The Growing Importance and Reliance on International Students in New Zealand Universities: A Looming Crisis

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Education, and especially tertiary education, is vital for people preparing for the workforce. Students have a range of choices for higher education, from domestic tertiary institutions to the option of studying overseas. A number of factors influence this choice, such as the perceived benefits of living in an English speaking country and the prestige of gaining an international qualification. New Zealand is a popular destination for many students. They expect a friendly, safe and culturally tolerant society, and to a large extent their expectations are met. In 2012, the New Zealand government tightened the eligibility for allowances for domestic undergraduate students and eliminated them for domestic post graduate study. As a result the number of domestic enrolments in tertiary education has reduced. This has been balanced by an increasing number of international students coming to New Zealand. However, many educational institutions are becoming dependent on the fees of international students. This research examines the current state of the international student market in New Zealand. Additionally, the urgency of planning for any sudden reduction in the numbers of international students is highlighted and conclusions about how these institutions can best plan for survival should the international student market bubble burst.

1.0 Introduction

International education throughout the world is one of the fastest growing sectors in the globalised knowledge-based segment. The number of tertiary students enrolled as international students grew five-fold from 0.8 million in 1975 to 4.3 million in 2011 (OECD, 2013). The attraction to New Zealand for many international students to further their education after leaving school has seen this dramatic increase continue while recently domestic enrolments has generally been in decline. Education in New Zealand is at time where international student enrolments have become vital for the continuance of many tertiary courses, especially at a post-graduate level, and for some institutions their very survival has become increasingly reliant on international student enrolments. With the tightening of eligibility for student allowances for tertiary education announced in April 2012, and the removal of student allowances for post-graduate study announced at the same time, the government policy has had an immediate impact on domestic enrolments. The policy is intended to save NZS33 million over four years, but one survey of tertiary students after the announced cuts found that many tertiary students indicated that they will either not continue to post graduate study or that they will look to continuing their education overseas where there is funding support (Duncan & Thomas, 2012).
Whilst education in New Zealand is seen as a basic human right, tertiary education, and especially post graduate qualifications are now perceived as something of a luxury. For Private Training Establishments (PTEs) and universities, actively recruiting more international students has become the most effective means to achieve financial goals. These international students below PhD level are generally required to pay approximately three times the domestic student fees for their courses, with no government subsidy. This certainly benefits the universities and the government, but the education sector is now becoming more and more reliant on the continued flow of international students to New Zealand. Under this scenario, the challenge for leaders in tertiary institutions is twofold. Firstly, they must devise strategies to increase domestic enrolments when the funding landscape is no longer in the universities’ favour, and secondly, they must avoid becoming overly reliant on the international student enrolments. This paper examines the reasons for international study, the challenges faced by international students, the issues around the management of a diverse student body and the impending issues New Zealand is facing in international student education.

2.0 International Education as a Source of Revenue

International education is the fifth biggest export income source for New Zealand. Both the government and universities encourage international enrolments as they depend on the revenues that these students provide (Altbach & Knight, 2007; Wilkins & Huisman, 2011; Collins 2012). According to the article in the New Zealand Herald (Jones, 2014), “It is one of the least known but most dynamic export sectors in NZ…simply put, without the income from international students, the school’s ability to provide an education of the level the community expects would be impossible”. Table 1 shows the international revenues gained by various educational provider groups in 2012. Universities received the most tuition revenue at almost 309 million dollars.

Table 1: International Tuition Revenues by Provider Group in New Zealand (2012)

<table>
<thead>
<tr>
<th>Provider Group</th>
<th>Revenue (Million NZD)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Primary School</td>
<td>11.3</td>
</tr>
<tr>
<td>Secondary School</td>
<td>110.4</td>
</tr>
<tr>
<td>Polytechnics</td>
<td>94.9</td>
</tr>
<tr>
<td>Universities</td>
<td>308.9</td>
</tr>
<tr>
<td>Private training establishments</td>
<td>208.6</td>
</tr>
<tr>
<td>Subsidiary providers</td>
<td>15.9</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>745.7</strong></td>
</tr>
</tbody>
</table>

(Source: Export Education Levy, Ministry of Education 2012)
In addition to being a lucrative source of income, universities are increasingly marketing themselves as having cosmopolitan campuses populated by the best students from all over the world (Brooks & Waters, 2011). The increased emphasis on recruiting international students has not been universally greeted as positive, raising concern that market efficiency and financial considerations have superseded those of equity (Rizvi & Lingard, 2010). As can be seen in figure 1, the key source countries for international students to New Zealand are Asian countries.

![Figure 1: Key Source Countries for International Students](Source: Export Education Levy, Ministry of Education 2012)

In terms of international student enrolment, the percentage of international students as a proportion of the total student body varies across the eight universities in New Zealand. Table 2 indicates that in 2010 the total number of international student enrolments in the eight major universities was 23046 students with Lincoln University having the highest percentage of international students in its total student body.
Table 2: International Students by Universities

<table>
<thead>
<tr>
<th>University</th>
<th>Number of International Student</th>
<th>Percentage of International Students</th>
</tr>
</thead>
<tbody>
<tr>
<td>University of Auckland</td>
<td>4713</td>
<td>12</td>
</tr>
<tr>
<td>University of Waikato</td>
<td>2251</td>
<td>18</td>
</tr>
<tr>
<td>Massey University</td>
<td>3200</td>
<td>9</td>
</tr>
<tr>
<td>Victoria University of Wellington</td>
<td>2800</td>
<td>12</td>
</tr>
<tr>
<td>University of Canterbury</td>
<td>2121</td>
<td>11</td>
</tr>
<tr>
<td>Lincoln University</td>
<td>1008</td>
<td>31</td>
</tr>
<tr>
<td>University of Otago</td>
<td>2687</td>
<td>12</td>
</tr>
<tr>
<td>Auckland University of Technology</td>
<td>4266</td>
<td>16</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>23046</strong></td>
<td><strong>13</strong></td>
</tr>
</tbody>
</table>

(Source: Export Education Levy, Ministry of Education 2012)

3.0 Driving Factors for International Study

McMahon (1992) contends that the reasons for the increase in international study are varied. He proposes that pull and push factor are the primary reason for international study. “Push” factors are those patterns that encourage students to leave their home countries while “pull” factors persuade students to choose a specific nation for their studies. The most common factors are summarized in Table 3.
Table 3: Push and Pull Factors for students to choose international over domestic study

<table>
<thead>
<tr>
<th>Push factors</th>
<th>Pull factors</th>
</tr>
</thead>
<tbody>
<tr>
<td>lack of capacity in home country</td>
<td>quality of education</td>
</tr>
<tr>
<td>lower educational quality at home</td>
<td>reputation of country and university</td>
</tr>
<tr>
<td>employer preference for overseas education</td>
<td>improved employment prospects</td>
</tr>
<tr>
<td>the unavailability of particular subjects</td>
<td>opportunity to improve English</td>
</tr>
<tr>
<td>economic problems in home countries</td>
<td>opportunity to experience different cultures</td>
</tr>
</tbody>
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In addition to the push and pull factors, Brooks and Waters (2011) concur that for Asian students the desire to study in an English speaking country is the major factor. Hung (2012) on the other hand, identifies that the opportunity to obtain residency in the country of choice is the most important factor for Chinese students. A related article by Xiao and Shen (2009) regard “overseas education as a means of providing extra advantage in the fierce competition for scarce resources and opportunities” (p. 514) for Chinese students and their families. Other factors that affect the choice of country for individuals are recommendations from friends, family and agents (Wilkins et al., 2012). The OECD (2013) suggests that the individual world ranking of universities is also becoming increasingly important.

The cultural capital gained by students who obtain academic credentials at top universities is a significant motivator for aspiring Asian families (Brooks & Water, 2011). Cultural capital in education is institutionalised in the form of formal academic credentials. This makes it possible to make a comparison of qualification holders (Bourdieu, 1986). The boom in student migration from China can be seen to be an attempt by “the Chinese new rich to convert economic capital to internationally recognized cultural capital” helping to legitimize their newly acquired status (Xiang & Shen, 2009, p. 514). The preferred route for these families is to send their children to a prestigious Chinese university, but this is not always possible with extreme competition for places at the top ranked universities (Brooks & Waters, 2011). Degrees from less prestigious universities in China do not provide the opportunities that families’ desire for their children (Xiang & Shen, 2009). However, international qualifications, especially from high ranking universities, give graduates much better employment opportunities. This allows them to reproduce their families’ class status (Waters, 2006; 2009). Matthews and Sidhu (2005) suggest that this embracing of Western education is a “pragmatic means of minimizing global forms of disadvantage” (p. 60) rather than Western knowledge being seen
as in any way superior.

One strategy that families have engaged in is to emigrate so that their children can attend English-speaking high schools. Often, the father will later return to Asia leaving the ‘astronaut’ wife and ‘satellite’ kids behind (Waters, 2002; Brooks & Waters, 2011). Whilst this can have a positive effect on the child’s educational opportunities, it can have a detrimental impact on the mother’s life. However, the sacrifice is often seen as necessary and normal for the sake of the children (Waters, 2002). There are however concerns about the long term effects of international educational expansion. Waters (2009) identifies the expansion as perpetuating and possibly intensifying social inequality. This social inequity was also noted by Hung (2010) who found that students from less developed cities in China are often excluded from opportunities because of financial constraints. This inequality is a direct result of the market forces that now dominate education (Matthews & Sidhu, 2005).

4.0 New Zealand as a Destination

According to the OECD (2013), 1.7% of all international students worldwide come to New Zealand. Education has surpassed some more traditional export industries, such as wool, and is now one of New Zealand’s largest trade services (Smith & Rae, 2006). One of New Zealand’s primary advantages in attracting international students is that it is an English-speaking country. With English established as the global language, the USA, UK, Canada, Australia and New Zealand amongst others, offer the opportunity to immerse students in a native English-speaking environment (OECD, 2013; Wilkins & Huisman, 2011). This is something that the students and most often their parents see as a major advantage if they are to enter employment in a globally competitive environment. New Zealand is also perceived as safe, clean and comparatively cheap place to live and gain an education, compared to many other English-speaking countries (Ramia, Marginson & Sawir, 2013). Ho et.al. (2007) noted that opportunities for immigration are another factor in attracting students. Approximately 20% of international postgraduate students in New Zealand will gain permanent residency within 5 years of their first student permit. In the USA it is estimated that 58% of successful PhD candidates remain in the USA ten years after receiving their doctorate. This indicates that both domestic and international PhD candidates have a desire to live and work in the United States of America, something we do not see so much in New Zealand. This suggests that postgraduate students in New Zealand will readily travel overseas seeking greater opportunities and don’t have the same opportunities as those in the USA (Duncan & Thomas, 2012).

The Ministry of Education (2013) also cites exchange rates as having a significant impact on students’ decision making. A favourable exchange rate can make educational costs and living costs considerably cheaper for international students compared to their home countries. Additionally, agents play a vital role in the relationships between school and family, but are frequently overlooked by
literature. Collins (2012) describes them as “indispensable” (p. 159) to both students and schools. Ho et al., (2007) found that the majority of students they interviewed obtained information about New Zealand from their agents.

5.0 Challenges Faced by International Students

Culture shock is one of the greatest problems a student faces when moving to a new country (Sam, 2001; Zhang, 2007). Other problems include the pressure of having an ambassador role as an informal cultural representative (Sam, 2001), adjusting to new customs and the loss of established social networks (Zhang, 2007). Chirkov (2007) agrees that there are problems, but suggests that many students anticipate some of these difficulties when preparing to move. Loneliness is a particular issue for Chinese students as they come from a more collectivist culture and can be greatly affected by losing their social networks. These problems can be ameliorated by homestay with host families who can help the students settle in and develop new social networks (Zhang, 2007). A student’s English language ability also has a large impact on their ability to succeed and adapt to their new environment (Sam, 2001 and Zhang 2007). Matthews and Sidhu (2005) found that international students were often disconnected from local students. School leaders can play an important role in facilitating opportunities for international students to socialise with local students. By introducing a code of practice, New Zealand has significantly improved the pastoral care of international students (Zhang, 2007). However, according to Sawir et al., (2009) 84% of students are not even aware of what is contained in this code. Ramia et al. (2013) on the other hand suggest that “it is as if the regulatory authorities forgot to tell most international students of the merits of the regime’s explicit pastoral care focus” (p100).

6.0 Challenges in Managing a Diverse Student Body

Due to the expansion in international education, intercultural dynamics are central aspects of life in New Zealand universities. Lecturers and administrators are expected to deal with local diversity, multicultural citizenships and universal connectedness (OTFE, 1998). Therefore, recognising and coping with stress that can result from such a heterogeneous student body may become an important skill for education leaders facing a highly diverse and internationalised higher-learning working environment. Among others, educational leaders need to have a clear vision of their roles and use the best teaching strategies in teaching and managing a diverse student body. According to Biggs and Tang (2007), constructive alignment is one of the best teaching strategies that academics can make use of in responding to the complex higher learning domain. This pedagogy allows teachers to constantly adjust their teaching approaches so that learning outcomes can be achieved. Curriculum design varies across disciplines in the higher learning education context. Generally, apart from the discipline’s basic literacy, curriculum design also must address the sought-after graduate attributes suggested by
stakeholders. The 21st century graduate model is the outcome of both a globalized economy and the resultant dynamics in international education.

Curricula should be designed to match intended learning outcomes (Briggs and Tang, 2007). Since most of the international students are transient, it is anticipated that many of them will return to serve in their home countries. Therefore, to manage diversity embedded in the student body, curriculum and learning activities which reflect cross-cultural and internationalised complexity as well as address the twenty-first century graduate attributes are required. This is important because curricula restricted to a particular social context can have a negative impact on the employability of graduates. Knight (2004) warns that education should take world issues into account and relate to the people, cultures and systems of different nations. This implies that to deal with diversity arising from a diverse student body and world globalised trend, educational leader need to come up with internationalised curricula. OECD (1994) defined internationalised curricula as:

Curricula must be designed with an international orientation in content, aimed at preparing students for performing both professionally and socially in an international and multicultural context, and be designed for domestic students as well as foreign students (OECD, 1994, p. 7)

From the discussions set out above, it is apparent that the intended outcomes of higher education embody a wide spectrum of provision. Apart from the contingent elements required by the specific discipline, the generic and culturally specific knowledge also need to be taken into consideration.

In a related light, Blackmore (2006) documents two discourses of diversity articulated in Anglo nations. These are to capitalize on diversity by customising services and products and embracing cultural and linguistic diversity, and transformative diversity that goes beyond redistribution of social-economic benefits, moving towards leadership of inclusiveness in recognising diversity with the insurgence of new knowledge. Designing a curriculum that reflects diversity, internationalisation and a global trend no doubt provides support to the two discourses of diversity highlighted by Blackmore (2006). Nevertheless, the quest towards managing an internationalised student body does not stop at designing international curricula simply because a holistic curriculum cannot convey its purpose without the implementation of appropriate teaching strategies. Pedagogies that encourage and enhance inclusiveness are therefore most useful in teaching an internationalised student body.

To promote inclusiveness, a student-centred teaching approach is strongly recommended by Briggs and Tang (2007). Due to the complexity of the business world and the fact that a majority of
students use inductive rather than deductive reasoning, case studies can be used as a teaching pedagogy to promote inclusiveness. A typical case study can be designed to serve a number of learning outcomes. Case studies also resemble real life situations in the multicultural setting. Students benefit from case studies because they require the application of critical thinking and decision-making in complex situations. Besides exposing students to real-world issues, case studies are an interactive learning strategy which is student rather than teacher-centred. In this light, Mostoe and Croft (1999) assert that case studies are an active teaching activity which can foster student interest in a subject.

Apart from using case studies as teaching activities, collaborative learning is another effective instructional strategy which can be used in culturally diverse educational group settings. Collaborative learning refers to the learning process in which students from different academic and cultural backgrounds are working as a team to explore an issue or improve skills towards achieving a common academic goal (Gokhale, 1995). An individual’s cognitive processes are significantly affected by the culture, values and behaviours embraced in the community where they grow up. In particular, national culture is the collective software of the mind of its citizens that differentiates the people of one country from another (Hofstede, 1997). Collaborative learning is a relevant teaching strategy in the multicultural or multi-national setting as it allows heterogeneous groups with different nationalities to bring together and share a variety of skills, experiences and information which could enhance the learning process. Rich (1997) documents that the diversity of thoughts and views held by heterogeneous groups can potentially lead to higher innovation and creativity than homogenous groups. This would contribute to the knowledge creation and advancement for the students. Early interaction and exposure to peers from different cultures, countries and backgrounds via collaborative learning activity also inspire students to be more open-minded when dealing with diversity issues before entering the job market.

Nonetheless, language barriers can impede collaborative learning as members who are using non-native language may well face problems in participating fully and confidently in the learning process. English language skills are essential for international students to be successful academically and to cope with culture shock as well as to develop social connectedness in the new learning environment (Andrade, 2006; Zhang, 2007). Yeh and Inose (2003) contend that international students experiencing language barriers are more likely to face challenges such as racial discrimination, alienation and homesickness. Anxiety and uncertainty management theory posits that individuals who tend to experience anxiety further exacerbate the communication capability issues when placed in a culturally heterogeneous group. The quality of intercultural communication could deteriorate further if the individual perceives themselves as not to belonging to the dominant cultural group (Gudykunst, 2005). With this in mind, learning activities have to be
closely monitored and additional needs for English language tuition need to be addressed and assessed carefully by educational leaders. One strategy may be to develop informal social clubs to serve as a platform for international students to learn and improve language skills and to foster the links between students from the dominant culture and the international students. Additionally, a writing centre and counselling centre could be setup to address the unique needs of these students and to assist international students to cope with life in new learning environment.

7.0 Impending Issues Facing New Zealand and Leaders in Education

The impending problem for educational providers is that reliance on international students could well be a growing bubble that will one day burst, leaving some universities no longer able to balance the books. Competition from countries such as Singapore, Korea, Taiwan and Hong Kong is one of the major factors that could lead to a gradual decrease in international student visitors to New Zealand. This development is closely related to the prestigious reputation and high ranking achieved by universities in these countries. For example Korean international students have increased 17-fold between 2010 and 2011 (OECD, 2013).

In the early 2000s the number of Chinese students in New Zealand fell by over 25% (Ramia et al., 2013). The market at this time was unregulated and attitudes were not conducive to good student care (Lewis, 2005). The Chinese embassy advised the New Zealand government that they were dissatisfied with the attention being given to the safety of students, and eventually posted an advisory describing “New Zealand as unable to protect Chinese students” (Ramia et al., 2013, p 3). This immediately led to a number of negative stories in the Chinese media and coincided with an increase in the value of the New Zealand dollar (Zhang, 2007; Ho et al., 2007). The sudden reduction in international students hit PTEs and universities hard and it has taken several years for the reputation and confidence to be restored.

A related study by Altbach and Knight (2007) question the ability of many countries to regulate the experience of international students. They believe that only the government of the country of the education provider is in a position to manage the welfare of international students (Ramia et al., 2013). By its inaction, the New Zealand government failed to safeguard the students resulting in the collapse in the market. The numbers have slowly increased again, in part due to an improved code of practice for international students. Students now give more consideration to the international rankings of universities and those in New Zealand are perceived to be quite low (Ho et al., 2007; Xiang & Shen, 2009; Ramia et al., 2013). The lack of jobs for students returning home also impacts on the number of students seeking overseas study. In China the media originally characterised returning students as “returning sea turtles” (“海龟”) because they had useful skills unavailable to local students, but as
competition for jobs increased they were redesignated as “sea lingerers” (“海待”) hanging around without employment (Ho et al., 2007, p 4).

A further issue that arose in the early 2000s was that poor quality education providers emerged and took advantage of the influx of international students. These students were paying high fees for qualifications that were of poor quality and not beneficial to the students. Whilst most of these poor providers have been closed down, this occurrence shows that international students need some protection from unscrupulous businesses that seek to exploit them if allowed to do so (Ramia et al., 2013).

8.0 Conclusion

New Zealand’s universities rely on international students for revenue. The universities main advantage being that New Zealand is an English-speaking country with relatively low fees. The increase in students coming from China can be linked to the desire by parents to legitimize their status with the cultural capital gained by formal academic qualifications. However, the market has had major fluctuations due to poor regulation and the increasing strength of the New Zealand dollar. This paper recommends that school leaders in New Zealand continue to build relationships with families and agents, and improve the integration of international students into schools and universities. Institutions have to maintain the delicate balance between making courses desirable to international and domestic students, in addition to helping students meet the needs of the increasingly globalised market in which they will be seeking employment. In order to protect the market, the New Zealand government must be proactive in creating legislation to protect the rights of international students. This paper highlights the danger of recent changes in legislation and their negative impact on the number of domestic postgraduate students and the continued over-reliance on the international market for revenue. We recommend that student allowances for post-graduate study be reinstated at the earliest opportunity in order to encourage domestic students to remain in New Zealand. Whilst these recommendation will go some way to reduce the impact of any drastic changes in the international market, many institutions are resigned to “crossing their fingers” and hoping for the best. Evidence suggests that the situation for many institutions is precarious, which is hardly ideal for the long term future of tertiary education in New Zealand.
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