

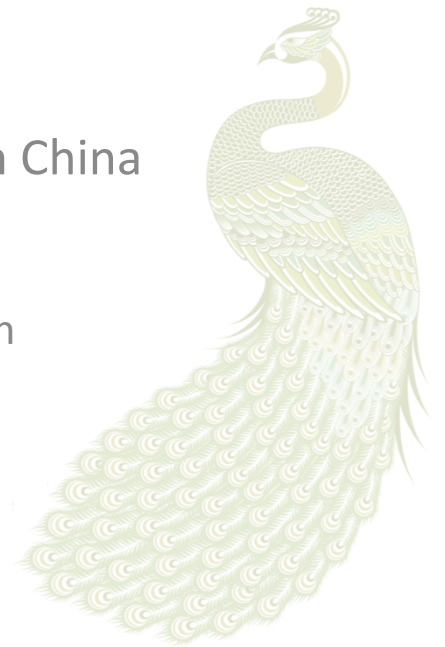


Chindia: One of these things is not like the other

An exploration of comparison and contrast between China
and India

Ivy Lerner-Frank, First Secretary and Trade Commissioner, High
Commission of Canada, New Delhi, India

Kim Morrison, CEO, Grok Education Services





India and China by the numbers



- Large and rapidly growing economy
 - Historical economic focus: low-cost manufacturing
- Population: 1.4b
 - .05% population growth
- Median age is over 35 years old

- Education Spend 4.3%+ of GDP
- Tertiary GER: 27%, and rising
- Educational capacity
 - Year 2000: 1041 Universities
 - Year 2013: 2622 Universities
 - (CAGR 7.4%)
 - Literacy: 95%

- Large and growing economy
 - Historical economic focus: commercial and service industry
- Population: 1.3 b
 - 1.3% population growth in 2012
- Median age of 26

- Education Spend: 3.8% of GDP
- Tertiary GER: 18%
 - goal of 30% by 2020
- Educational capacity
 - Year 2000: 12 800 colleges
 - Year 2011: 35000 colleges
 - Year 2000: 256 universities
 - Year 2012: > 700

 - Literacy: 73%
 - 50m middle class now to 500m by 2025



The Education Landscape



- Education and the promise of prosperity
 - Workforce retooling and the new economy
- Some strong research emphasis
 - 30,000 PhDs per year in Science & Engineering / 25 QS ranked
- The question of quality:
 - Huge standard deviation
 - English language training
- Role of private vs public
- Social issues impacting international education
 - Corruption; environmental issues; poor employment prospects for new university grads; new media and individual expression
- Expansion, excellence, equity: new stated focus on skills, research & innovation
- Teaching & research segregated
 - 4,500 PhDs per year in Science & Engineering
- Currently no shortage of funding for centrally funded IITs, IIMs, Institutes of nat'l importance
 - Modi: "IITs last century – NITs next century"
- Role of private vs public
 - Private Sector: 64% of the total number of institutions; 59% of tertiary enrolment
- Serious social issues: Environmental, Corruption, Status of Women, Unemployment and underemployment



Trends in Education



- Greater provincial control over education
- Revising pedagogy: ESL, globalization, creativity
- Focus shift from HEIs in primary cities to:
 - Vocational, Elementary and high school
 - Secondary/tertiary regions
- International study becoming mainstream
 - 2013 Survey of families with young children. Definitely study abroad: 8.31%
Possibly study abroad: 29.43%
 - Private programs less stigmatized and rollout of international programs in best **public** high schools
 - Evolving role of GaoKao
- Economic security and the rise of self actualization
- Child's role in decisions
- Acknowledged need for change
 - Need for universal access and quality keeps the view inward-focused
- Reliance on private vs government schools to fill the gap
- Rich student, poor family / Poor student, rich family
- Foreign education providers bill: not in this lifetime (or under BJP), despite recognized need to learn from other countries
- Teacher training and leadership training may be areas of opportunity, likely at state vs federal level
- In wealthier families, student will be an active participant in consumer decisions



Household finances and spending on education



- % of disposable income allocated to education: 8+%
- Household finances (341M)
 - 14% of urban households have assets in excess of \$440,000
 - Roughly 1.5 million Chinese families have disposable income >\$175k
- The economics of foreign study are sensitive to economic and social factors
 - Price adjustments on housing
 - Real estate cap gains (340%+)
 - Very high home ownership rate
 - Anti-corruption and tax shifts
 - Use of foreign study for capital flight
 - Currency fluctuation
- % of disposable income allocated to education: 10%
- Average disposable income of 100K USD required to finance overseas education
- In 2012, ~ 207K households (0.4% of total population) had this funding available
- By 2020 – 25m households will have income = \$15k – will be able to pay fees for higher education (increase of 15m from today)
- August 2013 devaluation of the rupee added another 10K USD to costs for Indian students
- Personal: ie. Access to credit – often arranged through agents. Defaults high-may see reduction in education loan availability / Resistance to GICS in function of agents



Rationale for Foreign Study

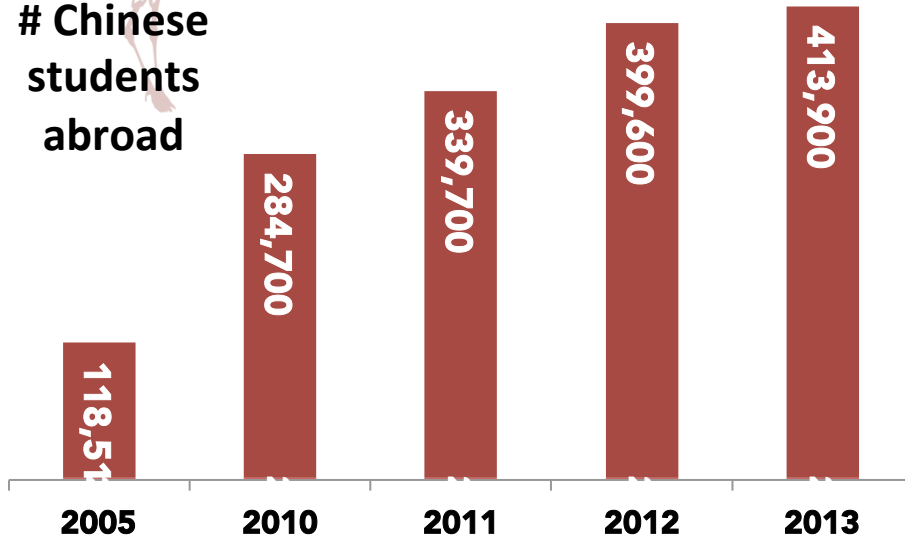


- Rationale for foreign study
 - Commercial students
 - #1: Employability in Canada
 - #2: Income
 - #3: Employability in China
 - Humanities / Soc Sci students
 - #1: Employment Stability
 - #2: Self Actualization
 - #3: Employability in Canada
 - STEM students
 - #1: Employability in Canada
 - #2: Self Actualization
 - #3: Employability in China
- Returnees
- Your relevance to employers in Canada AND China is increasingly important
- Rationale for foreign study
 - 67% say quality is most important factor when selecting a destination
 - 65% said high cost was the greatest deterrent
 - 27% defined ROI as getting a good job after graduation
 - 57% said good communication skills are most crucial factor to get a job
- Immigration or education? Popularity of 1 year diplomas leading to employment and immigration
- Limited relevance to employment in India
- ROI: Immigration, Employment, Marriageability \geq no K-12 (Importance of networking, even at a young age)
- Destination country selection is **highly** vulnerable to immigration policy adjustments

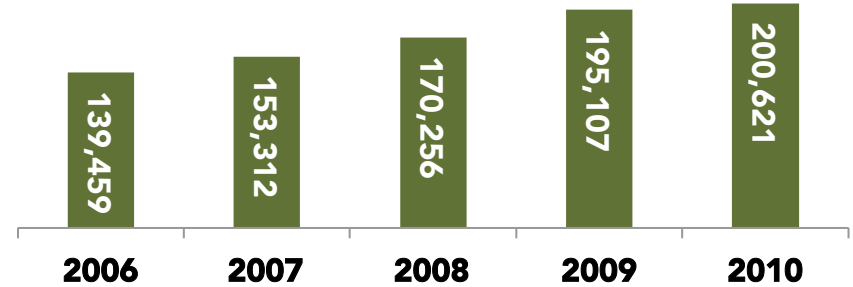
Recruitment by the numbers



Chinese students abroad

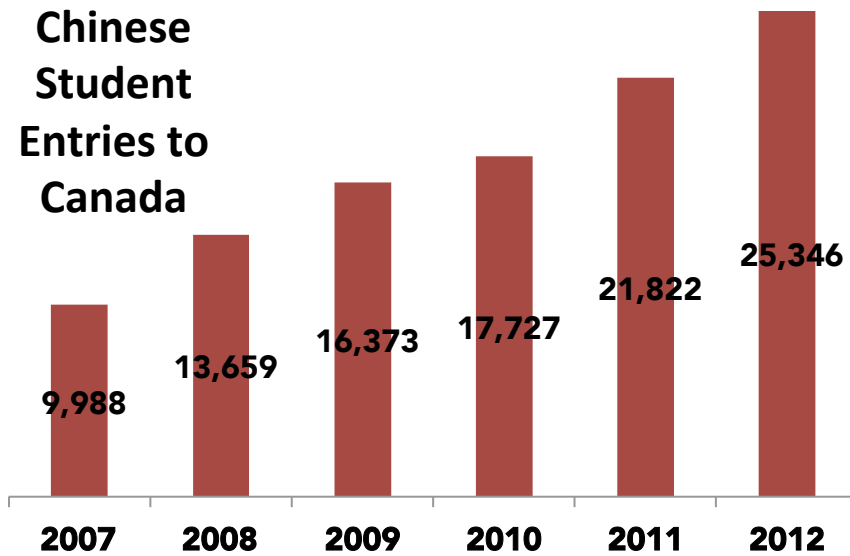


Indian students abroad



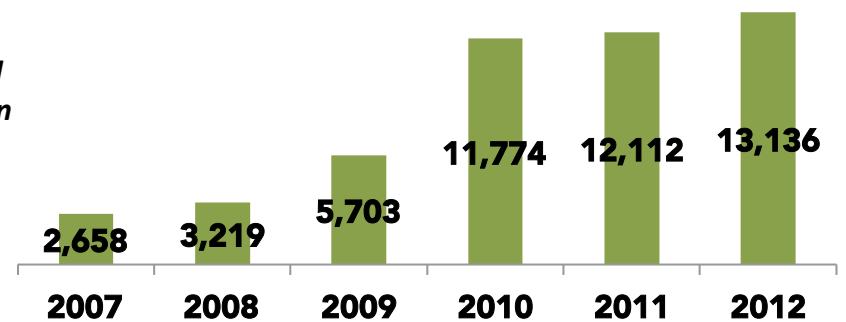
Source: UNESCO Institute for Statistics.

Chinese Student Entries to Canada



Source: Citizen and Immigration Canada

Indian Student Entries to Canada

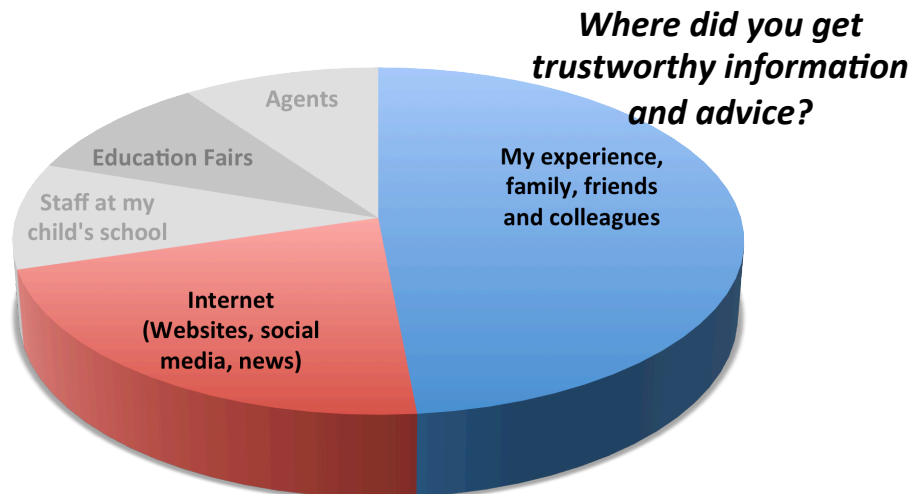




What role do agents play?

- 80% participation
- Agents take fees from the family and commission from the institution
 - Family = customer
 - Institution = partner + product
- Agents are BIG
 - More professional
 - More competitive
 - Many regional and national agents use sub-agents
- Role in decision-making is changing

- Indian agents recruiting for Canada do not take fees from the family
 - Entirely commission driven
 - Families shop around for programs and are not loyal to an agent
- For many, the narrow scope of education agency is not their major revenue source
 - Facilitation of lending
 - Immigration and travel
 - “Would you like a diploma with your one way airline ticket?”
- Most agencies are local or regional
 - Many are owner operated
 - A few national agencies
 - Vast majority of Indian agencies use sub-agents
- Agents are influential in Indian families’ decision-making but have their own interests at heart; seen as a necessary evil in a country where the middle class outsources everything from ironing to driving to child-care, regardless of quality





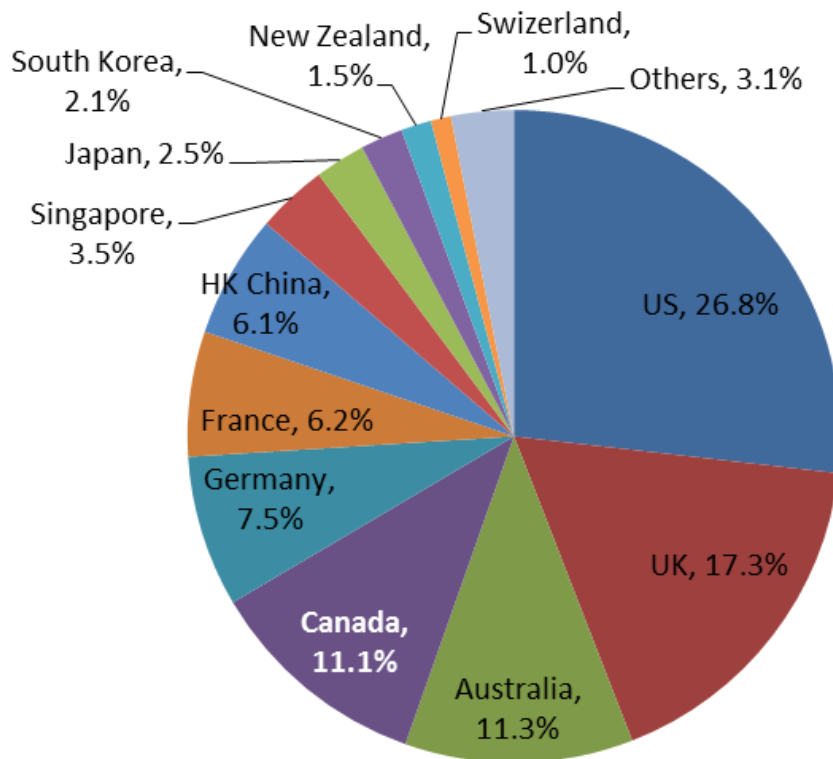
Studying what?



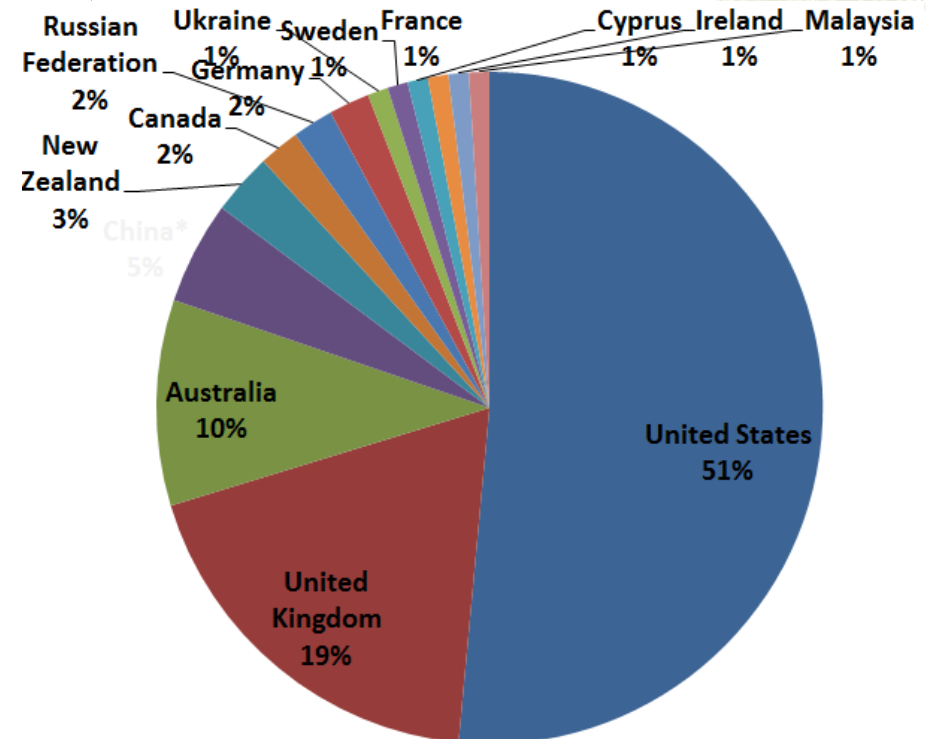
- College versus university
 - Pragmatic south
- Commercial subjects still account for about 50%
 - Within commercial majors, specialization is increasingly attractive
- Engineering, sciences
- Who is pursuing social sciences and liberal arts?
 - Second generation wealth
 - Primary cities
- Getting younger – roughly 40% of study permits for high school age students
 - this plays to Canada's strengths
- For Canada, India is primarily a college market
 - Driven not by education, but by immigration
 - For most other destination markets, India is actually a post-grad market
- At the college level, short-term business programs are the most popular due to ROI – but unclear if employment for these students is necessarily related
- Growth in enrolment also study area specific: i.e. Management (287% growth in 2009/10 from ~153K to ~592K)
- Some indicators that financial stability for families in upper middle class will increase students in humanities (as opposed to current reality: boys in Eng, girls in medicine) if they are university-bound



Studying where?



Source: EIC Survey



Source: UNESCO Institute for Statistics

What are Canada's features?

- Safe and stable
- Moderate job opportunities
- Sensible
- Strong public sector / good education sector overall
- What Canada stands for is still not well articulated



Partnering with Peer Institutions



- Competitive and crowded landscape
- Provincial control on partnering will lead to streamlined approvals. Know your provincial MOE connections!
- Partnering skills greatly improving
- Highly dependent on a partnership model that works with both parties
- ROI time horizon long
- Growing pressure to send students to English-taught programs in China
- You have to be there
- Guanxi, China-style
 - You have a personal, not a contractual, relationship
- Bigger joint ventures are increasingly common
 - Not for the newbie, nor the faint of heart
- International partnerships viewed as key to reversing past absence of Indian institutions in global rankings
- Over 400 with Canadian institutions
- Partnering skills still lacking
- Dependent on a partnership model that works with both parties
- ROI time horizon long
- Innovation / entrepreneurship taking increasingly large role
- You have to be there
- Guanxi, Indian-style
- Desirability of overarching collaboration framework (ie. UKIERI/Obama:Singh)
 - Requires a funded collaborative partnership framework at a public policy level
- International collaboration in arts, humanities, social sciences limited



Rising Above the Fray



- China's social media environment
 - Esoteric
 - Raise brand awareness
 - Helps to close applicants, build alumni community, manage agents
 - Mobile devices – NOT desktop
 - Does **not** replace actual recruitment
- Scholarships as a *conversion* tool
- Demonstrating the relevance of your degree in the world of employment
 - Internships, co-op, work study
 - Post graduation placement
 - Work-related int'l student services
 - **Rationale for work during study is competitive differentiation**
- Competitive edge in admissions and conversion
 - Speed
 - Targeted conversion
 - The Conversion Charm offensive
- India's social media environment
 - Practical
 - Raise brand awareness, but personal connection is key
 - Mobile devices vs internet
 - Major education portals, not all with accurate information
- Scholarships as a recruitment *and* conversion tool
- Brand ambassadors can play a role, but there are few returnees who resonate widely
- Strategy has to address the many markets *within* India: not one homogenous market
- Work opportunities key
 - **Rationale for work during study is financial**
- Competitive edge in admissions and conversion
 - Speed (US is faster)
 - The Conversion Charm offensive



China and India as International Education Actors

- Chinese institutions gearing up to attract foreign students
 - English language instruction
 - Global pedagogy
- Will we see market protectionism?
 - Scaling back of approvals
 - Tax / Permanent establishment?
- Promotion of Chinese outbound educational partnerships around the world
 - Recruit foreign students to China
 - Establish Chinese branch campuses abroad
- Hanban / Confucius Institutes play a complex role in the extension of China into the western world
- China is using education as a soft diplomacy tool in SE Asia, Africa and Mid-east
 - Building campuses abroad, joint programs, etc
- Foreign Education Providers Bill is moribund and unlikely to move forward in the same form
- Recognition that next step to success in international rankings is to do more research
 - employ foreign academics
 - current legislation does not allow non-Indians the right to work in Indian Universities
 - Private institutions and IITs thus keen to recruit NRIs as faculty
 - limited attractiveness: salary and lack of infrastructure
 - also a deterrent to attractiveness as destination for exchange students
- Recruitment of foreign students from other countries therefore focuses on region: Sri Lanka, Myanmar, China, South Korea, and Africa
- Research Networks still need to be developed– but nothing active in Social Sciences and humanities yet



Is India like China 10 years ago?



- There are some economic and landscape features that can easily make one think that India shares a lot in common with China 10 years ago, but...
- Is the world so simple and one-track? Is it correct to suggest that present-day China is India's destination?
- What role do the radically different cultures and values play in shaping the future?
- Freedom, innovation, entrepreneurialism
- Bureaucracy: friend or foe?
- Control versus chaos
- Regionalism versus a drive to unity

Questions



- Ivy Lerner-Frank
E-mail | Courriel: ivy.lerner-frank@international.gc.ca
Telephone | Téléphone: +91-11-4178-2334

- Kim Morrison
kim@grokglobal.com
+1 (917) 498-8900