The Rise of Self-Funded Overseas Study: Impacts, Benefits, and Challenges for UK Higher Education Institution

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Abstract. The UK has become one of the most popular destinations for study purposes, with government funds and tuition fees being the most important financial sources for UK higher education institutions. A fifth of total university income comes from international student tuition fees. Therefore, Focusing on the self-funding student population, understanding the benefits and challenges they bring for the UK HEIs, and trying to suggest a range of solutions is necessary to improve the sustainability and inclusiveness of higher education in the UK. Through a wide range of reports, this paper finds that the high quality and reputable teaching in the UK higher education institutions attracts international students from all over the country and that these international students bring with them significant resources that stimulate demand for more courses and support diversity, but also present opportunities for schools to manage graduation visas, reduce the quality of classroom discussions and more discrimination. This paper concludes with a series of recommendations for UK HEIs to address these management and cultural challenges, including providing more cross-cultural support, creating an anti-discrimination environment, and expanding student diversity.

Keywords: UK, higher education institution, self-funding, international student.

1. Introduction

In recent years, the UK has become the world's second most popular destination for international students after the USA [1]. This is because the UK's higher education system is ranked among the best globally due to its long-standing tradition of academic excellence [2]. Also, the enactment of the Graduate Visa Policy, which allows graduates to live and work in the UK for two years and three years for doctoral degree students, has attracted a lot of international students in 2021 [2]. In the 2022-2023 academic year, there are already 758,855 international students in UK universities, make up 25.8% of all students, and a huge proportion of international students are self-funded, and they usually pay 2-3 times higher tuition fees than home students [1,3]. According to London Economics estimates, international students enrolled bring up to £37.4bn in net economic benefits to the UK in 2021/22 [4]. Also, international students can bring an outward-looking culture and educational benefits [1,5].

However, the growth rate of international students choosing the UK as a destination country has slowed in recent years, and these self-funded international students have also created many management challenges and culture shock for HEIs [1,6,7]. Therefore, focusing on self-funded international students destined for the UK is necessary for the HEIs in the UK and the culture and economy of society as a whole. This essay begins with an overview of the UK's higher education system and how it is financed to introduce the general situation. And then critically point out the positive impact of self-funded students on UK HEIs besides finance and challenges. Finally, the article discusses potential ways for UK HEIs to become more inclusive and sustainable to attract more overseas students and mitigate the negative impact mentioned in the previous section.

2. Background

2.1. The Funded System

Traditionally, the UK higher education system has been funded by the government, however, over the last 40 years, it has been transformed into a mixed government or privately funded system that is regulated as a consumer market based on loans for tuition fees [8]. The income of UK HEIs consists mainly of tuition fees and education contracts, funding body grants, research grants and contracts, and other income [8,9]. In addition, reductions in teaching grants, the policy of capping local tuition fees in the UK, and rising teaching costs have meant that many UK HEIs are making up for shortfalls in other areas of their budgets by recruiting more international students for tuition fees [1,10]. In detail, the tuition fees and education contracts accounted for 24.2 % of the UK's total HEIs income in 2003-2004 and reached 53.1 % or £23.4 billion in 2021 [8,9]. Therefore, whilst UK HEIs rely to a degree on government funding, it is nevertheless even more reliant on tuition fees, and this reliance is increasing.

2.2. The Situation of International Students

UK HEIs are becoming increasingly reliant on international students, particularly from lower academic status areas. Furthermore, a fifth of total university income comes from international student tuition fees and already accounts for a third or more in some universities [11]. Despite a 71% increase in international tuition fees from 2017 to 2023, from £5.4bn to £9.7bn, however, this has only dampened 'horizontal' mobility and promoted 'vertical' mobility [11,12]. In other words, the increase in tuition fees has reduced the number of students from countries with similar academic status to the UK, while the number of international students from countries with lower academic status has increased [12]. This may be because higher costs will discourage students from traveling to the UK when academic standards are similar in both countries. However, international students from countries with lower academic standards strongly need to travel to countries with high fees and at the top of the higher education system hierarchy to obtain a quality education. Furthermore, the rise in demand to study in the UK benefits the UK by consolidating the global hierarchy of higher education systems and attracting more students, thus creating a virtuous circle [12]. As a result, in the 2022-2023 academic year, India overtook China as the largest group of students studying in the UK, with 173,190 (22.8% of all international students), followed by China with 20.3% [3]. Moreover, the tuition fees paid by international students far exceed those of local UK students. For example, the average annual tuition fee to be paid by undergraduate international students is £22,000, while the upper limit for local tuition fees in the UK is £9,250 [11]. Therefore, the total tuition fees of international students account for a significant share of the total tuition fees, and UK HEIs heavily rely on these international students to enroll.

3. Non-Financial Benefits and Challenges for UK HEIs

3.1. Non-Financial Benefits

3.1.1. Courses diversification

International students stimulated the demand for specific courses where domestic demands cannot sufficiently sustain them, ensuring the availability of a wide range of courses for all students [11]. Moreover, non-UK students made up 84%, 76%, and 67% of new entrants in electronic and electrical engineering, production and manufacturing engineering, and computer science, respectively, in 2017/2018 [2]. This cross-subsidization often makes some courses viable, thereby providing students, including national students, with the opportunity to study in the field.

3.1.2. Higher education diversification

The diversity of students from different social-cultural backgrounds fosters the exchange of ideas and cross-cultural understanding for students, leading to a more dynamic academic environment. Interactions with international students positively affect the educational experience of domestic students, contact with international students not only fosters wide global and cultural awareness and sensitivities but also gives students a better worldview and aids in global networking [7]. Also, a report by the Centre for Population Change found that studying internationally in the UK was linked to the potential to become a 'global citizen' [13]. This means this diversity not only enhances the learning experiences for students but also enhances global competitiveness.

3.2. Challenges

3.2.1. The challenge of managing visas

The Graduate Visa system has been instrumental in increasing the UK's appeal and attractiveness to international students. This policy blurs the line between studying and working and requires compliance with university administrative costs. For example, data from the Office of National Statistics revealed that 1 in 5 non-EU students had a valid leave to stay up to five years after they arrived in the UK for students and an option to switch visa routes [6]. This makes international students a core migration component, complicating the overall net migration figures. Accordingly, universities are required to comply with strict visa regulations set by the government to ensure that only eligible international students are given student visas. Failure to do so can result in penalties for the universities, such as fines and losing sponsor licenses [14]. The need to closely monitor student visa compliance adds a significant burden for universities as they have to dedicate resources to ensure overseas students' compliance with their visa requirements throughout their study in the institution.

3.2.2. Lower-quality academic discussion

There were 12% of domestic students who felt that academic discussions could have been of lower quality due to the presence of international students, especially non-native English speakers [7]. This is because language barriers and differing academic grounds hinder the depth and quality of classroom discussions. Moreover, cultural differences in education may also affect the quality of classroom discussions. For example, the Chinese education system focuses on lectures, and students are often required to memorize the knowledge provided by their professors [15]. In contrast, the UK higher education system emphasizes classroom activities such as group work, discussions, etc., and is more focused on applying knowledge [16]. Therefore, international students who first entered HEIs and have different education cultures may experience less participation in academic discussions or lower quality of discussions due to a lack of adaptation to the teaching style.

3.2.3. Discrimination

International students provide more opportunities for the occurrence of racial discrimination and harassment. Furthermore, international students are at a high risk of abuse. Over 32 % of international students have experienced some form of bullying, most commonly verbal abuse but also physical assault [17]. This can cause strong negative emotions such as sadness, disappointment, and anger in international students, leading to them not wanting to stay in the UK and not recommending studying in the UK to those around them [17]. Therefore, discrimination not only affects student satisfaction but also affects the appeal of UK HEIs to international students in the long term.

3.2.4. Overdependence on specific markets

International students are widely portrayed as carriers of diversity, but students from India and China account for about 43% of all international students [18]. The changes in the geopolitical environment may lead to disruptions in enrolment from these two countries, which could directly and significantly impact income [5]. Therefore, to enhance sustainability, the university needs a clear and stable funding model to ensure its operations.

4. Potential solutions

4.1. Providing More Cross-Cultural Support

UK HEIs need to promote interculturalism whilst providing a strong support system for international students. Furthermore, intercultural exchanges between students contribute to a wider recognition of the cultural heritage of each country so that different cultural, linguistic, ethnic, and religious groups are tolerated and fully respected [19]. Therefore, there is a need to inform all students that diversity is an asset through posters or publicity. However, Universities UK states that the majority of international students are postgraduate students, accounting for 39% of all students [11]. Universities UK Masters programs are short, usually only 1-2 years, making it difficult for international students to adapt to the language and environment of instruction, which can affect the quality of the classroom. The inclusiveness and sustainability of UK HEIs can be improved by providing international students with English language enhancement courses, writing courses, requesting local senior students to assist them in adapting to the environment, more ice-breakers, more effective feedback channels, and encouraging more international students to run for the student union to assist in the integration of international students into the environment.

4.2. Creating an Anti-Discrimination Environment

UK HEIs should also strive to create and maintain an environment where harassment and discrimination in terms of race, gender, and sexual orientation are not tolerated and should also be discussed confidently and constructively. Furthermore, underreporting of discrimination restricted the ability of their institutions to take action [20]. The reasons for underreporting include victims' fear of not being able to describe cases of discrimination clearly, lack of clarity as to whether cases of discrimination are serious enough to be reported, difficulties in providing evidence, lack of confidence in schools to deal with the problem, and fear of adverse personal consequences such as education, career, and wellbeing after reporting the issue [20]. To address these issues, some of the key strategies that could be implemented include establishing clear policies and zero tolerance, defining what constitutes harassment and discrimination, and consequences for perpetrators. Other strategies include putting up posters about anti-discrimination on campus, providing anti-discrimination training to school staff, and requiring all students to participate in anti-discrimination workshops. In addition, more CCTV can be installed, and quick and reasonable penalties can be imposed on perpetrators to deter potential perpetrators and increase confidence in victim reporting to build a more inclusive and equitable community.

4.3. Expending the Student Diversity

To avoid becoming too reliant on the Indian and Chinese markets, UK HEIs need to expand into other national markets to protect them from a sudden drop in revenue. Firstly, Universities UK points out the need to change the single student application route [5]. This could be done by recognizing the quality of more local exams from other countries, more ways of applying, and working with recruitment agents to provide information and advice to potential international students entering the UK to attract a diverse student body. While this may increase the cost to universities of vetting students' backgrounds in the short term, in the long term, it could enhance the global reputation rating of UK HEIs, thereby gaining access to an inclusive and culturally diverse student body and reducing the risk of UK HEIs becoming overly reliant on specific markets.

5. Conclusion

In conclusion, due to the high quality of teaching and reputation of HEIs in the UK, more and more self-funded international students are choosing to study in the UK, and the tuition fees of international students have become one of the important sources of funding for HEIs in the UK. Furthermore, the arrival of international students has provided additional resources for HEIs in the UK, stimulated the

demand for certain courses, and has also supported the diversification of higher education in the UK. However, it also creates difficulties for schools to manage Graduate Visa, reduces the quality of classroom discussion, and creates opportunities for more discrimination. To become more inclusive and sustainable, the UK's HEIs could be improved by providing more cross-cultural support, creating an anti-discrimination environment, and expanding student diversity.

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