LEADING INTERNATIONALIZATION
Changing Demographics and Economic Realities

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NAFSA's 2016 Symposium on Leadership, “Leading Internationalization: Changing Demographics and Economic Realities,” was held at the NAFSA 2016 Annual Conference & Expo on Tuesday, May 31, in Denver, Colorado. The symposium explored how higher education leaders can balance competing interests and economic pressures in the face of changing demographics and economic realities. More than 150 international education leaders—including more than one-third from outside the United States—gathered to hear how institutions are responding to challenges such as an increasing diversity of students, geographic shifts in mobility flows, reprioritization of government funding, and greater emphasis on return on investment. Symposium participants engaged in multiple breakout discussions to network and brainstorm solutions with representatives of similar institutional types from around the world.

Alex Usher, president of Higher Education Strategy Associates, gave the keynote address, “The Shape of Things to Come: The Role of Internationalization in Times of Change.” He outlined five trends facing higher education institutions in the twenty-first century, and identified several markets where demand for education will be growing in the next several decades. Usher’s presentation was followed by a panel discussion, “Comparative Institutional Perspectives,” featuring José Celso Freire Junior, associate provost for international affairs at São Paulo State University (UNESP) and president of FAUBAI (Brazilian Association for International Education); Laura Howard, lecturer at the Universidad de Cádiz and president of the European Association for International Education (EAIE); and Ashish Vaidya, former provost and vice president for academic affairs and current interim president at St. Cloud State University. They provided a comparative view from three regions of the world: Latin America, Europe, and North America.
Senior international officers from four different institutions then shared their perspectives on leadership in times of change during the final session, “Lessons Learned: Voices from the Field.” The panel featured Douglas Palmer, vice president for academic affairs and associate professor of history at Walsh University; Kavita Pandit, associate provost for faculty affairs at Georgia State University and a member of the NAFSA Board of Directors; Mike Proctor, vice president for global initiatives at the University of Arizona; and Jeff Riedinger, vice provost for global affairs at the University of Washington and member of the NAFSA Board of Directors. They each shared scenarios they have encountered at their respective institutions and discussed the lessons they learned in light of the trends Usher identified.

**RISING DEMAND AND CHANGING DEMOGRAPHICS**

Usher identified five “megatrends” that will affect the global flows of students in the future: rising demand, changing demographics, financial constraints, changing institutional missions, and continued popularity of universities in Europe, Australia, and North America.

One of the major trends is a rising demand for higher education in the developing world, according to Usher. “Demand has more or less peaked within the developed world. But in the rest of the world, there’s a lot of room to grow,” he said, pointing to countries such as China and India as examples of markets with rising demand.

In developing countries, he explained, one of the simplest ways for students to distinguish themselves is to earn a degree from an English-speaking country. “That means the rising demand for international education will largely be met in developed countries,” he said.

He argued that many countries are also experiencing demographic shifts. According to Usher,
In addition, national internationalization strategies are impacting institutional strategies. “We’re seeing a clear trend towards policy cascade...If there is no national strategy in place, institutions are developing their own responses,” she explained.

She added that as a result, universities are often under pressure to meet quantitative targets: “This means that institutions are under pressure to focus on numbers rather than outcomes.”

Other trends in Europe that she identified include insufficient funding for higher education, particularly in Central and Eastern Europe; increasing privatization; expectations that institutions will make key contributions to national development in terms of the quality of graduates and transferable knowledge; increasing competition; and an increased move toward incorporating digital learning into internationalization strategies.

Howard added that in countries where they are seeing a rising number of students, there is a debate about “quantity versus quality:” “As student numbers rise, some countries and universities are starting towards improving the quality of what those students experience rather than just focusing on the numbers of those students.”

**UNITED STATES**

Ashish Vaidya, former provost and vice president for academic affairs and current interim president at St. Cloud State University in Minnesota, pointed to what he calls the “iron triangle” of “access, quality, and cost” as the primary challenges facing U.S. higher education. “We have had to provide more access, we need to control cost, and in fact reduce costs and at the same time we must provide excellent quality. This is the greatest challenge that we’ve been grappling with for the last 10 years or so. Two- and four-year public institutions in the United States have actually seen a decline in funding,” he said.

Vaidya also discussed the changing demographics of students in the United States in relation to achievement. He cited demographer William Frey of the Brookings Institution, who recently predicted that college graduation rates would start to decline in 2020 based on current demographics. He added that the college enrollment rate of students from the poorest 20 percent of the population has decreased by 10 percent over the last five years, the greatest sustained decline in college-going for the poor in 40 years. He said that internationalization might be a way to help close the achievement gap. “At St. Cloud State University we prepare students for life, work, and citizenship in the twenty-first century. That drives everything we do: our curriculum, our relationship with the community, and our global engagement strategies that we follow,” Vaidya said.

He concluded by saying that an important aspect of St. Cloud State University’s approach to internationalization is increasing study abroad opportunities for underrepresented students. “Since study abroad is a high-impact practice which increases student engagement, this is an example of how we are working to close the achievement gap,” he said.
solution is recruiting international students. Others might seek grant funding, which is not always sustainable once the seed funding dries up.

Mike Proctor discussed the pressure he as Arizona State University’s (ASU) senior international officer has faced in light of a 60 percent decline in state funding over the last five years. He presented a scenario in which ASU had received a grant from the Mexican government to help create a youth development network across Mexico. After a successful first year, ASU received news that the grant had been suspended. Palmer faced the dilemma of what to do about the staff members they had hired using grant money.

“(The question is) how do you avoid the risk of having to eliminate people if funding changes,” Palmer said.

Many institutions look to grants in order to supplement funding and they run the risk of being left in the lurch if the grant funding abruptly ends. Palmer said institutions need to focus on strategic planning and diversifying their funding.

“The key is to look at what sort of services an office needs to provide to operate in a given space. Then commit to the right balance of direct and indirect costing to be able to fund the needed positions on a sustained basis. If you are not going to simply central-fund a new position, you have to be able to create enough workflow to sustain the positions from other sources if the startup goes away,” Palmer explained.

He added that many international agencies are not particularly happy with the high overheads of U.S. institutions: “The key is to look at the actual—and preferably extraordinary—support or other services provided and be able to cost them out and reflect them as a direct cost, consistent with applicable rules on both the institutional side and the funding side.”

CLOSER CONNECTIONS TO GLOBAL BUSINESS

Usher also pointed out that universities have a major role to play in the global economy. As a consequence, higher education institutions are becoming increasingly interconnected with business through global supply chains. “Former industrial centers have become centers of high-tech production, and there is always an educational institution at the center of that transformation,” he said.

“As a university, we need to be engaged with the wider community...”

He argued that the most successful institutions are located in urban centers, engaged in the local economy, and the boundaries between universities and surrounding businesses are increasingly permeable. This has led to a reorientation of universi-
ties’ teaching and research missions toward closer collaboration with the private sector. “You can’t tell where the institutions begin and businesses end,” Usher said.

The University of Washington (UW), based in Seattle, is an example of an institution with increasing permeability with the local business community. “As a university, we need to be engaged with the wider community, be involved efforts to improve the region’s competitiveness and join in the local community’s efforts to attract foreign direct investment to bolster the economy,” said Jeff Riedinger, UW vice provost for global affairs and SIO.

The UW has recently launched the Global Innovation Exchange in collaboration with Tsinghua University in China and with foundational support from Microsoft. “We had to answer the question, ‘how do we as a university bring our global partners to Seattle in a way that creates new degree opportunities, encourages corporations to come here, and strengthens the companies that are here already?’,” Riedinger said.

Through the exchange, faculty from UW and Tsinghua will teach in new degree and certificate programs, such as a recently launched master’s of science in technology innovation. Microsoft employees may participate as students, mentors and project advisors, and in some cases, instructors. “There’s only one city in America right now that has China’s leading research university building a physical presence,” Riedinger said.

“The vision of GIX is to be a global partnership between major research universities and innovative corporations to develop future thought leaders in innovation. Our goal is to help solve some of the world’s most pressing problems through cross-con-
Usher added that many developing countries, which are still building their educational systems, are being left behind in terms of these global developments. He argued that investments in higher education, with the possible exception of China, are the result—rather than the cause—of industrialization. “Don’t believe the hype that there are all these universities in developing countries that are about to rival those in North America. For the very foreseeable future, European, North American, and Australian institutions are going to have a huge advantage,” Usher predicted.

HOW MEGATRENDS IMPACT GLOBAL STUDENT MOBILITY

When analyzing global student mobility trends, Usher looks at seven factors: growth of the youth population, the viability of the middle class, domestic opportunities to study at top universities, desire to immigrate, who pays for education abroad, exchange rate risk, and political risk. He shared his analysis of the top 10 countries that send students abroad.

According to Usher, countries such as China, Korea, Vietnam, and Germany will continue to face demographic declines, although he expects the supply of students from China to continue to grow in the near future. France and the United States will continue to have limited growth. On the other hand, the youth population in countries like India, Malaysia, Saudi Arabia, and Nigeria will continue to grow.

Usher also predicted that the United States, Korea, Germany, and France will continue to have a strong middle class, with a growing middle class in China, India, Malaysia, and Saudi Arabia.

Usher added that in terms of domestic opportunities to study at top universities, China is an example of a country that has consciously avoided expanding the number of spots at its top universities. It has focused on developing quality and has allowed other universities to grow. Usher expects countries such as Nigeria, Vietnam, India, and Saudi Arabia, with less developed national educational systems, to continue to send their students abroad.

Another factor that Usher said impacts global student flows is whether education is seen as a pathway to immigration. He pointed to the United Kingdom as an example of a country that has seen a decline in international applications due to restrictive immigration policies. “One of the big things that Australia and Canada have gotten right is using higher education as a way in for immigration,” Usher said.

According to Usher, Malaysia, China, India, Vietnam and Nigeria are countries with a high demand
for immigration abroad: “The desire to immigrate really changes how students search. If you ask students from Germany, for instance, why they picked a particular university, the answer is there was a specific program. A student from India or Vietnam would say, ‘I wanted to go to the United States.’”

“If you’re recruiting in these countries where the demand for immigration is high, I’ve got one piece of advice for you: speed up your admissions decisions,” he added.

Usher also sees countries where families finance higher education abroad as durable markets. He pointed to the recent drop-off in student flows from countries such as Brazil and Saudi Arabia, which have both had large-scale scholarship programs in recent years. “Brazil looked like a really good bet four or five years ago,” Usher said.

He added that markets, such as South Korea and China, where families pay for education out of savings rather than current spending, are also more stable.

He concluded by touching on the role of economic/exchange rate risk and political risk. Nigeria, for example, poses both economic and political risks, as its economy is reliant on a single export—oil—and the government has recently introduced foreign exchange controls in a bid to prop up its currency, including funds for study abroad.

**CREATING A UNIQUE VALUE PROPOSITION**

Usher concluded his keynote by challenging institutional leaders to rethink their educational offerings in global terms. “One of the most difficult challenges that I see institutions grappling with is whether or not they have a globally meaningful, unique value proposition. A lot of institutions have developed their value proposition in very local terms. That means nothing to international students…,” Usher said.
However, a global perspective can also appeal to domestic students. An example of an institution that has created a unique value proposition based on its international programs is Walsh University, a small, private Catholic institution in northeastern Ohio. In 2006 Walsh inherited a 20-acre campus in Castel Gandolfo, just outside of Rome, Italy. To take over the campus, Walsh had to undertake a multimillion dollar capital improvement project and sign a lease covering rent, staff, and the overall operating budget for the campus. Between 2010 and 2015, Walsh faced a decline in enrollment at home and encountered a dilemma when the Rome campus lease came up for renewal. It needed to come up with strategies to make the campus financially sustainable in the long term.

Because many Walsh students are first-generation college students and come from low-income backgrounds, study abroad is not always a viable option. Walsh decided to send cohorts of 15 students to Castel Gandolfo for eight-week terms, which meant less of a time and financial commitment for students and also opened up spots in the on-campus residence halls in Ohio. “We found some creative ways to build success. We had to understand not just the expenditure impact of having a campus in Rome, but also the revenue impact. If we can get 45 students over the course of an academic year, that in essence frees up 45 beds in our residence halls. It was going to financially benefit the university if we could keep that enrollment number (in Rome) up,” Palmer said.

Now, some students say that they choose Walsh precisely because it has a campus in Rome. “As a
Catholic faith-based institution, we have a mission. Having a campus in Rome has been something to distinguish us from our peers,” Palmer said.

“Looking a step ahead to where there is a potential for growth in terms of students seeking an international education is a way to develop long-term successes.”

In addition to academics, Usher argued that universities need to think about how they take care of students outside of the classroom: “There’s an instinct to sort of separate them (international students) and put them somewhere else, and I’m not sure that is necessarily what you want to do.”

He said that universities need to find ways to integrate domestic and international students. “That’s something that very, very few institutions have done well. Lots are trying, but they’re still trying to find the secret sauce,” he concluded.

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2 See https://www.washington.edu/gix/ for more information.

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ACKNOWLEDGMENTS

The NAFSA 2016 Symposium on Leadership, “Leading Internationalization: Changing Demographics and Economic Realities,” was organized by the International Education Leadership Knowledge Community (IEL KC), and chaired by Marca Marie Bear, associate dean of the International Programs Office at the University of Tampa. Current IEL KC chair Dlynn Williams, associate professor and department head of political science and international affairs at the University of North Georgia, opened the symposium. IEL KC chair-elect Sonja Knutson, director of the International Centre and special adviser to the president on international affairs at Memorial University in Newfoundland, Canada, moderated the panel discussion with José Celso Freire Junior, Laura Howard, and Ashish Vaidya.

Erich Dietrich, associate dean for global and academic programs at New York University’s (NYU) Steinhardt School of Culture, Education, and Human Development and NYU’s assistant vice president of global programs, moderated the panel with Douglas Palmer, Kavita Pandit, Mike Proctor, and Jeff Riedinger.

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