quantified. Dr. Murphy[19] suggests a rise from 47,000 in third level institutions 1984 to 65,000 by 1990. The Chairman of the Higher Education Authority (HEA) has argued for at least 60,000 by that date.

The Minister for Education has indicated a need for 20,000 extra places in statements in the Dail (Irish Parliament). A minimum demand of 2,000 and a maximum of slightly over 3,000 extra places annually is foreseen. Factors which will increase demand are the greater size of the school leaver group, a higher participation rate, perhaps including social classes which previously had a low demand for third level education, and a trend to spend more time in education because of diminished prospects of employment. Growth in demand for adult education, second chance, and continuing education can also be anticipated.

Demand may be reduced by inability to pay rising costs or by changing patterns of choice. In spite of these uncertainies, it seems that estimates for growth, distributed between different kinds of institutions are absolutely necessary to enable planning for growth to take place.

TABLE 6

PROJECTED THIRD LEVEL FULL TIME ENROLMENTS ASSUMING 11% OF A COHORT IS ENROLLED

	1971 (a)	1976 (a)	1981	1986	1991
Low Population	26,218	33,003	36,500	37,100	39,600
High Population	26,218	33,003	36,500	37,700	40,400

Note: (a) refers to actual numbers in 1971 and 1976.

Source: Future Enrolments in Third Level Education. John Sheehan

TABLE 7

THIRD LEVEL REQUIREMENTS BY MAIN SECTOR NECESSARY TO MEET OVERALL PROJECTIONS OF DEMAND

	1971 (a)	1976 (a)	1981	1986	1991
Universities	19,652	21,172	24,500	25,400	25,400
Teacher-training	1,744	2,386	3,400	3,500	3,600
Higher Technological	2,322	6,961	6,900	6,800	9,400
Other	2,500	2,484	2,000	2,000	2,000
Totals	26,218	33,003	36,800	37,700	40,400

Note: (a) 1971, 1976 actual numbers.

Source: Future Enrolments in Third Level Education. John Sheehan

TABLE 8

PROJECTED ENROLMENTS AT THIRD LEVEL ASSUMING CERTAIN PERCENTAGES OF SENIOR CYCLE SECOND LEVEL STUDENTS GET THIRD LEVEL PLACES

Ratio of 3rd to 2nd-level enrolment rates	1971 (a)	1976 (a)	1981	1986	1991
17% ratio	26,218	33,003	38,700	42,700	48,600
22% ratio	26,218	33,003	50,100	55,200	63,000

Note: (a) 1971 and 1976 figures are actual.

Source: Future Enrolments in Third Level Education. John Sheehan

5.14 CHOICE AMONG THIRD LEVEL INSTITUTIONS

The choice between third level institutions seems to be very much determined by geography[20]. For example, 60% of TCD students come from Dublin city and county, 70% of UCC from Cork city and county, less than 3% from Dublin study outside the county. This expresses a cost factor which causes students to live at home whenever possible and may reflect also the grant structure in Ireland.

Within the larger cities, genuine choice can be exercised, but at least in the short term, it appears more likely that the total educational resources will be saturated with students than that clear choices between types of institution or training will emerge.

It seems unlikely that the universities, which provide for more than half of the students at third level at present, will lose their appeal, both because of their prestige as established institutions and the breadth of experience they offer.

5.15 MARKETING MIX STRATEGY

5.15.1 Product

The fields of study presently offered by the various institutions in Ireland; University College Dublin, (UCD) University College Cork, (UCC) University College Galway, (UCG), Trinity College Dublin (TCD) Maynooth, Dublin City University (DCU), University of Limerick (UL), National College of Art and Design (NCAD), Thomond College of Education (THO) Royal College of Surgeons of Ireland (RCSI), the Regional Technical Colleges (RTCs) and the Dublin Institute of Technology (DIT) are as follows:-

1. Arts
2. Education
3. Art and Design
4. Economic and Social Studies
5. European Studies
6. Social Science
7. Communications and Information studies
8. Commerce
9. Law
10 Science
11. Engineering
12. Architecture
13. Medicine
14. Dentistry
15. Vetinary Medicine
16. Agricultural science and forestry
17. Dairy science

These courses are offered at diploma, undergraduate degree and post graduate degree levels at the various institutions and are of a comparable standard with British institutions. The proposed council directive on the mutual recognition of diplomas to be put forward soon by the European community may provide a marketing advantage and will convert Irish third level qualifications into European recognised third level qualifications. This may cause some variation in the content of our degree programmes, but Ireland's degrees are seen in European as being of an extremely high quality.

5.15.2 Price

There is also the possibility of tailoring specific courses for various groups of overseas students or to the requirements of the sender governments. However, this form of niche marketing must be conducted in an ethical manner whereby standards are not compromised. Split-site degree programmes, twinning arrangements, etc. are discussed in an Appendix to this chapter regarding the Malaysian market.

Fee levels are established for the university sector and the national institutes by the Higher Education Authority and therefore fee levels are largely outside the preserve of the individual colleges, although some slight leeway is accorded them. In the area of overseas students, government policy recommends a surcharge for overseas students of 100% of the fees, although this is not a minimum level and various institutions then can set fees at higher levels.

5.15.3 Promotion

Institutions at present have little flexibility in setting fee levels. However, price competition/penetration is a potentially dangerous option except in the short term. Factors such as image, quality and reputation must be high and the price strategy must preserve the quality of the institution. Price skimming and differentiated pricing are strategies to be considered.

Little promotion is undertaken by Irish third level institutions. They see excess demand arising in Ireland as being a perfect excuse not to pursue promotional strategy. Also it has been shown that very little in the way of choice among third level institutions exists for Irish third level candidates due to the demographic structure. From 1997 onwards this may well change. This topic is investigated further in the research survey in Chapter VI. Promotional literature in the form of borchures, educational missions and orientation programmes are important areas for development. CTT support coupled with advice from Ford Failte would be of value in this area.

5.15.4 Place

Most educational institutions already have facilities at one or more fixed locations. When they begin to consider how to service the market more effectively, they are thinking about distribution patterns and systems as coloured by their existing investment and facilities. The question of where to locate facilities was answered years ago often for pragmatic reasons. The location of facilities can have a tremendous symbolic and political significance. Past decisions about the location of educational facilities may create later imbalances.

In deciding how to distribute its programmes and products, the third level institution must consider the nature of each as well as the important characteristics of the consumer who will ultimately benefit

from it. A workable distribution system successfully gives the right product or service to the consumer who wants it at a cost that both producer and consumer can afford. A superior distribution system accomplishes the same task in a way that makes a product easier to obtain and/or reduces the cost for one or both parties. Planning a distribution system entails answering a number of questions.

Some other factors in the location of educational facilities would be:

1. What should the building look like on the outside. The decision would be influenced by the site where the building will be located, and by the message that the school wants to convey to potential students and programme participants.

2. What should be the functional and flow characteristics of the building. The planners have to consider how the building will be used and what types of spaces are needed in addition to classroom spaces, study areas and areas for meals and social hours will be needed. The rooms and corridors must be designed in a way to handle all those likely to be attending programmes in the building at one time.

3. What should the building feel like on the inside. Every building conveys a feeling whether intended or not. In designing the interior, the planners need to consider where it should be bright and modern, sombre and business like or warm and relaxing. Each feeling will have a different effect on the participants and their overall satisfaction with the programmes offered there.

4. What materials would best support the desired feeling of the building. The feeling of a building is conveyed by visual cues, colour, brightness, size, shapes, aural cues, olfactory cues, scent, freshness and tactile cues, softness, muscness, temperature. The planners need to choose colours, fabrics and furnishings that create or reinforce the desired feeling.

5. Distribution or delivery of the service has particular significance in the area of distance/open learning. In Ireland, the potential of an open university system has hardly been tapped and significant developments in this area are eagerly awaited. The possibility of split-site degree programmes, twinning arrangements and multi-site programmes deserve further study in Ireland (See Appendix on Marketing Strategy for the Malaysian Market).

5.15.5 People

1. Faculty. The faculty consists of the skilled practitioners, professors, teachers and other instructors who deliver the institution's educational services to its consumers. At some schools, faculty members clearly understand and are fully committed to the institution's mission. In others, faculty may be at odds with the trustees and administration over the institutional mission and other issues. A school where professors are student oriented is much more likely to attract and retain students than one where professors are cold and indifferent all other things being equal. The school's trustees and administration need to work to enhance faculty commitment to the institution and its students.

2. Administration staff. The staff consists of the various non faculty employees who work on a paid basis. This could include middle management, secretaries, security officers, telephone operators and so on. The administration faces normal problems of building an effective staff, defining job positions and responsibilities, recruiting qualified people, training them, motivating them, compensating them and evaluating them. Those employees who come in contact with consumers, must be trained in a customer service orientation. Motivating the staff takes careful planning. The staff want several things from the institution, adequate salaries, fair treatment, respect, recognition and the feeling of working for a worth while

enterprise. Managers must create these benefits if they expect to get in return solid work, high morale and continuous support.

3. Volunteers. Volunteers are unpaid participants in the institution's work, often in fund raising and recruiting. In some educational institutions, volunteers also serve as tutors, instructors, or assistants to staff. Volunteers often have a special commitment to the institution and its success. They may be guardians or parents of current students.

5.15.6 Physical Evidence

Physical evidence could be the quality of the degree parchment, the quality of the conferring ceremony, etc. Again in Ireland, this is something that has not received much attention. In Trinity College Dublin, an elaborate commencement ceremony is followed purely for traditional reasons. The ceremony being largely conducted in Latin. In University College Dublin the ceremony is far more informal. In the Dublin Institute of Technology colleges the college's qualification is given in a very informal manner and little attention is given to the enhancement of the qualification that a very solemn conferring ceremony can create.

Many of the Spanish universities such as IESE in Barcelona conduct a tremendously elaborate ceremony which confers a tremendous dignity on those receiving degress. Many American universities such as Harvard lay great stress on the elaborateness and protocol of such ceremonies. There is no direct empirical evidence to suggest that the elaborateness of the ceremony enhances the degree award. However, there is intuitive evidence of this. The quality of the parchment is not really considered in Ireland and again due to excess demand in Ireland, little attention is given to this area. Many American institutions have very elaborate parchments and as this is generally the only physical evidence that graduates have of their association with universities, high quality parchment could be of great merit.

In the older universities in Britain, such as Oxford and Cambridge, there is great stress on graduate societies and alumni associations. Trinity College Dublin in recent years has given great weight to its graduate's association called the TCD Association and used this Association for fund raising for the coming Quarcentenary of the university in 1992. A network of graduates on-call help the esteem of the university. For example, Harvard University maintains a list of graduates of Great Britain and Ireland who are encouraged to meet regularly to form an 'old boy' network of graduates. This is a very important feature in the third level system and one which in Ireland has received very little attention. Perhaps the development of an Irish Graduates Overseas Association as a co-operative venture between the Irish university and Polytechnic sectors would be helpful. This would allow the critical mass needed for an effective alumni association.

5.15.7 Process

A dilemma exists for third level institutions as pointed out by Kotler and many other writers between teaching and research. The recent Wagner report[21] in the US condemns many institutions as conducting a paper chase whereby there is a proponderance of second rate articles being produced, but little attention to the quality of teaching. In this regard, Harvard has recently instituted a distinguished teaching professorship showing their concern for high teaching skills, particularly at MBA and taught DBA level. In Ireland there is no equivalent for third level of the higher diploma education awarded to second level teachers which covers such subjects as psychology of education and teaching practice. In the United Kingdom the PGCE post graduate certificate of education is used in the further education colleges, but in the university education sector no teaching qualification exists. This could be argued as a major drawback in the marketing of education. If one compares the third level sector with

industrial service organisations - McDonald's for example, McDonald's have instituted a service delivery system which is discussed by Heskett in Managing the Service Economy[22]. In the third level sector there is little evidence of such an awareness of the process element in the marketing mix for services.

5.16 MARKETING STRATEGY FOR DEVELOPED COUNTRIES

In this section we shall now look at the way in which Irish institutions should address themselves to the markets of developed non EC countries such as the United States. In marketing to the United States market, opportunities for study abroad should be stated. The possibility of building in periods of study in Ireland into courses in United States universities should be examined such as the credit equivalent of attendance at summer school, etc. in Irish institutions, particularly in areas of Anglo-Irish literature, history, etc.

Indeed it could be argued that Ireland being an EC member state, thus aspects of European studies could be sold as a credit programme for integration on United States degree courses or other developed countries, perhaps Japan in this regard. The possibility of institutional links being strengthened with United States colleges should be examined and it must be noted that the University of Limerick's recent development of a campus in Japan in conjunction with a Japanese university is a sign for the future.

5.16.1 Pricing Strategy

Perhaps a pricing strategy of 10% below UK levels could win over some students who see the UK as their destination. However, price competition of this nature should only be seen as a short option. Non-price competition on quality, image, reputation is more suitable.

5.16.2 Agreement with Wholesalers

Trinity College and the University of Limerick both have a programme arranged with Beaver College in the United States where Beaver acts as an agent for the university in the United States.

Membership of (NAFSA) National Association for Foreign Student Affairs should be important and attendance at the Annual NAFSA Conference in the United States is essential. It is noted that attendance at this conference by representatives of Irish third level institutions is becoming increasingly popular. The possibility of mailing to selected institutions in the United States or other developed countries. The possibility of low level advertising. The advertising issue is a difficult one as in many ways the over-advertising by the UK institutions is tarnishing their image abroad. Advertising should be viewed as for the advertising of professional services in a very ethical manner. The advertising of 'flexible' entry criteria, varying durations of course, misrepresentations, badly planned courses unrealistic expectations can do considerable damage both to the individual institution and the third level sector of the country in general.

One problem Irish institutions will encounter is the lack of marketing presence by their name. In this sense, colleges like University College Dublin separating from the NUI maybe of benefit and colleges pushing their crest, logo and institutional title very prominently in all promotional literature.

Another problem which surfaced in the research section of the thesis is the lack of on-campus accommodation. Perhaps the government could give tax benefits whereby support from

industry could be obtained for the building of on-campus accommodation. This accommodation, if it is also used for summer school purposes, could have maximum utilisation and a very short pay back period might well be possible.

The University of Limerick again must be complimented on the building of their university village and University College Dublin has now attempted a major advance on its on-campus accommodation.

The development of a modular system of providing third level education is necessary particularly to ensure easy transfer either under Erasmus or from United States universities and colleges.

Lack of experience is a problem Ireland will have to encounter and perhaps learning from colleges like the Royal College of Surgeons or Trinity College Dublin, who have much longer experience in the recruitment of overseas students, could be of benefit to other third level institutions. Indeed a consortium approach whereby a committee of vice chancellors of universities such as in the UK might well be established in Ireland for that regard.

The NCEA could well develop into an Irish accreditation council for independent and further higher education. In this way, there would be significant quality control of much of the private sector involvement in third level education which is not the case at present.

The institutions should meet with the sending governments to ensure that there would be no recognition problems facing students on their return from a period of study in Ireland, either for visiting or one year students or full degree students in Ireland.

5.16.3 Programme Development

Colleges should be quite willing to develop new courses and tailor these courses for individual markets. A minimum number of students may be required for the successful implementation of this approach. This is mentioned in the Appendix on the Malaysian market but is particularly the case with courses in European integration and MBA programmes tailored to particular industries. This is being undertaking by Cranfield Institute of Technology in Britain at the moment.

5.16.4 The National Context

The focus group interviews referred to in Chapter VI have presented a number of perceptions of Ireland among the overseas students interviewed. These perceptions were also present in the findings of the overseas student questionnaire distributed to overseas students in Ireland and also at the University of Strathclyde. These findings are discussed further in Chapter VI.

The violent image of Ireland overseas is worrying and this would be quite difficult to counteract. Recent publicity to Ireland as its role in Europe develops is welcomed but Bord Failte could probably assist in this regard pointing out the low crime rate by international standards, etc. in Ireland. The friendliness of the Irish people is something again that Bord Failte in a brochure on studying in Ireland could emphasise. Bord Failte, like its UK conterpart, the British Tourist Authority, has a valuable role to play.

The traditional or conservative image of Ireland is changing quite radically but the conservative view of Ireland would have great merits, particularly for second level education of parents sending their children to learn languages in Ireland and at third level the strength of the family unit is something that many overseas students are impressed by.

Ireland is seen as a non imperialistic country, as nonaligned, its neutrality is welcomed by many students, our tradition in arts, literature and medicine are all competitive advantages.

The presence of a high technology environment in Ireland is something to be promoted. The Industrial Development Authority in Ireland are marketing this feature very successfully overseas.

5.16.5 <u>The Capacity Issue</u>

It is essential to quantify available and likely capacity to deal with overseas students as a prerequisite to any marketing drive to increase overseas student numbers. Promising what we cannot deliver is a fatal marketing error. In this regard government policy stating that the institutions can keep any additional income they gain from overseas students would be creating the right climate in which colleges would be willing to develop their reference.

The government could argue that the downstream effects of the present of overseas students would be sufficient reward for the country but it must be stressed that seeing overseas students primarily as a source of additional revenue is a very dangerous road to follow. Tax breaks on the donations to institutions of capital equipment, etc should be examined, perhaps by an inter-departmental committee with representatives from the Department of Trade & Industry.

5.16.6 <u>International Competitors</u>

Our main competitors would be Britain, Australia, Canada and New Zealand. The British Council has an excellent educational counselling service promoting its education worldwide and an equivalent Irish council is very desperately needed. Again the English language and our high standards are the major competitive advantages for Ireland.

The English language dimension in Irish third level institutions is a considerable marketing advantage evidenced by the fact that 50% of the world's scientists are able to read English. 70% of the world's mail is written in English. 80% of all the information in the world's electronic systems is stored in English. Training in English as a foreign language is a global industry with an annual turnover of £6 billion. This indeed is an area in which Ireland might well increase its market share.

5.16.7 Multicultural Nature of Campus

It is hoped that the Erasmus programme will increase the blend of nationalities on all courses within Irish third level institutions. This development of a multi cultural campus should enhance the environment in Ireland for overseas students.

5.16.8 Future Issues

We would recommend that 10% enrolment of overseas students should be a declared target of government policy for each institution by the year 2000 because this would appear to be achievable given present capacity in the third level sector. Enrolment above this figure would require considerable capital investment. The non university third level education sector must be brought into the marketing drive or consortium as there are many specialisms of a vocational nature only available in these institutions which may be very attractive to overseas countries. A selective scholarship programme as addressed in Chapter VII Conclusions and Recommendations, should be inaugurated whereby Ireland could attract very brilliant scholars who have not sufficient funding to pursue their studies here.

Structured arrangements rather than individual ad hoc efforts would be far more successful in the marketing of Irish education abroad. In this regard institutional links-ups, academic faculty exchange should be promoted vigorously within each institution. As an appendix to this chapter, a possible structure for a National Promotional Support Agency is presented which discusses the role the various existing State agencies would have.

5.16.9 Profile of International Student Enrolment in Irish Higher Education

The table below shows that 43% of students enrolled in Ireland are studying in the health sciences. 31% of overseas students are studying in the arts and 10% in the area of science. The problem in the development of extra medical places lies in the availability of internships and training positions in Irish hospitals. This is a matter beyond the scope of this dissertation but is one that must be examined by the medical faculties throughout Ireland. If it were possible to create Ireland as a centre of excellence for medical education this might well be a vanguard on which other Irish courses could be promoted. In the area of paper degrees in the arts area, it would be less costly to develop and the lead time should be much shorter. In the science area the supply side must be looked at to see exactly how many overseas students the consortium of Irish third level institutions could provide places for. Until concrete evidence is available as to the number of places which can be offered, it seems pointless to undertake any costly marketing campaign by Irish third level institutions.

TABLE 9

INTERNATIONAL STUDENT ENROLMENT IN HIGHER EDUCATION IN IRELAND BY AREA

1987/88

Area	Number	Percent
Medicine[1]	868	43
Arts[2]	631	31
Science	197	10
Engineering & Architecture	173	9
Business	110	5
Agriculture[3]	27	1
	2,006	100

[1]: Including Dentistry, Nursing and Physiotherapy

[2]: Including Fine Arts, Law and Social Science

[3]: Including Dairy and Veterinary Science

NOTE: Undergraduate Medicine 53%
Postgraduate Arts 37%
Science 34%

The following table shows that the Royal College of Surgeons in Ireland has the largest overseas student preference of any third level institution. Trinity College is next followed by UCD, UCC, UCG and Dublin City University a newcomer to the area of third level education has increased significantly its overseas students presence. The colleges of the Dublin Institution of Technology and Regional Colleges find it very difficult to increase overseas student numbers without any clear encouragement by government. Government encouragement in this regard is imperative.

TABLE 10

INTERNATIONAL STUDENT ENROLMENT IN HIGHER EDUCATION IN IRELAND BY INSTITUTION

Country of Origin	1987/88 Number	Percent Postgraduate
RCSI	615	-
TCD	450	36
UCD	301	41
UCC	157	29
UCG	150	23
DCU	110	11
Maynooth	64	19
RTCs	56	-
Others	103	-
	2,006	20

TABLE 11

INTERNATIONAL STUDENT ENROLMENT IN HIGHER EDUCATION IN SELECTED HOST COUNTRIES

The numbers of overseas students worldwide grew from an estimated 490,000 in 1970 to 1,000,000 in 1984. The major host countries are:-

The United States	34%
France	13.3%
The Soviet Union	10%
West Germany	7.2%
United Kingdom	4.8%
Canada	3%

and the other countries combined cater for a total of 27.5%. Ireland's major competitors are the United States, Britain, Australia, Canada and as our English language capability is a major advantage for attracting overseas students.

TABLE 12

INTERNATIONAL STUDENT ENROLMENT IN US HIGHER EDUCATION - 1988/89

Country of Origin	1988/89	Change From Previous Year Percent
China	29,000	+15
Taiwan	29,000	+8
Japan	24,000	+33
India	23,000	+11
Korea	20,000	-
Malaysia	16,000	-17
Canada	16,000	+2
Hong Kong	10,000	+1
Others	200,000	—
	366,000	+3

One of the reasons suggested for the reduction in Malaysian overseas student numbers in the US is due to accreditation worries on the numerous US colleges offering programmes. Indeed the many distance learning institutions offering degrees in all disciplines and at all levels claiming state approval is worrying nationally accredited institutions in the US and it is suggested that a clampdown on such degree awarding institutions is essential. Indeed in Ireland for the future, the creation of an accreditation council for independent and further higher education is essential to forestall such events developing in Ireland. The University of Limerick has noted the potential for attracting students from Japan and its institutional linkup should be quite helpful in this regard. The Malaysian market is specifically addressed in an Appendix to the dissertation whereby the experiences are noted of the visiting team from Irish third level institutions to Malaysia sponsored by Coras Trachtala Teo.

The above table groups the areas of origin of the overseas enrolment in the US.

5.16.10 <u>Profile of International Student Enrolment in US Higher Education 1988/89</u>

Studies of international student enrolment have shown that of the average student attending the US:

1. 2/3rds are male students
2. 2/3rds are funded by themselves or their families
3. 45% of students enrolling in the US are at post-graduate level
4. 20% are studying engineering
5. 20% are studying business and management
6. 10% are studying mathematics and computer science

The evidence suggests that the areas of business and management studies are growth areas in attracting overseas students while the proportion studying engineering is falling.

5.16.11 Environmental Influences

The advent of a single European market in 1992 will impose great changes on all European economies and this will have profound implications for third level institutions. Glasnost/Perestroika again will be a major environmental factor during the 90s and beyond. The possibility of institutional links with Eastern European countries is now far more hopeful than at any time todate.

The increasing industrialisation of the Pacific Rim Basin again presents great opportunities for the marketing of third level educational services to these vibrant developing countries.

5.16.12 The Impact of Information Technology

Sir Douglas Hague[23] in an article in the Financial Times on the development of third level education stated; one problem of the university is that there is often a mismatch between what the community of scholars offers and what the communities of brains outside them need. Distributed brain power must reduce that mismatch. Within a generation, unless universities change dramatically, competition from the information industry will give them a purely marginal role in both education and society. This is a very prophetic warning to third level institutions to constantly adapt to changes in the external environment and to incorporate fully developments in the information technology industry.

The Strategic Marketing Planning Process Model developed in Chapter II is equally applicable to developed and developing countries as target markets. Each third level institution must develop a marketing strategy for each targeted country recognising the idiosyncrasies of each market. A marketing

strategy for entry into the Malaysian market is discussed as this is one of the major markets suggested in the Coras Trachtala Teo report.

While this dissertation deals specifically with non EC overseas students who would be paying fees at full cost, the marketing process would be quite similar for the attraction of overseas students from other EC countries or for students who would be attending as the result of a bilateral aid agreement. Some differences might arise in the way in which the model might be applied, for example, in the attraction of Erasmus students, institutional link-up, exchange agreements would be the major method of recruitment of overseas students but again this would be a great merit in attracting non EC overseas students as well.

In the case of bilateral aid agreements a political dimension will influence significantly the type and number of overseas students Ireland can attract in this manner. Some would argue that attracting a larger number by reducing the individual scholarship under bilateral aid might be beneficial. Others would argue that giving a more generous scholarship to fewer numbers might be of benefit.

5.17 APPLICATION OF THE HYPOTHESISED STRATEGIC MARKETING MODEL FOR EDUCATIONAL INSTITUTIONS TO THE MALAYSIAN MARKET

The hypothesised strategic marketing model for educational institutions which was developed in Chapter II (paragraph 2.3.3 et seq.) is now applied to the Malaysian market. The market research study conducted for the Irish Marketing Board (Coras Trachtala) identified the Malaysian market as having considerable potential for Ireland for a number of reasons.

1. 60-65,000 Malay students study abroad each year to obtain further qualifications at third level.

2. They are familiar with O/A level system of the United Kingdom and this level is equivalent to Irish university entrance standards.

3. The United Kingdom college and university systems are well known in Malaysia and although little is known at present in Malaysia of the Irish third level system, the similarity with the United Kingdom system regarding nomenclature, course structure and lecturing style should improve the success of a marketing campaign by the Irish third level sector.

4. The government in Malaysia is very interested in entering twinning arrangements with the Irish third level system.

5. Education is highly valued in Malaysia, on average 30% of salary is put aside for education. This is an extremely high level given the low GNP per capita of the Malaysian people.

6. The United Kingdom, the United States of America and Australia are now considered to be overcharging Malaysian students and not providing value for money.

7. Many academic staff members in Malaysia seek upgrading of their qualifications, particularly for doctoral level qualifications.

8. There is a strong demand for part time post graduate qualifications. Distance education is thought to be the most appropriate vehicle to meet this need.

9. Areas in which the Malaysian government has expressed particular interest are the fields of medicine, engineering and computer science, biotechnology and business studies.

10. Scholarship assistance is available from the Malaysian government.

11 Ireland is viewed as a friendly compassionate nation by the Malaysian government.

5.17.1 Generalisability

We believe the Malaysian market to be generalisable for the application of the strategic marketing model for the following reasons:

1. It shares a number of common features with other target markets regarding the quantifiability of the market size.

2. The market is accessible from Ireland.

3. There is a high level of English language competence which is a feature of many developing countries.

4. The Malaysian government for tertiary education is well documented and can be easily compared with that of other sending countries.

5. The primary market research available is indicative of the type of marketing information Ireland should gather regarding other potential target markets.

6. A large number of Malaysian students who wish to study abroad can afford to do so and scholarship assistance is available for others.

7. If the strategic marketing model found difficulty with application to the Malaysian market then these difficulties would be encountered in other target markets to which it would be applied.

8. The Malaysian government appears to be favourably disposed to Ireland and therefore a free flow of information is possible to build up a true picture of the possible difficulties facing Ireland in its future marketing drive.

5.17.2 Malaysian Market: Market Size/Potential

There are an estimated 60,000 Malaysians presently studying overseas at all levels. This is a marginal increase over the 58,000 malaysian students enrolled overseas in 1983 and from 1980 the figure was 40,000. This may be due to the increasing needs of a fast expanding economy being increasingly met by the large numbers of returning professionals from overseas as well as from local institutions. In the Fifth Malaysian Plan 1986 - 1990 it was stated that the number of Malaysian overseas students had an average increase of 9% per annum from an estimated 36,900 in 1978 to approximately 60,000 in 1985. The Fifth Malaysian Plan provides an interesting illustration of the ethnic breakdown for those seeking overseas education[24].

From the 34,535 students enrolled overseas in tertiary education in 1985, 62.2% were Chinese, 24.2% were Bumiputra, 12.9% were Indian and .8% other Malaysian.

Compare this with the figures from 1980, 63.3% were Chinese, 18.9% Bumiputra, 15% Indian and 2.8% other Malaysian. The Chinese and Indian which are largely self supporting students continue to dominate the demand for overseas education. The balance is most likely towards Bumiputra which are mostly publically financed students.

This may be due to the number of Bumiputras reaching tertiary education age and partly by the arrangements being developed for twinning programmes between government institutions and overseas institutions at under graduate and post-graduate levels[25].

According to the British Council survey report, America is estimated to have approximately 21,000 Malaysian students, Australia 10,000 students, Canada 3,500, India 3,000 students and Taiwan 2,500 students.

There are no reliable up to date figures for the number of Malaysian students in the United Kingdom, but 10,000 would appear to be a reasonable estimate.

However, in accordance with the figures provided by the Malaysian government in the Fifth Malaysian Plan 1985 to 1990, of the total in 1985 about 49,200 students were registered with the Malaysian students departments of whom 10,300 were in Australia, 2,700 in Canada, 1,000 in New Zealand, 13,500 in the United States and 3,400 in the United Kingdom[26].

TABLE 13

THE ETHNIC BREAKDOWN FOR THOSE SEEKING OVERSEAS EDUCATION

MALAYSIA : ENROLLMENT IN TERTIARY EDUCATION BY ETHNIC GROUP AND LEVEL OF EDUCATION IN LOCAL AND OVERSEAS INSTITUTIONS 1980, 1985 AND 1990 (NUMBER)

	1980					1985					1990
Types Of Tertiary Education	Bumi-putra	Chinese	Indian	Others	Total	Bumi-putra	Chinese	Indian	Others	Total	Total
Certificate	2338	8287	1205	128	11958	13445	16955	4072	476	34948	14353
%	19.6	69.3	10.1	1.0	100.0	38.5	48.5	11.6	1.4	100.0	-
Polytechnics	1468	459	93	10	2030	4236	907	196	34	5373	11995
Tunku Abdul Rahman College	-	448	3	-	451	6	1189	27	-	1222	2358
MARA Institute Of Technology	122	-	-	-	122	283	-	-	-	283	-
Local private institutions	554	3029	455	54	4092	8694	9804	3091	368	21957	n.a
Institution overseas	194	4351	654	64	5263	226	5055	758	74	6113	n.a
Diploma	13809	7636	1563	175	23183	27151	11066	2355	235	40807	47226
%	59.5	32.9	6.7	0.8	100.0	66.5	27.1	5.8	0.6	100.0	-
Polytechnics	148	55	6	-	209	368	104	22	1	495	2490
Tunku Abdul Rahman College	-	409	3	-	412	-	951	4	-	955	2004
MARA Institute Of Technology	7492	-	-	-	7492	16889	-	-	-	16889	35062
University Of Agriculture M'sia	1566	71	42	2	1681	2940	29	34	2	3005	3068
University Of Technology M'sia	2215	180	54	19	2468	3363	229	96	14	3702	4602
Local private institutions	577	4358	943	90	5968	1491	6786	1602	144	10023	n.a
Degree	18804	18381	3928	341	41454	29875	24647	5581	419	60522	65413
%	45.4	44.3	9.5	0.8	100.0	49.4	40.7	9.2	0.7	100.0	-
Tunku Abdul Rahman College[3]	6	1687	59	-	1752	3	2099	42	2	2146	4339
MARA Institute Of Technology[4]	725	-	-	-	725	1560	-	-	-	1560	7363
University Of Malaya	4063	3124	677	181	8045	5041	3374	841	126	9382	9544
University Of Science M'sia[5]	1612	1073	195	17	2897	3996	2509	657	45	7207	12576
National University of M'sia	4896	628	189	13	5726	6454	1914	468	64	8900	12794
Agriculture University of M'sia	1431	221	88	12	1752	3652	603	253	17	4525	9309
University Of Technology M'sia	877	115	44	11	1047	2284	567	154	26	3031	5616
International Islamic University[6]	-	-	-	-	-	363	14	14	-	391	1740
Northern University Of M'sia	-	-	-	-	-	488	161	44	3	696	2132
Institutions overseas	5194	11533	2676	107	19510	6034	13406	3108	136	22684	n.a
Total	34951	34304	6696	644	76595	70471	52668	12008	1130	136277	126992
%	45.6	44.8	8.8	0.8	100.0	51.7	38.7	9.8	0.8	100.0	-

Source : Ministry Of Education, Malaysia.

Notes :
1 Excludes enrollment in local private institutions and institutions overseas.
2 Includes enrollment in post-graduate courses.
3 Degree conferred by the University Of Campbell, United States Of America.
4 Degree conferred by the National University Of Malaysia and the University Of Ohio, USA.
5 Includes enrollment in off-campus courses.
6 Excludes enrollment of foreign students.

n.a - not applicable
M'sia - Malaysia

5.17.3 Objectives of Educational Services Mission

The Irish Marketing Board (Coras Trachtala) organised a mission for the international marketing of Ireland's third level education. This mission was to Malaysia and was the first such mission from Ireland and was the first phase of CTT's Educational Services Export Porgramme. The primary objective of the mission was to assess the potential benefits which might accrue to Ireland by making its educational institutions and services accessible to Malaysian students. This was to be viewed in the context of generating external revenue. The mission took place from April 7th to April 17th, 1988 and comprised a team of 20 individuals, mainly third level academics. The following people participated in the delegation:

His Excellency, Paul Dempsey:	Irish Ambassador to India, Malaysia
Mr. George Kelly:	C.T.T. representative, Singapore
Mr. Gerry Morrissey (Tour Leader):	C.T.T. Manager, Services Div.
Mr. Gerry Donnellan:	Deputy Chief Exec., Bord Antranais
Dr. Tony Glynn:	Director, Industrial Liaison, NIHED
Prof. Roy Hayhurst:	Dean, School of Intl. Studies, NIHEL
Mr. John McDermot:	Director, Newman College
Mr. Joseph G. Grace:	Chief Admin./Acad. Sec., Royal College of Surgeons
Mr. Michael Horgan:	Ass. Registrar, Royal College of Surgeons.
Mr. Irwin Steward:	Senior Languages Teacher, St. Andrew's College
Mr. Cliff Anderson:	Marketing Manager, Telecom Eireann
Mr. Thomas V. Power:	Registrar, Thomond College of Ed.
Mr. Allan P.R. Brook:	Principal, The High School
Mr. Raymond F. Kearns:	Director, The Institute of Education
Dr. Ian Temperley:	Dean of Faculty of Health Sciences, Trinity College
Prof. Michael P. Mortell:	Registrar, U.C.C.
Prof. Cuimin Doyle:	Dean of Faculty of Medicine, U.C.C.
Dr. Seamus MacMathuna:	Assistant Sec., U.C.G.
Dr. Aidan Kelly:	Professor of Business Admin., U.C.D.
Dr. Frank Bradley:	Professor of Intl. Marketing, U.C.D.

There were a number of specific objectives from Ireland's perspective which needed to be assessed from the mission, including:

(i) To establish market potential

(ii) To learn of competitors activities

(iii) To decide on future strategy regarding twinning/exchange agreements in the context of under-graduate advanced entry/ post graduate students/staff development/distance education and research networking[27].

5.17.4 Schedule of Visits

The delegation was based in the Shangri-La hotel in Kuala Lumpur. There were three types of meetings:-

(i) Official meetings with the Malaysian government. On these occasions the Irish delegation was led by the Ambassador.

(ii) Meetings with Malaysian universities and institutes. All of these meetings took place on a group basis.

(iii) Irish seminar day. Malaysian students and parents were invited to be advised about education in Ireland and Irish colleges and to learn about the issues of concern to potential students.

5.17.5 MAJOR FINDINGS

(i) 60,000 to 65,000 Malay students study abroad to obtain qualifications.

(ii) O/A level qualifications are considered equivalent to the United Kingdom.

(iii) United Kingdom colleges and university system is well known in Malaysia.

(iv) The Irish third level sector is not known except for medicine and again mainly the Royal College of Surgeons in Ireland.

(v) The government will only offer scholarships to Malay students.

(vi) Private education is therefore the only way for Chinese/ Indian students to further their knowledge.

(vii) Government/private sector is very interested in twinning arrangements with Irish third level institutions.

(viii) Education, both second and third level is very big business. United Kingdom, Australia, Canada, the USA have all established strong links. Both New Zealand and Ireland appear now to be expressing an interest in the market.

(ix) Education is highly valued. In Malaysia, on average, 30% of salary is put aside for education. This is an extremely high value given the GNP per capita of Malaysia.

(x) The United Kingdom, the USA, Australia are now considered to be over charging Malaysian students and not providing value for money and pricing themselves out of the market. Canada has remained competitive and fees have not increased

significantly. There is feeling that Asian student fees are now seen by the United Kingdom universities as a means of gaining substantial revenue. This again was a perception among academics interviewed and may well vary from institution to institution in the United Kingdom and again, while being a perception, may not be entirely valid.

(xi) If Ireland enters the market, costs are deemed to be crucial. Moderate fees will lead to a development. If Ireland adopts a full cost fee policy, it would be extremely hazardous in the present situation.

5.17.6 Other Findings

(i) The major market for Irish universities in the area of staff development for the various universities in Malaysia, that is many staff members already hold masters qualifications but they are now required to obtain doctorates abroad. Universities have budgets to finance this development.

(ii) There is a strong demand for part time post graduate qualifications and distance education is considered the mode by which to meet this demand.

(iii) The government considers the concept of a consortia of Irish colleges to be the best arrangement.

(iv) Areas in which the Malaysian government has expressed a particular interest are:

- Medicine Pre-medical year could be taken in Kuala Lumpur before embarking on medical studies in Ireland

- Engineering and Computer Science Both of these areas could be facilitated by a twinning arrangement

- Biotechnology and Business Studies In the area of biotechnology a twinning arrangement of one year in Malaysia followed by three years in Ireland; and in business studies, two years in Malaysia followed by two years in Ireland was considered of value

Scholarships of $30,000 Malaysia are available for Malay students wishing to study abroad. Twinning arrangements with Institute Technology Mara is considered desirable. The recognition of Irish qualifications is not considered to be a particular problem by the Malaysian government. It could be that Irish qualifications are regarded as being quasi British, for example, the University of Dublin, the RCSI etc.

5.18 THE MALAYSIAN THIRD LEVEL SECTOR

(i) Institute of Technology Mara has 300 to 400 staff overseas doing PhDs. They are fully sponsored; twinning arrangements exists with North Western University Consortium led by New University of Manchester Institute for Science and Technology (UMIST). Year 1 is taken in Mara, supervised by United Kingdom universities, followed by two years in the United Kingdom in the following areas:

- Accountancy
- Economics
- Business management
- Law
- Architecture
- Computer science
- Biochemical engineering
- Biochemistry
- Microbiology

In 1989 1,000 students are studying abroad on government scholarships and 1,000 students are going to the United Kingdom and 600 to the USA. The United Kingdom fees are currently £3,600 for business studies, £4,800 science and engineering, £8,900 for medicine per annum.

Institute of Technology Mara (ITM) would like to broaden the base to Ireland but have very little information of the Irish third level sector.

(ii) Institute Goon - this offers 'A' levels to professional studies to the United Kingdom universities. Students go to the United Kingdom with one year exemption of a three year degree in business studies, particularly to the North East London and Bristol Polytechnics. The Institute Goon now seeks exemptions from the Chartered Institute of Management Accountants, and the Chartered Association of Certified Accountants. It is very interested in developing in the area of computer technology. It has 8,000 currently registed from the private sector for an accountancy qualification with a current 20% pass rate. Institute Goon is also interested in linking up where external colleges or personnel would devise curricula and set/mark examinations. 70% of students taking the BVS diploma will go to the United Kingdom at present.

5.18.1 <u>Private Sector Colleges (Catering for Chinese and Indian Students Mainly Particularly Interested in Twinning Arrangements)</u>

(i) Federal College of Technology - this is a regional technical college type organisation. 10% to 15% of its graduates go overseas. All its courses are conducted in English and it is interested in twinning, particularly in the areas of electronic engineering and business studies, including accounting.

(ii) Taylors College - this college is only interested in liaising with a consortium of Irish colleges. Any twinning arrangements would rely on standards set and monitored by the overseas university. This is particularly a feature of the link between Malaysia and the Scottish universities. They recommend setting up a division within Taylors College gearing people to feed into the Irish third level sector.

(iii) Stamford College - this is part of a group of colleges also based in Hong Kong, Singapore and Kuala Lumpur. It offers professional qualifications and external degrees. They would like an associate arrangement with the Irish sector on the basis of two years in Malaysia followed by two years in Ireland. They currently have 1,000 students on distance education programmes. They are looking for expansion of this facility, particularly a degree based one. The possibility of franchising Irish third level qualifications such as an MBA would be particularly welcome here. They are interested in post graduate studies, also in computer studies. They are interested in offering a consortium of degrees via Irish universities in Law, Business Studies, Accountancy, Computer Science, Marketing, but it is crucial that sufficient exemption be given to Stamford College graduates and also that degrees are accepted as being of international standard. They would like a possible link up between the BA degree in accounting, and a twinning arrangement would be welcome including exchange of faculty. They would need 30 to 40 students a year to make such a programme viable.

5.18.2 <u>The University Sector in Malaysia</u>

(i) All universities in Malaysia which were visited by the educational team were interested in twinning arrangements for staff development/external examiners. They are interested only in prestigious universities abroad for their staff and they

feel that emphasis would be more on professional/technical courses for the future, hence any twinning arrangements would be more likely be successful if operated in those areas. The Institute of Advanced Studies of the University of Malay is interested in joint research projects, primarily multi disciplinary. The University of Science in Malaysia again is interested in faculty grading, under graduate and post graduate twinning arrangements. It is interested in research networking in all of their faculties. They are devoting $1,000,000 Malaysia to research funding. They are interested in electronics, chemistry or natural products, plant tissue culture, marine science, aqua culture, alternative energy sources, medical microbiology and vaccine production. They have a major school of off campus study and many university degrees are offered distance learning. They welcome the development of research groups.

(ii) The National University of Malaysia - again they are very interested in staff development in gaining doctorates for existing staff and also in exchange research agreements and external examiners. The areas they particularly are interested in are biotechnology and electronic engineering. They gave the view to the visitors that Ireland, due to its missionary role and neutral status as a country might be preferred to what they deem as a patronising attitude in other overseas countries.

5.18.3 <u>Open Day for Malaysian Students</u>

The main questions which arose during the open day were the level of fees, coupled with the cost of living in Ireland, accommodation costs, and the availability of accommodation. The other point that arose very much was the possibility of a twinning arrangement whereby the cost of study could be minimised by undertaking part of the course of study at home in Malaysia. It could also be argued that having a stiff examination at the end of the twinning arrangement would

guarantee and act as the predictor of the success of the students when coming to Ireland. Accountancy was seen as being of particular benefit and sizeable exemptions obtained from the leading United Kingdom bodies by Irish universities is a competitive advantage. The students who attended the open day appeared most interested in accountancy/business studies/ actuarial science, while some were interested in the areas of computing and engineering. Arising from the open day, the study team felt that there is a major lack of information on educational opportunities available in Ireland and also what the Irish position is regarding the equivalent of 'A' levels or the Australian School Certificate, or the Malaysian Certificate of Education or Canadian Grade 13. This is something that the Department of Education should give particular attention to. The students who attended the open day were very concerned about the professional recognition of Irish qualifications. A very important finding of the open day was that there is a need for a specific Malaysian brochure giving details of Irish educational opportunities, the cost of living and other factors about Ireland. This is something which Coras Trachtala are already engaging upon.

5.19 TERTIARY EDUCATION IN MALAYSIA - SENDER GOVERNMENT POLICY

Background

There is considerable lack of places locally at universities and this was identified seven years ago as a major factor why Malaysian go overseas. Some people argue that more universities should be built and this argument is still in evidence today. A sixth university, University Utara Malaysia was established in 1983, but on the whole, the Malaysian government has adopted a cautious attitude to setting up new universities due to the cost and logistics involved. In 1980 the then Minister of Education, Dato Musa said:

> "It would take several years to set up a new university but that existing ones would be expanded. In fact even today, none of the five local universities operating then have reached their full capacity"[28].

The University of Malaya was established in 1961 and has yet to reach its planned full capacity of 10,000 students. Nor indeed have any of the other universities. Universiti Sains Malaysia (USN) was established in 1961, Universiti Kebangsaan Malaysia 1970, Universiti Teknologi Malaysia and Universiti Pertanian Malaysia both expanded to include degree courses only in the early 1980s. Universiti Utara with an enrolment of 300 after five years shows how long the lead in time is for university growth. Hence expansion of the existing universities would be unable to keep pace with the increasing number of students applying for places.

Between 1969 and 1980 enrolment at the five universities rose from 6,900 to 27,000 in 1985. In 1985 this figure had reached 40,560, but the numbers of students going abroad has also risen from 38,000 in 1978 to 48,000 in 1981 to the present 61,000 in 1988. This figure has now levelled out or even dropped, but this is mainly due to the increased number of twinning programmes and as the local portion of the programmes are completed, this figure will start climbing once again.

The expenditure on universities has increased more than 13 fold between 1969 and 1980 from $25.5 million to $350.8 million, but this has not prevented numerous resignations among the academic staff largely because of disenchantment over the salary structure and poor promotion prospects. Thus the quality of lecturing staff has dropped and this compounds the problem without a dramatic change of political direction which is not contemplated at present. It therefore seems highly unlikely that the rising trend in overseas students can be checked not alone reversed in the foreseeable future.

In 1980 this situation was particularly highlighted by the British government's decision to go to full fee basis and it raised the fees of foreign students by 100% for arts courses, 200% for science courses and 400% for medical studies. This created a major diplomatic problem. Mahathir, the Prime Minister had a daughter at Brighton Polytechnic at the time and took it as a personal as well as a national affront and a national policy was born.

Prior to 1979, education up to the tertiary level in Australia was free, but in 1979 the Australian government introduced its overseas students charge which has been increasing over the years until this year, the fees were increased by betweeen 15% and 40%. This prompted the Minister for Education, Encik Anwar Ibrahiam to say that the government would review its policy of sponsoring students to Australian universities and advised private students contemplating study in Australia to look elsewhere. However, government sponsored students would have to continue since transferring would mean disrupting their studies. The Australians had been diplomatically and via trade concessions trying to appease the government in Malaysia ever since and have announced an increase in the number of scholarships. Some Malaysian look rather hopefully to India, but they run the risk of coming back with degrees which may not be recognised either at home or abroad. Singapore is a good neighbourly choice, but the Republic of Singapore has a very small national university. The USA has exploited the situation fully. If a family can afford to send a child overseas, they can usually find an American college to fill the budget since there is an enormous variation in fees among the 3,300 accredited American universities. But the possible oversell by them and the apparent large academic variation among graduates is causing some doubt here.

Indeed the recent Wagner report in the US pointed to the wide disparity between academic standards in American colleges and universities and has shown that in many of the US colleges, standards are abysmally low. This is why in Ireland, an accreditation situation or council must be established so that any private colleges offering courses in English etc. are vetted by a government agency so as to avoid the proliferation of substandard private colleges as is appearing in the USA.

As we have seen, building more local universities and increasing the intake of students in existing ones is not really answering the problem

of third level education in Malaysia and with an invisible deficit in excess of Malaysian ringit 1.2 billion, the government has moved to the twin degree concept since 1985 where the student would undertake the first two years of a course in Malaysia before moving to the overseas institution. Both the government and local universities began looking for foreign institutions with whom they could arrange twinning programmes.

5.20 COMPETITOR ANALYSIS - EXPERIENCES OF UNITED KINGDOM AND UNITED STATES OF AMERICA

So far, the Malaysian third level sector has twinned with Middlesex Polytechnic for a BA programme in financial accounting. There is also an arrangement with Brunel University (the University of West London) for a few places in Law after sitting the London University 1st year external Law examinations and Penn State University in the US act as external evaluators where 100 universities in the US accept the Malaysian qualification for entry into their third year. Penn State University is a non profit making college and awards 10 scholarships annually and is establishing a foundation to subsidise overseas students. The college is strategically located and the facilities and amenities are excellent, although the majority of students are Chinese, they have a 20% Malay and have many sponsored students from PDS, Petronas National Electricity Board and Mara Teachers for English courses which also means they are politically well accepted.

One point which was discussed in Malaysia was that a number of students apply to a number of institutions and normally accept the first offer. Therefore if Ireland waits until September to make an offer, 80% of applicants could well be lost. The twinning concept has two main advantages for Malaysia.

1. A substantial saving in foreign exchange, and
2. It helps to ensure that those who leave for overseas, are mature enough to confront the problems of a foreign environment.

Given the country's communal and racial outlook on many issues, the situation in higher education is particularly devisive. Most government sponsored students are Bumiputras while most non Bumiputras have to pay their own way. After the launching of the new economic policy in 1970 which was aimed at improving the lot of the Malaysian students, a rate of 64% Bumiputra to 36% non Bumiputra was imposed on all university intakes. By 1978, the proportion of Bumiputras in local universities had risen to 67%. After severe strains in the Barisan National, between the Malay and Chinese and Indian partners, a new quota was agreed of 50% Bumiputra. It was, however, not until 1984/85 year that the intake reached this percentage. Apart from the frustration over the lack of places, there are other reasons why Malaysian seek tertiary education abroad, including:

(i) The belief that the standard of instruction in local institutions of higher learning are deteriorating

(ii) The desire for a degree that has world wide recognition and particularly for the Chinese and Indians which would have country mobility potential

(iii) The inability to cope with the Bahasa Malaysia medium of instuction

(iv) Where parents can afford it for the prestige of exposure and to broaden the outlook of their children.

The two most critical factors for the large majority of under graduate students in the selection of institutions are the recognition level of the qualification and the overall cost. For the increasing proportion of post graduate students, the importance of the qualification would be paramount. Recognition would have to be given by the professional associations in Malaysia and secondly by the government, albeit the recognition is through the foreign qualification section public services department. The continuing need for tertiary education overseas is mainly due to too few places available at local universities and to the desire of a large number of Chinese and to a less extent, Indian families to have their children educated through

English. Traditionally, Britain was the major country considered because of Malaysia's colonial background and British style civil service and legal systems. However, over the last six years, partly due to the hugh fee hike in the United Kingdom, American and Australian institutions have moved strongly into the market and captured a major share. All three countries now have a major exposure in the market place and aggressively market themselves, either as individual institutions or within an overall package. Over 80% of all uncommitted potential under graduates would visit the Educational Counselling Service administered by the British Council, MACEE and the American Embassy as well as the Australian High Commission. These three countries and their institutions are very aggressively marketing themselves and to a much lesser extent, Canada and New Zealand who are just about to go on to full fee basis.

These countries operate as follows:-

5.20.1 United Kingdom

90% of the third level institutions market themselves through the Educational Counselling Service of the British Council who advertise, hold exhibitions and seminars and arrange for scholarships from British institutions or companies with attached publicity. No fee is charged to students. Some non affiliated universities have appointed local career guidance companies or depend on marketing through split degree programmes and the advertising generated through the Malaysia institute they are twinned with. This is true of some of the institutions from all countries.

5.20.2 USA, MACEE

A fully American government funded Malaysian/American commission on educational exchange supplies detailed information on the majority of American universities and does

country counselling, actual enrolment and visa applications are processed by the American Embassy. The attached information on Irish universities was available from MACEE.

5.20.3 Australia

The educational section in the High Commission offers a counselling and placement service, organises seminars and promotes secondary and tertiary education.

America, Australia, Canada and New Zealand and to a lesser extent, the United Kingdom, have a main advantage over Ireland in that they have local emigre communities of Malaysians and offer possible long term alternatives for students and their families. The Australian Embassy in Kuala Lumpar has emigration applications from 85,000 of which 79,000 are Chinese.

5.21 MARKETING OPPORTUNITIES FOR THE IRISH THIRD LEVEL SECTOR

The opportunities identified by the study group were:-

(i) The direct entry of under graduate students particularly private Chinese and Indian students.

(ii) The possibility of twinning arrangements for advanced entry with both public and private sector organisations on the basis of a one plus two and/or two plus two arrangement.

(iii) Tremendous opportunities for post graduate study in Ireland exists

(iv) Faculty development agreements with both universities and technical institutes were welcomed by the Malaysian third level sector institutions visited.

(v) Exchange research agreements were sought by the Malaysian universities.

(vi) The prestige of Irish education is such that external examiner arrangements were particularly identified by the Malaysian university sector.

(vii) The possibility of franchising degree programmes via distance education would be attractive to Malaysian institutions.

5.22 THREATS

(i) The main problem identified for the Irish third level sector is the extreme unfamiliarity of foreign students and their governments with the Irish educational system. Ireland should adopt a standard nomenclature like the United Kingdom from a marketing point of view. Thus, it is welcomed that the National Institute for Higher Education in Dublin and Limerick have now been given university status which confers tremendous marketing advantages upon them. The Regional Technical Colleges and the Dublin Institute of Technology may unfortunately be down graded because of their title. It is therefore suggested that if the constitutent colleges of the Dublin Institute of Technology were associated more closely with the University of Dublin Trinity College which already awards their degrees and perhaps if they became constitutent colleges of the University of Dublin, this again would assist the Dublin Institute of Technology. Regarding the Regional Technical Colleges perhaps a polytechnic title would more closely identify this sector as being equivalent to the polytechnic sector in the United Kingdom. This, while appearing unimportant, would have great relevance from a marketing point of view.

(ii) Any degree programme offered in Ireland would have to receive express recognition from the Malaysian government. This was not seen as a problem when many academics in the university sector in Malaysia were consulted on this point. The possiblity of exchange agreements with the National University of Malaysia would assist in this regard.

(iii) Both the Malaysian government and private organisations visited by the study team made it quite clear that they would prefer to deal with a consortium of Irish universities and colleges. A loose federation type offering a range of programmes was considered of value. This was a factor put forward by Prof. T.M. Mitchell at a recent ICOS seminar. He suggested that because of the small size of Irish institutions and the small number of overseas student places being offered at present, that for each institution to undertake its own marketing effort would not be cost beneficial. Therefore, the Irish third level sector combining and suggesting to the Malaysian government how many places it has on offer in engineering, medicine, business studies, etc. would be far more attractive. Perhaps the idea of appointing an Irish third level sector education counselling agent in Malaysia might be an ideal starting position. On similar lines, albeit more humble than the educational counselling service operated by the British Council.

(iv) The Irish third level sector must give recognition to Malaysian qualifications as a matter of urgency, both school leaving (STPM/A levels, etc.) and must recognise Malaysian degrees, though not without sufficient scrutiny.

(v) The costs charged to overseas students must be very competitive as we are dealing with a global market and students are very price conscious. Another point brought up by Dr. Jim Mason, the overseas Dean at Trinity College Dublin

was that overseas students must not be seen as a commodity. This point was echoed by the Director of one English polytechnic quoted in Chapter III who made the point similarly that the welfare of overseas students is crucial is one is to build up a reputation of integrity in the overseas student market.

5.23 MARKETING STRATEGY FOR THE MALAYSIAN MARKET

A coherent policy needs to be formulated by the Irish third level sector in conjunction with the Irish government so that a policy can operate in a very clear way, thereby minimising any misunderstandings or any possibility of sudden changes in policy as those that cause much damage, as discussed in Chapter III, by the United Kingdom government when the introduction of full cost fees was undertaken without prior consultation and in a rather rash way.

The possible methods and strategies which could be suggested for the Irish third level sector would depend laregly on the number of potential places available and on the extent of government and institutional backing and commitment. All of the other major English speaking countries have committed their high commissions and their ministries of trade to intensive marketing of their country's universities and third level institutions, as follows:

- United States, MACEE which is government funded

- Australia, Education Section Australian High Commission, together with the Australian Trade Commission

- Canada, The Canadian High Commission/Education Section

- New Zealand, The New Zealand High Commission/Education Section

- United Kingdom, The British Council Education Counselling Service funded mainly by the universities and partly by government (PYM Package 1983)

Ireland has only a fraction of the exposure of these other countries, and also the conflict in Northern Ireland is seen as a particularly negative factor to study in Ireland. It is essential therefore for us to have an information centre similar to that of the educational counselling service of the British Council. Any courses which we promote should be priced very competitively in order to generate interest. Also information about Ireland and about the academic qualities of our universities and institutions should be made available, together with the degree of recognition of Irish qualifications, particularly in the accounting and medical fields. This could be set up as a government body or could be funded largely by the third level sector in Ireland and should appoint experienced counsellors who have knowledge both of Ireland and of the Malaysian scene. Perhaps the possibility of seconding diplomatic representatives in Malaysia might be of value.

Another approach might be to appoint a careers guidance consultant to promote Irish education broadly. A policy of each individual institution attempting a marketing effort would definitely not be recommended due to the high costs involved. The provision of information about Ireland and the fact of it being a mainly English speaking country should be highlighted. It was found by the study group that the Queens University Belfast and Ulster University as they are United Kingdom universities they are perceived as offering British qualifications. Similarly the Royal College of Surgeons in Ireland and the University of Dublin Trinity College having strong links both present and in the past with the United Kingdom again confers a competitive advantage upon these institutions. One private college in Ireand, Newman College, has entered into an agreement with CMS Educational Consultants of Malaysia whereby this institution would interview and appoint educational consultants and allow them to brief parents and children on living conditions, environment and costs in Ireland.

As discussed in Chapter III, the commitment by the Irish government and by the Irish third level sector would decide what type of budget is available and this would have a big effect on the type of strategy to adopt. Also, the number of places on offer would depend on Irish government policy which appears quite encouraging following an address by the Irish Minister for Education to the seminar arranged by the Irish Council of Overseas Students in Dublin recently[29]. It is also suggested that Coras Trachtala and the Industrial Development Authority in Ireland should act as a pressure group urging the government to consider the trade benefits which are discussed in Chapter IV that could accrue from development of stronger educational links.

5.24 TWINNING ARRANGEMENTS

It was found by the study group that the development of twinned degree programmes is crucial for the development of overseas student numbers in Ireland. This fits in with the Malaysian government objectives and the commercial requirements of Malaysia's private sector educational institutions. Various institutions in Ireland could be combined to give the same internationally recognised qualification and then twinned with a Malaysian university or private institution offering a guaranteed number of places. Between 10 and 150 depending on the courses and local institution. This might be the ideal approach to adopt at least in the early years of the development of overseas student numbers in Ireland.

5.25 RECOMMENDATIONS OF IRISH EDUCATIONAL SERVICES MISSION TO MALAYSIA

(i) It is essential that Ireland adopts a very competitive fee structure with payments by terms from a cash flow point of view and not yearly.

(ii) That reserve places and offers should be made as early as possible, preferably by the 1st June.

(iii) That a centralised application processing system be adopted, perhaps a Central Applications Office in Galway could be extended to cover this new area.

(iv) Videos, brochures, leaflets and other promotional materials should be available for Irish third level institutions and regarding Ireland in particularly. The Royal College of Surgeons in Ireland produces a booklet covering conditions in Ireland and costs of living, etc., but it is suggested that one brochure should perhaps be funded by Coras Trachtala and be available for all Irish third level sector institutions who are undertaking marketing abroad. Again, unlike the United Kingdom due to the small size of our institutions, a consortium approach is definitely preferred.

(v) An Irish information/counselling centre should be established in Malaysia as soon as possible.

(vi) Attention should be given in Ireland to the recognition of Malaysian qualifications both at second and third level for entry into the Irish third level sector and also any promotional literature should stress the tremendous prestige Irish third level qualifications enjoy in world terms. Indeed the mating of the constituent colleges of the Dublin Institute of Technology to the University of Dublin would be an ideal way to confer the competitive advantage enjoyed by the University of Dublin upon a much larger institution. This could have significant benefits for the institutions involved and for the success of the marketing effort. A reputation like the Royal College of Surgeons in Ireland and Trinity College takes at least 200 years to develop and while the new universities in Ireland have an excellent track record and no doubt will develop into fine institutions, they do lack at present the aura or reputation of the University of Dublin or

the Royal College of Surgeons. This again is a feature that the Queens University in Belfast and University of Ulster could well capitalise upon.

(vii) As was discussed, on lessons the Irish third level sector could learn from the United Kingdom experience, the question of individual institutions targeting scholarships to Malaysian students would, apart from the public relations value, be seen as a concern for the welfare of overseas students and are not merely been seen as a commodity or as an easy source of additional funding. Such scholarships could be directed via the Ministry of Education Malaysia, or the Institute Technology Mara (ITM). Indeed while not perhaps being strictly honest, part of the existing bilateral aid agreement to education could be rechannelled via a targeted scholarship system which would be evidence of the Irish third level sectors wish to develop integrity in its dealings with overseas students and institutions.

5.26 THE EDUCATIONAL SYSTEM IN MALAYSIA

There are two main examinations for secondary school children. Sigil, Pelajaran Malaysia/Malaysian Certificate of Education (SPL) which is taken in form 5 and is the Bahasa Malaysian equivalent of 'O' levels. The second two years later is form VI Sigil Tinggi Pelajaran Malaysia (STPM) Malaysian higher certificate of education which is identical to 'A' levels but again in Bahasa Malaysia. Thus one of the difficulties for those wishing to study overseas is that of language. Most of the private colleges and universities with twin programmes run a parallelled intensive English language course. Colleges such as Prime Kolej Damansara and Rina enroll students from V and enable them to take A levels instead of STPM. Colleges such as Utama College and PJ Community College run a similar system but for American university requirements. The policy and objectives of the government and most of

the private institutions is to maximise the local portion of training and where possible to place students overseas for the final two years only or in the case of medicine, the pre clinical years are undertaken in Malaysia. Arrangements exist between 28 local colleges and universities and overseas institutions including UKM, ITM and USM for joint degree programmes.

5.27 GOVERNMENT SPONSORED STUDENTS

This programme has been cut back over the last few years, but there are still around 3,000 sponsored students. The main sponsorship bodies are Mara and Public Services Department (PSD). Those selected by Mara are given a degree of freedom as to *which countries they go* to, but the PSD nominate the country and courses. At the moment, the USA has around 3,000 scholarship students, Australia 700/800 and the United Kingdom 1,800. This year the scholarships were awarded in law, accounting, business studies, quantity surveying, town planning, computer sciences, electrical engineering and architecture. The numbers have reduced considerably over the last two years, due partly to the contraction and privatisation process in the civil service, but the long term requirement and needs of the country will ensure a continuation of the programme in the future. Another reason for this is that the vast majority of such scholarships are awarded to Bumiputras and is a political asset for UNNO and NEP (new economic policy aimed at increasing Bumiputra share of the national wealth.

5.28 AMERICAN EDUCATIONAL INTAKE FROM MALAYSIA

Until 1979 less than 4,000 Malaysian students studied at American universities. This has increased to 10,000 by 1981 and 24,000 by 1985 nearly 7% of foreign students are now in American tertiary education. The numbers have dropped in 1986 to below 20,000 but this is mainly due to the commencement of associated degree programmes mainly with Institute Teknologi Mara (ITM) and the first graduates from these programmes will not transfer to the US until 1987/88. There are in excess of 3,000 students enrolled in such programmes.

5.29 LEVEL OF STUDY

The majority of students going to the US continue to be undergraduates, 75% of the total, whilst 25% are graduate students pursuing a masters or doctoral degree. The percentage of undergraduates is continually decreased from a high of 89% in 1982/84 to 85% in 1985 and 76% in 1986, thus there is a definite trend towards an increase of advanced degree students. Of the total under graduate population, approximately 22% are transfer students entering the second or third year of study in American institutions. The largest number of transfer students comes from ITM with 40% MSM Kuantam with 22%, KDU with 16% and UTM 6%.

5.30 DISTRIBUTION WITHIN THE UNITED STATES

Although the situation has improved, there is a tendency for Malaysian students to concentrate in a small number of institutions. 24% of all new students entered on the 12 institutions 32% government sponsored, 68% private students. They have been attempting to prevent clustering mainly by counselling and placement of sponsored students. An example of over concentration would be the University of Montavallo with 80% of the foreign students being Malaysian. There are 110 universities with over 50%, 50 with over 100, 17 with over 200 and 2 with over 700, Southern Illinois University-Carbondale and the University of South Western Louisianna. The government of Malaysia has expressed some concern over the quality of a number of the universities into which Malaysian students are enrolling in the US and the apparent disparity between different institutions awarding the same qualification and this may be used as a lever in various trade negotiations.

5.31 FIELDS OF STUDY

The proportion of students studying in the different courses does not reflect overall demand as many courses are restricted, for example, in medicine, dentistry only a few places are made available to foreign students. Some professional and technical courses are less relevant to the Malaysian professional fields where the United Kingdom standard exists, for example, law, some accountancy courses and quantity surveying. Nonetheless, it can be a useful guide as to demand.

TABLE 14

MAJOR FIELDS OF STUDY BY MALAYSIAN STUDENTS

	% of Total Malaysian Students	% of Malaysian Undergraduates
	%	%
Business Administration/Management	45	80
Engineering	22	88
Computer Science	7	80
Social Science	3.5	36
Physical Science	2.5	58
Architecture	2.5	87

The proportion of students who went to the American institutes in 1986 who were sponsored was 44%, most of whom were required to do business administration has also distorted the overall demand picture of the total number of private students 165 7.6% received scholarships from US universities or international agencies.

TABLE 15

ETHNIC AND GEOGRAPHICAL DISTRIBUTION OF STUDENTS

	% of New Students	% of M'sia Population
	%	%
Selangor	22.7	11.0
Kuala Lumpur	18.7	7.3
Joncre	10.0	11.9
Perak	9.0	13.0
Penang	8.0	6.9
Kelantan	4.9	6.5
Negeri Semoilan	4.8	4.2
Kedan	4.5	8.1
Sabah	4.3	7.3
Sarawak	3.7	9.5
Malacca	3.4	3.4
Penang	2.4	4.2
Terengganu	2.2	3.9
Perlis	0.9	1.1

The student ethnic composition was estimated to be 48% Malay., 44% Chinese, 6% Indian with the remaining 2% from other ethnic groups. The vast majority of government sponsored students are Malay so this is not representative of private demand.

5.32 FUTURE PROJECTIONS

From the fifth Malaysian plan, 1985 to 1990[30] (see Appendix), it is clear that although the intake of degree students educated in Malaysia has increased dramatically from 1980 to 1985 so also did the number of students studying abroad. The local increase from 1980 to 1985 was 67% from 6,357 to 10,631 and the projected increase is to 17,031 by 1990, an increase of 60%. But, although the total number of students enrolling abroad is projected to remain at around 25,000 their proportion relative to the total amount is dropping. Foreign exchange losses of $1.2 billion are obviously unacceptable in the long run and an encouragement for joint programmes between universities and private colleges with overseas institutions to allow for fewer years study overseas is highly encouraged politically and it would be advantageous for Irish third level institutions to look at this for the long term. Planned expansion of tertiary education to extensions and the construction of new universities has been held up by the recession, particularly in relation to the Northern University in Kedah, but the construction on this has now commenced.

The Malaysian government has consistently refused to allow the Chinese to build their own university funded by themselves and it resisted all pressures for private university courses. They do, however, encourage private faculties to run twinned courses with the final degrees awarded by overseas institutions. With the rapidly expanding number of students whose parents are increasing becoming capable of bearing the cost of tertiary education, it is difficult to see the Malaysian market drying up without a really major recession. There will, for a long time, be a large number of Chinese and Indians who would prefer their children to be taught through the medium of English rather than Bahasa Malaysian. The market has become more discerning in the present recession and the bulk of that market are prepared now to shop around. A degree of caution must be taken by Irish institutions who are genuinely interested in the long term potential of Malaysia. The

University of Ulster, for example, have made a linkage with Tower College which is basically MCA, a Chinese political party backed and has consequently lost the main chances of government sponsored students (UMNO nominated for years at the very least).

5.33 EDUCATIONAL CONSULTANTS

Many universities and institutions have decided to promote themselves or specific courses they run more aggressively than through a national promotional arrangement. Most of these have appointed one of the local educational consultants or have established their own as their sole recruitment agent. For example, Perth in Australia has in excess of 400,000 Malaysian students recruited through the educational consultants, CMS and Nationwide. The consultants range in their approach and emphasis to marketing from that indicated by Nationwide of getting to form V and VI career guidance teachers etc. to Biggs Davies Associates who have succeeded in promoting themselves to the extent that many students would automatically check with them before making a decision.

5.34 LOCAL PRIVATE COLLEGES

There are a number of well established local institutions who confer diplomas in a wide range of courses, for example, Stamford Group Colleges, Sunway College FIT, Taylors, Klang Valley College ML Management Institute, Goon College. The largest and longest established is Stamford Group Colleges with some 15,000 students who are running many split degree programmes to the latest institution Klang Valley College which commences twin programmes for American universities and possible United Kingdom or Ireland in January. As 2/3rds of all students studying overseas are from the private sector, the potential for twin programmes with these institutions is great. However, an agreed number of guaranteed places must be provided.

5.35 LOCAL UNIVERSITIES

UM, the University of Malaysia, UKM, the National University of Malaysia, UPM, the University of Agriculture Malaysia, USM, the University of Science Malaysia, UTM, the University of Technology Malaysia, IIU, the International Islamic University, UUM, the Northern University of Malaysia, ITM, Institute Technology Mara.

5.36 APPLICATION TO LOCAL UNIVERSITIES FOR ACADEMIC YEAR 1987/88

(i) Total number of places in local universities 9,589 (1986/87 8,595, Breakdown:-

- Arts 4,315
- Science 5,274

(ii) Total number of applicants 27,658, breakdown:-

- Arts 20,190
- Science 7,468

(iii) Total number of unsuccessful applicants 18,069, breakdown:-

- Arts 15,875
- Science 2,194

Of the local universities, USM Penang has been the most active in twinning and they run matriculation courses for Australian universities and for UT Institute of Wales, University of Swansea and Glasgow University. They also have programmes in dentistry, medicine, engineering and accounting with English polytechnics. Most of the other universities have concentrated on joint PhD or Masters programmes for example, UKM with Nottingham University and Hove. Cambridge are, however, discussing a joint programme for medicine with USMUM.

5.37 MARKETING RESEARCH

As an appendix to this chapter various interviews are reproduced with:-

1. The Ministry of Education
2. The training and careers division, Public Services Department
3. Meeting with Director of Evaluation and Recognition Unit of the Public Services Department
4. Information on the educational counselling service administered by the British Council
5. Irish university qualifications recognised by the Malaysian *government*
6. Meeting with the senior academics at *UKM*
7. Meeting with a marketing executive at a leading trading company in Malaysia
8. A follow up meeting with a leading company in Malaysia
9. Meetings with various private colleges:-
   (i) Kolej Damansara
   (ii) Taylor College
   (iii) Stamford Group Colleges
   (iv) Jara Akademi Klang Valley College
   (v) Federal Institute of Technology
   (vi) T.L. Management Institution
10. Meetings with the following educational consultants:-
   (i) Biggs Davies
   (ii) Colmac Educational Services
   (iii) Nationalwide Professional Services
   (iv) Inter-Ed
   (v) Details of Irish universities available from the US funded counselling service (MACEE)
   (vi) The Fifth Malaysian Planning Document covering the period 1985 to 1990 which further supports some of the comments made on the future development of the educational sector in Malaysian.

The interview schedule of the Irish educational services mission to Malaysia was decided by Coral Trachtala (the Irish Export Marketing Board) in consultation with the visitng party, the members of which are listed in this Chapter.

(vii) Details of a split degree programme of undergraduate studies in Malaysian in association with Taylors College and the University of Glasgow, Heriot-Watt University, the University of Stirling and the University of Strathclyde.

TABLE 16

COMPARATIVE COSTS OF UNDERGRADUATE STUDY IN AUSTRALIA, THE UNITED KINGDOM AND THE UNITED STATES OF AMERICA (ACADEMIC YEAR 1985/86

Tuition Fees		Living Expenses	Total (min-max)	Total in M$ (min-max)
AUSTRALIA				
Subsidised quota	A$3,300-4340	A$7,000-8,000	A$10,300-12,340	M$18,900-22,212
Full cost	A$4,000-14,000		A$11,000-22,000	M$19,800-39,600
UNITED KINGDOM				
Polytechnic	£3,310			
University			£ 7,300-12,040	M$27,740-45,752
Arts	£3,310	£3,990		
Science	£4,350			
Clinical	£8,050			
UNITED STATES				
Public Institutions	US$2,000-6,000	US$6,000-8,000	US$8,000-14,000	M$20,800-36,400
Private Institutions	US$6,000-11,000		US$12,000-19,000	M$31,200-49,400

Notes

1. Tuition fees are quoted for one academic year (usually 9 months)
2. Living expenses are quoted for one calendar year (12 months)
3. U.K. polytechnic fees are for all degree-level courses
4. U.K. university science fees are for all laboratory-based subjects (including engineering).
5. U.K. clinical fees are for the clinical years of medicine and dentistry courses only.
6. U.K. fees quoted are the minimum recommended for each sector. Some institutions charge slightly more than the minimum.

Sources

The British Council, London

US-UK Educational Commission, London

Australian High Commission, Kuala Lumpur

Exchange Rates (at [illegible])

US$1 = M$2.60

UK£1 = M$3.90

A$1 = M$1.90

5.38 SUMMARY

This chapter attempted to provide a strategic analysis of the Irish third level sector. It started by discussing, especially for the non Irish reader, the type of higher education institutions which exist in Ireland. Legislation has just been put through the Irish parliament to award university status to the National Institute for Higher Education at Limerick and the National Institute for Higher Education in Dublin, making them respectively the University of Limerick and Dublin City University. *The* institutions argued that significant marketing advantages would accrue to them *in overseas* students markets by their newly found university status. Other institutions *outside the* unversity sector are also discussed. The organisation and validation of course, admission and registration information were examined. The question of the recognition of foreign certificates and degrees is discussed and various entry examinations are reviewed.

The chapter then attempted an environmental analysis for the Irish third level sector. A report recently commissioned by Coras Trachtala attempting to identify the target markets for the Irish third level sector. The chapter looked at the volume of expenditure globally on education, the sources of finance for education development and the nature of demand worldwide. It argues that there is now a focus on quality improvements. The chapter looked at direct funded markets and then examined the implications for Ireland in deciding which markets to promote our educational services in. The markets identified were:-

1. Low income countries, anglophone East and West Africa and the Caribbean. These are aid funded markets.

2. Arab/OPEC markets, the potential for supply of certain services, especially institutional development and technical, vocational and university education to countries in the Arabian peninsula. However, the current slump in oil markets counsels caution in approaching these markets.

3. Newly industrialised countries. Malaysia is the main source of opportunities with some potential also identified in Singapore and Indonesia.

As the aid funded markets are mentioned, some information on the various aid agencies is presented. The supply side is then addressed and an attempt must be made to identify what the supply of places in Irish third level education will be. Again it is noted that the Colleges of the Dublin Institute of Technology (6) and the Regional Technical Colleges (9) did not participate in the recent educational mission. Had they done so then the consortium approach would have been able to increase the supply side, especially in the areas of biotechnology, engineering and science. The principal conclusions from the environmental analysis suggest:-

1. The main opportunities for Irish educational services overseas lie in developing countries, primarily the English speaking countries of East and West Africa. Sources of finance for projects in these countries are Irish bilateral aid, the EDF World Bank and UN, especially UNESCO and the ILO.

2. Other aid funded markets with potential are the Caribbean states and the Mashraq group (Jordan, Syria, Lebanon and Egypt).

3. Of the direct funded markets, the Arab/OPEC countries present the better opportunities while Malaysia also offers good prospects. The South and Far East Asian countries in general are difficult and costly markets to develop.

4. The main services and demand which Ireland can supply include teacher training, technical and vocational education, education management and administration, and institutional development. Opportunities also exist for increasing the inflow of overseas

students at high levels. The area of technical and vocational education again makes the case for the presence of the Colleges of the Dublin Institute of Technology and the Regional Technological Colleges in any Irish consortium approach.

5. The immediate task is to review the Irish supply side and determine precisely the capacity and capability to expand exports of education services. Following this the key issues of marketing structures and strategies can be addressed.

The chapter then attempted a resource analysis for Irish institutions. The cost effectiveness of Irish universities is impressive and a financial comparison between Trinity College Dublin, Queens University Belfast, and Manchester University bear this out, together with the comparison of costs between Southampton University and Trinity College, colleges of roughly equal size. The clients' evolving needs were discussed in the context of indigenous demand for Irish third level education. The previous upper class client has been replaced in Ireland by a complex demanding and focal composite client - brought about by:-

1. The state in implementing egalitarian and more recently development policies.

2. Business and industry in seeking a more sophisticated manpower needed for the transition from an industrial to an information based society.

3. Students who generally do not have independent means and want an education that is relevant to their more ambitious career goals.

The new technologies and economic development are discussed and the Japanese, French and German approach of industrial targeting in third

level education is mentioned. The chapter then attempts to analyse the strengths and weaknesses of the Irish third level education system. There are three main issues which were considered:-

1. The need to act positively in response to the demand for third level places from a growing population of school leavers. Again the demographic situation in Ireland is quite distinct from other EC countries.

2. The need to be flexible in using our resources and determining our priorities and directions to take account of financial shortage and the need to create employment.

3. To maintain high academic standards sustained by a strong vision of education and knowledge as having very great inherent value, irrespective of the market place.

Various statistics were presented projecting third level full time enrolments in Ireland over the next decade. The choice among third level institutions by indigenous students was examined and the pattern of participation in higher education in Ireland is discussed. The policy implications arising from the Clancy study recently completed on Irish third level education are examined. Again, a very important area of public policy is the fact that at present, considerable excess home demand exists and *therefore any* policy aimed at attracting overseas students must be developed accepting this scenario. *While there is* divided opinion on the effects of demographic change in Ireland post 1998, it is accepted that considerable marketing planning must be undertaken at this stage so that if a fall in the applications to Irish third level institutions by home students does materialise that a structure is sufficiently developed for the attraction of overseas students as the supply side would increase. The chapter then examined the marketing mix for services viz product, price, promotion, place, people, physical evidence and process, and relates this to the Irish

third level education system. The product offered by Irish third level institutions is examined. In this context, it is argued that the proposed Irish Council may have some accreditation duties, particularly for the growing number of private sector colleges emerging in Ireland. How the colleges price the various courses they offer is examined and again, if government policy allows greater flexibility in this regard, the suggestion is that full cost economic fees will be the more prevalent. The way in which Irish third level institutions promote themselves is discussed. Again the model gives a format which should be adopted by Irish third level institutions in attempting to market their educational services overseas.

The place of service delivery was discussed as were the service marketing mix ingredients of product, place, people, physical evidence and process. The environment is again examined for the Irish third level education sector regarding competition, the various institutions, the legal climate, technological, political, social, cultural and demographic. This chapter then tries to develop marketing objectives per country and per segment and looks at various target markets identified in the course of this research. At the time of writing, some current marketing research information became available based on the Irish educational mission to Malaysia. An attempt is made to quantify the size of the Malaysian market and the potential for Ireland in this particular market. The major findings of this marketing research are as follows:-

1. 60,000 to 65,000 Malay students study abroad to obtain qualifications.

2. O/A level qualifications are considered equivalent to the United Kingdom.

3. United Kingdom college and university systems are well known in Malaysia. However, little was known of the Irish third level sector before this educational mission was undertaken.

4. The Irish third level sector is known mainly through the efforts of the Royal College of Surgeons in Ireland.

5. The government will only offer scholarships to Malay students.

6. Private education is the only way forward for Chinese/Indian students living in Malaysia to further this knowledge.

7. Government/private sector is very interested in twinning arrangements with Irish third level institutions.

8. Education, both second and third level, is very big business in Malaysia. United Kingdom, Australia, Canadian and US institutions have all established strong links. Both New Zealand and Ireland now seen to be expressing an interest in the market.

9. Education is highly valued in Malaysia. On average, 30% of salary is put aside for education. This is an extremely high value given the low GNP per capita of Malaysian people.

10. The United Kingdom, the USA and Australia are now considered to be overcharging Malaysian students and not providing value for money and pricing themselves out of the market. Canada has remained competitive and fees have not increased significantly. There is a feeling that Asian student fees are now seen by the United Kingdom universities as a means of gaining substantial revenue. This again was a perception among academics interviewed during the course of the educational mission and well vary from institution to institution in the United Kingdom and again while being a perception may not be entirely valid.

11. If Ireland enters the market, costs are deemed to be crucial. Modest fees will lead to development. However, if Ireland adopts a full cost fee policy in the short term, it may be extremely hazardous.

12. The major market for Irish universities is the area of staff development for the various universities in Malaysia. That is, many staff members already hold masters qualifications, but they are now required to obtain doctorates abroad. Universities in Malaysia have budgets to finance this development.

13. There is a strong demand for part time post graduate qualifications and distance education is considered the mode by which to meet this demand.

14. The Malaysian government considers the concept of a consortium of Irish colleges to be the best arrangement.

15. Areas in which the Malaysian government has expressed a particular interest are:

(i) Medicine. Premedical year could be taken in Quala Lumpar before embarking on medical studies in Ireland.

(ii) Engineering and computer science. Both of these areas could be facilitated by a twinning arrangement.

(iii) Biotechnology and business studies. In the area of biotechnology, a twinning arrangement of one year in Malaysia followed by three years in Ireland and in business studies two years in Malaysia followed by two years in Ireland was considered of value.

Scholarships of Malayian $30,000 are available for Malay students wishing to study abroad. Twinning arrangements with Institute Technology Mara are considered desirable. The recognition of Irish qualifications is not considered to be a particular problem by the Malaysian government. It could be that Irish qualifications are regarded as quasi British, example, the University of Dublin, the RCSI etc.

The chapter provides a profile of the Malaysian third level sector. It goes on to discuss further marketing opportunities for the Irish third level sector in Malaysia. The problems facing Irish third level institutions in marketing their services in Malaysia are discussed and a marketing strategy for the Irish third level sector in Malaysia is proposed. The experiences of the United Kingdom and the United States of America in the Malaysian market are examined and future projections for overseas students numbers in Malaysia are discussed. The role of educational consultants and comparative costs of undergraduate study in Australia, the United Kingdom and the United States of America are examined.

The chapter argues that the Malaysian market offers considerable potential for Irish third level institutions, but only if the Irish third level sector adopts a marketing strategy which is extremely well planned before entering the market. The model developed in Chapter 2, it is argued, forms the basis for entry by the Irish third level sector into any overseas market and the Malaysian market as information is currently available, is the one examined in this chapter.

Since writing this chapter, a second educational mission has visited Hong Kong and Singapore and a report will soon be circulated confidentially examining the market potential for Irish third level institutions in these markets. Again the model presented in Chapter II would form an ideal strategy for entry into these markets. As an appendix to this chapter, a model for a proposed National Promotional/Support agency is included. A further appendix gives additional information on Irish third level institutions. A further appendix details the fifth Malaysian planning document 1985 to 1990. The final appendix details the visits and meetings held by the visiting group of the Irish Educational Mission to Malaysia.

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