



APPG International Students Inquiry
**Evidence from the Chartered Association of
Business Schools**

3 September 2018

The original request for feedback is available at:

<http://www.exeduk.com/appg-for-international-students/inquiry>

Introduction

1. The Chartered ABS is pleased to respond to the All-Party Parliamentary Group's inquiry on a sustainable future for international students in the UK. The Chartered ABS is the voice of the UK's business and management education sector and our members consist of over 120 business schools and higher education providers across the UK, as well as affiliate stakeholders, corporate members and international partners. The evidence we have submitted is structured according to the four themes of the APPG inquiry.
2. For both domestic and international students, Business and Management is the most popular choice of subject in our universities and approximately 1 in 3 of all international students study in a business school. Based on figures in a recent report by the Higher Education Policy Institute (HEPI), this equates to a net contribution of at least £7.2bn to the UK economy¹ from international students enrolled on Business and Management courses. Business and Management produces graduates who go on to lead global businesses and entrepreneurs who contribute to our dynamic economy. Its research output has an impact across society and helps turn our capacity for invention into viable businesses.

Evidence

In the classroom

3. International students are an integral part of the classroom within business schools. At undergraduate level 20% of business studies students are from non-EU international countries and this rises to a considerable 71% at postgraduate level². These figures illustrate the reliance on international students to make the provision of postgraduate education viable. In addition, a survey of our members showed that nearly 50% had at least some non-EU international students on their executive education courses, and for some business schools the proportion of international students on these courses was as high as 80%³. While just over 25% of the typical business school's income comes from domestic undergraduate fees, over 40% comes from non-EEA student fees, slightly more than half of which comes from postgraduate student fees.
4. Given the freeze on domestic student fees, any reduction in the number of international students coming to study in the UK would have a disproportionate impact on the income of business schools. Furthermore, as business schools are often one of the biggest net contributors to their institution's finances any loss of income would have an adverse impact on the university as a whole. Income generated by business schools supports the sustainability of UK HEIs and hence the success and international reputation of the UK University sector more broadly.
5. A small drop of 5% of international students would put at risk, on average, 1 undergraduate programme and 1 postgraduate programme per school. These would put at risk, on average

¹ 'Net economic impact of international students', Higher Education Policy Institute, 2018
<https://www.hepi.ac.uk/wp-content/uploads/2018/01/Economic-benefits-of-international-students-by-constituency-Final-11-01-2018.pdf>

² HESA Student Record, 2016/17. Extracted from HeidiPlus business intelligence system. Based on full-time students only.

³ Based on survey of Chartered ABS members' views on the impact of international students in the UK, December 2017.

per school, 1.2 academic roles and 0.6 support roles. If the fall in international students was closer to 25%, the average number of programmes at risk would be 1.5 at undergraduate level and 15 at postgraduate level per school. This equates to over 60% of postgraduate programmes disappearing and would cause a loss of almost 20% of total income as well as 12 academic posts and 5 support posts, on average per institution. If taken higher, a 50% fall in international students would have little additional impact on undergraduate programmes, except for the lack of international perspective, but only a few postgraduate programmes would survive and there would be a loss of close to 30% of income. Without any international students over 30% of institutions would have no offering at postgraduate level⁴.

6. The total number of international students on business and administration courses has been trending downwards since 2011/12, the academic year following the Government's announcement to limit entitlement to post-study work visas. This compares with 2.4% global growth in internationally mobile students between 2011 and 2013⁵. Between 2013/14 and 2016/17 there was a 10% decline in the number of non-EU international students starting a course in a UK business school, which translates to a loss of £648m to university finances and their local economies⁶. Some business schools would fare better than others if faced by an environment with substantially fewer international students. Well-known institutions in the big cities, especially in London, would be able to weather the storm better than those in regional areas. The regions most likely to be impacted by the loss of international students are the areas the Government is trying to reach with its industrial strategy and where arguably international students have the most to offer.
7. Feedback from our members shows that business school students are very much accustomed to the presence of international students and are multi-cultural in outlook regardless of ethnic or cultural background. This creates a favourable setting for the integration of students from diverse backgrounds but challenges are inevitable. As international students have been a common presence within business schools for many years there is a substantial accumulation of institutional knowledge and awareness as to how to manage cultural issues sensitively. This includes measures to pre-emptively anticipate problems by encouraging students to form mixed study groups (i.e. to avoid cultural silos), running 'familiarisation with living and studying in the UK' courses for international students before term officially starts, and taking into account the varying English language abilities in teaching.
8. The evidence we have gathered from our members illustrates that the benefits generated by international students go far beyond the generation of cross-subsidy and extend to enhanced cultural awareness and the development of enduring networks that transcend national borders. By having international students on courses our members report that UK students are able to interact and understand the social differences between different cultures. This is essential as many students go on to work in large diverse teams where they

⁴ Based on survey of Chartered ABS members' views on the impact of international students in the UK, December 2017.

⁵ UNESCO Institute for Statistics.

⁶ Decline in non-EU international first year students starting a business course based on HESA Student Record. Annual loss to universities and local economies based on an average expenditure per student of £102,000 according to data in '*Benefits of international students to the UK economy*', HEPI, 2018.

need to understand different cultures and take account of social differences. After graduating International students have a tendency to periodically return to their place of study. As one business school stated, "In addition over a 10-year period c60% of international graduates returned at least once to the area, contributing £2.1m in additional spend in the UK."

9. A survey of our member business schools in 2016 found that over 90% agreed that changes to post-study work visa availability has had a negative impact on international student recruitment. Furthermore, around the same proportion agreed that reporting of government policy has impacted negatively on international student recruitment. The consensus of our members is that current UK immigration policy is very unwelcoming to international students and sends out a message that it is difficult to gain entry into our HE institutions.
10. The setting of targets for numbers of international students admitted to the UK and the associated inclusion of international students within the net migration target incorrectly implies that international students are driving immigration and are a burden to society. International students should be removed from these targets as it would send a clear message that the UK welcomes international students. The Home Office's own analysis shows that the vast majority of international students do not break the terms of their visas and this is substantiated by our own research. Compliance with visa regulations is proving increasingly costly for HE institutions and our members have been diligent in introducing procedures to verify international students' compliance with their visa terms.
11. There is increasing concern within the wider education sector that immigration policy is limiting the diversity of international students within education institutions, in addition to restricting the number and type of institutions who can recruit them. The government's policy of labelling some countries as 'high risk' or 'low risk' makes it more difficult to recruit students from a diverse range of countries, with students from countries classified as 'high risk' more likely to see their applications declined. The requirement that institutions who recruit students through the Tier 4 sponsor route must have 90% or more of their student visas approved or risk losing their licence makes some institutions wary about recruiting students from countries outside the low risk category.
12. There is evidence to support this from our survey on UK business schools and international student recruitment, with 6% of responding business schools admitting they automatically reject applicants from particular countries because of anticipated visa problems. Additional barriers to recruitment exist in the form of subjective credibility interviews and general hostility from immigration officials toward international students. A Tier 4 visa also restricts an international student's ability to fully participate in life in the UK and complicates universities' delivery of methods such as experiential learning. Anecdotal evidence from our members suggests that international students tend to go where they are first accepted and that this is less likely to be a UK university given the length of time and uncertainty of the visa application process.

In our communities

13. UK business schools in collaboration with their wider institution run a number of programmes to help international students acclimatise to living and studying in the UK (see appendix 1 for case studies). This includes advice on accessing services such as health and housing and employing postgraduate peer advisors from the previous year's cohort of international students to work with incoming international students. Our members have in place tried and tested systems to deal with any conflicts that can occur amongst students or between students and the local community, such as incidents of racism or prejudice. Although large student populations can place pressure on local services, such as housing, this cannot be attributed to international students alone and is more attributable to the general growth in the student population irrespective of country of origin.
14. Over a period of many years UK universities have developed a range of centralised functions to help international students settle into life in the UK, offering advice and support on immigration, employment, financial matters or any personal concerns the student may have. Many universities have dedicated immigration advisers with a wealth of knowledge and experience on the tier 4 visa application and compliance. Universities also provide advice on how to access healthcare in the UK and financial advice related to living costs, bank accounts, part-time work and advice on saving money. Universities often have societies dedicated to supporting and bringing together international students, helping to make them 'feel at home' in addition to raising cultural awareness.
15. Whilst HE institutions have a long track record in managing the integration of international students within the local community more could be done if a wider range of stakeholders (e.g. local government, local firms, the students' union) were involved in the process. The potential for international students to act as a valuable resource for local communities should not be underestimated and would in itself facilitate integration. Many business schools arrange internships or placements with local businesses for international students although this approach tends to work better for undergraduate than postgraduate students as the latter are only in the UK for a year.

For our regions and nations

16. The scope for international students to participate in the regional and national labour market post-study is severely curtailed by UK visa regulations which have become progressively more restrictive since 2012. As a consequence the UK is losing ground to competitor countries in the recruitment of international students. Research by Universities UK shows that of the major countries recruiting international students the UK is the only country not to offer a clearly labelled post-study work visa for up to two years. In the three years since the removal of the UK's clearly labelled post-study work visa in 2012, recruitment of international students in a number of our competitor countries has increased but in the UK recruitment has been flat⁷.
17. This view is shared by our members, with more than 70% of the business schools who responded to our 2016 survey agreeing that the support for business schools given by governments in other countries has made those countries more attractive as destinations for international students. This calls for the reinstatement of a competitive and clearly-labelled post-study work opportunity. In addition to being at a competitive disadvantage to non-EU countries with less restrictive visa regulations, the competition from EU countries is growing, with some institutions delivering business degrees in English and offering fees for Master's degrees that are often lower than in the UK or even non-existent.
18. The Government should consider innovative post-study visa schemes that would enable international students to remain in the UK for a longer period after completing their studies but with the added benefit of forming valuable connections between the UK and the student's home nation that could generate future trade opportunities. One such example is a trial being run by the Russell Group institutions where students on Tier 4 visas can stay and work for six months after completing their one year degree, which means that universities can offer more post-study work and is a unique selling point not available to international students in the U.S or Australia. If this arrangement was introduced for Tier 4 visas on a permanent basis it would mean that we can arrange work placements in the UK with companies from the international student's home nation that are operating in the UK (e.g. companies from China or Malaysia), thereby creating value added for both the student and the company.
19. UK SMEs are at a particular disadvantage in being able to recruit from the pool of international students given the complexities of the Tier 2 visa requirements. We recommend that the Government considers a specific visa for international students who take up a position in an SME, as this could help them export to international markets and it is proven that exporting is a key determinant of business growth. The complexities and restrictive nature of the UK's current visa regime is perhaps in contradiction to the Department for International Trade's aim to make the UK a nation of exporters and requires further consideration in this context. If businesses were to employ more international students (including in the form of internships) then trade opportunities could be generated through alumni networks.

⁷ *'Five little-known facts about international student mobility to the UK'*, Universities UK International, 2018
https://www.universitiesuk.ac.uk/International/Documents/Five%20little-known%20facts%20about%20international%20student%20mobility%20to%20the%20UK_web.pdf

20. It has been noted that there is evidence showing there are around three times as many students in London and the South-East than any other region in the UK but it is becoming increasingly expensive to live in London and the surrounding area which offers a recruitment advantage for universities in other regions of the country where the cost of living is lower. More can be done to promote the regions and to create growth hubs in which both universities and local businesses would play a role. The relationship between universities and the UKTI should be reinvigorated so that we can articulate coherent USPs as to why people should study in the regions. There is also evidence that when the visa regime tightens, it is institutions in the regions that lose the most international students.

Research, trade and soft power

21. We know from evidence provided by our members that international students, particularly at PhD and post-doctorate level, make an invaluable contribution to the UK's global research capability. Furthermore, over one-quarter of business school staff are international and come from a wide variety of countries from both outside and within the EU⁸. Restrictions on the recruitment of highly skilled workers to the UK would be severely disruptive for our HE sector in addition to diminishing our research capability. It's also important to note that for business schools the fee income from international students is compensating for the reduction in research funding from the UK government, therefore any fall in the number of international students would further reduce business schools' research budgets.
22. It is important not to overlook the role of international students in supporting the government's objective of expanding the UK's global trade capacity and projecting soft power. Alumni networks can be leveraged to build trade links with countries undergoing rapid economic growth but this will require a more accommodating visa regime for international students. A formal roll-out of the Tier 4 visa initiative currently being piloted by the Russell Group is an example of the type of flexibility that is needed if we are to make the most of the opportunities that can be opened up by international students, many of whom are very well-connected in their home nations.
23. The soft power offered by alumni networks is evident through the fact that our members report that after graduation and returning home, their international students return for visits for years after they have left. Furthermore, there is clear evidence that international students continue to make a contribution to their alma mater after they have returned home, whether that be financial or in kind. International students have the potential to play a valuable role in tackling the UK's productivity problem by creating export opportunities for SMEs in the UK. It is proven that SMEs that export are more likely to have higher levels of productivity than those that don't, and if it was easier for international students to take up positions with SMEs, it would enhance the ability of SMEs to export to fast growing countries such as China.

⁸ HESA Staff Record, 2016/17. Based on Full Person Equivalent for non-EU and EU staff.

Appendix 1 – Case Studies

The following are some specific examples from our members on the impact of international students in widening cultural awareness and creating employment and trade opportunities in the UK.

Case Study 1: Chinese Culture Sharing, Nottingham University Business School

The Chinese Culture Sharing project is operated under the Nottingham University Business School's Community Engagement programme. The project was initially delivered in primary schools and subsequently in community settings. The later element of the project offered Chinese students the opportunity to visit organisations such as care homes and day centres to share their culture and formed part of the Nottingham Advantage Award.

The students involved developed their own activities based on Chinese Culture, according to the requirements of the organisations they visited and the abilities of its members. Many of the activities were craft-based such as making Chinese lanterns or Peking Opera masks, others involved games or looking at pictures and discussing landmarks and the history and culture of China.

These sessions were very well received by the organisations and provided an excellent opportunity for some of Nottingham University Business School's Chinese students to learn about British culture, meet new people and develop their own skills and experiences. The residents and members of the care homes and day centres they visited were able to spend time with enthusiastic young people, learn about a different and interesting culture and take part in some fun activities.

Case study 2: Pyae Sone Oo

Pyae Sone Oo is about to start his Masters degree in Entrepreneurship at Cambridge Judge Business School.

As a young boy Pyae, who comes from Myanmar, dreamt of studying in the UK following a visit to Oxford with his family. Years later he came to the UK to study for A-levels to ensure he had the best chance of being able to study at a UK university. For the past three years he has been an undergraduate student at Cass Business School, which reflecting London itself is very multicultural.

In total there are only about 300 undergraduate students from Burma and a further 200 at postgraduate level in the UK. Soon after starting his undergraduate degree in 2015, Pyae committed to setting up a Myanmar Students' Union to connect Burmese students, promote the culture of Burma in the UK and to contribute to the socio-economic development of his home country. Now, funded through donations from Burmese companies, the Myanmar Students' Union holds a number of events and engages in activities both in the UK and in Burma.

One such event was the food and culture fair, which was run for a second time in March this year in London which attracted over 400 participants from a range of ethnic backgrounds. Not averse to tackling the difficult topics, they held a seminar entitled "Promoting harmony among diverse environment in Myanmar" at Oxford in the same month. The Students' Union is acutely aware of the different reports in the press from the UK and Burma itself regarding the situation regarding ethnic conflicts in the country and growing far-right nationalism. Even as a Muslim, Pyae personified neutrality on this topic, where the aim was to create dialogue without being judgemental. The seminar attracted students, academics and the local community

Of course, one of the primary responsibilities of the Students' Union is to support Burmese students here, not only through events, but with an online form launched among members to ask any advice anonymously, as sort of a hotline via their website, social media contacts and a buddying system.

This reduces the anxiety of individual students, and reduces the burden on other support agencies, for example the universities themselves.

Back home in Burma, the Myanmar Students' Union has hosted consultancy sessions with prospective students, helping them to prepare for coming to the UK to study. They have also been campaigning to Burmese companies to provide scholarships for students to be able to afford to study in the UK. In Pyae's words "we are trying to help Burma, as it opens up more, to have higher standards in education and business interactions".

Following his Masters degree, Pyae is planning to return to South East Asia to set up his own business. And when it comes to expansion, the first place he will look will be London. In time, and inspired by his time in multicultural London, and driven by his love for food, Pyae is hoping to set up a restaurant in London – because of the global credibility of London and because he knows it, he loves it, has contacts, and he feels comfortable here.

Case study 3: Martin Hjorth Jensen

Martin, a Danish citizen, came to the UK from Slovakia to study. He started with a DBA from Birmingham Business School and went on to study for an MBA at University of Edinburgh Business School. Martin had left school early and undertook training in agriculture. He came to the UK because study is offered in English, and the quality of education is world renowned. He got much more than that when he arrived, not least a Chinese wife (a fellow student) and the creation of a hugely successful business.

Martin is a serial entrepreneur and tried starting up businesses before studying in the UK, without lasting success. That changed after his MBA when he set up a joint venture with Edinburgh University, called Roslin Technologies via his start-up JB Equity. Roslin Technologies goes from strength to strength, partnering with some well-established large firms and employing 10 people in Edinburgh, including at senior management level. This number is expected to triple in the near future. One of their latest agreements is with a company called Danish Genetics, a group of Denmark's 25 most experienced pig breeding companies. There are further projects afoot, with links to and doing business in the UK.

For Martin, studying in the UK was a gateway to making contacts right across the world, and contacts he maintains even though he is now based in China. He visits the UK regularly, although is concerned that the UK is becoming a less welcoming place for foreigners. He is saddened that the UK risks losing one of its greatest attractions - its international feel and outlook.