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Business Education at Emerging Markets

Never Stand Still

Australian School of Business

Australian Business Schools and the Challenges Facing the Australian Higher Education Export Model

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“At the end of the line”: Australia 25 years ago

- The ‘tyranny of distance’: a geographically isolated country
- An inward-looking country
- High trade barriers
- Little engagement with Asia

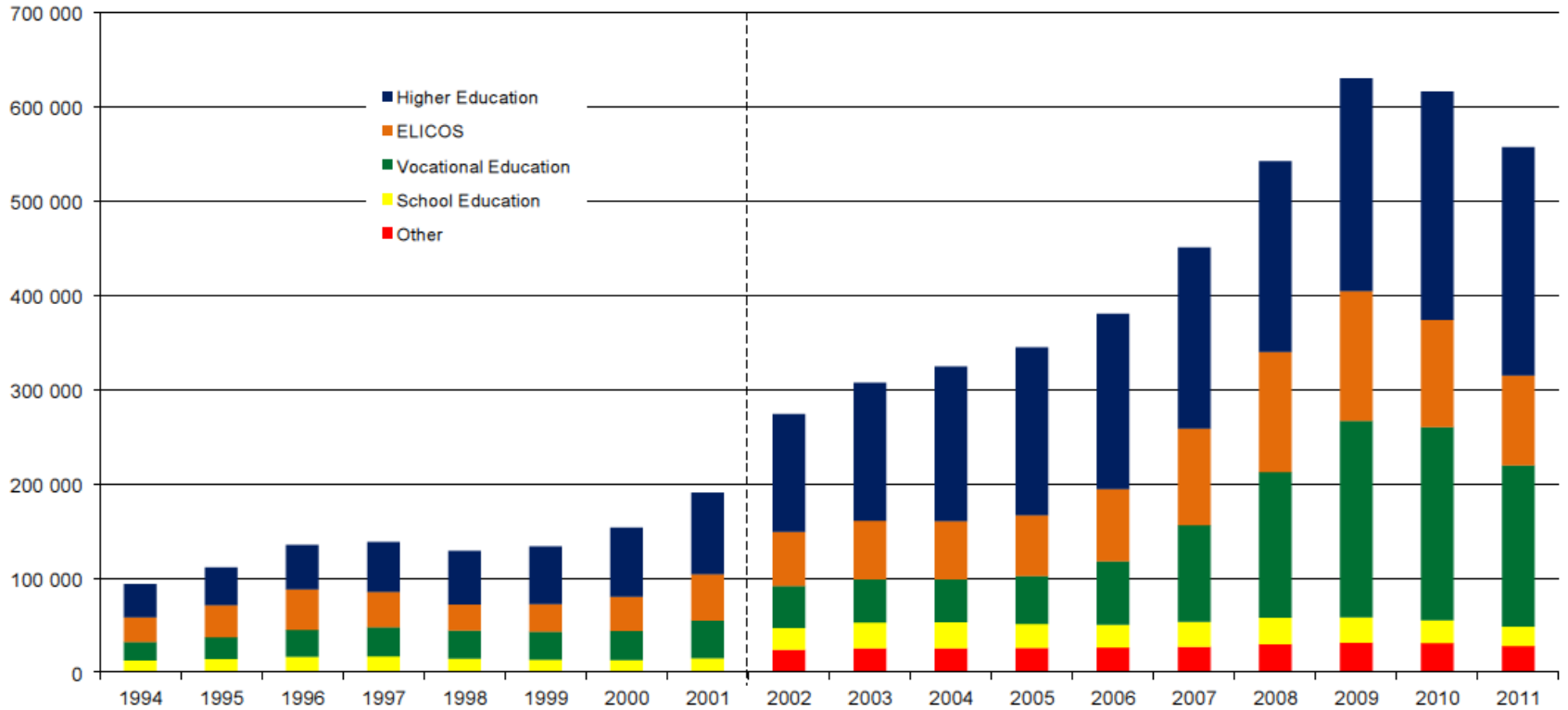


Australia now: from isolation to connection and from European heritage to Asia-Pacific future

- International education is an exemplar of how much Australia has changed over the last 25 years
- Australia's leading universities are now global education hubs known for their proximity to, and connections with, the growth economies of Asia
- Higher education is Australia's third largest export industry



International Student Enrolments in Australia 1994–2011



Note: There is a break in series between 2001 and 2002



Australian higher education: 2010 data

- 1.19 million students enrolled at higher education providers
- Domestic students: 857 384 (71.9 per cent)
- International students: 335 273 (28.1 per cent)



The critical role of business education as an attractor of international students

- In 2010 “Management and Commerce” comprised over half of all international student enrolments at Australian higher education providers : 173,643 students out of 335,273
- Likewise with commencements: 76,992 out of 151,546
- Around the world, business schools have long been cash cows but in Australia they play an especially critical role in cross-subsiding other faculties and research programs

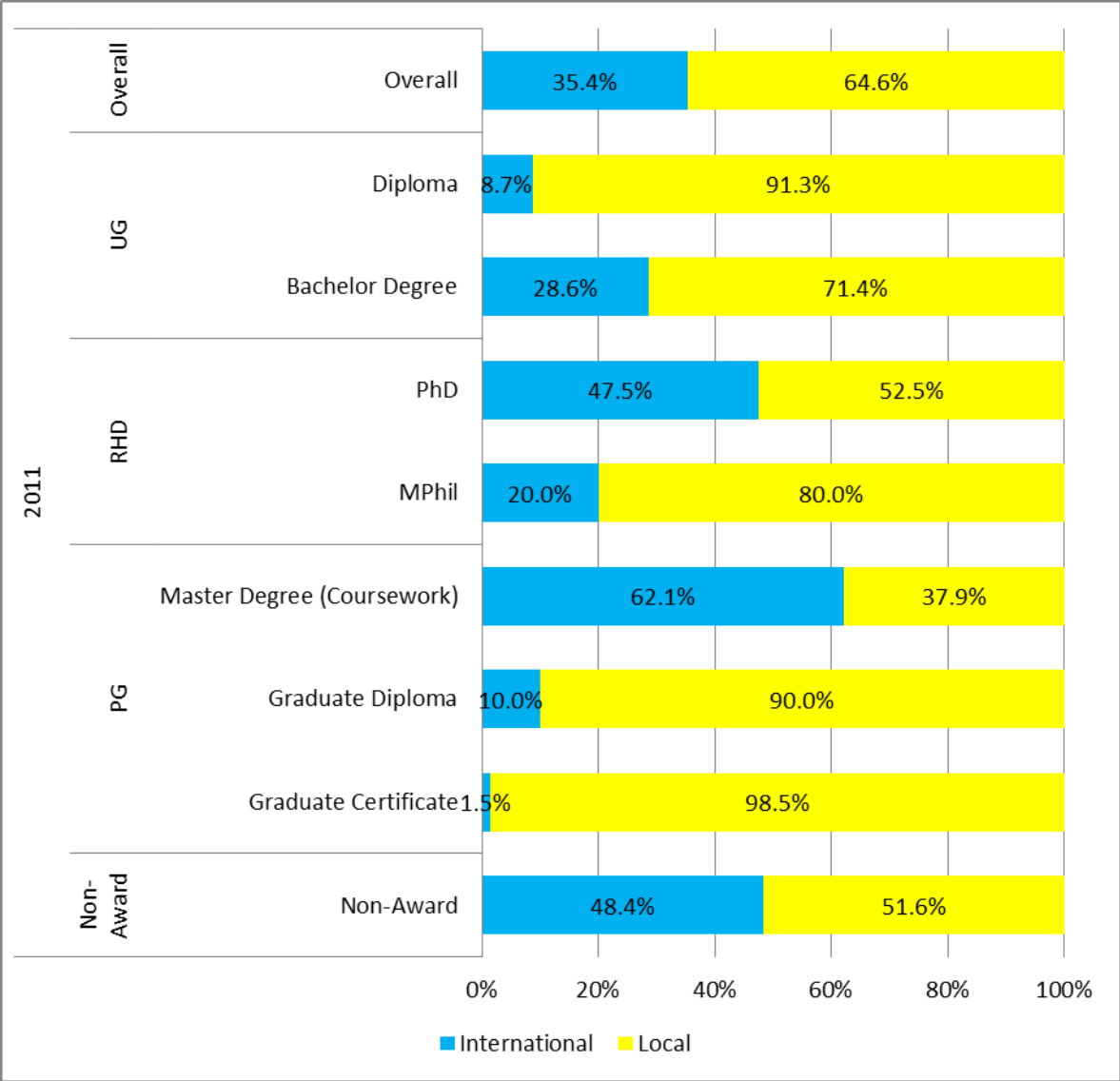


The nature of business schools in Australia

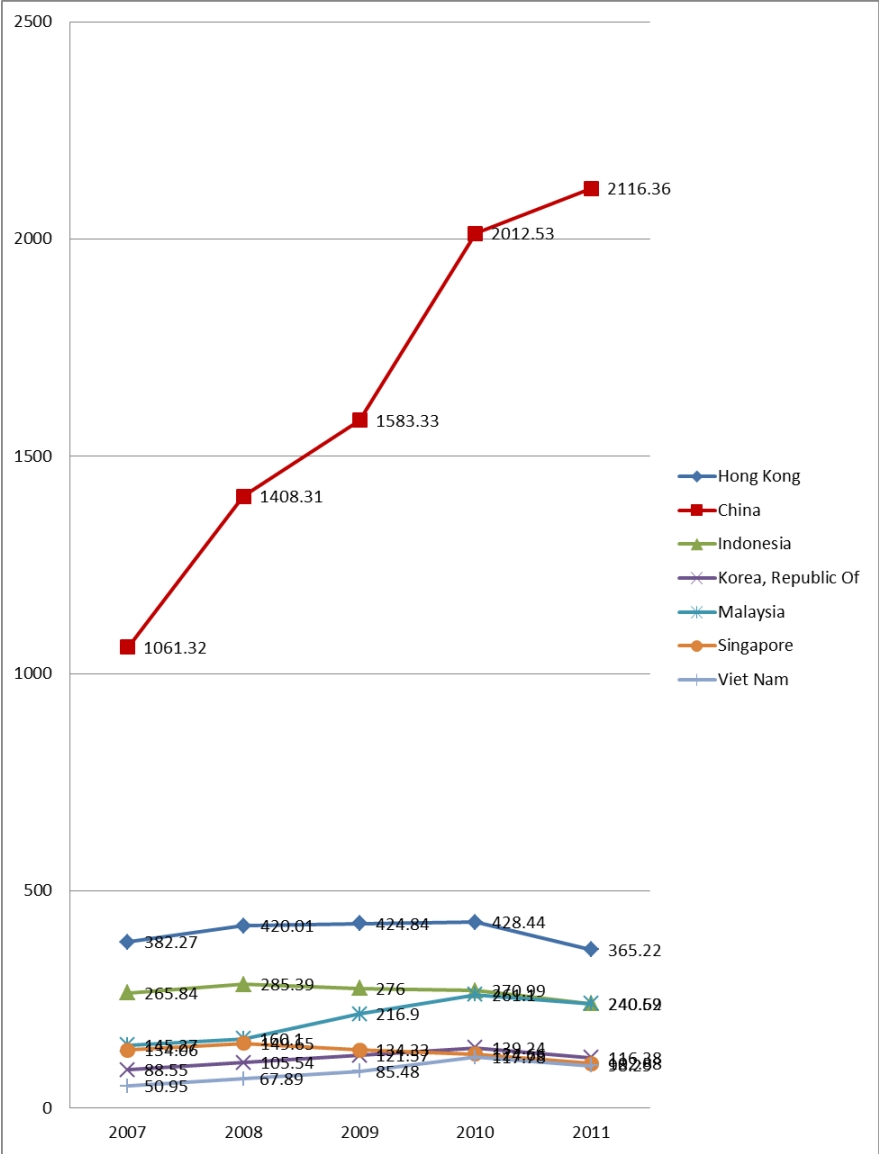
- Typically, business schools have a relatively large undergraduate population
- UG business education is offered through a variety of specialist (business dedicated) degrees: Bachelor of Commerce, Bachelor of Business, Bachelor of Management, and so on
- A mix of generalist and specialist PG programs are offered
- Not all business schools offer an MBA



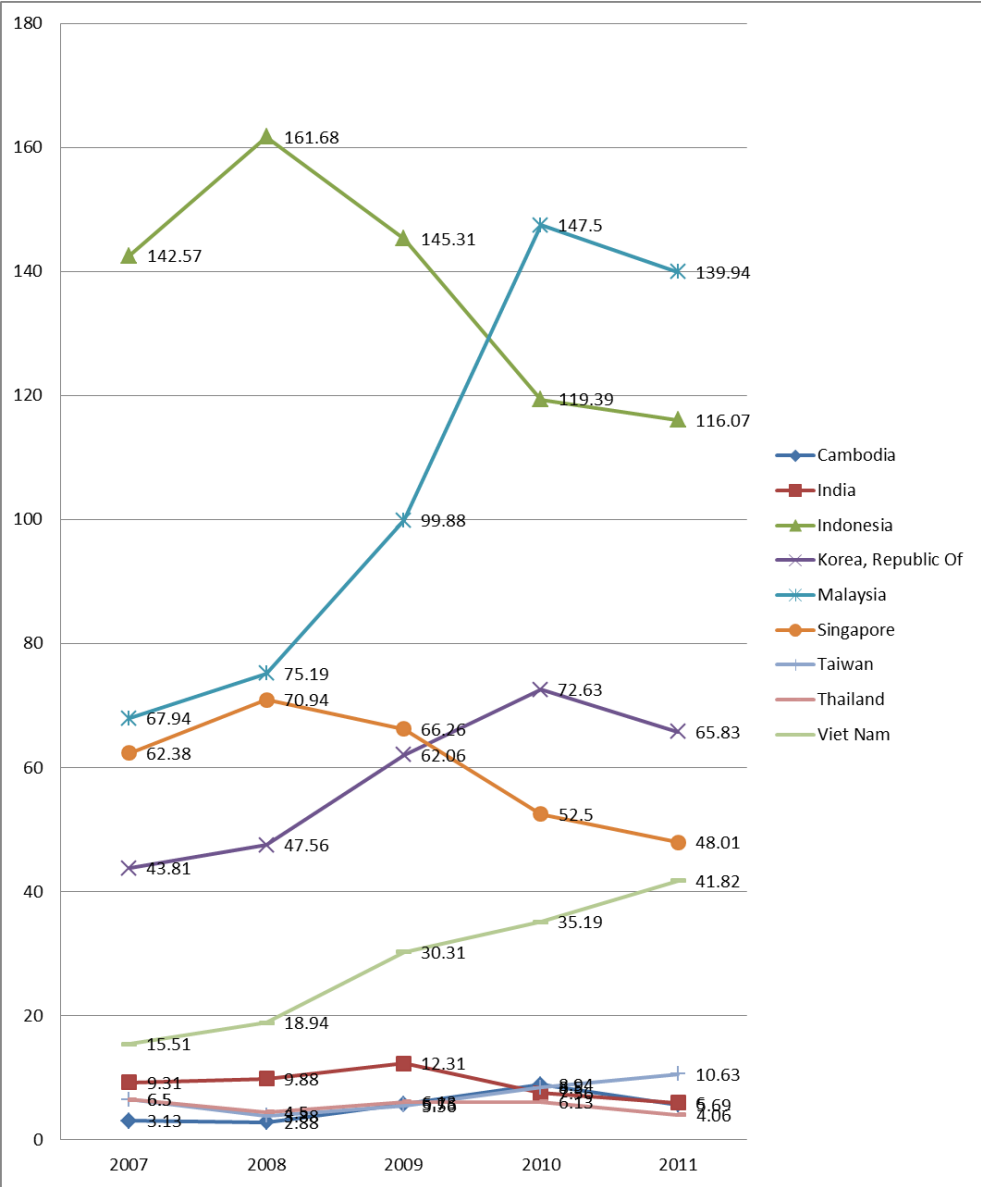
Australian School of Business Data



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Early forms of internationalisation

- Australia first began educating international students in the 1950s
- Important role played by Government scholarships
- The Colombo Plan
 - Launched in 1951 for aid to East and SE Asia
 - Remembered now mostly for the Asian students sponsored in Australian training and degree programs
 - Seen as a pioneering effort to achieve closer understanding and engagement with Asia
 - By 1985, 20,000 students had been trained under the plan



Study abroad and exchange

- An early and enduring form of internationalisation
- Problems of scalability
- The reciprocity principle
- The challenges of getting Australian business students to go on exchange to Asia
- Recent MoU between Go8 VCs and China 9 Presidents is part of a long-standing commitment to exchange opportunities



The rise of the export model

- Begins around 1990
- Not just about opening doors to international students; more fundamentally about actively recruiting them
- Mixed motives for the introduction of the model but fundamentally about revenue and bolstering university finances



Drivers of the Australian export model

- Role of Hawke/Keating Government 1983-1996
 - Universities allowed to charge market-based fees ('full-fees') for international students + No restrictions on numbers of international students + Universities allowed to retain the revenue generated by international student fees
 - Creation of vision of Australia's economic future being tied to the Asia-Pacific region
- Years of government funding cuts to universities
- The industrialization of Asia
 - Rapid growth of middle class
 - Desire for international/English-speaking experience



Augmenting the export model

- International branch campuses in developing countries: Australia as the dominant player
- Fly in-fly out arrangements, twinning agreements, articulation arrangements
- The challenge of quality control



The model under threat: the arrival of the perfect storm

- The global financial crisis
- The rise and rise of the Australian dollar
- Visa restrictions
- Bad press
- More intense competition and new forms of competition



New competitive forces

- Gallagher and Garrett (2012) point to three competitive threats:
 - Lateral: Australia losing market share to universities in other countries replicating the Australian export model
 - Above: the creation of 'multinational universities' by American private universities such as Duke and NYU
 - Below: the online revolution
- Gallagher and Garrett also point out that lateral competition is essentially about undergraduates



Reconstructing Australia's value proposition

- Successfully meeting the strategic challenges facing the Australian higher education sector depends heavily on the response of business schools
- Reducing price and/or the quality of student intakes is not the answer
- We must compete on the quality of our offerings and the quality of the student experience



Australian business schools as a bridge between the West and Asia

- Encouraging two-way mobility
- ‘Australia’s Asian Century’: developing an Asia capable workforce
- The opportunities presented by our existing Asian students: the challenge of mutual learning
- Experiential learning
- Working more effectively with universities in the region

