

Going global?

UK FE/TVET – opportunities
in the international market

Executive summary of final report

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This study was funded by the Prime Minister’s Second Initiative for International Education (PMI2) and was commissioned by the Association of Colleges (AoC) on behalf of the PMI2 Strategy Group.

The Prime Minister’s Initiative

The Prime Minister’s Initiative (PMI) for International Education, launched in 1999, sought to increase the number of overseas students studying in the UK (by 25,000 in Further Education and 50,000 in Higher Education) through a range of support measures, including marketing, streamlining visa and work regulations for non-EU students, and provision of scholarships. The first PMI (PMI1) was so successful that a second five-year strategy was put in place in 2006 (PMI2).

In PMI2 the emphasis is on establishing the UK education brand, the quality of the student experience, and strategic partnerships and alliances whilst at the same time, consolidating previous successes. For the period 2006 – 2011 the plan is to increase the number of non-EU students by 30,000 in Further Education (FE) and 70,000 in Higher Education (HE), and to double the number of countries which attract more than 10,000 students per year to the UK. The initiative focuses on 24 priority countries.¹

The Study

The aims of this study were to:

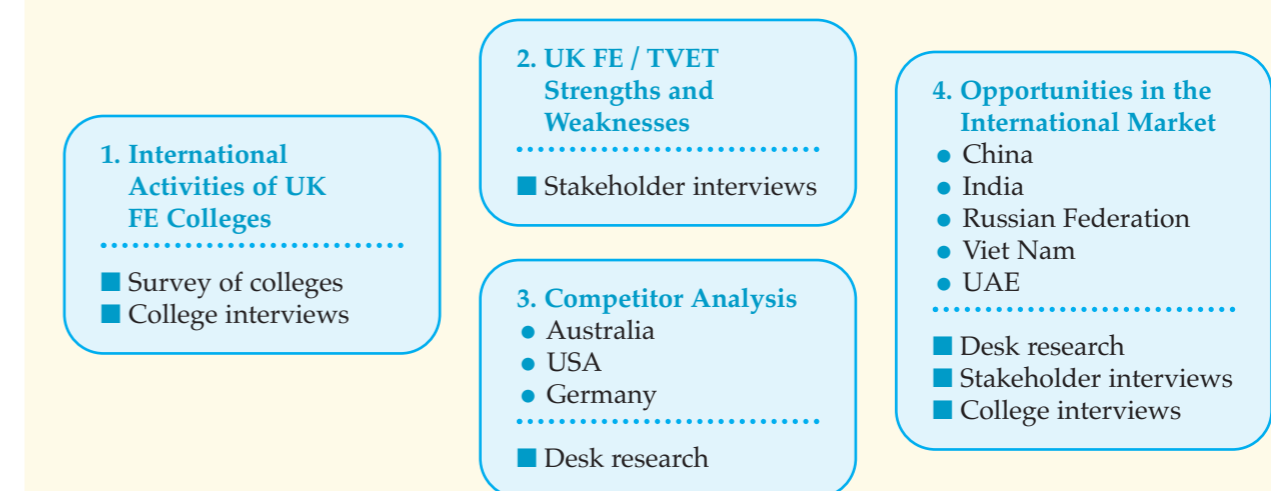
- establish the level of demand for Technical Vocational Education and Training (TVET) in selected PMI2 countries (China, India, Russian Federation, Viet Nam, and United Arab Emirates);

- identify the strengths and weaknesses of UK FE;
- determine the extent and nature of key international competitors providing TVET across the world. The study looked at competition from Australia, Germany, and the USA;
- assess the extent to which UK FE colleges are engaging with international markets;
- make recommendations as to how international market opportunities might be better exploited by UK providers.

Please Note: Whilst the term ‘international’ is used in some contexts rather narrowly, in this study it is used to refer to all countries worldwide. In contrast to the definition of international students for fee paying purposes, this study adopts a wider definition of international students which includes all students whose families reside in countries outside the United Kingdom (EU and non-EU).

The results of the study were drawn from an online survey of all UK FE providers in membership of the Association of Colleges (AoC) and the Association of Scotland’s Colleges (ASCOL), eleven in-depth interviews with FE providers in all four UK nations, a consultation with 23 stakeholders *via* face-to-face or telephone interviews, and a largely desk research-based assessment of opportunities in the five selected PMI2 countries. *Figure 1* provides a graphic overview of how the research strands have been integrated to meet the objectives of the study.

Figure 1: Overview of the research design



1. The PMI2 countries are: Australia, Bangladesh, Brazil, Canada, China, Ghana, Hong Kong, India, Japan, Korea, Malaysia, Mexico, Nigeria, Pakistan, Russia, Saudi Arabia, Singapore, Sri Lanka, Taiwan, Thailand, Turkey, United Arab Emirates, USA and Viet Nam.

1 The demand for international assistance

The study looked at the demand for international assistance in five selected PMI2 countries. Across those countries studied, a number of features became apparent:

- the rate of economic growth is outstripping the capacity of TVET systems to keep pace with the skills the economy needs;
- a shortage of skills, other things being equal, potentially threatens future economic growth;
- countries are increasingly looking for foreign assistance with:
 - increasing capacity;
 - the modification of curricula, methods of teaching, qualification systems, etc.;
 - provision of teacher and trainer training; and
 - reforming the management of TVET systems.

The above relates to the generic programmes of assistance which countries require. There are also a range of specific projects in place, again provided by foreign agencies, to tackle specific sectoral or regional problems.

Sending students abroad to study is an important aspect of increasing capacity and the number studying abroad is likely to increase as TVET systems develop over time. More fundamental, however, to the improvement of TVET systems in each of the countries studied are those programmes, delivered locally, which address the generic issues identified above.

The market is a dynamic one as illustrated in *Figure 2*. Increasing TVET capacity in a country is likely to result in further demand for technical assistance as improved skills supply fuels further economic growth, thereby increasing the quantitative and qualitative demand for skills.

The issue for UK providers is how to break into the virtuous circle of provision identified in *Figure 2*. This is dependent upon the relative advantage UK providers have over their main competitors.

The sections below provide: a brief summary of the five country assessment reports, covering developments in the education system in general and TVET in particular, training needs in TVET, and some basic information on the country as a whole.

China

Economic growth during recent years has been amongst the highest in the world, resulting in a marked transformation of both the economy and society. Education is seen as central not only to the continued growth of the economy but also to the change from an agrarian to a knowledge-based, hi-tech economy over a relatively short period of time. Consequently, the share of GDP relating to education is expected to increase from 3.2 per cent currently to 4 per cent by 2010 (compared to 5.8 per cent in OECD (Organisation of Economic Co-operation and Development) countries in 2004).

The education system was originally modelled on that of the Soviet Union but during recent years, the country has been inclined to adopt market oriented models. In the VET area, the Australian, Canadian, and German models appear to have been influential. The UK has also been able to develop a strong relationship including via projects aiming to introduce national vocational qualifications (NVQs), national occupational standards and pedagogical reforms. In addition, UK colleges have been recipients of Chinese students and, in several instances, have set up satellite colleges locally or entered into partnership with existing Chinese colleges.

Whilst there is substantial competition from a number of countries in relation to accessing the VET market, this is in fact a growing market which offers a number of opportunities for UK providers. There is, however, no quick and easy route to realising these. Providers need to establish long-term relationships with the Chinese Government and colleges should expect investments to yield a return over the long rather than the short term. There is also evidence to suggest that the balance of provision is tipping in favour of delivery within China as opposed to bringing students and teachers over to the UK.

India

During recent years, the economy has experienced strong growth (and this is expected to continue over the medium term) accompanied by structural changes, with the emergence of a much stronger demand for labour in sectors such as retail, tourism and health. India is also a country with a large youth population (almost a third of the population is aged 16 years or under).

The Government has identified a need to invigorate the VET system. Historically, VET has been a low-status option for young people who generally prefer to take more academically focused courses upon completion of their compulsory education. However, the Government wants to remedy this situation because of emerging skill needs in the economy and to stimulate demand for VET. The Indian Government envisages increasing the percentage of people receiving a technical education from 5 per cent currently to 50 per cent over a thirteen year period.

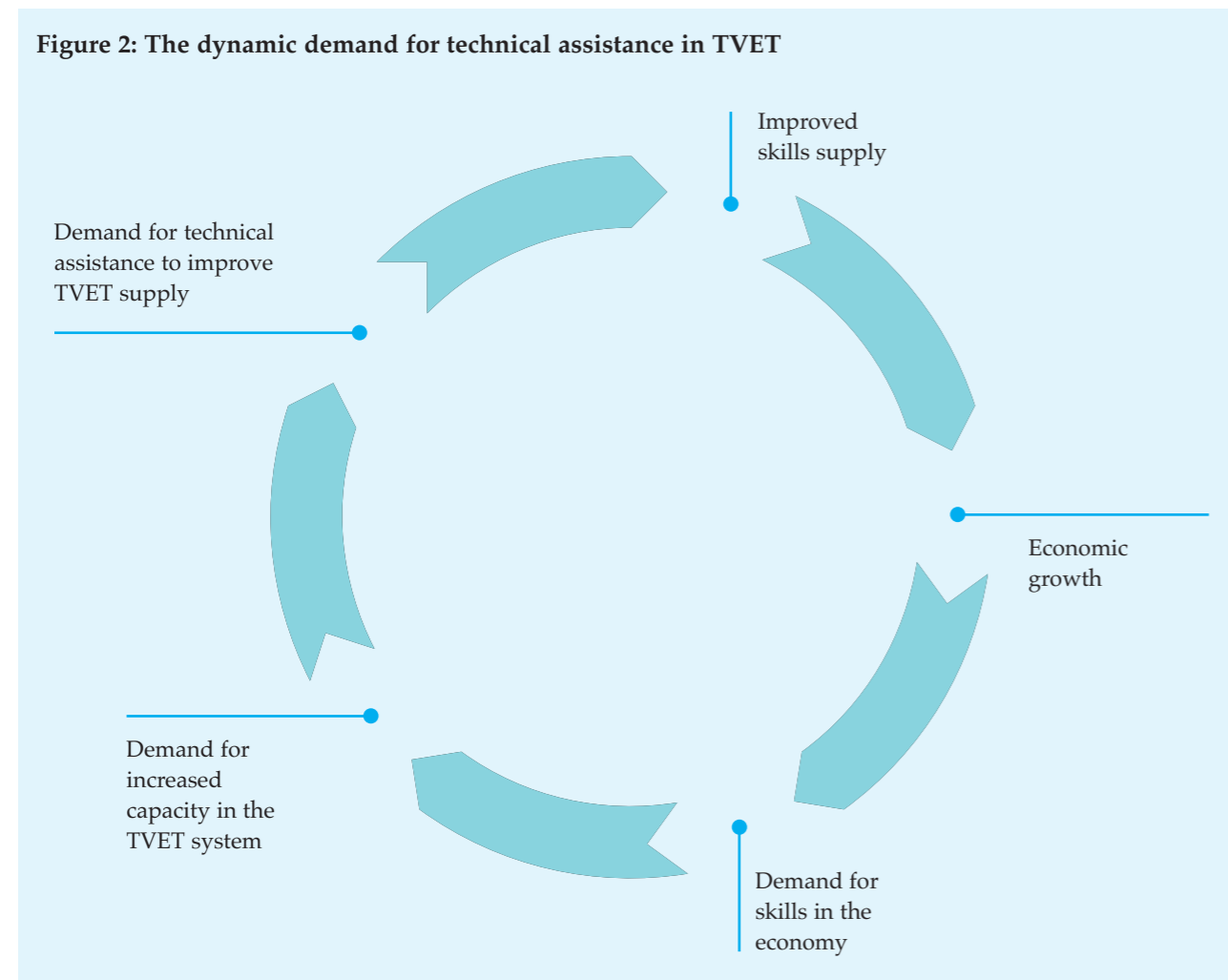
In achieving its aims, the Government is addressing a number of challenges simultaneously. These relate to:

- increasing the size of the VET system;
- improving the attractiveness of VET to young people;
- creating centres of excellence in the existing VET system;
- tackling the training of trainers.

The evidence suggests that the VET system, if the Government's plans come to fruition, will be an important agent of change in the development of the economy. To date, funding to assist the Government with reform of VET has come from a range of sources, including the World Bank.

UK providers are well placed to meet the demand created by the reform and expansion of VET in particular, because English is seen as a core skill which those taking the VET route need to acquire. Additionally, the close historical ties between the two countries also place UK providers in an advantageous position to capture a substantial share of what is likely to be a fast expanding market for VET services.

Figure 2: The dynamic demand for technical assistance in TVET



Russia

The development of the market economy has been so rapid that the country's infrastructure – especially the vocational education and training system – has struggled to keep pace with demands being made upon it. The VET system has had to shift from being one which is centrally planned to one which is expected to anticipate trends in demand. This has been all the more difficult because of structural changes in the economy which arose with the collapse of the former Soviet Union. The existing supply of vocational education which focused on the primary and manufacturing sectors, was out of kilter with the needs of a more service-oriented economy. This was compounded by a relative lack of investment in VET.

The Government has pursued a multi-faceted strategy since 1997:

- establishing social dialogue between employers, VET providers and other key stakeholders to better ensure that supply meets demand;
- providing VET providers with more autonomy on the supply-side;
- stimulating skills demand from employers and individuals; and
- engaging with foreign organisations, such as the World Bank and the EU in relation to reform of the VET system.

There is considerable potential for UK providers to capture a share of the growing market for VET services (e.g. in relation to assistance with capacity building or establishing occupational standards). However, Russia is a large country and the demand and funding for VET varies by region.

Viet Nam

Viet Nam has a population of 85 million people. Its GDP is US\$ 61.6 billions (based on official exchange rates, 2006). It is a communist country of the Leninist variety. Until recently the country was dependent on the former Soviet Union, but with the collapse of that regime and the introduction of the "Doi Moi" reforms in 1989, the country liberalised certain aspects of its economy. That said, the reform of state-owned enterprises is considered to be one of the biggest challenges over the medium term.

It is a predominantly rural society (70 per cent of the population live in rural areas) with the majority of the population engaged in agriculture, forestry and fisheries and it is a relatively poor country. Although the poverty rate has decreased during recent years from 59 per cent in 1993 to 19 per cent in 2004, it remains relatively high in the more remote, sparsely populated areas in the north of the country.

Around a quarter of the population is engaged in services (25 per cent) and just under a fifth in industry. Economic growth has been relatively strong in the country and is projected to remain so in the medium term. The country has made it easier for foreign investors to enter Viet Nameese markets (*via* reforms introduced in 2006) and the fact that it has recently joined the World Trade Organisation (January 2007) will further stimulate foreign investment.

The pace of economic growth is such that the education and training system, especially in the public sector, has struggled to keep pace and consequently skills shortages are a potential constraint on future growth. Increasingly Viet Nam has sought technical assistance, in part through the auspices of the Asian Development Bank, to support the overhaul of its education and training system through a range of initiatives designed to improve the management of the system, capacity building, and curriculum development. The German Agency for Technical Cooperation (GTZ) is active in the implementation of these reforms.

United Arab Emirates (UAE)

Having evolved since the 1970s, the education system is still expanding at all levels to meet the demands of a rapidly growing population and to underpin the envisaged transition to a knowledge-based economy. Major reforms are currently being undertaken in public schools to improve the quality of education. There are plans to expand and restructure the small TVET sector at local level to meet the needs of an economy which is diversifying into buoyant sectors such as tourism, construction and real estate. As part of a national policy to increase the proportion of its workforce which consists of the indigenous population, training is required to ensure that this group possesses the skills needed by the economy. TVET will play a key role in meeting this objective. Two new TVET institutes have recently been set up in Abu Dhabi and Dubai to meet local labour market needs.

Examples of training requirements in TVET include:

- capacity building measures linked to ongoing education reforms;
- continuing professional development for teachers (particularly in relation to ongoing educational reforms);
- English language skills: general (as English is increasingly deployed as a medium for instruction in education and training) and in specific areas (demand is arising in sectors such as aviation due to new English proficiency tests and from the police force as a result of Government policies);
- that relating to booming sectors and priority areas for the Emiratisation, e.g. tourism / hospitality, trade or financial services.

The UAE (population of 4.1 million) is a high income economy with high growth rates (which are projected to decline steadily) and currently high levels of inflation. It has enjoyed a large degree of political stability but the market is sensitive to political developments. Like other Gulf States the UAE has established free trade zones to attract more direct foreign investment, with two such zones dedicated to education.

Links between the UAE and the UK already exist through a long-standing collaboration between UK FE colleges and the UAE military.

2 Strengths, weaknesses and challenges of UK TVET in the International Market (IM)

A key aim of the stakeholder consultation was to gather information about perceptions of the strengths and weaknesses of the UK TVET system in the international market, the challenges it faces and what might be required to strengthen the UK's position. Drawing on 23 interviews with key stakeholders in all four UK countries, four key strands emerged in relation to:

- the UK in general;
- the FE system;
- qualifications and courses; and
- promotion of UK FE / TVET in the international market.

Details are summarised in *Table 1*, with some aspects being further explored opposite.

Stakeholders asserted that the strengths of UK FE / TVET in the international market included the following: good reputation of the education system; type of qualifications and range of courses on offer; robust quality assurance system; opportunities for progression from FE to HE; and flexibility of delivery. Provision of courses in English language was also seen as a key advantage as this meets market requirements. Furthermore, the UK system has a range of features that were seen to be of interest to countries wishing to expand their VET to meet the needs of the economy: in particular, employer engagement; demand led provision and a framework for lifelong learning. The UK VET system was, however, thought to have some weaknesses in comparison with other European countries. There was perceived to be a relative lack of emphasis on general education and it was stressed that the UK does not perform too well in OECD league tables. Whilst quality assurance was regarded as an eminent feature of the UK system, the need to strengthen quality assurance for qualifications delivered abroad or through franchising was identified. The status of awarding bodies (independent and commercial) was reported to be a cause for concern for Government officials in other countries.

Whilst marketing had been stepped up as a result of PMI1, there were also calls for more to be done to strengthen the position of UK FE / TVET in the international market, with key suggestions including the following:

- whilst FE colleges deliver stand-alone qualifications, which are quality assured by awarding bodies, foreign governments may wish to deal with Government accredited institutions. This was particularly the case in China. It was argued that the status of FE colleges needs to be clarified in Government to Government dialogues. Furthermore, it was suggested that, if some FE colleges were to be given Foundation Degree awarding powers, as had been discussed in recent reviews, this would be of significant benefit to colleges operating internationally;
- promotion strategies:
 - some stakeholders asserted that promoting FE as progression route to HE is the most effective strategy, but others thought more needs to be done to promote FE as a qualification route in itself;
 - one stakeholder also argued that a sectoral rather than an institutional approach would be more efficient;
 - some identified a need for a better promotion of the diversity of the education system across the four UK nations;
 - there were strong calls for more joined-up approaches in order to achieve economies of scale (in terms of student recruitment and delivery of tailored learning / training programmes) and to enable the offer of more comprehensive packages;
 - competition amongst independent players coupled with the fragmented nature of the FE sector was seen to be hampering the development of more joined-up approaches to increasing economies of scale and responding to demands for more comprehensive solutions in particular countries. In an effort to address this, intermediaries and consortia of college providers have emerged. These are still at a relatively early stage of development and will need to address a number of challenges. Some stressed that funding structures would need to be revised in order to facilitate collaboration among independent players;
- there were also calls from some quarters for more effective market intelligence relating to demand for TVET and on competitors;
- finally, there were calls for promotion of FE to reach parity with that of HE, and for the provision of more long-term Government funding.

Table 1: Strengths, weaknesses and challenges of UK TVET in the international market (IM) and key actions to be considered to strengthen the UK's position

	Strengths	Weaknesses / Challenges	Key actions to be considered
UK general	<ul style="list-style-type: none"> • Learning/training is offered in English • Welcoming people from abroad • Multicultural cities • Scenery 	<ul style="list-style-type: none"> • Strength of the pound • Cost of living in the UK • Images of being less friendly 	
FE-system	<ul style="list-style-type: none"> • Education system enjoys high reputation internationally • Quality assurance system • Progression from FE to HE (appears to be largely in vocational areas and post-1992 universities) • Learning environment (e.g. support provided to students, strong emphasis on independent learning) 	<ul style="list-style-type: none"> • UK's rating in OECD league tables • Complexity of the quality assurance system • Quality assurance of qualifications delivered abroad and through franchises (constitution of awarding bodies as independent and commercial bodies) • Reporting and recognition of international work 	<ul style="list-style-type: none"> • Strengthen quality assurance of qualifications delivered abroad and through franchises • Implementation of the recommendations of the Foster Report and the Leitch Review • Inclusion of international work in reporting structures • Sector internal debate about staying local or going global
Qualifications and courses	<ul style="list-style-type: none"> • Design of qualifications (competence-based approach, National Occupational Standards) • Range of courses • 'English plus' courses • Innovative curricula, teaching and learning methods • Flexibility of delivery • Employer engagement, demand led provision • Framework for portability of qualifications 	<ul style="list-style-type: none"> • Complexity and range of qualifications is difficult to promote • TVET in some other European countries offers more intense courses with more emphasis on general education and better integration of work-based learning 	<ul style="list-style-type: none"> • Supporting / improving portability of qualifications in European and global context • Implementation of the recommendations of the Foster Report and the Leitch Review
Promotion of UK TVET in the international market (IM)	<ul style="list-style-type: none"> • Track record of international activities 	<ul style="list-style-type: none"> • Promotion of UK TVET in the IM (track record often invisible due to competition within the sector) • More joined up approaches required to achieve economies of scale and to offer more comprehensive packages • Market intelligence 	<ul style="list-style-type: none"> • Clarification of the status of FE colleges • More effective promotion of UK TVET in the IM (intensity and approach) • More joined up approaches (and suitable funding structures) • More market intelligence on TVET demand and competitors • Longer-term funding
Others	<ul style="list-style-type: none"> • Opportunities for post-qualification job experience • Business strategies of awarding bodies gained high level of acceptance abroad 	<ul style="list-style-type: none"> • Low outbound mobility of UK students • Lack of parity of esteem between FE and HE in the UK 	<ul style="list-style-type: none"> • Development of good practice guidelines (student experience, engagement with foreign employers) • Shared learning from past experience

The capacity of UK colleges to capture international markets is dependent upon the:

- relative quality and price of the service provided;
- relevance of qualifications and courses provided to potential client groups;
- extent to which there is a level playing field with respect to foreign competition.

From a comparative perspective, the study looked at:

- Australia;
- Germany; and
- the USA.

Many of the market opportunities are related to the delivery of services in foreign countries. Understanding of how the UK compared to competitors Australia, Germany and the USA in this domain was reached by looking at:

- the degree of integration between agencies responsible for establishing training markets for TVET providers in each country; and
- the extent to which TVET providers in each country are competing with one another for both domestic and export markets.

The UK stands out from its competitors in the following ways:

- the UK system has been characterised as one which has relatively modest levels of integration between the public agencies delivering aid to foreign countries, but relatively high levels of competition between TVET providers. In contrast, the Australian and German systems are characterised by high levels of integration but lower levels of competition between TVET providers;
- the UK's more market-driven approach gives it a relative advantage as institutions are more entrepreneurial in their approach to capturing new markets;
- the UK also has a strong qualifications framework and a well regarded national education system, as well as delivering learning programmes in English;
- the relative disadvantage individual UK colleges face in the international market is that they have to 'stand on their own two feet' to a much greater extent than their competitors in Germany and Australia and, consequently, may face higher transaction costs;
- creating a network of information about market opportunities and facilitating the creation of networks (*via* for example, national agencies or Government departments), would potentially provide UK providers with some of the relative advantages enjoyed by of Germany and Australia as a result of the more integrated, co-ordinated approaches, but without the UK system compromising its own competitive approach.

A **survey of colleges**, drawing on the responses of a total of 98 colleges, 83 of which were involved in international activities, revealed the following regarding their engagement:

- colleges which are currently involved in international activities have generally experienced a growth in activity in the recent past and expect continued growth over the short to medium term;
- some colleges engage in a wide range of international activities which are not limited to teaching international students, but the main market is still that of teaching international students;
- consequently the main source of income from international activity is fees from international students;
- this is not to say other forms of activity are unimportant, as many colleges provide a range of educational services to other countries;
- the costs of operating in international markets are high. Many of the major players have long-standing experience of operating in international markets and their current activities are the result of significant investments made some years ago;
- income received from international activities comprises only a small part of overall income but is nevertheless regarded as an important source of income, given that many colleges have engaged in this form of activity over a long period;
- in some countries there has increasingly been a shift away from students coming to the UK to study, to the development of local partnerships through which UK colleges assist with delivering learning in the host country;
- for some colleges it is important to have a presence in the country through, for example, partnerships with local providers, in order to develop their trade with that country;
- the main markets from outside Europe are the Indian sub-continent and South East Asia (mainly China) and these are expected to remain so in the medium term;

- other countries are being targeted as colleges expand their horizons, including many PMI2 countries, but those listed above are the main ones;

- many colleges recognise that the market for international services will grow over the medium term and that they are developing their own individual plans to capture a share of that market.

In addition to the survey, **interviews** with eleven colleges in England, Scotland and Wales were conducted, mainly to explore the scope and nature of their international activities, the challenges they face, support they would find useful and the way in which their international activities are likely to develop in the future. The key results may be summarised as follows:

- some colleges had a long history of engaging in international activities (mainly the larger ones) whilst others were beginning to engage in a wider range of international activities (including building up direct links with countries overseas);
- the scope and nature of international activities undertaken by colleges varied: some were involved in a range of international activities in a number of countries; others focused on a niche market, working as a sub-contractor in the UK or as a contractor overseas. Some had hardly any international students whereas others had hundreds from a wide range of countries. Some engaged exclusively or mainly in non-commercial activities (global partnerships including staff and student exchanges), others largely in commercial contracts (although the related activities may also be geared towards capacity building), and one college deliberately engaged in a mix of commercial and non-commercial activities as it is part of the ethos of the institution to provide some support for those in poorer countries

- ‘push factors’ for engagement in international activities included the need to build up alternative income streams to compensate for reduced funding for adult learning, and to some extent, Government driven initiatives aimed at internationalising colleges. Among the ‘pull factors’ were, for example, the college’s vision in relation to widening the horizons of staff and students preparing them to work in an increasingly global economy, the pursuit of opportunities to expand the college (and perhaps raise its profile in the process), and financial incentives which support colleges in venturing into new markets (e.g. pump-priming via PMI2). The responses suggest that international strategies are often led from the top, but supported by enthusiastic staff. Some college representatives also stressed the benefits of international activity for personal / professional development for students and staff engaged in exchange programmes;
- involvement in international activities might be governed by a strategic approach (e.g. engaging in niche markets or in certain countries based on market intelligence), a more opportunistic approach (e.g. response to customer demand without the need for active marketing) or a mixture of both. International activities might be based on existing local links (such as twinning arrangements), links with other countries through local communities or alumni. Examples of active marketing strategies included promotion through educational agencies abroad, traditionally used to recruit international students to the UK and (in the case of one college) setting up a recruitment office overseas. Others have successfully built up direct contacts with corporate companies abroad or industry bodies in the UK and abroad, or participated in trade missions – methods which proved to be highly effective. Despite strong competition between independent players in the FE sector there are also a few examples of collaborative approaches amongst colleges and with other players (universities and awarding bodies).
- The key challenges colleges experienced included the following:
 - that of positioning of the college in the international market and the development of learning and training programmes which meet the requirements of the market;
 - engagement in international activities requires up-front investment of financial and human resources, but colleges have little spare capacity in relation to either resource, and financial returns are expected to materialise over a one to three year period;
 - engagement in international activities also entails changes to the college’s infrastructure in order to promote the college effectively in the international market and to provide the support required to ensure a positive student experience;
 - other challenges cited included difficulties in getting visas issued, strong competition from other countries and the high cost of living in the UK.
- Colleges are gearing themselves up to meeting the particular challenges they encountered. Where specific calls for assistance were made, the need for initial and follow-up support were mentioned, as were stronger incentives for colleges to collaborate and good practice guidelines for aspects of international activities.
- Reflecting on their own experience, advice that colleges might want to give to other colleges considering embarking on international activities related to the following:
 - the importance of thorough preparation (in particular with regard to market intelligence, preparing staff and students for the intake of international students from other cultural and religious backgrounds, development of provision which meets market requirements);
 - the benefit of a cautious, more strategically driven approach which helps to mitigate against the significant risks involved, with small projects or niche markets offering opportunities to develop the college’s international expertise;
 - the need to take a long-term view;
 - providing a high quality student experience and delivering effectively on contracts was also seen as a key requirement for successfully establishing the college’s international activities.
- In line with the survey results, most colleges appear to be expanding their international activities or actively exploring new strategies building on the experience they have gained. Through their previous work, colleges might have developed business strategies that were seen to be directly transferable to other countries or, having worked in a niche market, they may be considering embarking on areas of activity which are related to this niche market but are more generic in nature. Some colleges argued that there is an increased demand for VET, with future demand shifting towards more in-country delivery. Others have experienced strong growth in the demand for tailored courses and this was expected to continue. Two colleges were preparing themselves to meet new challenges relating to the perceived faltering demand for English language provision in the UK and demand for UK validated courses in the native language in one particular market.

Conclusions and recommendations

- Australia and Germany have been successful in capturing a substantial share of the international TVET market. Within the systems of these countries, the major providers are public or quasi public sector organisations which are highly integrated with the agencies delivering foreign aid. Their models of international TVET provision have been successful in delivering a high level of export activity but these are rooted in the national system of TVET provision
- The UK system (and that of the USA) is somewhat different in that it emphasises competition between providers and accordingly, there is relatively less integration with the public agencies delivering foreign aid
- In the UK, the market is much more to the fore with providers needing to establish their place within this in a more independent manner

A key question is: What can be transferred from the competitor models to the UK system without the latter losing its defining characteristics? The answer lies in the improved provision of information about markets (their size, potential and the means of accessing them) and in effective promotion of the UK system.

- Whilst individual colleges can be highly entrepreneurial in capturing markets, there can be relatively high transaction costs involved which might be shared more generally amongst the community of colleges engaged in international activity
- Information and promotion would appear to be factors that can provide a competitive edge

Based on the above, the recommendations from the study are as follows:

- the UK needs to observe the models used by other countries to promote vocational education and training but needs to be cautious about 'borrowing' solutions without considering the way in which these models are conditioned by the domestic education system and the national approach to export promotion;
- the UK should focus attention on improving information about international markets and on better ways to promote the UK system. In order that colleges can minimise the transaction costs associated with entry to international markets, concerted action on the part of colleges, their representative organisations, other national agencies and Government departments is required. There would be a strong advantage in having a body (or bodies) which would co-ordinate and manage colleges' international activities. This would effectively facilitate some sharing of the risk involved in entering international markets and increase capacity in relation to achieving economies of scale. Such an approach would be a strong asset in the context of capturing new markets and maintaining existing markets where UK providers are well established;
- Government or quasi-government agencies may want to review direct or indirect incentives which may encourage TVET providers to engage in international markets (e.g. bringing international activities into the reporting framework or facilitating collaborative approaches);
- colleges contemplating international activity can learn from successful approaches utilized by their peers but need to understand that there are high threshold costs which can take several years to recoup. On the other hand, there are examples of relatively low risk strategies adopted by colleges when embarking on entry into the international market;
- it may be advantageous to consider widening the scope of marketing strategies, where appropriate. In addition to the range of educational agencies used traditionally to attract students, other strategies such as marketing via industry bodies (industry representatives or large companies) may prove to be effective options;
- transnational education is becoming more and more important. The introduction of a robust regulation of learning and training programmes delivered overseas or via franchise may therefore be opportune, as this would facilitate promotion of UK FE / TVET abroad;
- developing strategic approaches, adopting partnership approaches and pursuing long-term relationships should form part of the colleges' planning in relation to pursuit of opportunities in international markets. However, shorter-term engagements which result from response to specific needs or invitations to tender, may well also yield benefits which complement the overall portfolio;
- although (with one exception), these are outside the scope of PMI2, opportunities for international activity within Europe should not be overlooked.