Abstract
Within the context of broad literature on higher education, this paper discusses some of the issues of the international dimension of higher education. Higher education is becoming increasingly international, as more students are willing to study overseas, enrol in international programmes in their home country, or take courses at universities in other countries by using the internet. International higher education has become an issue of negotiation on liberalizing trade in services through GATS, and an important issue for policy makers. Because of its importance on capacity building, income generation, skilled migration and mutual understanding, many countries have already established strategies to encourage the mobility of students, teachers and programmes.

Key words: Higher education, Internationalization, Knowledge-based economy JEL code: F 22, I2

1. Introduction and Context
Higher education plays a major role in easing the production and distribution of knowledge1. “Knowledge, as embodied in human beings (as “human capital”) and in technology has been recognized as the driver of productivity and economic growth, leading to a new focus on the role of information, technology and learning in economic performance”2. Therefore, economic growth is considered as much a process of knowledge accumulation as of capital accumulation. In OECD countries, investment in knowledge, such as in research and development (R&D),

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1 World Bank, 1999.
2 OECD, 1996.
education, and computer software equals or even exceeds investment in physical equipment.3

A study by the OECD (1998) on the determinants of growth concluded that the knowledge base should be expanded in order to maintain long term growth rates in OECD countries. Over the past two decades, there has been a significant growth of value added in knowledge-based industries4 in many OECD countries. From 1985 to 1997 this value added increased in Germany from 51 to 59 percent, in the United Kingdom it increased from 45 to 51 percent, and in Finland it increased from 34 to 42 percent.5 The expansion of the knowledge-based economy has been associated with large and increasing returns to higher education and, consequently, a rapid growth in the demand for higher education. The number of students in higher education worldwide in 2007 was 150.6 million which indicates a 53% increase over 2000.6 In the past decade higher education has become increasingly international, given that many students choose to study overseas, enrol in international educational programmes in their home country, or just use the internet to take courses at universities in other countries. In 2007, 3 million tertiary education students were enrolled outside their country of citizenship, and the number of students has increased significantly over time, a more than threefold rise from 1975 to 2007 (see figure 1). This growth may be a result of various factors such as the increased mobility of skilled individuals and workers, the declining costs of communication and transportation, the wish of many countries to promote cultural exchanges, the desire of tertiary institutions to generate additional income and raise their prestige, and also the need for a better educated workforce in many countries where local capabilities are often scarce.7

Figure 1. Growth in the number of foreign students worldwide (1975-2007)

Source: OECD and UNESCO Institute for Statistics.

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4 Knowledge-based industries are industries directly based on the production, distribution and use of knowledge and information.
5 World Bank, 2002.
8 OECD, 2009.
The OECD (2009) data on student flows for 2007 showed that there were four major host countries of foreign students. The USA received 20% of all foreign students followed by the United Kingdom (12%), Germany (9%) and France (8%), while substantial numbers of foreign students were enrolled in other countries such as in Australia (7%), Canada (4%), Japan (4%) and New Zealand (2%). Column 1 of Table 1 provides data on foreign enrolments as a percentage of all students for eight leading host countries and for the OECD as a whole. According to OECD (2009, p. 311), foreign students in tertiary education are defined as “non-citizens of the country where they study”, and they differ from international students, who are defined as “students who have crossed borders expressly with the intention to study”. However, some countries are not able to report data on both categories separately; they usually present data on one category only, which can cause problems in the interpretation of results. The data provided in Table 1 also show the geographic composition of foreign students in these host countries (column 2, 3 and 4). Column 5 shows that there has been a decline in the market share of the top five leading providers as foreign enrolments have been growing more rapidly in other OECD countries such as in New Zealand and Japan (see Table 1). According to UNESCO (2009), China is the largest provider of foreign students, amounting to almost 421,100 students abroad, followed by India (153,300), the Republic of Korea (105,300), Germany (77,500), Japan (54,500), France (54,000), the United States (50,300), Malaysia (46,500), Canada (43,900) and the Russian Federation (42,900).
Student mobility is only one form of international higher education. An increasing number of students are gaining access and benefiting from the new possibility of pursuing higher distance education offered by an international university without having to leave their own country. The international virtual mobility of programmes and establishments and the possibility of distance learning, as correspondence courses and via the internet, have increased over the past decade, especially towards Asia and the Middle East. Considering the importance of the internationalization of higher education, this paper attempts to mirror the main direction of much of the existing research on this area that has been explored around the world. The remainder of this research is organized as follows: section two describes the implications of General Agreement on Trade in Services (GATS) for higher education, section three discusses the main strategies for internationalization with special reference to the contribution of higher education on building up a country’s capacity for participation in an knowledge based economy, section four examines the risks and challenges of this pattern and finally section five concludes.

2. General Agreement on Trade in Services (GATS) and its Implications for Higher Education

The expansion of higher education has become an issue of negotiation on liberalizing trade in services through multilateral, regional and bilateral trade agreements. The General Agreement on Trade in Services (GATS) was established in 1995, and it corresponds to a set of multilateral rules governing international trade in services, which covers 12 different internationally-traded services including education. According to the GATS framework, there are four modes of trade in education: cross-border supply of the service where consumers stay in the country, examples of this mode are e-learning programmes, virtual universities, distance education. The second mode represents consumption abroad where the consumers cross the border; this includes full time studies abroad and exchange programmes. The third mode denotes the presence of a provider in another country in the form of branch campuses, twinning partnerships and franchising arrangements between universities, and the fourth mode refers to the presence of representatives in another country to provide the service, example of this mode is the mobility of professors, teachers, and researchers from one country to another.
As noted earlier, there has been an increase in the movement of students to foreign countries. This mode has been supplemented by an increase in the other modes of education such as the programmes delivered domestically by foreign higher education providers through franchising, twinning, branch campuses and distance education. The number of students enrolled in such programmes is difficult to estimate because of the variation in this type of programmes and size of the student population in different countries. United Kingdom and Australia are more active countries in this field. Australian universities indicate that in 2005, there were about 60,000 students enrolled in such programmes, including about 15,000 in distance-learning programmes. While for the UK, estimates show that 150,000 to 200,000 students are enrolled in overseas programmes, including distance programmes.

According to Bashir (2007), member countries of the multilateral trade agreement should benefit from this agreement because it would enable them to access new markets, it will introduce transparency and stability in the measures that affect trade and also it will ensure that all trading partners are treated in the same way. However, moderately few countries have made commitments to this agreement, and these commitments made are restricted, therefore they do not represent a significant liberalization, principally covering only foreign providers working within a country. “Developing countries have been hesitant to make commitments because of the perceived loss of discretion in policy making and because of the weaknesses in their domestic regulatory systems” 16.

3. Strategies for Internationalization of Higher Education

Nowadays world economies have become increasingly interrelated; the free movement of capital, goods and service has grown the demand for international education. “Globally oriented firms seek internationally-competent workers versed in foreign languages and having mastered basic inter-cultural skills to successfully interact with international partners. One way for students to expand their knowledge of other societies and languages, and hence leverage their labour market prospects, is to study in tertiary educational institutions in countries other than their own” 17. Many countries have established strategies to encourage the internationalization of higher education. Based on this, it is possible to identify four major strategies that represent the range of motivations and policy instruments at work in this field. These strategies are not always coordinated and their outcomes vary considerably from one country to another. The traditional strategy in this field is based on mutual understanding, while the three others are based on skilled

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16 Bashir, 2007, pg. 52.
17 OECD, 2009, pg. 310.
migration, income generation and capacity building, which are relatively dictated by economic components.  

The objectives of the strategy based on mutual understanding are mainly linked to political, cultural, academic and development aid factors. The strategy allows and encourages international mobility of students and staff, both national and international, through scholarship and university exchange programmes, as well as partnerships between institutions of higher learning. According to this strategy international students are expected to return to their country of origin after completing their studies. The EU has also initiated the Socrates-Erasmus programme in keeping with the same philosophy: student and teacher exchanges, the networking of university departments and establishments throughout Europe, and the joint design of study programmes were intended to promote a feeling of “European citizenship” among European youth, thanks to better mutual understanding and knowledge of several European languages.

The strategy based on skilled migration follows the same objectives as the previous one, but in addition involves the more deliberate and targeted recruitment of international students. It is in line with the philosophy of the knowledge-based economy, but also intends to attract talented students who could become knowledge workers at the service of the host country’s economy or improve the competitiveness of research and higher education in that country. Even though scholarship programmes are an important part of this strategy, they are also completed by other measures, such as actively promoting a country’s higher education system abroad and simultaneously revising their visa rules or changing their immigration policies for the target groups. This strategy increases the number of foreign students in the country, but in terms of the mobility of programmes and institutions, it has no impact.

The Bologna Process, established in 1992, marked a reorientation of the policy of internationalization adopted throughout Europe. In particular, it moved the EU Socrates-Erasmus programme closer to the skilled migration strategy.

The strategy based on income generation follows the same objectives as those previously mentioned but, in addition, it directly follows commercial ends. One particular characteristic of that approach is that higher education services are charged at their real cost to international students, who do not benefit from any public subsidies. Compared to local students, international students usually represent extra income for educational institutions, a factor that encourages them to be innovative in the international education market. Considering this, government authorities permit institutions a high degree of autonomy with a view to creating a firm reputation for their higher education.

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19 IOM, 2008.
20 IOM, 2008.
sector and protecting international students by means of quality assurance mechanisms. This approach leads to a significant increase in the number of international students paying for their tuition at cost and to the growth of profit-oriented mobility programmes and institutions.

Finally, the strategy based on capacity building entails encouraging the importation of higher education, in order to quickly reinforce the human and productive capacities of a country. When a country’s capabilities to fully respond to its higher education requirements are scarce, or when its national system is still weak, cross-border education can help build local capacities both as regards programmes available and the human capital needed for the local economy and sector of higher education. It also offers a benchmark to academics and institutions on the quality and relevance of their services and can lead to organizational learning, thanks to partnerships, at the institutional and system levels. Also, it adds variety and choice to the domestic systems, which may lead to healthy competition and quality improvement. Taking this into account, many South-East Asian countries have started supporting cross-border education services for the purposes of capacity-building. These countries have created policies to encourage students to study overseas as well as attracting international providers to offer courses in their countries. Malaysia offers scholarships for postgraduate study or training of teachers, academics and civil servants, mostly in the United Kingdom and Australia. This country has also established offices abroad to support students studying outside Malaysia. Students educated overseas are expected to help build domestic capacity in higher education when they return. Compared to the two preceding strategies, the strategy based on capacity building is mostly import-oriented. Therefore, the availability of scholarships to support the mobility of international students, teacher, etc. is crucial, as is the process of encouraging international institutions, programmes and universities to provide their teaching services. In order for the strategy to be successfully accomplished, countries must ensure that their quality assurance systems cover international programmes and institutions and that the latter do, contribute to the achievement of the country’s objectives.

4. Risks and Challenges

Despite the benefits of the internationalization of higher education mentioned above, this pattern is associated with various risks. According to the survey conducted by International Association of Universities (2003), “brain drain” appeared to be the most frequently mentioned risk. Respondents of this

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24 International Association of Universities surveyed its institutional members from six regions (Africa, Asia, Europe, Latin America, Middle East, North America).
research were very powerful when referring to the harmful effects on a country when students and teachers permanently leave the country or do not return after a period overseas. Another risk was considered to be the increasing costs associated with internationalization, as a factor that could jeopardize further efforts to incorporate an international aspect into the main functions of the higher education institutions. However, research suggested that risk assessment varies by region, being higher in the developing countries. African and Caribbean countries seem to suffer the most from brain drain; with 80% of Jamaican and Guyanese and 70% from Guinea-Bissau graduates now living in an OECD country. The erosion of cultural identity is considered another major risk of internationalization. Countries of Latin America, the Caribbean, and the Middle East have been identified as parts of the world that are more sensitive to the possible “loss of cultural identity”. Additionally, other forms of risk have been identified, such as “the increase in low quality or rogue providers; a decrease in public funding if foreign providers are providing increased access; non-sustainable foreign provision of higher education if profit margins are low; foreign qualifications not recognized by domestic employers or education institutions; elitism in terms of those who can afford cross-border education; overuse of English as the language of instruction; and national higher education policy objectives not being met”.

The need for an internationalized higher education presents many challenges at institutional and policy levels. It requires access to amounts of human and financial resources, as well as their effective operation and management. For poor countries and resource-deprived institutions, the opportunities to connect internationally can be very limited or fraught with worrisome trade-offs. For example, African universities have been placed at a disadvantage on various levels, because of the dependence on massive amount of international funding for research and other activities. In the current global financial crisis, the financial aspect of internationalization has become an issue for rich and poor higher education institutions. “Finding and leveraging appropriate resources is a major task moving forward, particularly in contexts where the international dimension is viewed as an optional action area, rather than as an integral component of the academic enterprise and administrative apparatus”. Another challenge for policymakers is the mobility of higher education programming. Many providers are crossing borders easily, some of these providers are invited by the host governments, such as Singapore and Qatar case, and others are determined by the interest of the provider. This

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25 Knight, 2006.
26 Adnett, forthcoming.
27 Knight, 2006, pg. 66.
28 Knight, 2006, pg.65.
29 Altbach, 2009.
30 Altbach, 2009, pg. 31.
causes problems in terms of the programmes, because they may not be compatible with education system, cultural norms, or labour market requirements of the host country. In these circumstances, neither the host nor the home country can monitor the quality and the ethics of education provided. Another important challenge entails making international opportunities available to all equitably. Frequently, the wealthiest or socially privileged students are most likely to benefit from the opportunities in a globalized higher education environment.

5. Conclusions and Implications

Higher education as an essential sector of education has grown in importance with the expansion of knowledge based economy. Accordingly, international higher education has grown in importance as well, given that students are more willing to study overseas, enrol in international programmes in their home country, or to take courses at universities in other countries by using the internet. Considering, its crucial importance for economic and social development, many studies have investigated various aspects of this pattern. The aim of this paper is to discuss the essential issues, and the factors that have influenced the internationalization of higher education. The introduction section has presented the context and the overview for the main trends of the mobility of international students and programmes. The second section explained how the General Agreement on Trade in Services (GATS) describes trade in services according to different modes of delivery as well as barriers to this trade. Despite the importance of this agreement and its benefits, the majority of countries, especially among developing countries have not made commitments to this agreement. In the other hand, many countries have established strategies to encourage the internationalization of higher education. Four major strategies have been mentioned, the first one being based on mutual understanding, whilst the three others are based on skilled migration, income generation and capacity building. Generally, the objectives of these strategies are mainly the same with few disparities between them. The strategy based on mutual understanding encourages international mobility of students and staff, through scholarship and university exchange programmes, as well as partnerships between institutions of higher learning. The strategy based on skilled migration follows the same objectives as the previous one, but in addition intends to attract talented students who could become knowledge workers at the service of the host country’s economy. In addition to the objectives of the previous strategies, the third one directly follows commercial ends, while the strategy based on capacity building encourages the importation of higher education, in order to quickly reinforce the human and productive capacities of a country.

31 Altbach, 2009.
The process of internationalization has been associated with several risks and challenges. Many surveys have been conducted to assess the main risks of this pattern. Based on the IAS research, brain drain is considered one of the most severe risks. The research also showed that the risk assessment varies between countries, being more prevalent in less developed countries.

Additionally, other forms of risk have been identified, such as the loss of cultural identity, costs associated with internationalization and so on. In terms of the challenges, they are mainly related to the access of human and financial resources, as well as their effective operation and management. Again, these challenges are more widespread in developing countries, where the opportunities to connect internationally are more limited. The mobility of higher education programmes was considered another challenge for policymakers, because of their compatibility with the educational system of the host country. In conclusion, we may say that countries should deal constructively with these and many other risks and challenges, in order to participate in the rapidly expanding world of international study. They should try to maximize and connect the benefits of internationalization, and minimize the risks and costs.

References: