International Education East Asia

Assessing the UK TNE landscape in East Asia

June 2022

Key takeaways

- The overall transnational education (TNE) landscape in East Asia remains highly reliant on the 'big four' markets of mainland China, Malaysia, Singapore and Hong Kong, which accounted for 92% of all enrolments in the region in 2020/21.
- However, East Asia is also home to an increasingly vibrant mixture of fast-growing newcomer markets that are beginning to close the enrolment gap.
- Four of the six largest markets in the world for UK TNE are located in the region, led by **mainland China** and **Malaysia**; yet East Asia's overall share of global TNE enrolments continues to fall.
- Enrolments in key host markets for UK TNE such as **Malaysia**, **Singapore** and **Hong Kong** have declined slightly over the last five years, while mainland China and the rest of the region have continued to grow. The net effect is a modest redistribution of UK TNE student enrolments from traditional markets to emerging ones such as **Vietnam** and **Myanmar**.
- TNE enrolments continue to lag in major student recruitment markets such as **Indonesia**, **Japan**, **Korea**, **Taiwan** and **Thailand**, all of which send at least twice as many students to the UK as enrol students in UK TNE programmes at home.
- Overall enrolment in UK TNE in East Asia surged nearly nine per cent in 2020/21, rising in 12 out of 15 education markets in the region; this trend appears to have been driven in large part by Covid-19, as outbound mobility to higher education institutions (HEIs) located in the UK fell in 12 out of 15 markets over this same period.
- Notably, in-person TNE programmes saw higher growth in enrolments in East Asia in 2020/21 than fully online/distance-learning programmes, suggesting that students in the region still prefer to learn in a face-to-face environment even amid a global pandemic.
- In-person TNE provision also remains more common in East Asia than other regions, with face-to-face delivery accounting for 84% of all UK TNE enrolments in East Asia in 2020/21, compared with 65% of TNE enrolments in the rest of the world.
- Ten UK HEIs accounted for more than half of all TNE enrolments in East Asia in 2020/21, indicating a highly uneven distribution of TNE students among UK HEIs.
- Even as outbound mobility rates return to pre-pandemic levels, demand for UK TNE is likely to remain higher in East Asia than before the onset of Covid-19. Online education methods have improved, often significantly, while UK institutions have learned the hard way that providing a robust TNE offer is not simply a luxury in good times but also a necessity in more trying times.
- For UK institutions, East Asia continues to offer both well-established TNE hubs as well as emerging markets that may require more legwork but promise greater long-term growth opportunities. A hub-and-spoke strategy could also combine the best of both worlds.

Introduction

This report considers the state of UK transnational education (TNE) in East Asia, with a focus on major markets, key trends in regional enrolment, and the impact of Covid-19 on demand for TNE. Home to four of the six largest enrolments markets for UK TNE in the world, East Asia remains the single most important region for UK TNE. It is also home to a number of high-growth markets in which enrolment in UK TNE already exceeds the number of outbound students heading for the UK—a promising sign for future TNE demand.

Overall, enrolments in UK TNE surged in East Asia in 2020/21, the first full academic year living under the pandemic and the most recent year for which we have enrolment data. In all 15 education markets in East Asia, enrolment rates in UK TNE fared better than outbound mobility rates to the UK. This report assesses both the drivers of this surge in demand for UK TNE in East Asia, as well as what it portends for enrolment rates as the world slowly returns to normal.

Methodology and sources

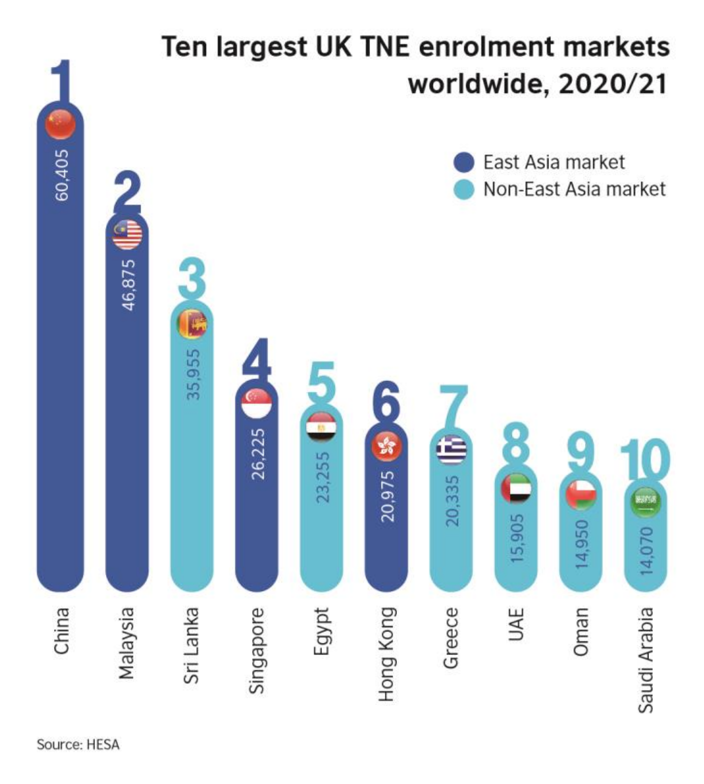
This report largely relies on UK TNE enrolment data provided by the Higher Education Statistics Agency (HESA), and the data is current through the last academic year (2020/21). This period provides a robust look at the first full academic year under the pandemic, but it does not give insight into enrolment dynamics in the 2021/22 academic year or beyond.

Unless otherwise stated, UK TNE enrolment figures include all types of TNE, including both in-person and distance learning, as well as UK branch campuses based in East Asia. However, TNE figures do not include students who were enrolled in programmes designed as in-person courses in the UK, even if those students were studying online from their home country due to the pandemic. Enrolment data from Oxford Brookes University has also been removed from all time-series data dating back to before 2019/20 when HESA changed its TNE reporting definitions.

The 15 East Asia education markets considered in this report are: Brunei, Cambodia, mainland China, Hong Kong, Indonesia, Japan, Korea, Laos, Malaysia, Myanmar, Philippines, Singapore, Taiwan, Thailand and Vietnam.

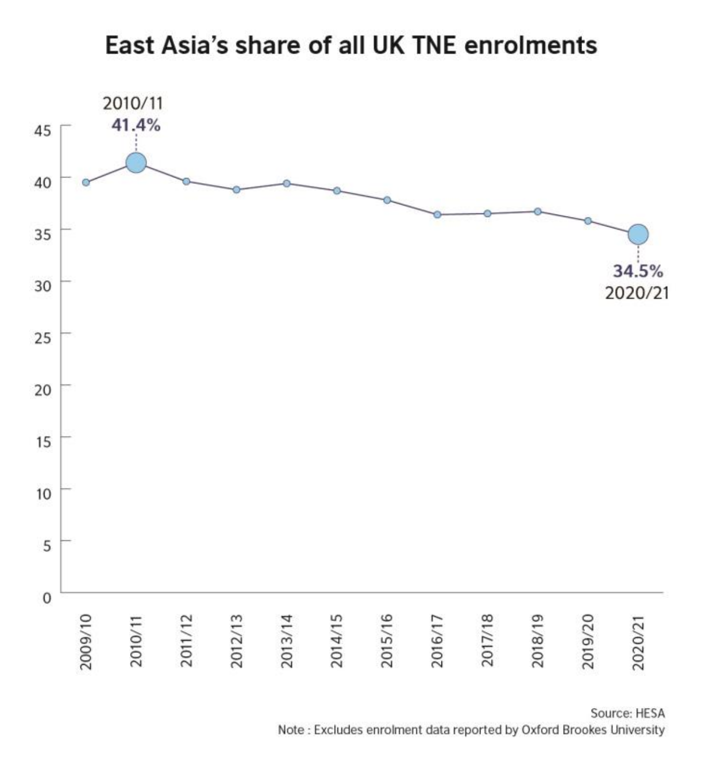
East Asia's enduring importance to UK TNE

East Asia has long served as the cradle of UK TNE, boasting some of the largest enrolment markets anywhere in the world. Even as other regions have begun to close the gap in recent years, East Asia is still home to four of the six largest UK TNE markets globally.



The region has also historically been quite top heavy, both from a recruitment and a UK institution perspective. The 'big four' major markets—mainland China, Malaysia, Singapore and Hong Kong—have accounted for roughly 95 per cent of all enrolments in East Asia over the last decade.

For UK institutions, the relatively familiar and structured operating environments that these four markets offer have made them logical destinations to base TNE operations in the region. In 2020/21, for example, 94 different UK HEIs enrolled TNE students in mainland China, Hong Kong and Singapore (with 80 UK HEIs enrolling students in Malaysia). Contrast that with the number of UK HEIs enrolling TNE students in Vietnam and Indonesia—both of which are priority growth markets for the UK education sector—where only 55 and 48 UK HEIs respectively enrolled any students in 2020/21.



While this dynamic has gradually begun to shift—the share of UK TNE enrolments coming from other markets in East Asia has increased from five per cent in 2015/16 to eight per cent in 2020/21—this owes in large part to three of the region's 'big four' TNE markets having seen enrolment levels plateau and fall over the last five years. Mainland China is the exception, having recorded sustained growth in demand for UK TNE over this period.

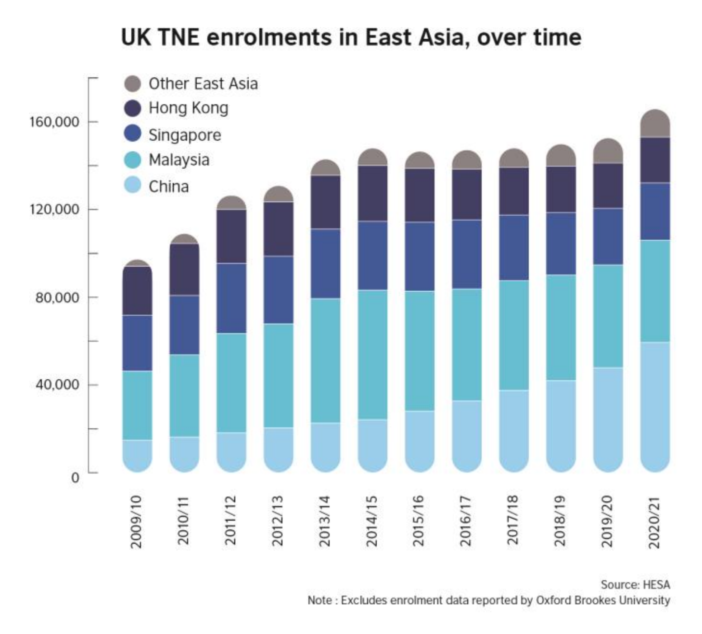
As a result, the East Asia region's share of global enrolments in UK TNE has steadily declined, from a peak of 41 per cent a decade ago to less than 35 per cent in 2020/21. In other words, even as overall enrolments in UK TNE in East Asia have ticked up over this period, the region's centrality to UK TNE has begun to diminish. Given the recent decline in more mature TNE markets in the region, this trend will likely continue in the years ahead.

Even as the region's overall share of global enrolments in UK TNE falls, however, there are reasons for optimism in East Asia. The experience that UK HEIs have gained by offering TNE in the region's four major markets has better prepared them to use these markets as jumping off points into less familiar terrain. It may also have paved the way for a hub-and-spoke model whereby students from other regional markets enrol at TNE programmes located within the 'big four' markets.

The enduring success of UK TNE in mainland China, Malaysia, Singapore and Hong Kong is also proof that demand for UK education provided in East Asia exists, while stronger growth in TNE enrolments in other regional markets indicates latent demand for UK TNE that has gone largely untapped until recently. Combined with a recent surge in demand for TNE enrolments during the pandemic (*see next section*), East Asia has all the makings of a region in which UK HEIs should be doubling down on their TNE offers.

Breaking down UK TNE enrolment within East Asia

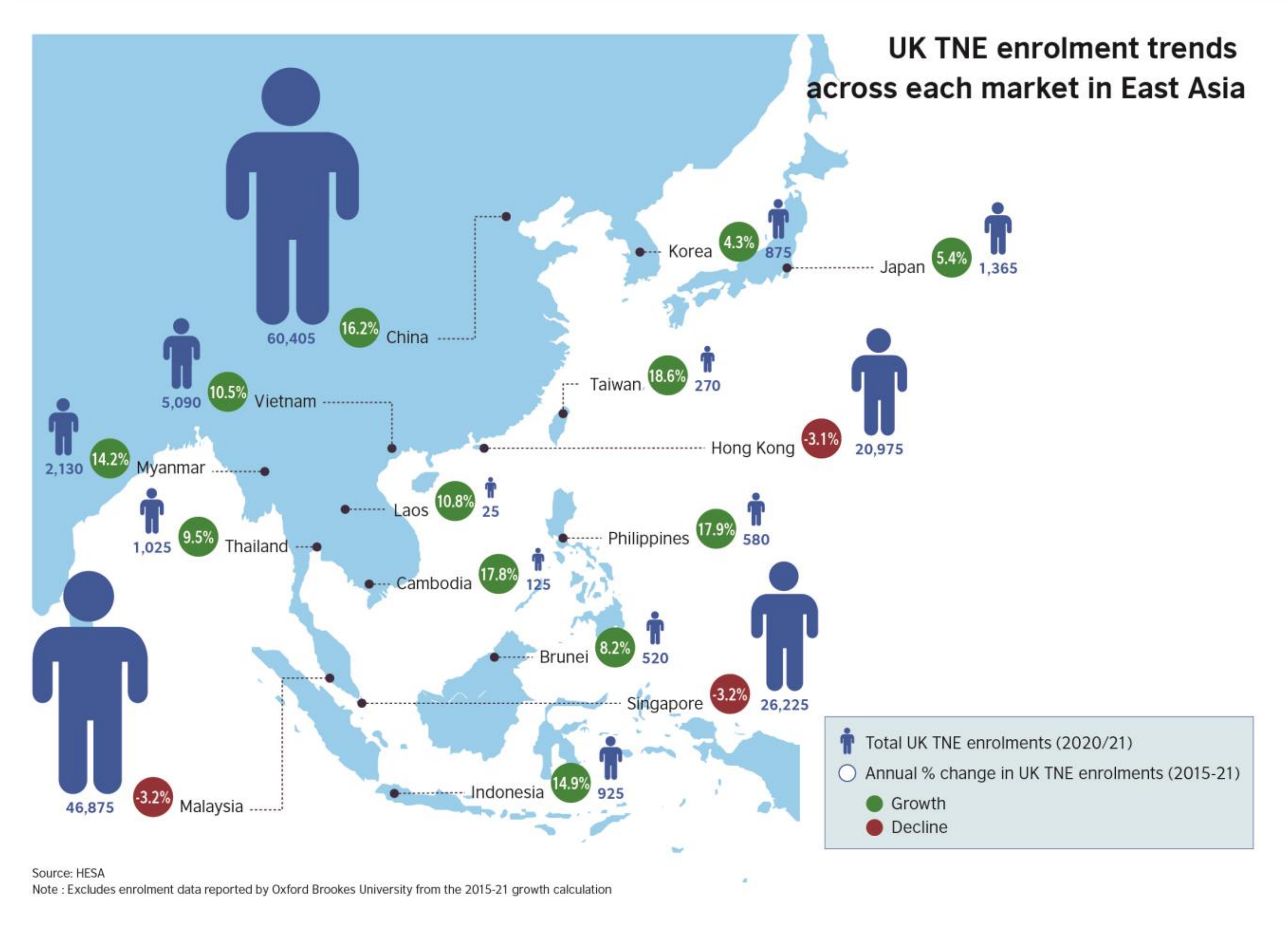
As a region, UK TNE enrolments in East Asia have gone through three distinct phases over the last decade. First, enrolments grew steadily from 2009-14, rising by an average of 8.7% each year. Then from 2015-19, TNE enrolments plateaued, rising only 0.6% per year on average, even as enrolments from East Asia at HEIs in the UK grew by an average of 5.5% per year. The pandemic, however, appeared to reverse this trend, reinvigorating demand for UK TNE in the region—partially at the expense of mobility to the UK—with total enrolments in UK TNE increasing 8.7% in 2020/21 over the previous year.



This broad regional trend, however, overlooks important shifts that have taken place within key markets over this period. Namely, mainland China's share of regional TNE enrolments grew nearly uninterrupted over the last decade, while enrolments in the other 'big four' TNE markets—Malaysia, Singapore and Hong Kong—plateaued or declined. As a result, China more than doubled its share of all UK TNE enrolments in East Asia over the last decade, increasing from 15% of regional enrolments in UK TNE in 2010/11 to 36% in 2020/21. What's more, China's share will likely rise further in the years ahead, as China makes up roughly 70 per cent of all outbound students from the region. As mainland China goes, so goes the overall UK TNE market in East Asia.

On a much smaller scale, emerging TNE markets in the region such as Vietnam show promising signs that they could one day close the TNE gap with the traditional host markets in East Asia. While it will be many years before it can likely overtake any of the 'big four' TNE hubs in total enrolments, Vietnam registered a greater net increase in enrolments in UK TNE in 2020/21 than any country in East Asia outside of mainland China.

Indeed, demand for UK TNE has grown in every corner of East Asia over the last five years except in three of the 'big four' host markets. While there appear to be natural barriers to delivering greater in-person UK TNE in many of these markets (*see next section*), it is an undeniably positive indicator of the competitiveness of the UK education offer that enrolments in UK TNE have grown in 12 of the 15 education markets in the region over the last five years. That this growth has occurred in markets as diverse as Japan, Myanmar and Cambodia is further cause for optimism about the long-term prospects for UK TNE in the region.



Based on both the current number of TNE enrolments and growth in enrolments over the last five years, East Asia's education markets can be broadly categorized into four groups:

The 'big four'

- Members: mainland China, Malaysia, Singapore and Hong Kong
- Characteristics: Large and mature TNE markets, but offering lower growth potential (outside of mainland China)

The next frontier

- Members: Vietnam and Myanmar
- Characteristics: The largest enrolment markets in the region outside of the 'big four' with high growth potential

Limited upside

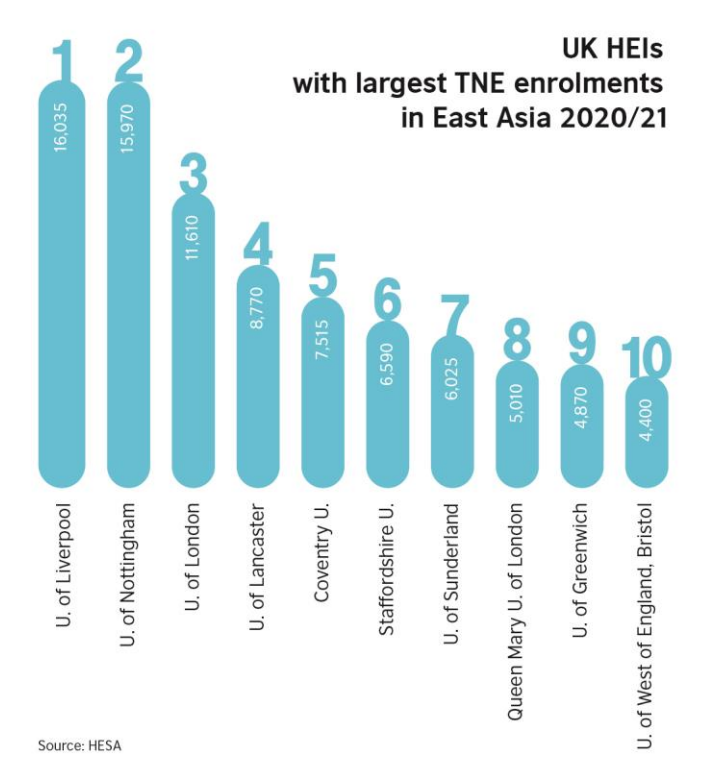
- Members: Japan, Thailand, Indonesia, Korea
- Characteristics: Modest TNE markets (at least 875 student enrolments in 2020/21), but limited growth potential due to restrictions on in-person provision (i.e. majority of all TNE enrolments provided via distance-learning in these markets in 2020/21).

The minnows

- Members: Philippines, Taiwan, Cambodia, Laos, Brunei
- Characteristics: Small enrolment markets (fewer than 580 students in 2020/21) that are unlikely to become major sources of TNE enrolments

Breaking down TNE enrolment by HEI and types of delivery

The distribution of East Asia's more than 167,000 TNE students among UK HEIs also remains quite top heavy. While 126 UK HEIs reported enrolling students from East Asia in 2020/21, more than half of these students—86,795 in total—enrolled at one of only ten UK HEIs. Curiously, these ten HEIs do not seem to possess any obvious characteristics that distinguish them from other UK HEIs, except for the universities that operate branch campuses in the region.



The uneven distribution of TNE enrolments does underscore, however, that most UK HEIs remain relatively minor TNE players in East Asia. In fact, of the 126 UK HEIs that enrolled any TNE students in East Asia in 2020/21, more than half registered fewer than 500 students and 85% of them enrolled fewer than 2,000. In other words, the spoils of TNE enrolments have not been shared widely.

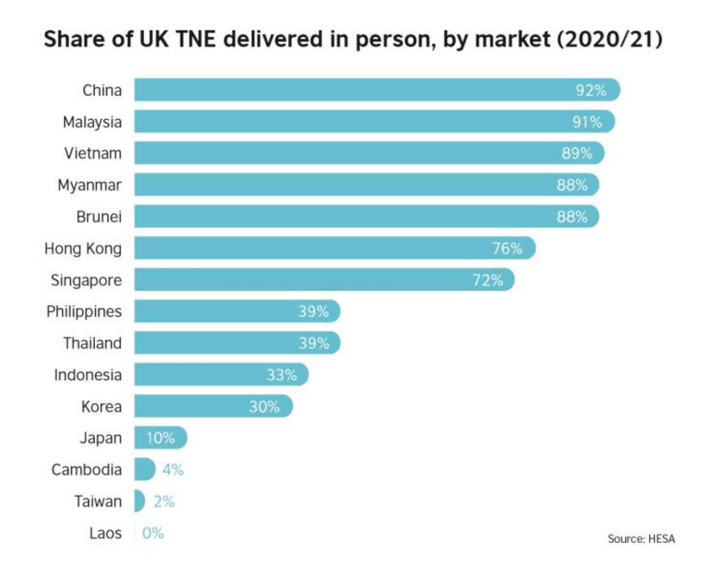
One of the key priorities for the UK sector in the years ahead will be broadening the pool of UK HEIs that operate in the region and boosting enrolment numbers at many of the HEIs that already do.

Total TNE enrolments from East Asia (2020/21)	Number of UK HEIs
More than 5,000	8
2,000-4,999	11
1,000-1,999	16
500-999	21
100-499	46
1-99	24

Source: HESA

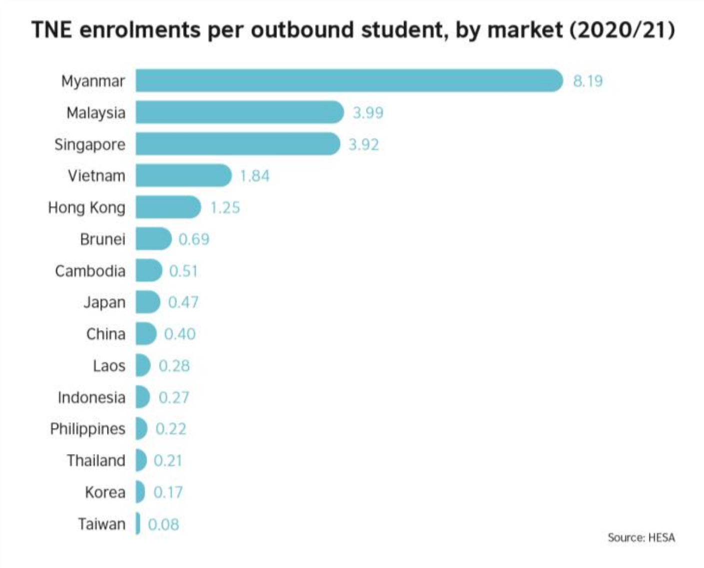
Another defining feature of TNE in East Asia is that in-person instruction appears to be an essential ingredient to reaching scale. In the six largest enrolment markets in the region, distance programmes make up only a small share of total TNE enrolments. Meanwhile, tiny but wealthy Brunei is the only country in the region that enrolled fewer than 1,000 students in UK TNE but delivered a majority of these programmes in person.

Students in East Asia appear to prefer in-person delivery more than their peers in other regions, with 84% of all TNE delivered in-person in East Asia in 2020/21, compared with only 65% in the rest of the world. Moreover, even during the pandemic, enrolments in in-person TNE programmes rose at a slightly faster clip in 2020/21 than they did in distance-learning programmes, a somewhat surprising finding given the need for social distancing in the first year of Covid-19.



The corollary to this finding is that countries which continue to erect barriers to providing in-person TNE appear to offer limited potential to become major sources of enrolment for UK TNE in the future.

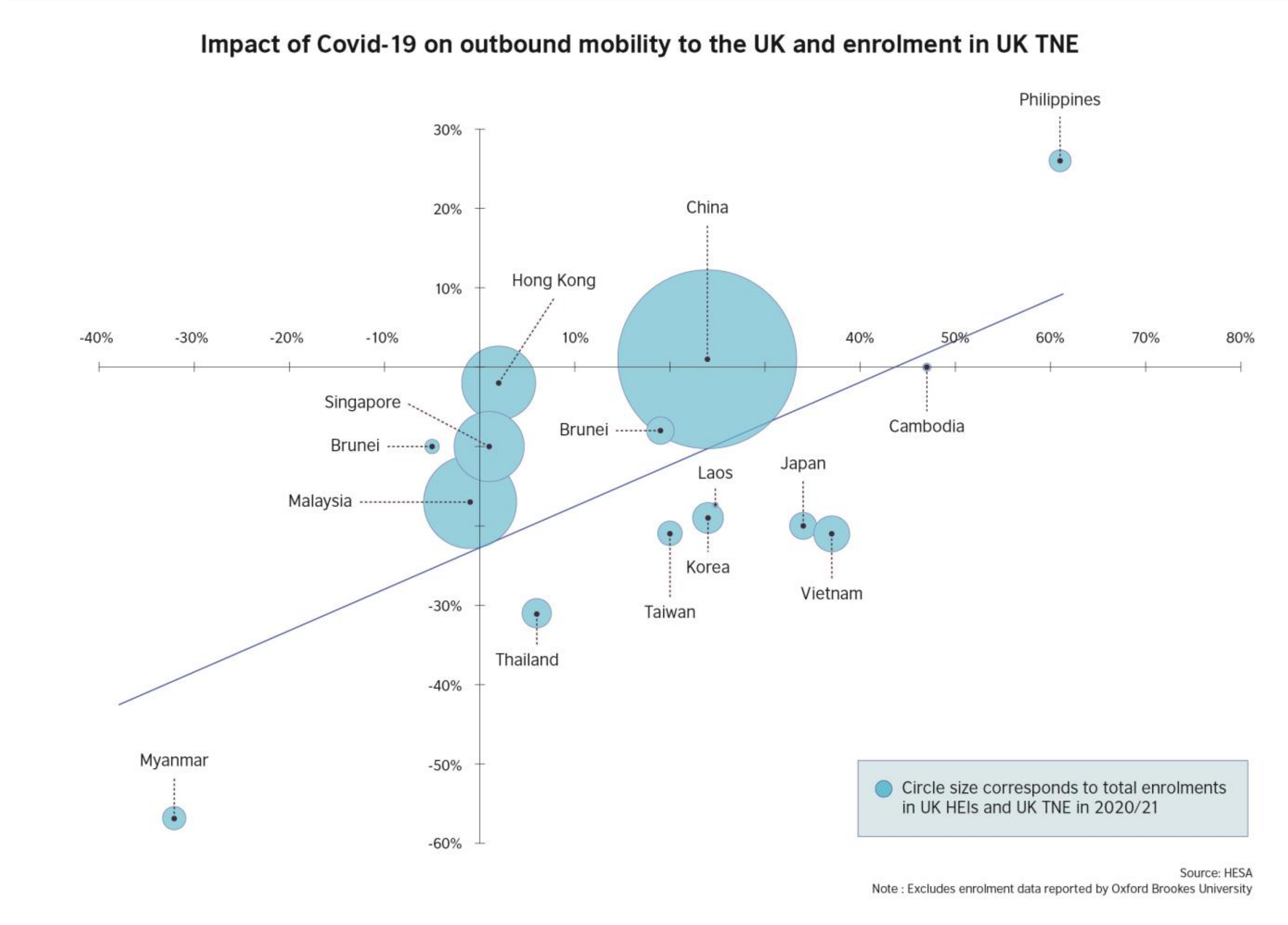
The clear preference among students in East Asia for in-person TNE delivery is also a key insight for UK HEIs that wish to deepen their TNE presence in the region. In five of the region's education markets, more students already enrolled in UK TNE programmes than at UK HEIs in 2020/21, indicating a shift in student attitudes.



What's more, the attraction of receiving an in-person UK education, all while staying closer to home, appears to be growing throughout the region. Over the last five years, the ratio of enrolments in UK TNE compared with enrolments in the UK has increased in 13 out of 15 markets in East Asia.

Assessing Covid-19's impact on UK TNE in East Asia

While Covid-19 led to an overall decline in outbound mobility from East Asia to the UK, it caused an even larger uptick in enrolments in UK TNE programmes in the region. In fact, the pandemic had nearly mirror-opposite effects on outbound mobility and TNE: as enrolments at higher education institutions in the UK dropped in 12 out of East Asia's 15 student markets in 2020/21, enrolments in UK TNE programmes rose in 12 out of 15. In eight of these markets, TNE enrolments surged by 20 per cent or more over 2019/20 levels.



Only three countries saw enrolments in UK TNE decline in 2020/21: Brunei and Malaysia recorded modest drops—by -5% and -1% respectively—while Myanmar saw enrolments shrink by -32%, perhaps owing in part to the military coup that took place in February 2021. In all three of these countries, outbound mobility declined by even higher rates over this period. On the other side of the ledger, only the Philippines and mainland China registered net increases in both outbound mobility and TNE enrolments over this period, and both countries recorded higher year-on-year growth in participation in UK TNE. In other words, as physical mobility became more challenging for students throughout the region, the benefits of a foreign education that is provided closer to home became more appealing.

This was not, however, a one-for-one exchange: total enrolments from East Asia at HEIs located in the UK declined by 7,000 total students in 2020/21—good for a -3.3% contraction from the previous years—while enrolments in UK TNE programmes in East Asia grew by more than 13,000 (an 8.7% jump). In other words, for every student from East Asia who opted not to study in the UK during the pandemic, nearly two enrolled in UK TNE programmes provided within the region. To put that increase in perspective: enrolment in UK TNE programmes in East Asia grew by net more new students in 2020/21 alone than over the six previous years.

The key question for UK TNE providers is whether this one-year increase is sustainable over the long term or simply a one-off caused by the pandemic. More current data on issuance of UK study visas and applications to the Universities and Colleges Admissions Service point to a rebound in outbound mobility from East Asia to the UK in the 2021/22 and the 2022/23 academic years (*see report*). This is obviously a positive development for the UK sector. It remains unclear, however, whether UK TNE enrolments will fall back to pre-pandemic levels as students return to the UK.

There are reasons to believe that the pandemic may have permanently altered attitudes toward TNE in East Asia. For one thing, as Covid-19 forced classrooms all over the world to go online, it also normalized in many places the online platforms and blended delivery methods upon which TNE often relies. In doing so, the pandemic may simply have accelerated the arrival and adoption of education technologies that would have slowly, but inevitably, become commonplace in classrooms throughout the world eventually. For another thing, the pandemic is not yet fully past; international travel is still more cumbersome and uncertain than it was before 2020, and the largest TNE market in East Asia appears far away from re-opening its borders (*see report*).

Even if enrolments in UK TNE do decline as the pandemic subsides, the searing experience of the pandemic likely taught UK HEIs that having robust TNE partnerships could help insulate institutions against any other future downturns in demand for outbound mobility.

Conclusion: UK TNE in East Asia scorecard

East Asia is home to some of the world's largest and smallest enrolment markets for UK TNE. It is also home to some of the fastest-growing destinations for UK TNE, as well as very mature markets that appear to be in a state of long-term decline. Given this wide array of education markets within a single region, the choice for UK HEIs about whether to invest additional resources in developing and providing more robust TNE offers in East Asia is almost secondary to the question of where to invest.

The 'big four' education markets in East Asia continue to stand out in terms of not only their total enrolment sizes but also the longevity that each of these markets has occupied a top global position. A decade ago, mainland China, Hong Kong, Malaysia and Singapore accounted for 96% of all enrolments in UK TNE in East Asia, and they made up four of the five largest international markets for UK TNE; in 2020/21, they comprised 92% of all enrolments in the region and four of the top six markets globally.

The 'big four' markets have therefore already established themselves as the default hubs of any potential TNE strategy in East Asia, but an emerging location such as Vietnam provides an alternative approach for more ambitious institutions that wish to think beyond the four traditional markets. While structural factors continue to limit enrolment potential in some other regional markets such as Indonesia and Thailand, a hub-and-spoke strategy could capitalize on pent up demand for UK education in these countries while leveraging more hospitable terrain in any of the 'big four' hubs. Even developed economies such as Japan and South Korea—which have comparatively modest TNE enrolments, particularly for in-person provisiont—could provide UK HEIs with opportunities to combine their TNE offers with opportunities for greater research collaboration with local universities and industry.

The experience of Covid-19 taught UK HEIs that providing a robust and compelling TNE offer can act as a luxury in more placid times and a buffer during more turbulent ones. The proliferation of online teaching during the pandemic also accelerated the arrival of remote learning methods in East Asia, a trend which is likely to continue as technology improves and attitudes change. In the interval, however, HEIs will need to invest more resources in overcoming policy and regulatory challenges associated with online education in many of these markets.

In five out of 15 education markets in East Asia, enrolments in UK TNE programmes already exceed outbound mobility to the UK. In all but two markets in the region, growth in UK TNE enrolments has outpaced growth in outbound mobility to the UK over the last five years. That trend could continue as the quality of TNE provision improves and the number of TNE programmes proliferates. For individual UK HEIs, however, this will also mean heightened competition both for students and for local partners. The reasons for UK HEIs to expand TNE offers in East Asia are numerous and compelling, as is the rationale not to delay acting.

The key question for UK institutions then becomes: where should we invest our finite TNE resources?

The answer will depend in large part on individual institution's TNE aims as well as each HEI's investment timeline. The 'big four' TNE hubs offer the quickest wins but arguably the least long-term upside; while smaller but faster growing markets will require more legwork but could pay greater dividends down the line.

One quick way for UK institutions to weigh these trade-offs is to assign simple scores to each market in East Asia across a few key vectors, as laid out below. The importance that each institution gives to these metrics will obviously vary, as will the process by which HEIs determine the overall suitability and potential of East Asia's education markets. No market offers everything, but everything can be found somewhere in the region. The scores assigned below are therefore more indicative of the trade-offs involved in choosing among the region's TNE markets than they are prescriptive solutions for any UK HEI.

TNE market scorecard

	UK TNE enrolments (2020/21)	Avg. annual growth in UK TNE enrolments (2015-21)	TNE student to outbound student ratio (2020/21)	UG student % of total TNE enrolments (2020/21)	% of TNE delivered in-person (2020/21)	Number of UK HEIs enrolling TNE students from this market (2020/21)	Overall TNE market potential
Brunei	520	8.2%	0.69	88%	88%	10	
Cambodia	125	17.8%	0.51	25%	4%	13	
China	60,405	16.2%	0.40	86%	92%	94	
Hong Kong	20,975	-3.1%	1.25	72%	76%	94	
Indonesia	925	14.9%	0.27	66%	33%	48	
Japan	1,365	5.4%	0.47	26%	10%	50	
Korea	875	4.3%	0.17	55%	30%	40	
Laos	25	10.8%	0.28	20%	0%	2	
Malaysia	46,875	-3.2%	3.99	83%	91%	80	
Myanmar	2,130	14.2%	8.19	71%	88%	25	
Philippines	580	17.9%	0.22	47%	39%	33	
Singapore	26,225	-3.7%	3.92	77%	72%	94	
Taiwan	270	18.6%	0.08	36%	2%	26	
Thailand	1,025	9.5%	0.21	27%	39%	47	
Vietnam	5,090	10.5%	1.84	84%	89%	55	

Source: HESA

For more information;

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