

2008 Research Agenda: Australian Universities International Directors' Forum

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Abstract

Dr Bruce Mackintosh, Director International Centre, University of Western Australia and Chair, Australian Universities' International Directors' Forum (AUIDF), will chair this session, describe the research agenda of AUIDF and introduce each of the research topics. This paper focuses on benchmarking of university international operations.

Alan Olsen, Director, and Rebecca Wright, Researcher, of SPRE Limited, will present findings from two studies:

- Benchmarking Australian University International Operations 2007, involving 36 of the 38 members of Universities Australia, covering 78,580 commencing international students. The study has now been conducted from 2002 to 2007 so this session will include time series
- Benchmarking from the Public Domain, analysis of data from 2007 on students in Australian universities from Australia's Department of Education, Employment and Workplace Relations. It will outline the extent to which international students are represented in universities, by field and level, including the extent to which international students are represented among postgraduate research students.

Introduction

The Australian Universities International Directors' Forum has been carrying out benchmarking studies of the international operations of Australian universities since 2002. Of the 38 universities who were members of the (then) Australian Vice-Chancellors' Committee, 29 participated in 2002, 33 in 2003, 34 in 2004, 34 in 2005, 36 in 2006 and 36 in the 2007 study which was carried out in 2008. The population has increased from 57,000 commencing students in 2002 to 78,500 commencing students in 2007.

Benchmarking at its simplest is a means of comparing one's performance with one's peers. For an education institution, it is the collection of information about an aspect of the institution's operations in a way that enables comparisons to be made. The results of the comparison can then highlight where improvements are needed, where the institution can learn from others and where problems have to be investigated. .

The Australian Universities International Directors' Forum (AUIDF) provides a forum for the benchmarking of international operations of Australian universities.

The focus of the research is on international students on campus in Australia. The research scope does not include international students in off-campus/distance/flexible mode, and does not include international students at offshore campuses.

Each participating university receives an individual report and in each individual report, individual responses are highlighted. Each individual report is different and no participant's individual responses are reported to any other participant.

2007 Findings

For the benchmarking of international operations, a questionnaire was distributed to Australian universities in December 2007, seeking 2007 data, in eight areas

- International Office costs
- Staffing of marketing, enquiries, admissions and compliance
- Admissions policies, procedures and quotas
- International student services
- International student mobility
- Costs of recruiting for key source countries
- Recruitment channels and conversion rates: applications/offers/commencements
- Structure of International Offices, including scholarships for international students.

Universities were invited to participate in all eight aspects, or to cherry-pick those aspects where they wished to participate. A total of 36 universities participated in the study. Results were distributed to universities in March 2008. Members of AUIDF have agreed that some of the high level findings in the report can be provided to this Conference.

The 36 participating universities reported 78,580 commencing international students, a population that makes the study compelling.

International Office Costs

In 2008, 36 universities were able to report both International Office costs and income from international on campus student fees, using actual or estimate or budget figures for 2007. This enabled benchmarking of International Office costs as a proportion of international student fee income.

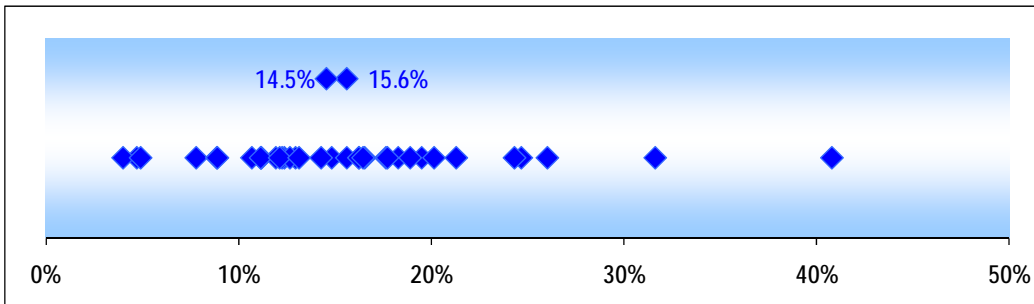
These 36 universities reported aggregate income from international on campus student fees in 2007 of \$2.255 billion.

International Office budgets, excluding commissions, aggregated in 2007 to \$160.4 million or 7.1% of income. Commissions aggregated to \$85.3 million or 3.8% of income. Costs devolved to faculties aggregated to \$12.4 million or 0.5% of income.

The costs of international operations in 2007, including international office costs, commissions and devolved costs, aggregated to \$258.1 million or 11.4% of revenue, compared with 11.2% in 2006, 12.7% in 2005 and 12.6% in 2004.

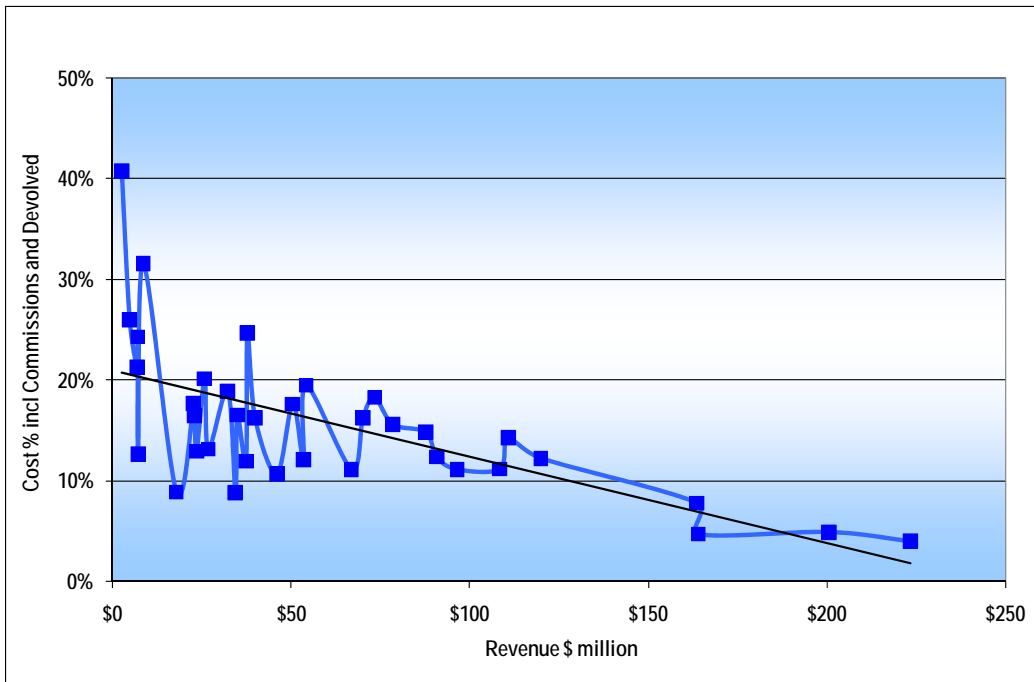
Chart 1 shows **Cost % Including Devolved Costs**. It shows the range of the 36 responses, the average of the 36 responses (15.6%) and the median response (14.5%).

Chart 1
Cost % Including Devolved Costs



Across all 36 universities, the aggregate cost of recruiting a student, including commissions and devolved costs, was 11.4% but, among the 36 universities, the average of the 36 responses was 15.6% and the median of the 36 responses was 14.5%. As shown in Chart 2 **Size of International Student Program and International Office Costs %**, there appear to be some economies of scale.

Chart 2
Size of International Student Program and International Office Costs %



Charts 1 and 2 provide data on costs of international operations as a proportion of international revenue.

Because international revenue is a function of pipeline and duration, measures of international costs as a proportion of revenue also are a function of pipeline and duration. To minimise the effects of pipeline and duration, costs of international operations, including commissions and devolved costs, have been analysed as costs per commencement.

Thirty-six universities were able to report both International Office costs and numbers of commencing students in 2007. This enables benchmarking of costs per commencement.

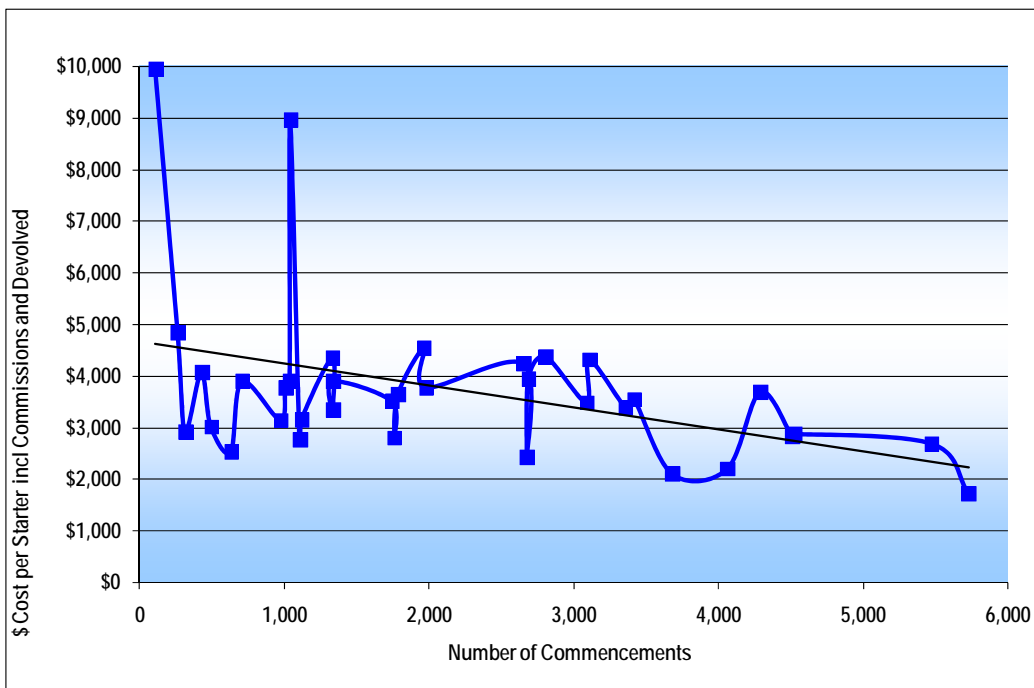
These 36 universities reported 78,580 commencements in 2007. International Office budgets, excluding commissions, aggregated in 2007 to \$160.4 million or \$2,041 per commencement. Commissions in 2007 aggregated to \$85.3 million or \$1,085 per commencement. Devolved costs amounted to \$12.4 million or \$158 per commencement.

The costs of international operations in 2007 aggregated to \$258.1 million or \$3,285 per commencement, up from \$3,094 in 2006, \$2,917 in 2005 and \$2,795 in 2004.

Across all 36 universities, the aggregate cost of recruiting a student, including commissions and devolved costs, was \$3,285 but, among the 36 universities, the average of the 36 responses was \$3,735 and the median of the 36 responses was \$3,523.

As in Chart 3 **Number of Starters and \$ Cost per Starter** with duration and pipeline excluded, economies of scale are less obvious.

**Chart 3
Number of Starters and \$ Cost per Starter**

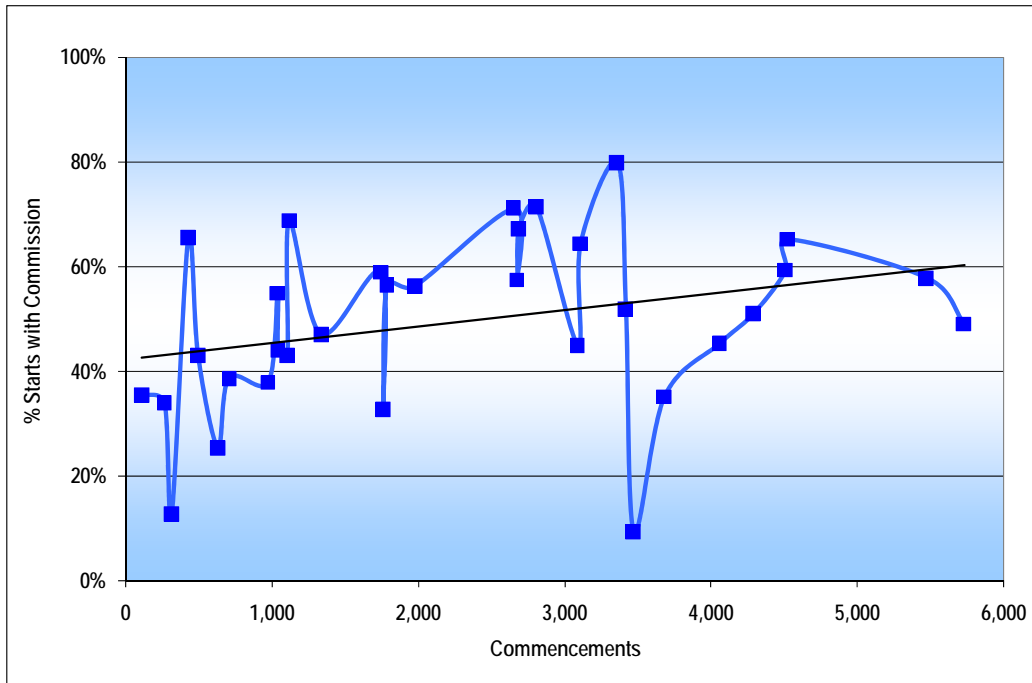


Proportion of Starts with Commission

Thirty-three universities reported both the number of commencements in 2007 and the number of commencements on whom a commission was paid, enabling benchmarking of the proportion of students on whom a commission was paid. The 33 universities reported 76,405 commencements in 2007, with commission paid on 40,404 commencements or 52.9%.

Chart 4 **Number of Starters and % Starts with Commission** explores the relationship between numbers of commencements and proportion attracting commission, and suggests that the larger international student programs use agents for higher proportions of students.

Chart 4
Number of Starters and % Starts with Commission



Staffing of Marketing and Admissions

Thirty five universities reported an aggregate 372.08 staff in 2007 dedicated to marketing, and an aggregate 78,470 commencing international students. In aggregate, it takes 4.7 marketing staff to achieve 1,000 international commencements, compared with 4.5 in 2006, 4.7 in 2005, 5.1 in 2004 and 3.5 in 2003.

Thirty five universities reported an aggregate 467.4 staff in 2007 dedicated to admissions, and an aggregate 78,470 commencing international students. In aggregate, it takes 6.0 admissions staff to achieve 1,000 commencements, compared with 5.2 in 2006, 5.7 in 2005, 5.8 in 2004, 4.8 in 2003 and 5.0 in 2002.

Costs of Recruitment for Key Source Countries

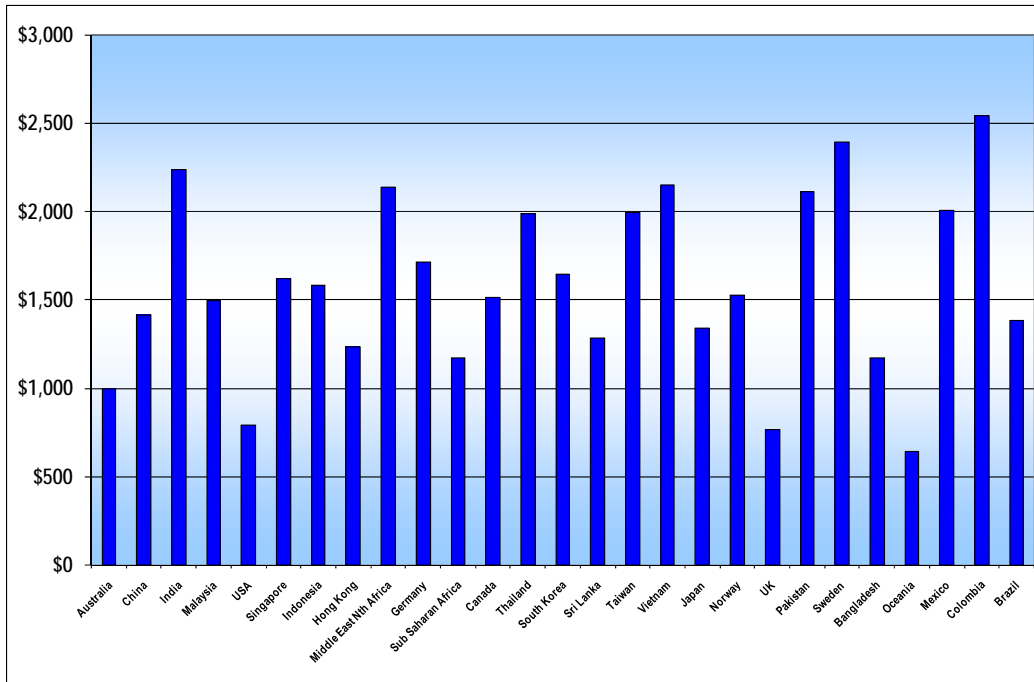
If salaries, publications and scholarships are regarded as **fixed costs** that generally do not vary across countries, then commissions, travel, advertising, exhibitions and freight are **country costs** that do vary across countries. Commissions, travel, advertising, exhibitions and freight in aggregate provide a **country cost** of recruiting students from a source country.

In total 24 universities responded, from 22 in 2006, 25 in 2005 and 23 in 2004, and including 17 universities, from 16 in 2006 and 18 in 2005, who were able to report on costs in Australia as a source country. For these 24 universities, the country costs in 27 countries/regions aggregated to \$82.011 million, including \$59.173 million in commissions. From these 27 countries/regions, the 24 universities recruited 56,307 international students in 2007 at a country cost of \$1,456 per student, compared with \$1,341 in 2006, \$1,193 in 2005, \$970 in 2004 and \$934 in 2003. This country cost in 2007 included commission of \$1,051, compared with \$977 in 2006, \$857 in 2005, \$650 in 2004 and \$640 in 2003.

This commission in 2007 of \$1,051 per student is the commission for every international student recruited, not just those on whom a commission was paid.

For all 24 universities in aggregate, Chart 5 displays **Country Cost of Recruitment by Source Country**. It shows the country cost of recruitment, including commission cost, for each of the 27 source countries/regions in the study, in order of the size of the country/region as a source country/region.

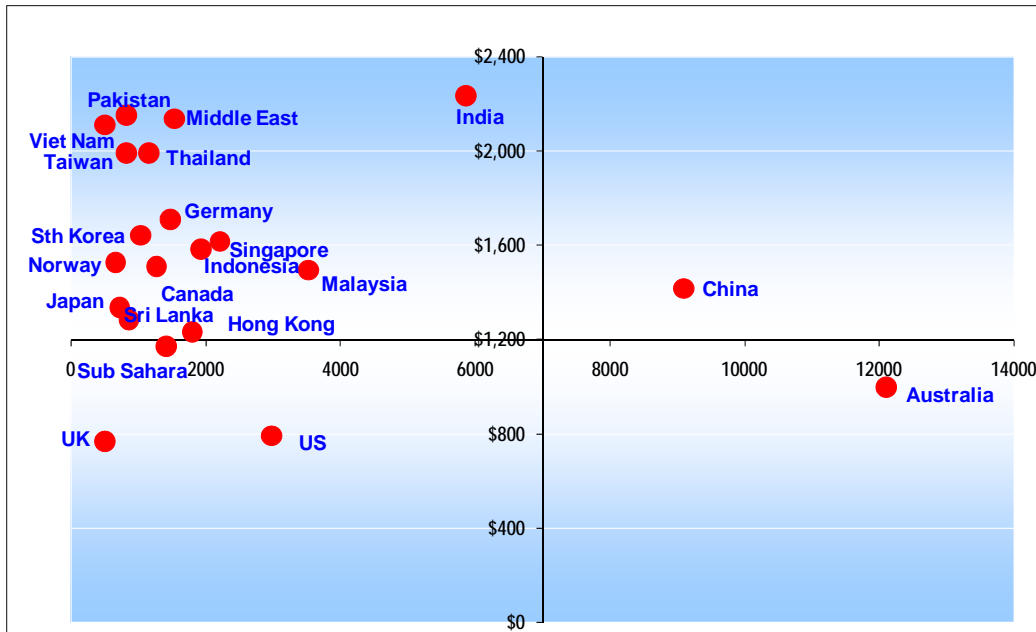
**Chart 5
Country Cost of Recruitment by Source Country**



For all 24 universities in aggregate, Chart 6 on the following page shows **Cost and Yield: Country Cost and Number of Commencements** for the top 21 source countries/regions, those that were the sources of more than 500 students in 2007.

In Chart 6, the countries in the bottom right hand quadrant are those which are large source countries for Australia with relatively low country costs. Ideally, all source countries would be in the bottom right hand quadrant with Australia and, more or less, China.

Chart 6
Cost and Yield: Country Cost and Number of Commencements



Recruitment Channels and Conversion: Applications/Offers/Commencements

Universities were invited to benchmark conversion rates, from applications to offers to commencements, by level of study, or by recruitment channel or by both level and channel.

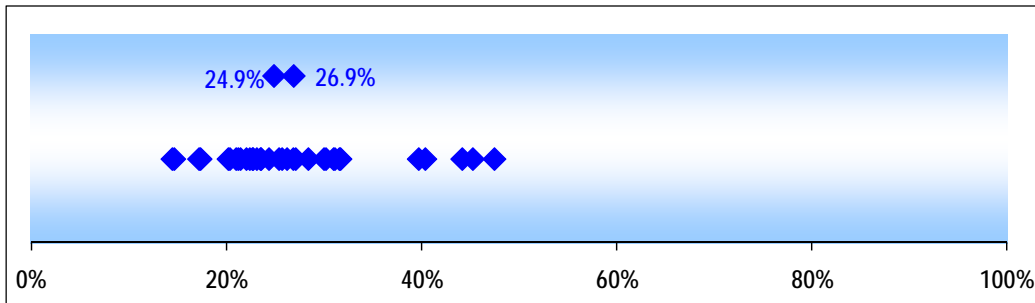
In total, 34 universities provided data for 2007 by level of study, enabling, for each level of study, benchmarking of conversion from applications to offers, conversion from offers to commencements and conversion from applications to commencements.

There is no attempt at the impossible task of matching applications with offers and commencements over different time periods. What is being benchmarked in this study of conversion rates is the number of applications in 2007, the number of offers in 2007 and the number of commencements in 2007.

In aggregate, at all levels in these 34 universities, 263,932 applications resulted in 183,587 offers and 69,258 commencements. Overall, 69.6% of applicants received an offer, 37.7% of those who received an offer commenced and, as a function of those two results, 26.2% of applicants commenced. This key figure of 26.2% in 2007 compares with 25.2% in 2006, 26.2% in 2005, 25.3% in 2004, 23.6% in 2003 and 25.0% in 2002. In 2007, universities processed 3.8 applications to obtain a commencement, compared with 4.0 in 2006, 3.8 in 2005, 4.0 in 2004, 4.2 in 2003 and 4.0 in 2002.

Chart 7 **All Levels Starts/Applications %** displays the proportion of applicants for all levels of study aggregated who commence. This is a function of the proportion of offers to applications multiplied by the proportion of starts to offers. The Chart shows the range of the 34 responses, the average of the 34 responses (26.9%) and the median response (24.9%).

Chart 7
All Levels Starts/Applications %



For an Australian university, there are nine recruitment channels.

International students can be recruited from Australia: through the university's own pathway programs in Australia, directly from Australia with no agent, through an agent in Australia other than IDP, or through an IDP office in Australia. Or international students can be recruited from overseas: through the university's own pathway programs overseas, through the university's own offices overseas, directly from overseas with no agent, through an agent overseas other than IDP, or through an IDP office overseas.

This analysis looks first at the size or relative importance of these recruitment channels.

In total, 25 universities in 2007, compared with 23 in 2006 and 25 in 2005, were able to provide analysis of the size or relative importance of recruitment channels. The analysis by size or relative importance covers 60,885 of the 78,580 students in the study.

On the following page, Chart 8 **Recruitment Channels: Size or Relative Importance** shows, for the sample of 59,663 commencing students in this analysis, the size or relative importance of these nine recruitment channels.

This analysis now looks at the efficiency of these recruitment channels in terms of their conversion from application to commencement.

For 2007, 18 universities (the same number as in 2006) were able to provide analysis of the efficiency of recruitment channels. The analysis of the efficiency of recruitment channels covers 46,321 of the 78,580 commencing students in the study (up from 38,780 of the 76,200 students in the 2005 study).

Again, there is no attempt at the impossible task of matching applications with offers and commencements over different time periods. What is being benchmarked in this study of conversion rates is the number of applications in 2007, the number of offers in 2007 and the number of commencements in 2007.

Chart 9 **Conversion Rates by Recruitment Channels**, on the following page, looks at the efficiency of conversion from application to commencement for each recruitment channel, without any regard to the volumes for each channel.

With the exception of the handful of students recruited through university offices overseas, the relatively smaller pathways channels are, as expected, the most efficient in conversion from applications to commencements. The relatively larger channels are shown to be less efficient in conversion from applications to commencements.

Chart 8
Recruitment Channels: Size or Relative Importance

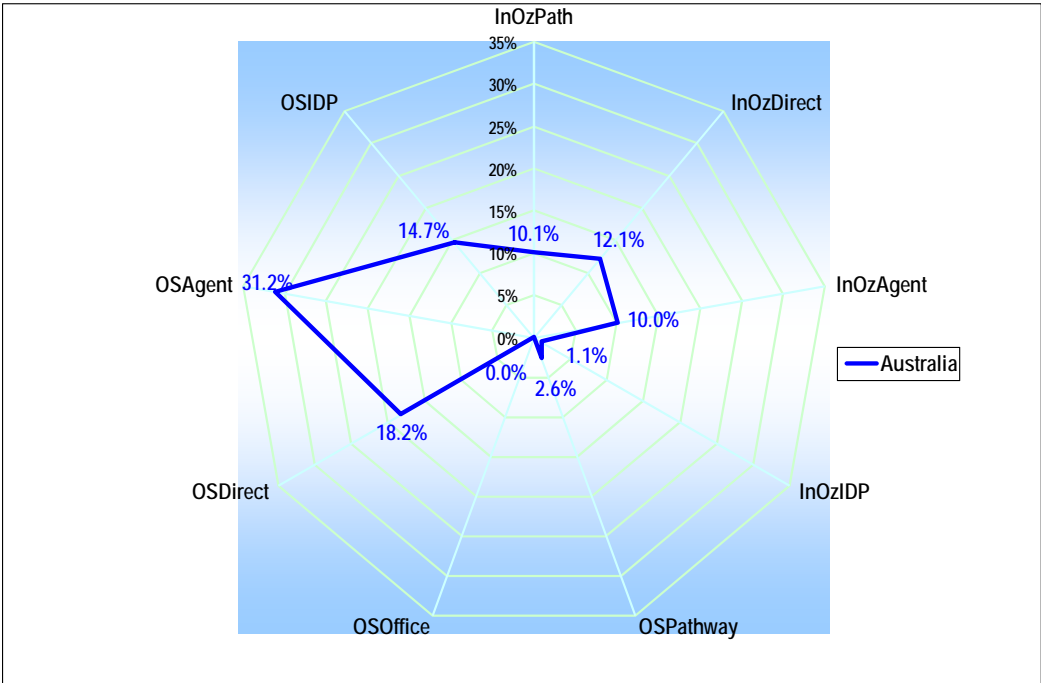
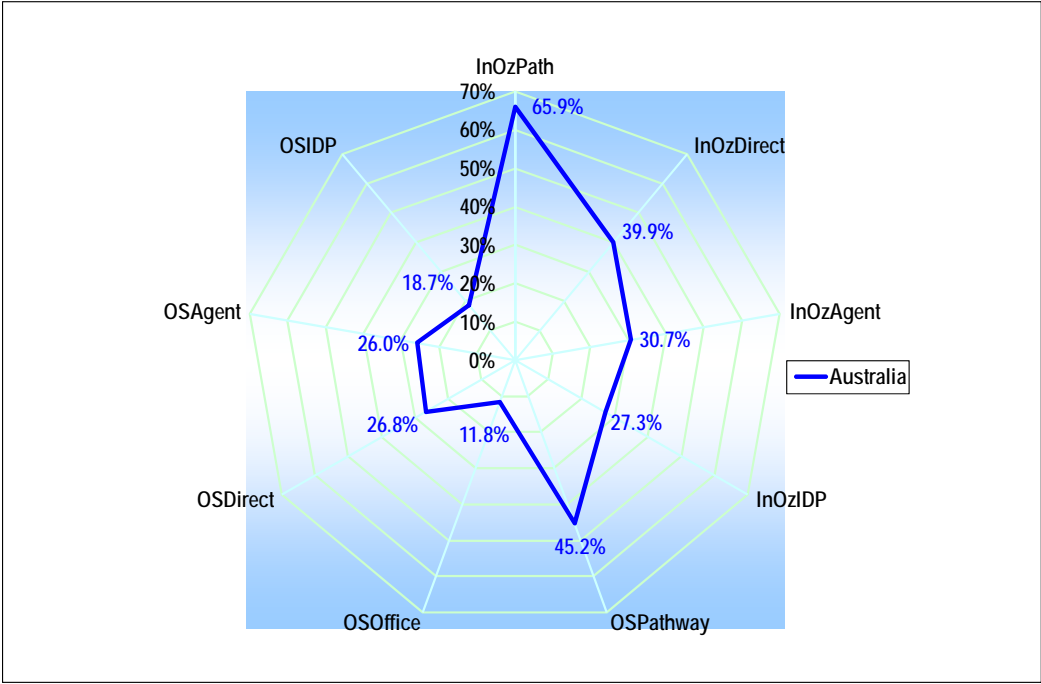


Chart 9
Conversion Rates by Recruitment Channels

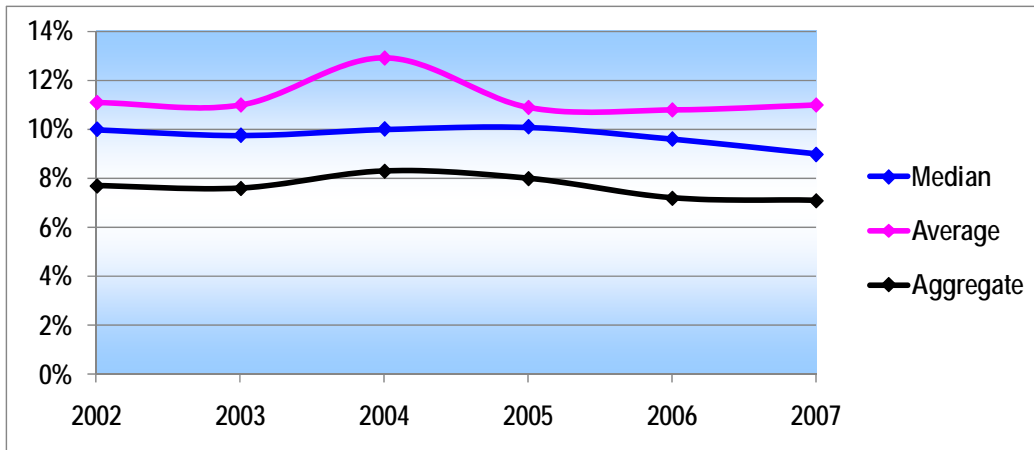


Time Series

The benchmarking study of international operations has now been conducted from 2002 to 2007, enabling some time series analysis.

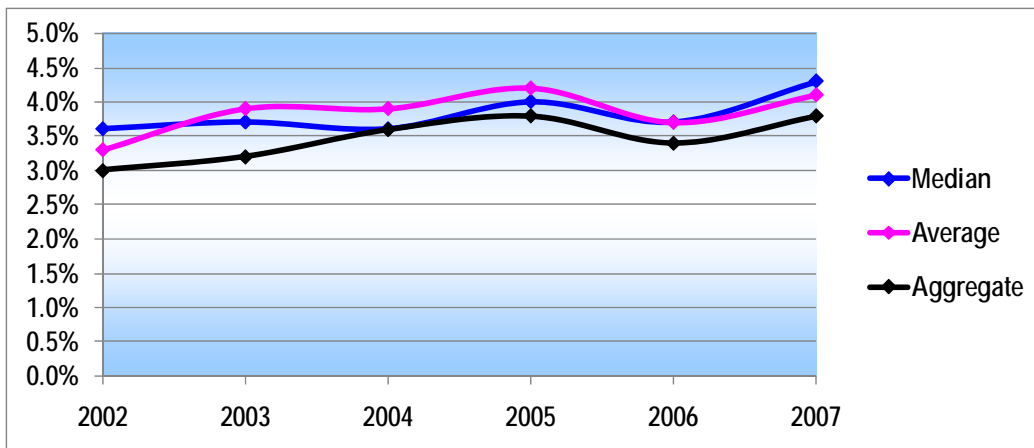
International Office budgets, excluding commissions, aggregated in 2007 to \$160.4 million or 7.1% of income, down from 7.2% in 2006, 8.0% in 2005, 8.3% in 2004, 7.6% in 2003 and 7.7% in 2002 as shown in Chart 10 **Cost % Excluding Commissions: Time Series**. This is perhaps because costs are being brought under control.

Chart 10
Cost % Excluding Commissions: Time Series



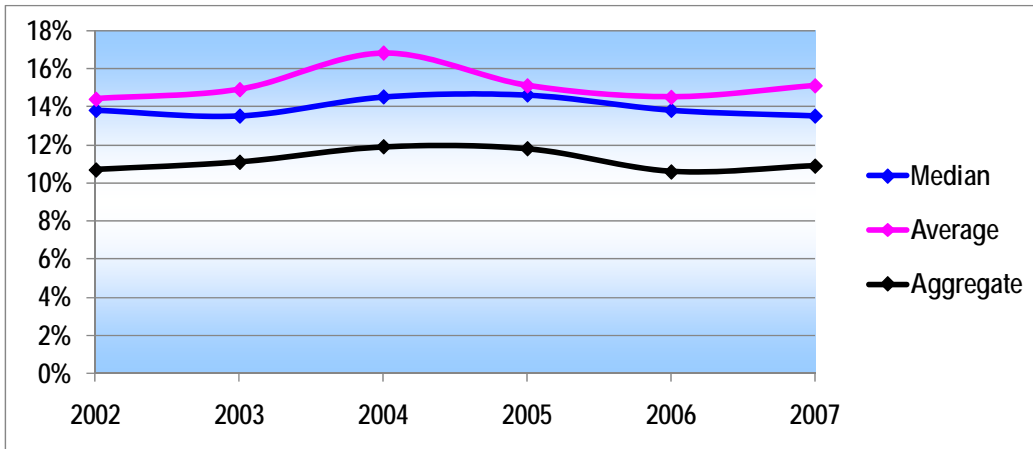
However commission costs are increasing. Commissions in 2007 aggregated to \$85.3 million or 3.8% of income, compared with 3.4% in 2006, 3.8% in 2005, 3.6% in 2004, 3.6% in 2003 and 3.0% in 2002, as shown in Chart 11 **Cost % of Commissions: Time Series**.

Chart 11
Cost % of Commissions: Time Series



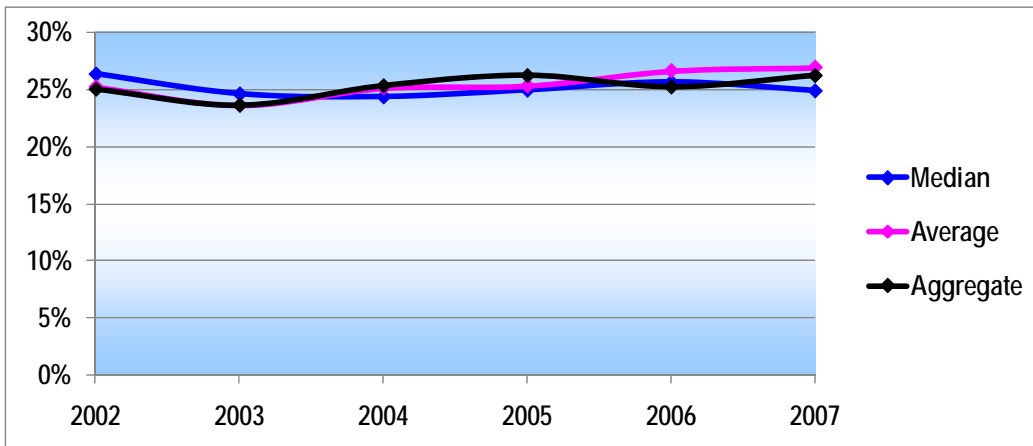
So the task is to balance international office costs and commission. Including commissions, International Office budgets in 2007 aggregated to \$245.7 million or 10.9% of income, compared with 10.6% in 2006, 11.8% in 2005, 11.9% in 2004, 11.1% in 2003 and 10.7% in 2002 as in Chart 12 **Cost % Including Commissions: Time Series**.

Chart 12
Cost % Including Commissions: Time Series



Finally, in this time series analysis, Chart 13 **All Levels Starts/Applications %: Time Series** displays the proportion of applicants for all levels of study aggregated who commence. This is a function of the proportion of offers to applications multiplied by the proportion of starts to offers. In aggregate, at all levels, 26.2% of applicants commenced in 2007, from 25.2% in 2006, 26.2% in 2005, 25.3% in 2004, 23.6% in 2003 and 25.0% in 2002. Universities are still looking for efficiencies in the conversion of applicants to commencements.

Chart 19
All Levels Starts/Applications %: Time Series



Benchmarking from the Public Domain

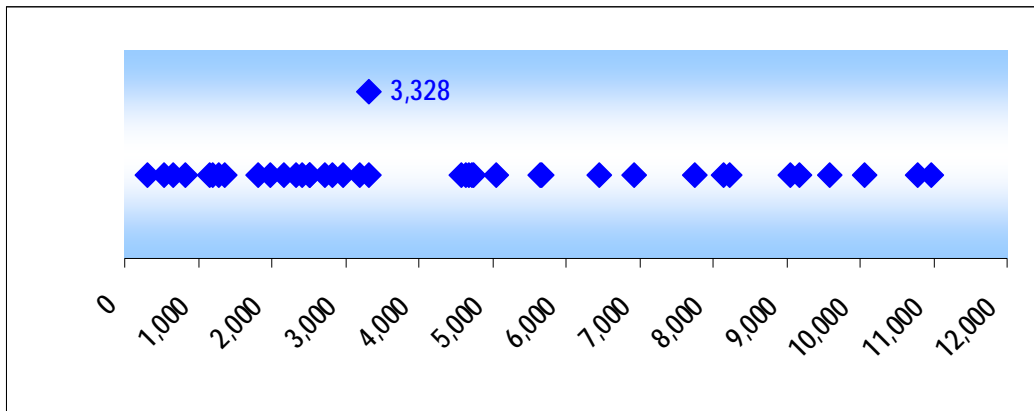
Australia's Department of Education, Employment and Workplace Relations releases data annually from the higher education statistics collection. DEEWR in August 2008 released data on international student numbers in Australian higher education providers in 2007. That data covered 106 higher education providers. This analysis edited that data to include only the 39 Australian universities, including Bond and Notre Dame.

From these statistics, from the public domain, it is possible to benchmark for all universities a number of measures of universities' international student programs. Because information is from the public domain, this benchmarking can be provided to universities without the substantial work required of universities where information not in the public domain is being benchmarked.

Reports on benchmarking from the public domain, customised for each university, were provided to universities who participated in AUIDF benchmarking in 2007, covering numbers and proportions of international students, and fields and levels of study of international students.

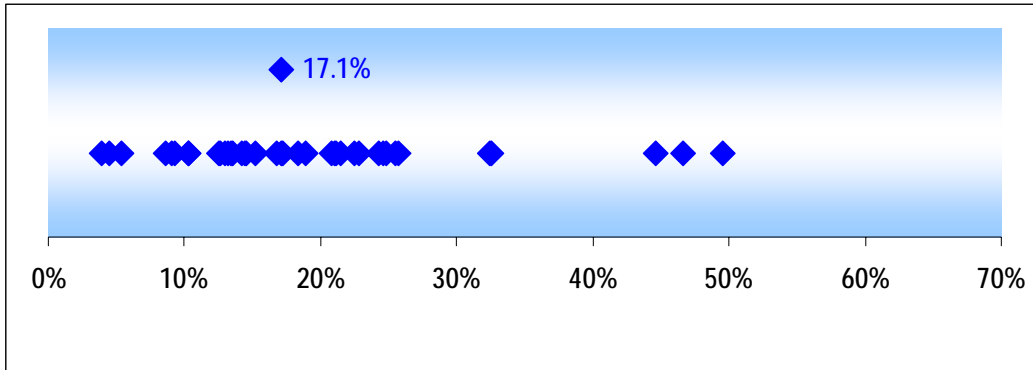
In the 39 Australian universities, there were 174,957 international students onshore in Australia, up from 168,162 in 2006 and 161,030 in 2005. As in Chart 14 **Numbers of International Students in Australian Universities 2007: Onshore**, the range among the 39 universities was from 314 students to 10,973 students. The median university had 3,328 down from 3,495 in 2006 but about the same as 3,327 in 2005.

Chart 14
Numbers of International Students in Australian Universities 2007: Onshore



In the 39 universities, the 174,957 international students onshore in Australia, made up 19.4% of the 903,893 students onshore in Australia, up from 19.1% in 2006 and 18.6% in 2005. As in Chart 15 **Proportions of International Students in Australian Universities 2007: Onshore**, the range among the 39 universities was from 3.9% to 49.6%. The figure in the median university was 17.1%, up from 16.3% in 2006 and 15.4% in 2005.

Chart 15
Proportions of International Students in Australian Universities 2007: Onshore



1998 was the first year that DEEWR/DEST separated out numbers of international research students in higher education in Australia. 2007 is the last year for which figures are available.

As in Chart 16 **Proportions of International Students and International Research Students** the proportion of postgraduate research students who are international grew from 11.4% in 1998 to 19.7% in 2007, at the same time as the proportion of onshore students in Australian universities who are international grew from 8.3% to 19.4%.

Chart 16
Proportions of International Students and International Research Students

