

AN INTERNATIONAL STRATEGY
FOR HIGHER EDUCATION

MINISTRY OF EDUCATION

2001

Contents

1. Introduction	1
2. Challenges arising from the international operating environment	3
2.1. EU educational policy	3
2.2. The Sorbonne-Bologna process	5
2.3. The international education market	8
2.4. An increasingly commercial education market	9
2.5. Internationalization and quality assessment	13
2.6. Strategies for internationalization of higher education in a few European countries	15
3. Domestic challenges	19
3.1. Labour force	19
3.2. Goals of the educational system with regard to content and quality	21
4. Review of the international activities of Finnish institutions of higher education	23
4.1. Student exchange	23
4.2. Trainee exchanges	30
4.3. Teacher exchange	30
4.4. Other forms of cooperation	33
4.5. Foreign degree students in Finland	33
4.6. Finnish degree students abroad	38
4.7. Postgraduate and research cooperation	38
5. Conclusions	41
5.1. Mobility	41
5.2. Labour demand	44
6. Analysis of Finnish higher education institutions' potential for success	44
6.1. Strengths	44
6.2. Weaknesses	48
6.3. Threats	49
6.4. Target for 2010	50
7. Proposals for action	52
8. Programme costs and funding	55

1. Introduction

The internationalization of education became a central goal of educational policy in Finland, mainly at the end of the 1980s. This was of course affected by the changes that occurred in Finland's international position at that time, in particular its involvement in the European integration process.

Participation in the integration process called for a great upsurge in international activity throughout the educational system, and especially in higher education. This was the result of rapid, large-scale changes in the need for expertise because the opening of Finland's rather closed society and economy to international cooperation and competition required a profound transformation of established practices.

The polytechnic system was created in Finland during the 1990s and from the outset, internationalization of education was one of the main goals of the reform. The conditions necessary for international activity were improved through a programme of support for the polytechnics under which special funding was channelled into development of instruction given in foreign languages, improvement of the administration of international affairs, and establishment of international relations.

One of the primary means with which the conditions necessary for international cooperation were increased was the founding of CIMO (The Finnish Centre for International Mobility and Exchange Programmes) in 1991. CIMO combined central government units responsible for exchange involving students, trainees and experts from three ministries administering grants of different kinds. From the beginning, CIMO has also been responsible for marketing Finland as an 'education country'.

Oriented by EU education programmes, Finland, like most other EU/EEA countries, invested particularly in increasing student and teacher exchange

and in general building up international contacts and European networks in the 1990s.

However, the situation has changed during the past couple of years for a number of reasons. Alongside cooperation, there have been two parallel developments: competition between institutions of higher education for talented students, teachers and researchers and for external, often international, funding and efforts to strengthen common European competitiveness with respect to the United States and Asia.

The cultural diversification of Finnish society will continue and intensify. According to a number of estimates, immigration into Finland will continue to grow in the next few years. Immigration is expected to be controlled and its growth relatively steady. The major immigrant groups to Finland will come from the former Soviet Union. Unpredicted changes in the political, social, or economic systems of countries or regions could bring about uncontrolled flows of migration, for which Finland must be prepared.

The European Union has set a common immigration and refugee policy as its goal. There have already been various efforts to bring the status of citizens of third countries closer to that of citizens of the EU countries by, for example, facilitating their entry into the internal labour market.

Finland cannot keep out of international competition and, as part of the international community, it must bear its responsibility for immigrants and refugees. Opening up our education and research system will promote these goals.

Finland must strengthen its international competitiveness in higher education and research, which is also part of its overall economic competitiveness. To succeed, it must take an active part in building up European higher education and research.

In this report, the need to strengthen the international activities of institutions of higher education is justified by both the new challenges arising from the international operating environment and the need for domestic development. It provides a review of the present situation with respect to the international operations of institution of higher education and assesses the potential of Finnish institutions to succeed in the increasingly intense competition for talent and resources. In conclusion, it presents a number of proposals for action, including the cost effects.

2. Challenges arising from the international operating environment

2.1. EU educational policy

According to the EU's founding treaties, powers with respect to educational policy rest with the Member Countries. The legal basis for vocational training differs from that for general and higher education because Article 149 allows the Community to agree on common policies for vocational education. With respect to general and higher education, Article 150 delegates responsibility for the arrangement and content of education to the Member States and prohibits harmonization of national provisions.

Due to the narrowness of the powers involved, Community-level measures in the sector have focused on increasing mobility, strengthening the European dimensions of education, and improving its quality. Educational policy accounts for only a small amount of the EU budget, approximately 0.5 per cent.

In considering the core of the EU's educational policy, it is important to recall that the EU's goal is to develop into a more profound economic and political union. The content and aims of education in the Member Countries make a significant contribution to progress towards this goal.

To one degree or another, the measures and priorities of EU educational policy are linked with efforts to enhance the efficiency of the internal

market. To increase the mobility of labour, support for student mobility has been essential. Systems for the recognition of credits and degrees seek to promote labour mobility directly. Common curricula increase and require recognition of studies and comparability. Likewise, promotion of language study by the Member Countries can be seen as a purely instrumental aim.

The significance of educational policy in the EU has risen in recent strategies. The decisions of the Lisbon and Feira European Councils in particular made education a significant factor in building a competitive and dynamic Europe. Information society projects, e-Europe and related e-learning, strategy for life-long learning, and emphasis on the quality of education have enhanced the visibility of educational policy. Educational issues have also been linked more closely and openly to the Union's economic and employment policy.

The Lisbon Council decided to strengthen the Union's internal policies. As far as educational policy is concerned, this will mean pursuit by the Union of a comprehensive strategy, a fundamental part of which is the 'open coordination method'. This method makes use of benchmarking and jointly agreed indicators. The goal is to apply jointly defined guidelines in accordance with the needs of Member States or regions and to have the Member States learn from each other's example. For the Stockholm European Council, a plan for the Union's key educational policy goals for the next decade was drawn up. These goals were approved at the meeting.

The present Member States of the EU have in general insisted on the principle of subsidiarity in issues of educational policy. Nevertheless, the Member Countries have sought to increase intergovernmental cooperation. The Sorbonne-Bologna process and the Declaration of Florence, in which all or some of the Member States have voluntarily committed themselves to increase uniformity in educational policy and education systems, are good examples.

The EU's future eastward enlargement also represents a challenge to the EU's educational policy processes: how readily will common goals or guidelines be found in a Union comprising such diverse Member States?

2.2. The Sorbonne-Bologna process

In May 1998, the ministers responsible for higher education in the big four EU countries, Germany, France, Italy and the UK, unexpectedly signed a declaration in Paris concerning harmonization of European degree architecture on the occasion of the 850th anniversary of the Sorbonne. The declaration prompted lively debate on higher educational policy in Europe. However, only a few EU countries signed the declaration afterwards, despite having the opportunity to do so.

Harmonization of the degree structure caused confusion and stiff opposition in Finland and most other EU/EEA countries, even those whose ministers of higher education had signed the Declaration. It was rather generally concluded that the Declaration sought to achieve a single common bachelor-master-doctor structure, in others words a 3-5-8 model for all of Europe. This misconception was furthered at the same time by the publication in France of a national report on the development of higher education that included the proposed conversion to the 3-5-8 model.

Finland's Minister of Education did not sign the Sorbonne declaration. In Finland, standardization of the degree structure was not considered timely and there was interest in seeing how the process advanced more widely in Europe. It had already been agreed in Paris that the next meeting on European higher education would be held in Bologna in 1999 and that the process would also be expanded to countries outside the European Union.

The still separate CRE Association of European Universities and the Confederation of EU Rectors' Conferences worked together closely in preparations for both the Paris and the Bologna conferences. The European Commission also took part in preparations for the Bologna

conference. The Commission funded the reports drawn up in the process and the meetings arranged. Since the signing of the Bologna Declaration, ESIB (the National Unions of Students in Europe) has taken an active part in the monitoring process.

Harmonization of the degree structure, as expressed in the Bologna Declaration, has not been a published goal. The Declaration seeks to create a European Higher Education Area by 2010 as follows:

- by increasing the readability and comparability of degrees and diplomas, for example with a diploma supplement
- by developing the degree structure, mainly so that it forms two cycles. The first cycle will be at least three years. The second will comprise a short master's degree and a longer doctor's. The second-cycle degree will require normal completion of the first-cycle studies. The first-cycle degree should also be relevant on the European labour market.
- by creating the ECTS (European Credit Transfer System). Credits could also be accumulated in non-higher education contexts, if the institution in question recognizes the studies
- by developing a European dimension for quality assessment, aimed at developing comparable criteria and methodologies
- by removing barriers to mobility
- by developing a European higher education dimension.

The ministers responsible for higher education in Finland and 29 other European countries signed the Bologna Declaration in June 1999. Finland considered the goals of the declaration to be in harmony with domestic higher educational policy; the Finnish system of university degrees has been reformed since the mid-1990s and a three-year bachelor's degree can now be pursued in nearly all sectors of education. The credit system had already been created during the previous reform. A quality assessment system was created and increasing international mobility had long been an aim of educational policy. In developing the polytechnic education system,

international developments were taken into account from the outset, and all polytechnic degrees are at least three years in length.

At the time of the signing of the Bologna Declaration, the developmental goal for the degree structure generated particular criticism in Finland. Such criticism subsequently subsided, and many sectors of education have begun to accept the degree structure of the Bologna Declaration.

At the follow-up meeting after the Bologna Declaration in Prague, in May 2001, the emphasis of the discussion was on quality assessment and especially on the need for a European accreditation system. The Prague Ministerial Communiqué also focused attention on the participation of students in the entire Bologna Process and on removing the barriers to mobility. It also laid down the principles for opening up the Process to other interested countries. The ministers took the position that higher education should still be regarded as a public service.

The Sorbonne-Bologna Process has aroused lively debate on educational policy in Europe. However, the significance of the declarations for the reform of higher education in different countries has often been exaggerated, because many development measures were already under way before the signing, for example in Germany, France and Italy. It must nevertheless be stated that the declarations have accelerated reforms in many countries and that the goals of the Bologna Declaration have been taken into account by many of the signatories in planning reforms.

Although the Bologna Process has been debated at length in Finland, its central aim – to strengthen the internal European market through creation of an education area - has received little attention. In practice, the goals of the EU's educational policy agenda and the Bologna Process converge. The reasons why the Sorbonne-Bologna Process began separately from the EU should in fact be sought more in the differing general EU policies of the EU Member States than in any differences in their educational policies.

2.3. The international education market

The main aim of the Declaration of Bologna is to strengthen European higher education on the global education market. Education, and especially higher education and continuing education, has become an important market commodity worldwide. At present, Europe attracts fewer non-European students than the United States; twice as many Asian students study in the United States as in Europe. The vast majority of Japanese students abroad study in the United States. According to UNESCO statistics for 1997, more than 45,000 Japanese students were studying in the United States at that time compared with barely 8,000 in Europe. It is estimated that student mobility will increase most in Asia.

Particularly during the Bologna Process, discussion in Europe indicates that the diversity of the European system of higher education and university degrees is one reason for the Continent's failure to attract more students. There is no competitive European 'brand'.

Another often unmentioned but nevertheless undeniable factor in the competition is the language of study. The opportunity to study in English would seem to be even more attractive than a free degree, because although the UK, the European country with the most non-European students, charges students from outside the EU/EEA area much higher annual fees, it is still the world's second largest 'exporter' of education, immediately after the United States and before Australia. More than half of total sales of US educational services go to Asia, followed by Europe and Latin America. The English-speaking countries are also important net receivers in student exchange programmes.

Historical, political and cultural relations between countries and regions explain some of the flows that contribute to overall student mobility. Foreign demand concentrates in practice on education in English, German and French. For example, 80 per cent of the foreign exchange students in OECD countries go to five countries: the United States, the United

Kingdom, Germany, France and Australia. Australia in particular has increased its intake of foreign students and sales of education.

The fourth observation concerns regional divisions in mobility that are linked to the above factors. Hence some three-quarters of all foreign students in Australia come from Asia or Oceania. France's lengthy colonial period is also apparent in the backgrounds of its foreign students; more than 40 per cent come from African countries. In the United States, two-thirds of all foreign students come from Asia, and from Oceania, China, India, Japan and Korea.

It is natural that mobility is from small countries or countries offering a limited range of education to large countries. It would also seem that students seek out the higher quality perceived to exist in prosperous countries, which are more difficult to enter.

In Europe, internal EU student exchange programmes during the study period can be developed and increased thanks to the EU's education programmes. Approximately half of the world's foreign students study in Europe, but more than half of them come from other European countries.

2.4. An increasingly commercial education market

The rapidly expanding area of transnational education is making a contribution of its own to the commercialization and supranationalization of the education market. Education is often organized in cooperation with an institution of higher education or other educational institution in a target country, with the selling university in principle responsible for planning the education and in part for its implementation. The quality of the content is the responsibility of the selling university (franchised education). Education can also be provided at a campus situated outside the country in question, for example Australian universities have significant campuses in China, Japan, Malaysia and Singapore.

Inside Europe, British universities in particular have expanded the degree education that they offer beyond their own borders. The content of the degrees is often tailored to meet the needs of the customer. In Finland, Germany and Holland, the partners of the British universities have frequently been polytechnics, which with the exception of Germany are not entitled to offer education leading to a Master's-level degree independently. To some extent, transnational education has proved problematic, because it sometimes conflicts with the educational objectives of the target country and the quality of the education is questionable. However, Spain, for example, has also taken a positive view of expansion of the education offered in this way.

There is also a growing volume of online education aiming at degrees on the global market. Here two tendencies are discernable: non-profit public online education and online universities or units seeking to yield a return.

Conventional institutions of higher education are rapidly increasing their online education. In Finland, such education is primarily being developed as a component of other education. It is therefore available primarily to those who are already entitled to work towards a degree at a traditional university. However, many universities are organizing their virtual education into separate units, which operate more like a business than do the parent universities. Institutions of higher education have also been able to outsource all of their online education to a company with the necessary technical facilities. For the time being, online teaching is not a profitable business operation, although the prospects for such business are considered to be basically limitless.

In Europe, the UK's Open University, the German FernUniversität and the French open university system are significant providers of online and open education. At present, the UK's Open University offers teaching to all EU countries via the Internet. It is worth noting that 80 per cent of those taking online courses already have a basic degree, frequently a Bachelor's, and

students complete either a Master's-level degree or pursue studies considered part of a continuing education programme.

The supply of online teaching outside Europe is also growing rapidly. Universities in the United States, Canada and Australia in particular offer teaching leading to a degree via the Internet. In the USA, there is the controversial commercial University of Phoenix, whose marketing is regarded as extremely aggressive. So far, entirely virtual education leading to a degree has, however, been limited; for example, only 10 per cent of the University of Phoenix's students are pursuing all their studies online.

Together with globalization, the commercialization of education markets is a sign of the times. Terms such as 'academy' and 'university', which been associated with traditional academic education, may refer in the present education market to practically any kind of education imaginable.

In Europe, higher education has long been regarded as a public service, whose funding and other facilities were provided by central governments or other public authorities. This tradition is now being transformed, however, especially in Central and Eastern Europe. In Western Europe, the financial autonomy of universities, at least in the UK and the Netherlands, is more extensive than in other countries.

Private institutions of higher education have also expanded in Western Europe during the 1990s, for example in Portugal, Italy and Germany. Most of this private education concentrates on attractive sectors such as business, administration and law. These sectors are also linked by the fact that limited capital is required to arrange and maintain education in them. Many private institutions of higher education, just as many online institutions, concentrate on basic education as opposed to research or postgraduate education.

'Universities' developed by a single company to train its own personnel are one facet of commercialization. Such institutions, frequently called

'corporate universities' are found mostly in large multinational companies with highly trained employees, where continuing education and retraining are important for the industry in question. 'Corporate universities' are common especially in the United States, where Microsoft, Ford, McDonalds and Disney all operate facilities of this kind. In Europe there is also the Daimler-Benz Corporate University. Corporate university operations frequently include virtual teaching, for it is much more economical to train staff 'on site' than to send them elsewhere. At present, the costs of developing virtual teaching are high because there is a lack of ready teaching material and the pedagogical capacities of the trainers are often inadequate for online teaching.

Nowadays, large multinational companies enjoy a considerable advantage in the development of virtual teaching compared with higher education provided with public funding; they have the requisite technical infrastructure. Institutions of higher education are forced to invest in the development of both content and the necessary equipment.

For the future, it will also be important for institutions of higher education to be able to meet the educational needs of company personnel. It is likely that in Finland, too, the value of an official diploma will decline, at least in some sectors. The certification system developed by multinational information technology companies is already competing to some extent with the degree education provided by institutions of higher education.

Educational services come under GATS (General Agreement on Trade in Services). Preparations have continued since the unsuccessful ministerial conference in Seattle and education will be on the agenda. As the goal is to remove barriers to trade, protection of domestic education markets and practices for recognizing foreign degrees will come under scrutiny.

So far, the only proposals regarding educational issues have been put forward by the United States and New Zealand, which are restricted to private higher and adult education. The proposals assume that foreign

institutions should be allowed to enter the markets of other countries on the same terms as domestic institutions. Educational services have come under tentative consideration by the WTO. The Finnish Ministry of Education has set up a working group to prepare Finland's stand on the status of education in the WTO talks. When it considered the matter earlier, the Finnish Parliament stated that social welfare, health, education and cultural services should be excluded from the liberalization targets for the service sector.

2.5. Internationalization and quality assessment

As the education market expands and becomes commercial, quality assessment and assurance have confronted new challenges. Control exerted by public authorities over institutions of higher education, especially universities, was consciously relaxed in the 1990s in all western European countries. Public authorities no longer plan and regulate the content and arrangement of education in detail; decision-making authority has been dispersed to the institutions themselves. This development and the rapid increase in commercial offerings have forced increasing attention to the quality of education. As choice and external funding increase and tuition fees are imposed, students and their parents and other sources of funding for higher education will be increasingly interested in the return obtained from their investment. As competition has intensified, demonstrable quality has become a factor and official or unofficial ranking lists, which are of great interest to the media, are an everyday phenomenon throughout the world.

The OECD has been developing indicators for comparing education policies and now the EU has begun to develop indicators of its own and also a benchmarking model. With the support of the EU Commission, enqa, the European Network for Quality Assurance in Higher Education, has been built up. Its goal is to increase the exchange of information and experiences between Member Countries.

As a result of political, social and economic upheaval in the nations of Central and Eastern Europe, a significant range of private education has developed in a number of countries, some of it provided by foreign institutions of higher education. To monitor these programmes, new procedures have been devised. Many Central and Eastern European countries have developed accreditation systems to assure a minimum standard of education.

In Europe, there has been lively debate about accreditation since the Bologna Declaration. In several quarters, a need has been recognized to develop national and supranational accreditation systems aimed at making European higher education more competitive. Support for a European-level accreditation system has also been expressed in the Association of European Universities. The systems would concern both national assessment and individual programmes or degrees.

In part, the debate has been fed by the situation in Central and Eastern Europe, where the earlier system of regulation collapsed before a new one could replace it and in which public financing for higher education is inadequate. Many European countries have introduced American accreditation systems and this has aroused concern about European education; is education in Europe being developed to meet European needs and standards, or those of the United States?

The discussion of accreditation has also been confused because the same term has been used to mean many different things. Reference has been made to a variety of meanings, including quality assessment, quality assurance and meta assessment.

The Finnish education authorities contend that there is still no need in Finland to adopt external accreditation of institutions of higher education and degree programmes. Their argument is based on the fact that decisions regarding new sectors in education or new degree programmes are made by the Ministry of Education after an assessment of whether the

institution has the human resources and the financial wherewithal to handle the new functions. The polytechnics underwent a type of accreditation before obtaining permanent authorization. Postgraduate degrees at polytechnics also undergo quality assessment by the Finnish Higher Education Evaluation Council before the Ministry decides which undertakings receive the green light.

Accreditation of professional studies is an exception; here the process is carried out by a board operating under the Finnish Higher Education Evaluation Council. This system was developed to improve the legal safeguards of customers of priced further education programmes and to set minimum standards for approval.

Further development of assessment procedures at institutions of higher education is essential. Finland's assessment and quality assurance systems must retain their international credibility and acceptance. Increased transparency of assessment is the main objective. Finnish institutions of higher education must be prepared for European ranking lists.

2.6. Strategies for internationalization of higher education in a few European countries

In many European countries, extensive programmes to improve the international competitiveness of national higher education have been drawn up in the last few years. Those of Germany, France and Sweden have attracted the most publicity.

The **German** strategy aims at both increasing the number of foreign students and of Germans studying abroad, and also at a broad reform of policies regarding institutions of higher education. Bachelor's and Master's studies have been introduced alongside the traditional structure, in which the first degree corresponds to the Finnish Master's degree. It would seem that the universities and polytechnics are extremely interested in reforming

their degrees, since there are already more than 400 degree programmes based on the new structure. The goal is for 35 per cent of all students pursuing postgraduate studies to be foreigners.

A further example of the new thinking reflected in the German strategy is the fact that it is now possible to apply to study at German universities and polytechnics without sufficient proficiency in German; students can begin their studies in English and acquire proficiency in German as they proceed. The reforms of educational policy also include the introduction of accreditation. At least at the present stage, the accreditation system will concern only new Bachelor's and Master's degrees. It will cover both universities and polytechnics. In practice, no such accreditation has so far taken place.

The strategy also entails considerable marketing; in other words, the visibility of German higher education will be increased. Marketing and information are the responsibility of DAAD (Deutscher Akademischer Austauschdienst). Marketing and recruiting will concentrate on Greece, Turkey, Iran, China and South Korea. To make marketing more efficient, establishment of a special Higher Education Marketing Consortium has been proposed. Closer cooperation will be established between existing information and guidance channels to create a worldwide network.

Approximately DM 420 million have been invested in the internationalization programme over the last couple of years. The aim is to increase the amount significantly in the near future. In Germany, higher education is free to students, and according to the new strategy, the first degree completed by foreign students will also be free. The states can decide independently whether to collect fees from foreign students for postgraduate degrees.

Increasing the number of foreign students aims primarily at improved labour availability, particularly in growth sectors suffering from a shortage of skilled employees. Another goal is to change the provisions regarding residence

and work permits so that students can work during term-time and also remain on the German job market after graduation.

Efforts to market German education are facilitated by a large foreign population and by the DAAD network, which extends to 13 countries.

In its own EduFrance strategy (1998), **France** aims to be a significant player in global education and research cooperation. Cooperation in education is seen to play a significant role in strengthening the economic and cultural position of France. France has long favoured its own language to the extent that it was virtually impossible to study there in any other languages. The EduFrance Programme seeks to increase the number of foreign students and teaching in English is seen as a means to this end. The programme includes the EduFrance consortium, which was founded to improve the marketing of French education. The consortium makes use of the existing information network, i.e. the cultural sections of French embassies and other similar outlets. However, EduFrance has also concentrated on providing information via the Internet.

France has also reformed its degree structure by standardizing the degrees at universities and *grandes écoles*. This brings the system into line with the Bachelor's-Master's-doctorate structure.

In France, education leading to a degree is free, although tuition fees are charged for special Master's programmes.

At the end of 2000, **Sweden** announced the Advantage Sweden strategy, which seeks to increase the number of foreign students, particularly from outside the EU/EEA area. The goal is to draw up an internationalization strategy for Swedish society that would integrate foreign, trade, development cooperation and environmental policies.

The programme for the internationalization of higher education will span a five-year period, and its key aim is to increase the number of foreign

students by 5,000 by 2005. The programme has not taken a final position on collection of tuition fees from foreign students, although the rapporteurs who prepared the proposal gave their cautious support to an alternative model under which part of the costs of the expansion programme could be offset by collecting tuition fees. The Swedish Minister of Education has taken the position that foreign students will not be charged tuition fees in Sweden.

The overall costs of the programme are estimated at 525 million crowns over a five-year period, with tuition fees covering around 205 million crowns. The need for additional funding would therefore be around 320 million crowns for development of teaching in English, for increasing grants, and for the costs of information and marketing.

Norway completed an extensive report on reform of higher education in 2000. The report also contains a section on international cooperation in higher education. It states that Norway has so far been a significant buyer of education, for a large number of Norwegians complete an entire higher education degree abroad. In future, the temporary exchange of students and researchers and the number of foreign students in Norway should be increased. The means to this end are more teaching in English and a more effective grants policy.

To facilitate the adaptation of Norwegian higher education to the international environment, adoption of the Bachelor's-Master's-doctorate model has been proposed.

In Norway, education is free to students. However, the committee working on the reform report proposed that institutions of higher education should be allowed to charge students from outside the EU/EEA area tuition fees for studies comprising 40 Norwegian credits or two years. This probably refers to the Master's programme. The White Paper on the development of higher education discussed by the Norwegian Parliament in summer 2001 no longer included a proposal for tuition fees.

The proposals also include relaxation of the work and residence permit provisions.

Several other countries have similar strategies for internationalization, for example the Netherlands, the UK and Australia.

3. Domestic challenges

3.1. Labour force

The need to increase the international visibility and competitiveness of Finnish institutions of higher education is emerging in part from the existing shortage of labour in certain industries, which will worsen in some sectors. Attracting foreign students is one way to increase the availability of labour, because study in Finland teaches students about the country and binds them more to Finnish society and working life than other immigrants.

In the next few years and decades, an important change will occur in the Finnish population structure due to the increase in the aged population, smaller numbers of young people and declining birth rates. According to the basic scenario of the Statistics Finland population projection, the total population will peak in the mid-2010s at 5,240,000. By 2030, it will have declined to 5.1 million.

The postwar 'baby boom' generation will be retiring between 2005 and 2015, and the dependency ratio will begin to weaken significantly. When the gain and loss to the workforce is analysed with respect to the 15-19 and 60-64 age groups, the latter will exceed the former in 2008. From 2010 through 2017, the annualized difference in age groups will be 13,000 to 15,000 persons. The projection includes estimated net immigration of 3,000 persons annually up to 2010. Thereafter, the net migration will be zero. The number of foreigners, however, is expected to double between 1995 and 2010, when the total will be 130,000.

Employees in the service sector and industry, in particular, will retire in the next few years. According to several projections, demand will continue to grow because the large postwar baby boom age groups are more accustomed to using services than previous age groups. Longer life expectancy will increase the need for services, especially in social welfare and health.

The skills of immigrants already living in Finland are not yet being fully utilized. Nearly 34 per cent, or 13,100 of all immigrants were unemployed in 2000. Nearly one-fifth had a higher education and 36 per cent a secondary education.

Immigrants have cultural knowledge that Finnish business could use. The main obstacles to their employment are a lack of proficiency in either Finnish or Swedish and a lack of the further education needed to update their vocational skills.

Only around 15 per cent of young immigrants continue at upper secondary school after comprehensive school, while an average of 60 per cent of the native Finnish population continue their education after comprehensive school. This has led to the virtually complete absence of students with immigrant backgrounds at our institutions of higher education.

Development of educational opportunities for immigrants and recruitment of foreign students as part of an active immigration policy would help prevent a shortage of labour in general and of skilled labour in particular.

The labour force need can be divided into three groups: service sectors requiring little education; sectors mainly requiring vocational training; and sectors requiring higher education. The third group includes the information sector in particular and the emerging biotechnology sector. The number of information industry jobs has increased many times in a few years and is expected to continue to rise despite economic uncertainty.

Institutions of higher education in the field have been expanded rapidly through the Ministry of Education's 1998-2002 information industry programme. A shortage of competent teachers and a lack of capacity in future years are already becoming a problem. Senior secondary schools and vocational institutes are not producing sufficient numbers of students with basic skills in mathematics and the natural sciences. The expansion of education in general and the pull exerted by the job market make students postpone their studies or quit them altogether. Both phenomena seem to be on the increase in technical fields at both universities and polytechnics.

Intense competition is characteristic of the information industry because all developed countries are experiencing a shortage of labour and also of talented students, researchers and teachers. Finland will have to compete on the global market for skilled labour in the sector. Developments there, retaining jobs in Finland, and keeping the sector economically competitive in the future will require the quality of both education and research to be developed constantly. Foreign students and teachers make an important contribution to Finnish knowledge.

The long-term trend in the need for labour is difficult to predict. Technological progress will increase labour productivity and occupational structures will change; some of today's jobs will disappear and new ones will take their place. Making the education and degree system more flexible will allow a quicker response to changes on the job market.

3.2. Goals of the educational system with regard to content and quality

High international quality and increased efficiency are the main goals set out for universities and polytechnics in documents on educational policy. International interaction is seen as an essential factor for the quality of education. Higher education should also provide those who complete degrees with the ability to work on the international labour market.

Higher education in Finland is extensive and diverse, and the network covers the entire country. The extent of the network is adequate to ensure regional development and equality. This means that there is a large number of relatively small training and research units. In some areas and sectors the production of the necessary critical mass might be a problem. There is also a lot of specialized knowledge in Finland for which there is likely to be international demand. The advantage of scale resulting from international cooperation is especially significant for research. Foreign undergraduate and graduate students contribute their own knowledge to Finnish institutions of higher education.

To a considerable extent, Finnish universities are part of the Continental European tradition, which assumes a high degree of initiative from students. Through international cooperation, examples can and have been obtained of more student-centred approaches through which students receive more support in their studies.

Alongside concerted assessment efforts, appraisals of institutions of higher education made primarily by the media have increased. They are based at least in part on image. The situation is complicated by the fact that such assessments seem to receive a good deal of publicity. Mass-circulation newspapers and magazines publish them and the institutions in question use the information in marketing.

It would appear that in international comparisons, the international appeal of institutions of higher education is regarded as one indicator of quality. International students and teachers are success factors. The reputation and respect enjoyed by an institution of higher education is difficult to determine and prestige increases solely through international recognition. Our reputation is not enhanced when publications with an international circulation classify Finland as a country with a relatively closed system of higher education merely because of our small number of foreign students.

4. Review of the international activities of Finnish institutions of higher education

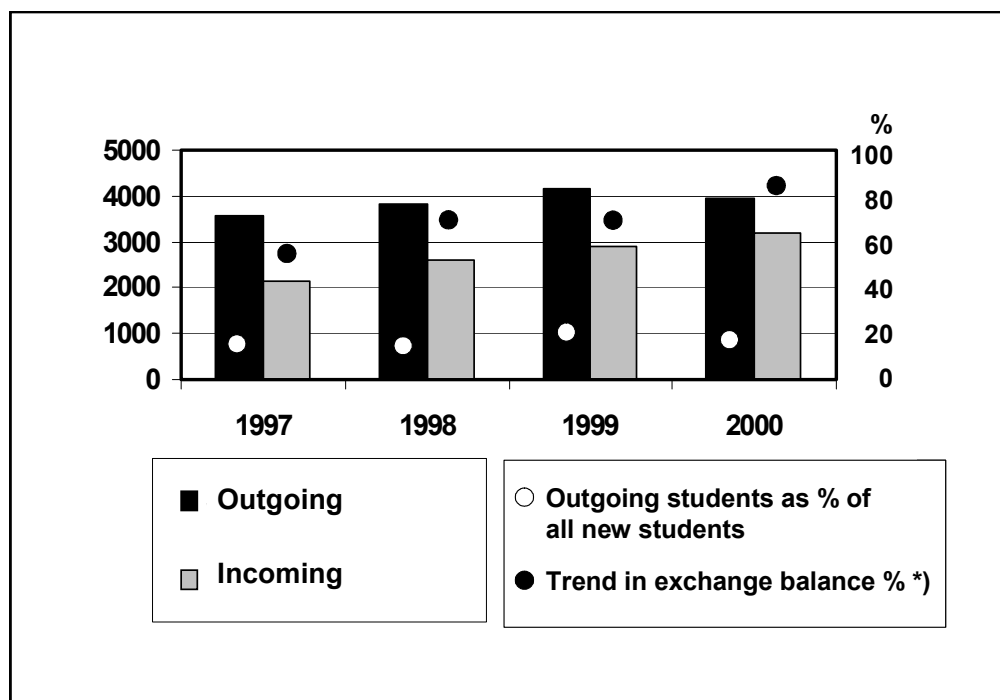
4.1. Student exchange

This chapter presents a summary of the main trends in student exchange in Finland today. For more detailed information, see the CIMO report on international student exchange at Finnish institutions of higher education and permanent polytechnics in 2000.

Cooperation between Finnish and international universities and polytechnics grew rapidly in the 1990s, and was reflected particularly clearly in the increase in international student exchanges.

Table 1. Student exchanges at universities and polytechnics; Exchange students entering and leaving Finland 1997 - 2000.

Universities 1997-2000 Long exchanges (>3 months)



*) Incoming exchange students as % of outgoing students

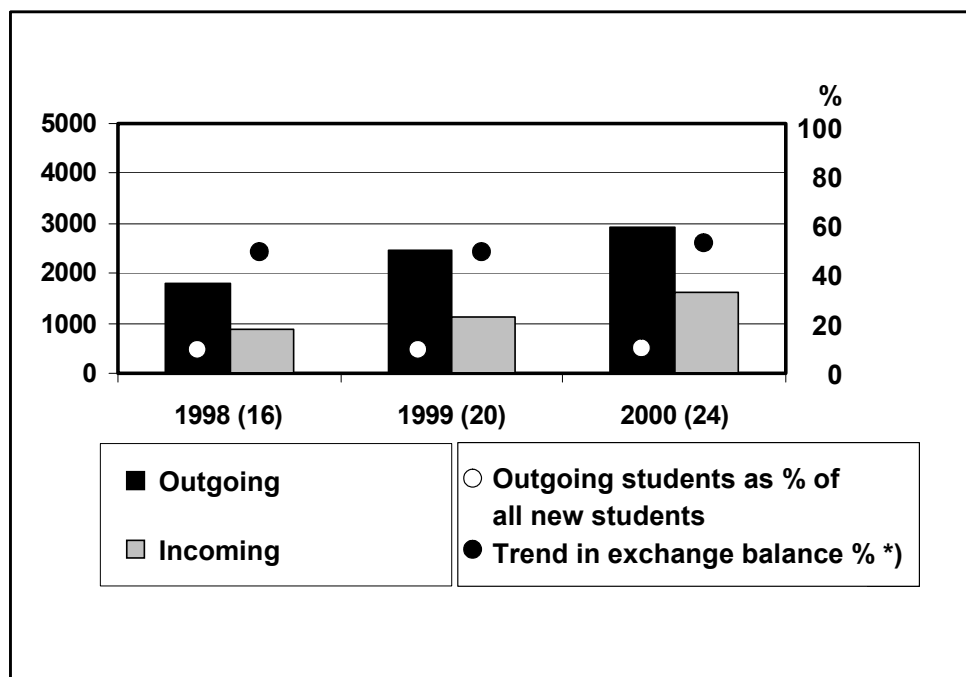
NB. In 2000, a total of 3,540 foreign students studied at Finnish polytechnics, if all polytechnics are included (AMKOTA 2000).

Source: CIMO

Polytechnics 1998-2000

Permanent polytechnics (number in brackets)

Long exchanges (> 3 months)



*) Incoming exchange students as % of outgoing students

Source: CIMO

The Ministry of Education set the first quantitative targets for university student exchanges at the end of the 1980s. The aim was for a minimum of 5,000 Finnish university students to be studying abroad annually by the end of the 1990s, on the principle that studies completed abroad could be fully incorporated into Finnish degrees.

This target corresponded to about one-third of all new students. It was also incorporated into the Development Plan for Education and Research at institutions of higher education for 1991 - 1996 (Government Decision 18.6.1993). It was understood that the target had to be based on

reciprocity; in other words, the number of foreign students coming to study in Finland also had to be increased.

This expansion of student mobility aimed, too, at improving the quality of education and range of educational services. In practice, though, internationalization initially entailed increasing the number of student exchanges rapidly. Around the end of the 1980s, Finland was preparing for two large-scale EU student, teacher and trainee exchange programmes, ERASMUS and COMETT, and was carrying out pilot projects with the United Kingdom, Germany and France. The Nordic NORDPLUS exchange programme was launched at the same time. Cooperation networks focusing on a single study subject have since been devised, particularly under the ERASMUS programme, and attention has focused on internationalizing curricula and improving the recognition of foreign qualifications.

Conditions for international activity were improved around the end of the 1980s by allocating separate appropriations to all universities for provision of instruction in English, improvements in the administration of international affairs and establishment of foreign contacts. The appropriations were discontinued in 1995 because a new steering system was being developed for higher education. It was also believed that separate appropriations alone could not advance internationalization sufficiently fast and that the normal national and internal resources of universities would also have to allow for internationalization aims.

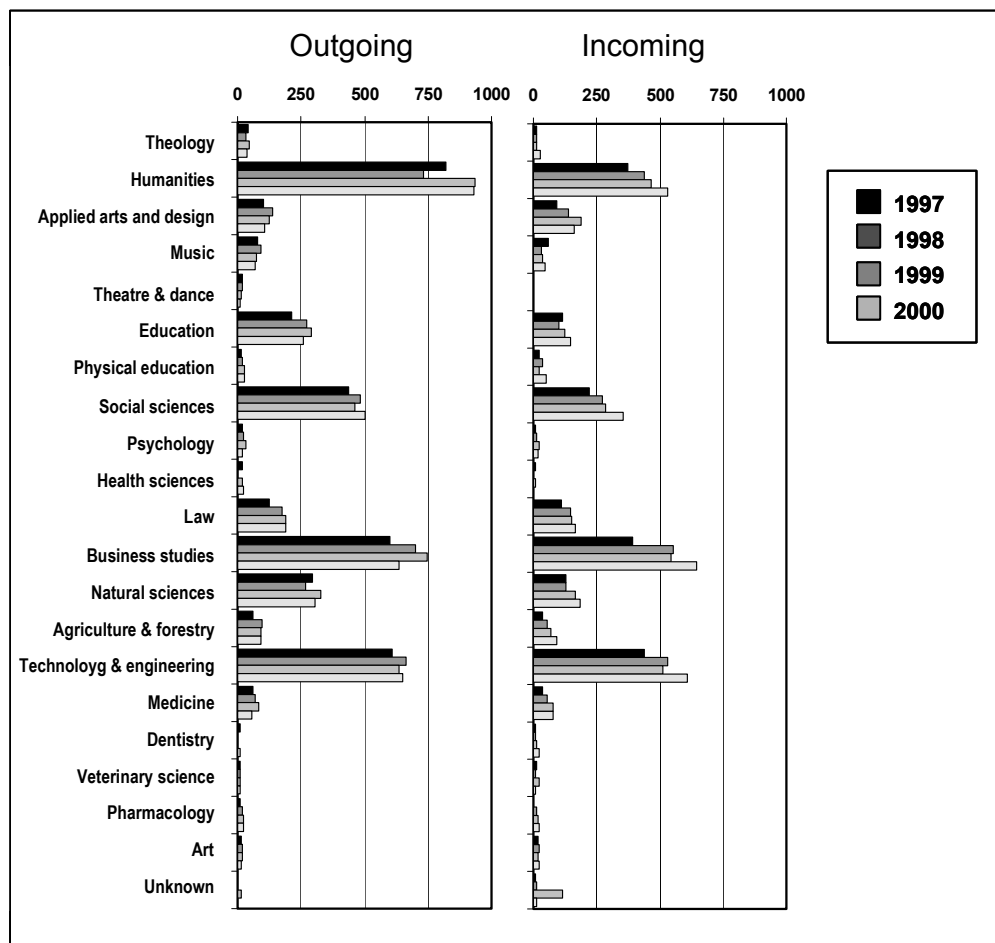
Since then, the quantitative targets for student exchanges have been raised further: the target set in the 1999 Development Plan for Education and Research was that a minimum of 6,000 higher education students and 8,000 polytechnic students would complete part of their studies abroad. The figures have been adjusted to the higher number of intakes into higher education and still correspond to approximately one-third of all new students.

The most popular target countries among Finnish university and polytechnic students have not changed since the start of the exchange programmes. They are the United Kingdom, Germany and Sweden. Over 80 per cent of all university and polytechnic exchange students are in Europe.

In the early years of internationalization, student exchanges were based on bilateral or multilateral agreements between institutions of higher education. The new information and communications technology has revolutionized the forms taken by international exchange. Most higher education teachers and students now have international contacts. There are, however, significant differences between various branches of education, and these are reflected in international interaction more generally, too.

Table 2. Student exchanges per field of study at universities and polytechnics 1997-2000.

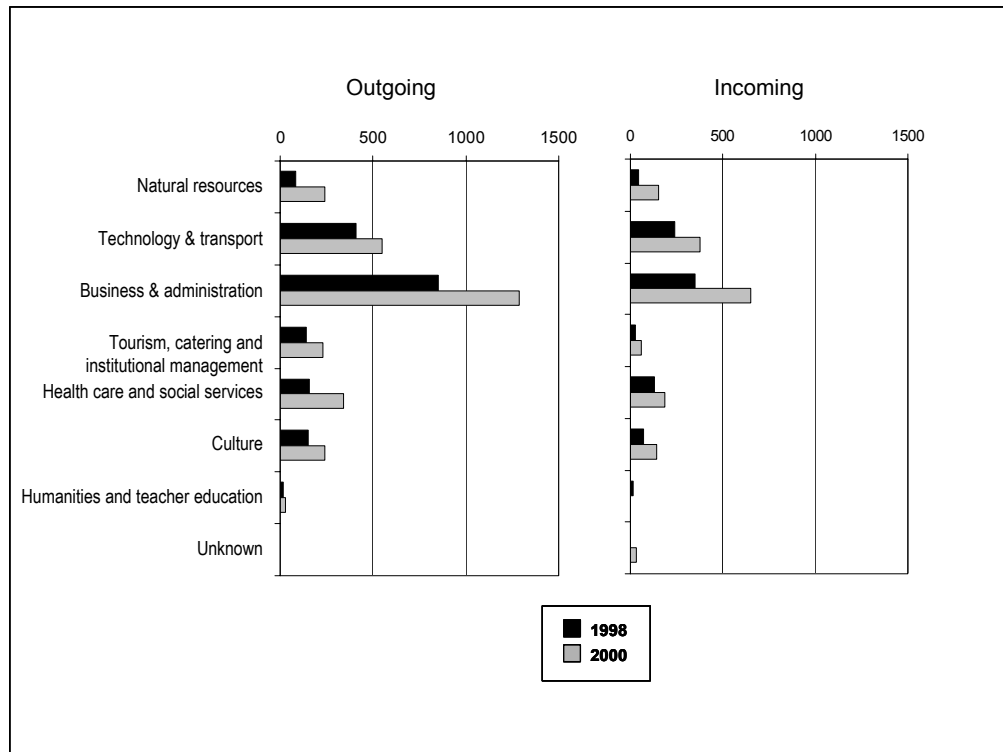
Universities 1997-2000 Long exchanges (>3 months)



Source: CIMO

Polytechnics 1998-2000

Long exchanges (> 3 months)



Source: CIMO

In addition to increasing opportunities, the Ministry of Education's funding policy has served as an incentive for higher education institutions: active involvement in international cooperation, measured specifically by the volume of the institution's student exchanges, has been used as one criterion for the allocation of performance funding. The polytechnics continue to use this criterion, but it was abandoned in the universities' 2001-2003 performance agreement period.

Those in charge of international affairs at universities criticized the decision to drop the criterion because they feared it might result in less interest in the development of student exchange programmes. According to the Ministry of Education, the number of performance indicators needed to be

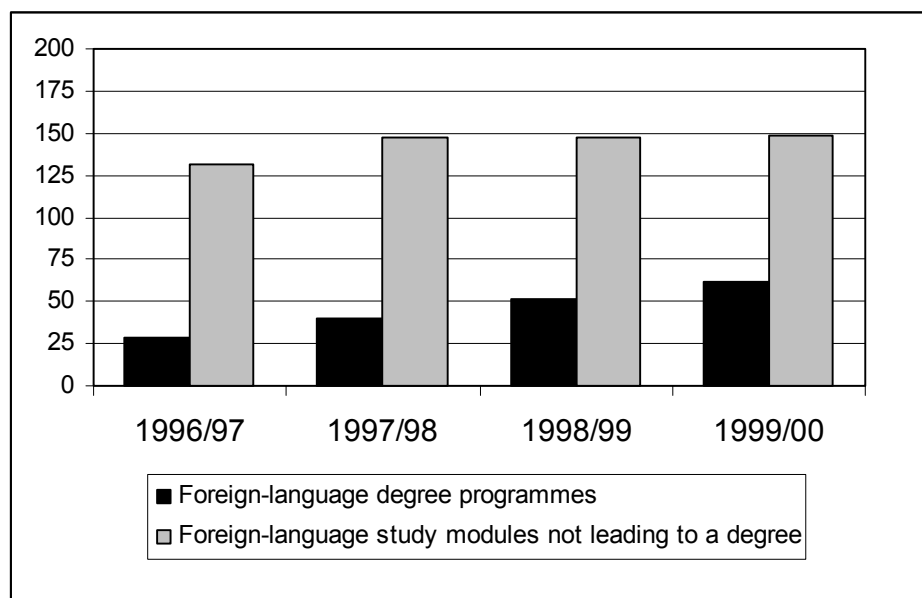
cut down and it was possible to measure internationalization by other quality indicators for the purpose of distributing performance funding.

Finnish universities and polytechnics have created over 300 study modules in English in order to implement the reciprocity principle in student exchange. Soon after the launch of the internationalization policy, the universities began to devise 10-40 credit study modules aimed specifically at exchange students. Over the past few years, Master's programmes with instruction in English have been developed in several fields.

Finnish polytechnics today offer a total of 61 degree programmes in foreign languages. During their developmental stage the Ministry of Education helped the polytechnics to internationalize through a special support programme. Polytechnics have thus been receiving additional government subsidy which has been allocated under the support programme, for example into the development of foreign-language instruction.

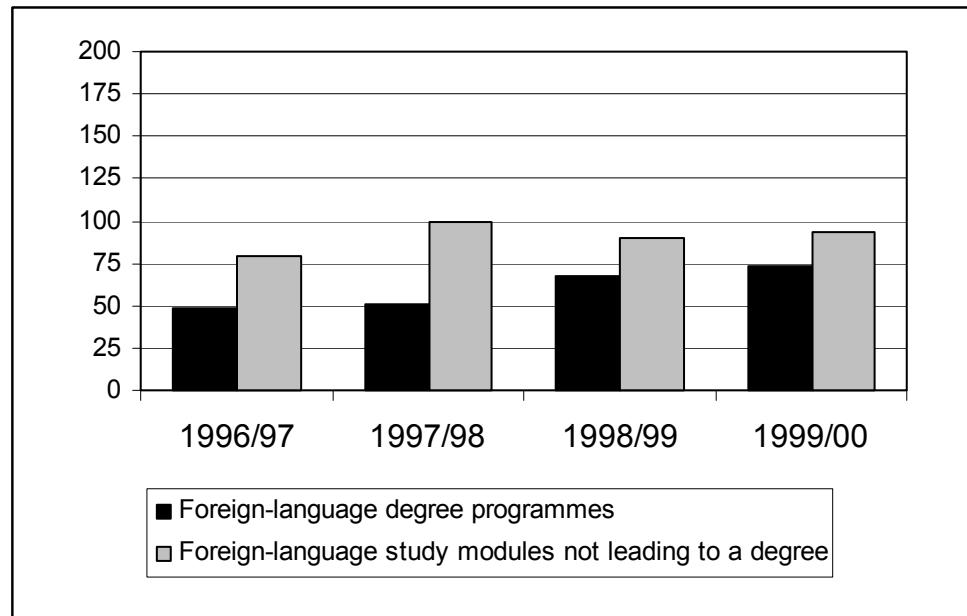
Table 3. Foreign language instruction at universities and polytechnics

Universities



Source: CIMO

Polytechnics (includes all polytechnics)



Source: CIMO

4.2. Trainee exchanges

An estimated 2,000 trainees come to Finland on the universities' and polytechnics' own trainee exchange programmes. In addition, another 950 foreign trainees enter the country under the CIMO trainee exchange programmes and the EU Leonardo da Vinci programme. The trainees are either students or recent graduates.

More effort should be invested in recruiting exchange students in Finland to continue to study for a Master's or at graduate school.

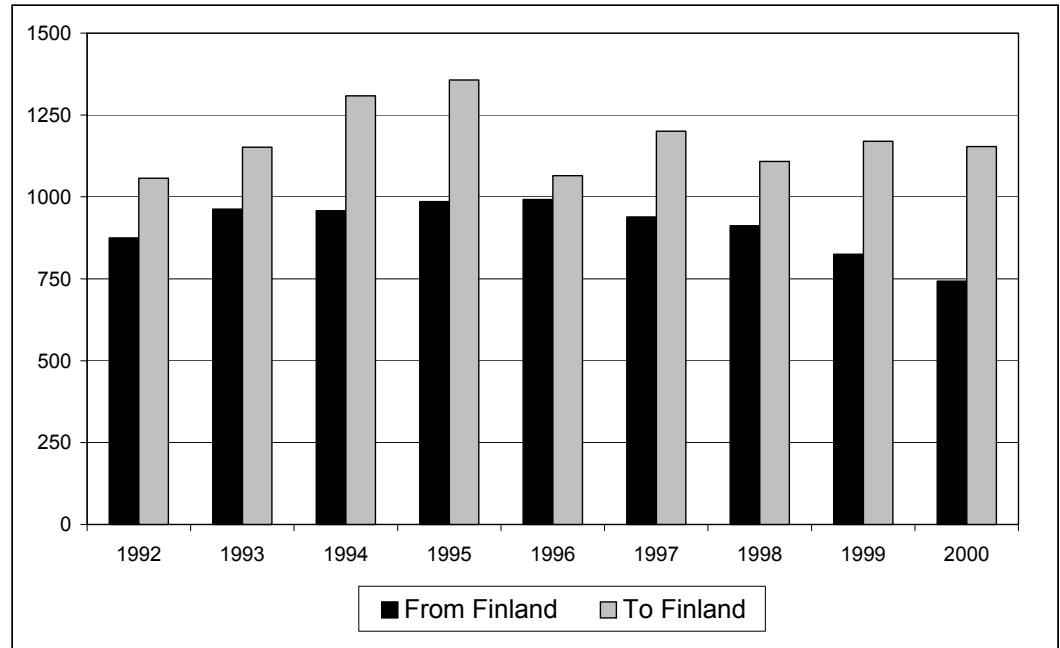
4.3. Teacher exchange

In the effort to internationalize education attention has been drawn to the importance of teacher exchanges alongside student exchange programmes. Foreign teachers also help to promote the international thinking of students who do not themselves participate in student or trainee

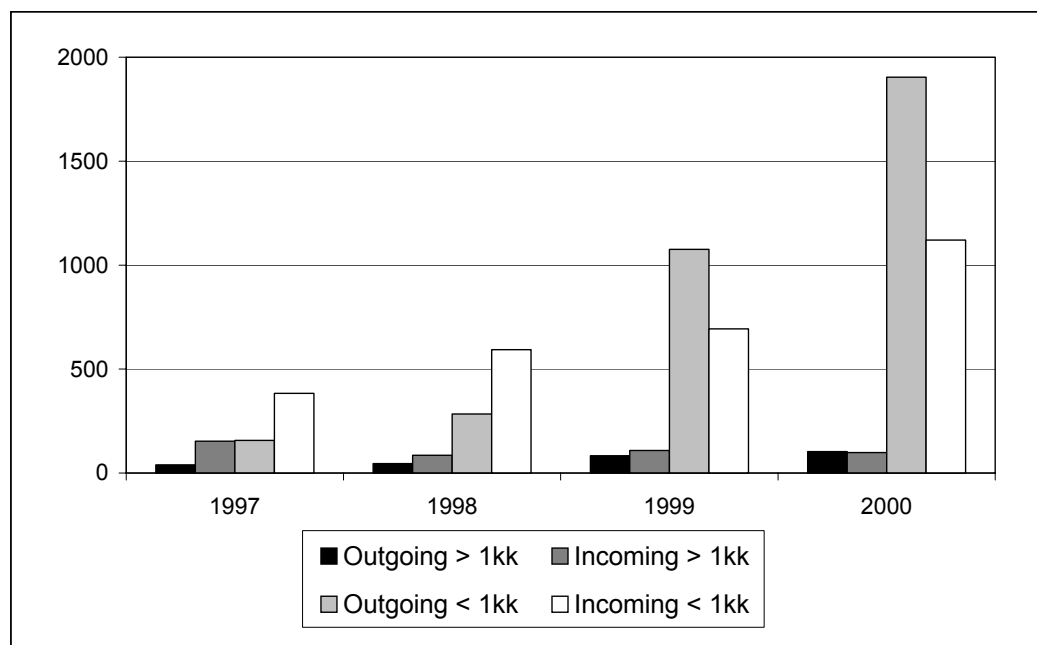
exchange programmes. In practice, numbers of teacher exchanges have not grown as hoped.

Table 4. Teacher and researcher exchanges at universities 1992-2000

Universities (min. 1 month stay)



Source: KOTA

Polytechnics (permanent)

Source: AMKOTA

Many practical obstacles to teacher exchange remain. The funding and low grants of exchange teachers are particular problems that both the universities and polytechnics share. Because of a lack of funds, substitutions are difficult to arrange, especially at polytechnics, where the teachers are required to teach long hours.

A special report is being drawn up on problems related to teacher mobility in Finland in view of the EU recommendation on mobility.

In the future, teacher exchange programmes should perhaps concentrate more on devising international study modules (e.g. summer schools), which incorporate shorter, more intensive teaching periods for foreign teachers than the present mainly one-month periods.

4.4. Other forms of cooperation

Finnish universities and polytechnics have been actively involved in all the sub-projects of the EU education programmes. The development of common study periods has become an important form of cooperation. Under the Leonardo projects, cooperation has focused on vocational practical training.

New forms of cooperation include dual degree programmes. This is an arrangement whereby graduates are awarded a degree from both a higher education institution in their home country and an institution abroad, where their studies have usually lasted one academic year.

Universities and polytechnics can also conclude agreements with their foreign counterparts to devise joint European Master's programmes. Under these programmes students receive one degree, which states that the degree also meets the requirements of the foreign higher education institution. This type of cooperation is expected to become more common in the future. Support for such project has also been provided under the EU education programmes.

Franchised training agreements between foreign universities and in the case of Finland, usually polytechnics under which Finnish college or polytechnic graduates can complete an international study programme leading to a Master's-level degree at a Finnish institution are another form of international cooperation. In most cases the other party is a university in the UK.

4.5. Foreign degree students in Finland

The number of foreign students studying for a degree at Finnish higher education institutions continues to be small, although the volume grew steadily throughout the 1990s. The number of foreigners rose only slightly in the course of the past decade, compared with the number of Finnish university students. Approximately 3,500 foreign degree students, 1,200 of

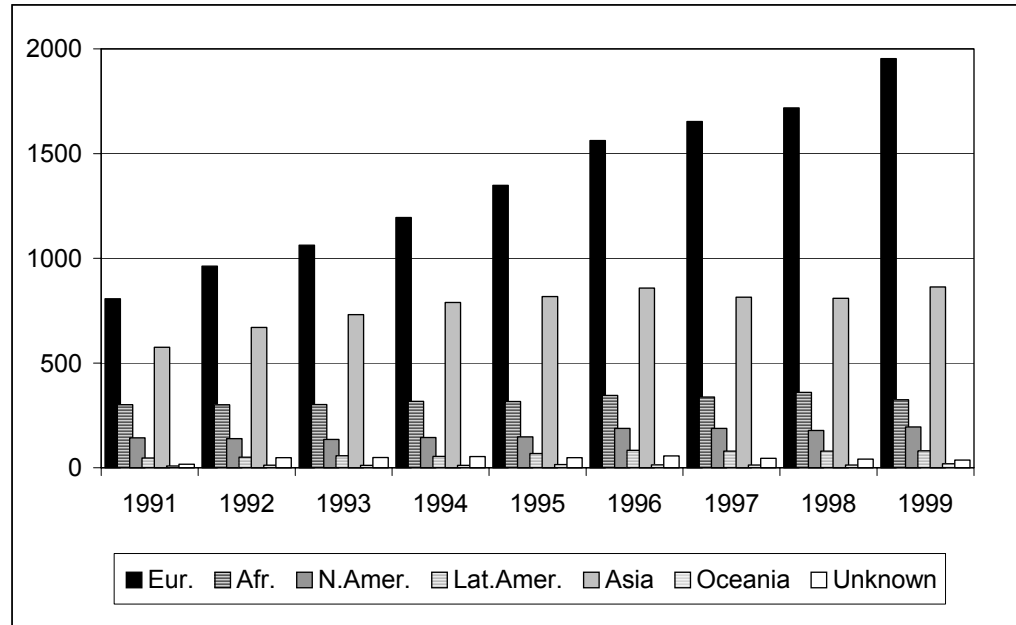
whom are postgraduates, study at Finnish universities. Most study humanities, engineering, natural sciences and social sciences. The majority come from European countries, while the second biggest number come from Asia. The proportion of European and Asian students has increased over the past decade, while the volume of Africans has declined.

At present, approximately 2 600 foreign degree students, mostly from Europe and Asia, study at Finnish polytechnics. The most popular fields of education are technology and transport, and business and administration. The number of foreigners studying social and health services is also growing.

The percentage of foreigners is about the same, i.e. 2.3 per cent, at both universities and polytechnics. The number of foreign degree students at both is low by international standards.

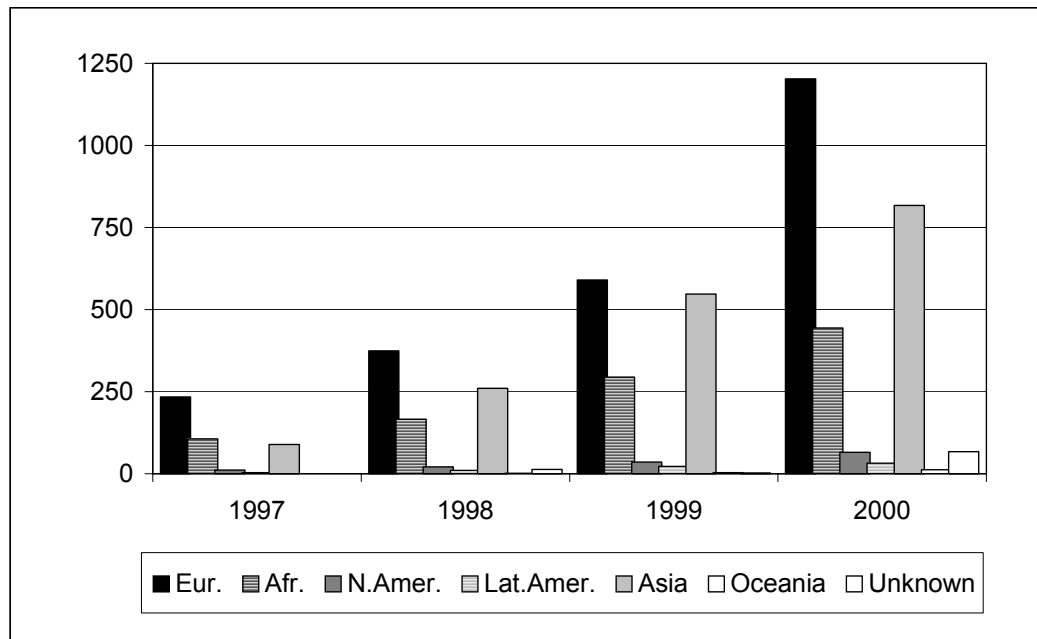
Table 5. Foreign degree students by country at universities and polytechnics in the 1990s.

Universities 1991-1999



Source: KOTA

Polytechnics 1991-1999 (permanent)



Source: Statistics Finland

Although no national targets have been set for numbers of degree students as they have for exchange students, it has been noted that their position requires improvement. In 1990, a Ministry of Education working group on foreign students saw the shortage of foreign-language teaching and insufficient guidance and counselling services to be the main problems encountered by foreign students in Finland. The working group also proposed that information dissemination be improved, education and training supply better defined, and work and residence permit procedures made more flexible.

A concerted effort has been made to improve the conditions for international cooperation at Finnish universities and polytechnics. However, at universities in particular, the main focus has been on looking after the interests of students who enter the country through exchange programmes, while less attention has been paid to the problems of foreign degree students. Students who have entered Finland on their own initiative continue in many cases to face the same difficulties as they did a decade

ago when the last national review was compiled. Often they are not required to have a study plan and the progress of their studies is not sufficiently monitored by the departments.

Degree students also have problems with their income security while studying. Those who have entered the country with student status can only work 20 hours a week in term time. Because of language and cultural difficulties foreigners probably find it harder to get paid work during holiday periods, too. In addition, there are very few grants or stipends available for students in the initial stages of their Master's-level programme.

Foreigners qualify for student financial aid only after they have stayed in Finland for at least two years for a purpose other than study. In the academic year 1999-2000, a total of 4,645 foreign students, of whom about one-quarter studied at institutions of higher education, received student financial aid.

There are also problems related to student selection, as foreigners, too, are often expected to take entrance examinations in Finland, which frequently causes them unreasonable problems. Admitted students are required to put up a FIM 35 000 bank deposit unless they have some other way of supporting themselves while they are studying in Finland.

Admitted students at times encounter problems in acquiring the necessary visas on time. Some foreign students are denied visas without clear cause, and the officials in charge of international affairs at the institutions are not always able to explain the reasons for their problems with permits.

Institutions of higher education require foreign degree students to provide a language proficiency certificate, usually in English. Every year, however, degree students whose command of English is not sufficient to follow the instruction given enter the country. In the future, serious attention should be paid to this shortcoming bringing poor English up to the level required to

understand the teaching means extra costs and difficulties for the Finnish institutions.

4.6. Finnish degree students abroad

The data on Finnish students taking a full degree abroad is incomplete. The Social Insurance Institution (Kela) statistics on financial aid for students include data on the numbers, target countries and fields of study, but only for students abroad who receive financial aid.

Currently over 5,000 Finnish degree students are studying abroad, mostly in the UK, Sweden and Germany.

Finnish students who have studied abroad may well enter the Finnish labour market later on. To obtain reliable information on the whole issue, surveys should be carried out to establish why students go to study at higher education institutions abroad and what percentage of them return to the Finnish labour market. The Finnish Centre for International Mobility and Exchange Programmes (CIMO) and the Social Insurance Institution could perform a basic survey of this kind.

4.7. Postgraduate and research cooperation

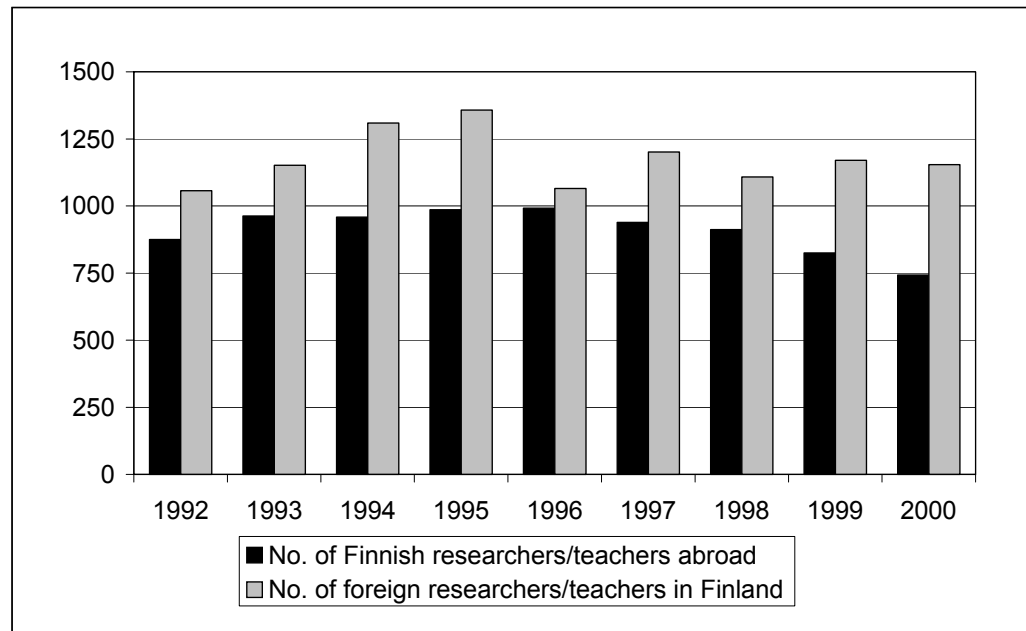
A concerted effort has been made to develop postgraduate education in Finland since the 1990s. In particular, the graduate school system launched in 1995 has made scientific continuing education more efficient and professional. From the very beginning, internationalization has been a key aim in the development of graduate schools. The international contacts of Finnish postgraduate students are many but the number of foreign students is low: in 1999 only 7 per cent of graduate school students were foreigners (311). The overall number of foreign postgraduate students is around 1,200. In 1999, a total of 83 foreigners completed doctorates in Finland and 39 a Licentiate's degree.

According to an Academy of Finland survey on the present situation and standard of scientific research in Finland, Finland's research intensity increased at one of the fastest rates in the OECD countries in the 1990s. Thanks to a research funding programme, Finnish investment in R&D ranks among the top in the world. Although the overall trend in funding has been very positive, funding for universities and scientific research institutions has not grown at the same rate as other R&D funding. The favourable trend in university research spending has been largely due to an increase in external funding.

The extra funding programme for public-sector R&D has been highly successful, and the number of Finnish papers published in international scientific journals has grown rapidly. In relation to population number and GDP, Finland is one of the biggest producers of scientific publications in the world today. Proportionately, the volume of such publications is highest in medical and nursing sciences. From the point of view of international cooperation, it is also important that the number of co-publications by Finnish and international researchers has increased.

In the latter half of the 1990s, 100 – 130 million Finnish marks were invested in international researcher mobility. In addition to the Academy of Finland, numerous private foundations and to some extent CIMO all fund mobility. Finland's key partners here are the USA, Canada, China, Russia, Germany, the UK and Sweden. As a result of EU research programmes, the importance of European countries in research cooperation has grown appreciably.

Universities' researcher exchange volumes have not grown in step with student exchanges, however. This is partly because of the better starting level, but also because changes in information and communications technology seem to have affected forms of internationalization in research particularly.

Table 6. Universities' foreign teacher and researcher visits 1992-2000

Source: KOTA

EU research programmes have been an important factor in the internationalization of Finnish research since the 1990s. They have helped to increase awareness of Finnish research and of Finnish higher education institutions and research institutes in Europe and beyond. In the future, too, special emphasis should be placed on this issue in the implementation of research programmes.

Finnish universities have been actively involved in various projects under EU framework programmes. In addition, R&D funding has been received from the EU Structural Funds, which has improved the competence of Finnish universities and polytechnics in project work. Finland has also been actively involved in the work of international research organizations.

The process of deepening integration currently under way in higher education is also taking place in European research cooperation. Over the next few years, the key success factor will be how well Finnish universities can build networks in the field of European and global research. The

outlook is good, as considerable advances have already been made in networking, though there are considerable differences between individual sectors.

The Commission's European Research Area (ERA) initiative aims to improve efficient use of European research resources in order to boost Europe's competitive position, employment and to enhance quality of life. The aim is to reduce the lead of the United States and Japan in research and innovations.

The initiative incorporates many innovative ideas: opening up national research programmes voluntarily to researchers in other European countries, comparative analysis and benchmarking of research policies in different countries, the construction of a fast telecommunications network for use by European universities and public-sector research institutions, the removal of barriers to researcher mobility, mapping out excellence, activating innovativeness and creating a Community patent. The aims of the ERA initiative will be put into practice under the Sixth EU Framework Programme for Research and Development (2003-2006).

The importance of the ERA initiative and networking also underline the significance of national investment in R&D: without strong national backing, Finnish universities will not succeed in European competition.

5. Conclusions

5.1. Mobility

Student mobility. Despite the rise in exchange numbers and Finland's growing appeal, the quantitative targets set for exchange students in the two sectors of higher education have not been reached and the exchange is not in balance. Finnish students from both sectors participate in student exchange with equal enthusiasm but significantly more foreign students come to study at Finnish universities than at polytechnics.

Student exchange focuses on western Europe and there is little interest among students in studying in Russia and other Central and Eastern European countries. The interest among Russian students in studying in Finland is growing. As regards exchanges with other Central and Eastern European countries, Finland accepts more students than it sends.

On the basis of exchange figures, the polytechnics have stronger partnerships with Asian countries than the universities. There are virtually no exchanges between Finland and the African countries.

After a period of rapid growth, the number of outgoing exchange students looks likely to come to a halt – or is at least slowing down – if no action is taken. Low grants and other problems, coupled with a desire for early graduation, threaten the volume of exchange students. Also, international interaction through information networks reduces student enthusiasm for exchange programmes.

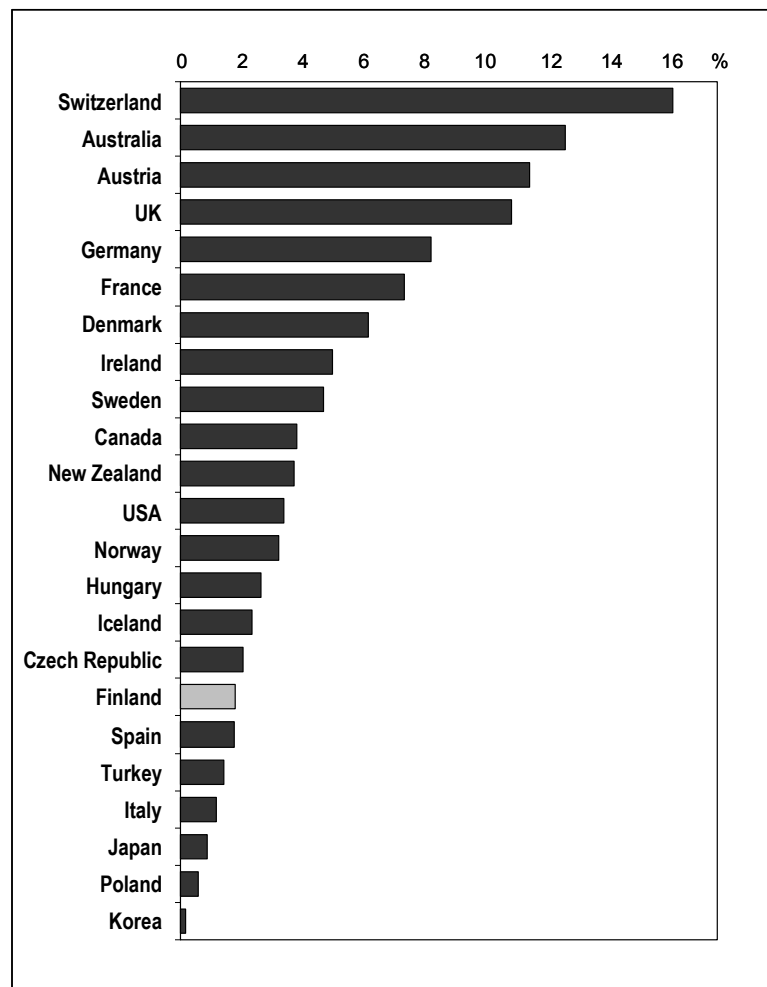
Teacher exchange. There is not enough mobility among teachers. The quantitative targets set for the mobility of polytechnic teachers have not been reached, and planned teacher and researcher mobility at universities has not been achieved. If they are to create an international operating environment, higher education institutions need to increase substantially the number both of exchange teachers and of teachers recruited abroad. Special attention should be paid to the language skills of teachers recruited abroad.

Foreign degree students. Despite the increase over the past few years, the number of foreign degree students in Finland is extremely low by international comparison. Higher education institutions have not paid sufficient attention to the special needs of their foreign degree students, i.e. to customized academic counselling. Neither have the institutions themselves considered what kind of foreign degree students would they

like to have and from where. There are also problems related to entry and residence regulations.

The number of European degree students at Finnish universities has increased and that of Asians slightly declined. The percentage of Africans has dropped noticeably. The same trend can be found in the polytechnics where the percentage of Asians has increased rapidly.

Table 7. Number of foreign students in higher education in OECD countries (1998)



Source: OECD

5.2. Labour demand

Finland's population trend, on the one hand, and internationalization of business, on the other, are leading to a situation in which the domestic supply of labour is not sufficient to meet the demand in all sectors. Sectors requiring a high level of expertise and the services have a particular need for additional employees.

International competition for skilled labour is fierce. The USA and Australia, which dominate the international education and training market, have eased up their entry and residence regulations for foreign students. According to some estimates, all existing trained top experts, for example in the IT sector, have already been recruited by different countries. Thus, the only way for organizations and companies to get new foreign employees for the sector is to train them themselves.

Those who have been trained even partly in Finland can be expected to adjust to the Finnish labour market better than other foreigners, particularly if this is taken into account while they are being trained. To facilitate the transition from training to working life, foreigners should be given more opportunities to work as trainees as part of their study programme.

Immigrant integration into the Finnish labour market should be supported and a separate policy devised for their placement in education and training programmes.

6. Analysis of Finnish higher education institutions' potential for success

6.1. Strengths

Education and research known to be high quality are key competitive factors on the international market. Finland ranks among the very top countries in international evaluations of competitiveness. Finnish strengths

include its education and training system and the universities close and productive partnership with business and industry.

The infrastructure of the Finnish higher education system is geographically comprehensive and efficient: its facilities are modern and its equipment of international standard. A total of 6.3 per cent of GDP is invested in education, 1.7 per cent (1997) of this in higher education. Investment in R&D accounted for 3.3 per cent of GDP in 1999. The Finnish higher education system comprises two parallel sectors, offering study places for 65 per cent of the age group, with about 20,000 places at universities and 24,000 at polytechnics. The range of educational fields is broad, but nonetheless competition is intense for a number of reasons, and this has contributed to the high educational starting level among students.

A survey conducted among foreign exchange students in Finland shows that they consider the Finnish way of studying to be open and independent, and communication between teachers and students effective.

The systematic self-evaluation system has further confirmed the high quality of Finnish higher education. The polytechnics and universities are bound by law to assess and develop their own operations. This evaluation is an established part of normal operations and all universities and polytechnics are also assessed by external evaluators. The fact that foreign experts also take part in almost all these evaluations has helped to strengthen the international credibility of the Finnish higher education system. One of its key strengths is its even quality: there are no higher education institutions of inferior quality in Finland.

Research projects, too, are increasingly subject to international evaluation, a fact that has helped to raise awareness and recognition of Finnish research.

Assessment of education is supported by the work of the Finnish Higher Education Evaluation Council, which has done much to develop evaluation

training in Finland and strengthen international cooperation by acting for instance as the secretariat for the European Quality Assurance Network (ENQA).

The Finnish law on education is quite clear, and makes the Finnish higher education system and degree system transparent and comprehensible for internationalization purposes, too. The universities and polytechnics and their operations are protected by national legislation. The degree system and the competence provided by degrees are laid down in a decree which in practice lists all the official high education degrees that can be taken in Finland. In addition, the key aims and scope of higher education degrees have been nationally defined by decree, enabling comparison of degrees at the national level.

Higher education is also free for students in Finland, which is unusual elsewhere in the world except in the Nordic countries and Continental Europe. In addition, the standard of the libraries and information technology at the students' disposal is good and their food, housing, transport and health care are supported from public funds, ensuring moderate costs.

Over the past few years, the autonomy of higher education institutions has been strengthened. At the same time, the Ministry of Education maintains overall responsibility for education and thus has the necessary means to control the operations of the higher education institutions. The Ministry confirms the curricula of the polytechnics on the basis of their own proposals and at annual performance negotiations agrees with them on the scale of their educational supply in the various branches of education. The establishment of any new fields of education at universities is laid by decree.

The authorities can also monitor the quality of degrees taken abroad through legislation on the recognition of degrees. The basic principle of the law on recognition is that a degree must have been taken at a recognized or properly accredited higher education institution in the country of origin. In

practice, the system is thus relies on those countries' own national or otherwise recognized quality assessment systems.

When applications for further study are made to universities, they can themselves decide whether they recognize a degree taken elsewhere. Under the act and decree on enforcement of the EU degree recognition system, universities can themselves decide which degrees they recognize, even in the case of an applicant's competence for one of their own posts. Each higher education institution itself decides which foreign studies by international exchange students or others who have completed individual studies abroad they accept as part of a Finnish degree.

Over the past few years, institutions of higher education have increased their readiness to admit foreign students and researchers. All Finnish universities and polytechnics now provide teaching in English and at most institutions foreign students can study Finnish and Swedish. Finnish student organizations have significantly helped foreign students to integrate into Finnish student life and society by arranging social activities and peer tutoring.

With Finnish membership of the EU, general awareness of Finland as part of Scandinavia, with no specific historical overtones, has grown rapidly. Finnish society is efficient, safe, peaceful and egalitarian. Exchange students who have selected Finland as their host country are interested in Finnish culture and the unspoiled countryside. In addition, Finnish business and cultural life have special expertise in many fields, such as IT, paper and wood, and music and design.

The educational level of the population is high and the English language skills of the younger generation in particular are good. According to a survey conducted by CIMO among exchange students in Finland, the language question is very important when choosing the country of study.

6.2. Weaknesses

Finland has to compete for the same gifted students and researchers as the other developed countries. In the future, the problem faced by student recruitment may be that Finland is not as well known in the world as France, Germany or Great Britain, let alone the United States. In years to come, Finland will also have to compete much harder with the other Nordic countries for the same experts. In many contexts the other Nordic countries, with the exception of Iceland, have a stronger position than Finland in international cooperation.

The languages of teaching at the higher education institutions, Finnish and Swedish, are little spoken and studied in the world and there is a strong belief that Finnish in particular is difficult to learn. There are also two aspects to Finland's northerly geographical position: being different makes it attractive to some, while its long cold winters are a problem for most others.

Finland does not have such a large natural recruitment base as many of Europe's former colonial powers. On the other hand, not much effort has been made in Finland to attract Finnish emigrants or their children back here to study. It is estimated that there are about 1.2 million persons outside Finland with at least one Finnish parent.

Despite its rapid growth over the past few years, Finland's foreign population accounts for only 1.8 per cent of the total population, a low figure compared with the EU average. The number of foreign students is also low and the student communities in the country's smaller towns are often not international enough. In addition, the cultural and other leisure activities they can offer may seem insufficient.

Although higher education institutions now offer more teaching in English, it is still not enough and the quality is sometimes poor. Insufficient attention been paid to teachers' language skills, too.

Student exchanges and free mobility look likely to increase in Europe, particularly at the Master's level. Our current degree system is not clear and flexible enough to allow us to devise international Master's programmes. The credit system does not always correspond to the actual work load and leaves too little time for second-cycle studies. ECTS conversion is therefore problematic.

The postgraduate degree structure at polytechnics is not clear enough by international standards, either. A degree which is not incorporated into the national degree system is likewise not attractive internationally.

6.3. Threats

The worst threat is probably that the competitive position of higher education is not recognized and the authorities are content with the present state of affairs. The threat has two aspects: first, Finland is not able to attract enough foreign students and researchers and second, it risks losing its own students and researchers, who will leave to study abroad.

This is a threat that may affect Finnish society more broadly, too. According to a number of reports and studies attitudes to foreigners in Finland are still negative or at best qualified. According to the EVA report 'Finnish National Attitudes 2001' the public at large have not yet recognized the need to increase the number of immigrants and do not believe that they benefit the economy, and respondents did not think that Finnish working life required more immigrants. Surveys carried out on the attitudes of young people show that particularly boys have very negative attitudes towards different ethnic groups, especially refugees.

General attitudes obstruct any major efforts by the higher education institutions to market Finnish education abroad or to promote internationalization, particularly in a situation where there are about three

times as many applicants to institutions of higher education than there are study places.

Another threat relates to the operations of the institutions of higher education themselves. It would appear that the institutions have in their own view reached the limits of their international activities. 2003 will be the first year when the number of outgoing exchange students does not grow. The institutions feel that they cannot ensure the quality of their international operations with their present resources.

Apart from the general level of appropriations, scarcity of resources may also be the result of inattention to the costs of international activities in the higher education institutions' internal allocations. This may be because the true value and nature of international operations have not yet been fully understood. Internationalization has not yet been integrated into all higher education operations, i.e. teaching, research and various support and service operations.

In another respect, the threat relates to the ever-keener competition on the home front: a respected, fully recognized foreign institution of higher education starting up in Finland could prove a significant alternative for Finnish and foreign students and teachers, leading to a decline in the standard of Finnish higher education institutions.

If Finnish universities and polytechnics are unable to offer competitive, globally respected and recognized degrees, and attractive research environments, the brain drain will become a real problem.

6.4. Target for 2010

In the early years of the present decade Finnish universities and polytechnics will have invested in strengthening the quality of their international activities and obtained additional funding for this purpose. They will have improved their operating conditions and can compete on an

equal footing with the best modern universities and other institutions of higher education in the world.

Finnish higher education institutions will have built a profile in their own areas of strength. In international cooperation, they will have focused on areas in which they command internationally significant and interesting expertise which is both exportable and can be offered to foreign students in Finland.

Internationalization is already an integral part of the higher education institutions' strategic thinking. The curricula will take account of the needs of modern multicultural society and international business and industry in terms of information, skills and attitudes. In their own areas, institutions of higher education will be pioneers of internationalization.

By 2010, Finland will be a well-known and influential part of the European education and research area, and a successful player in the global contest for skills. The higher education community will be international and the demands of internationalization will be taken into account in the content of education. Finland will have a community of 10,000 – 15,000 foreign degree students (around 4 per cent of all higher education students) and the annual volume of student exchanges will be around 28,000. At least 15 per cent of graduate school students will be foreigners. The numbers of students with immigrant backgrounds will have increased considerably. The numbers of foreign teachers, experts and researchers working at Finnish institutions of higher education will be double what they were in 2001. Finnish businesses will already be benefiting from the labour input of foreigners who have studied in Finland.

Virtual teaching will take in totally new areas of expertise for which professional content producers will have devised digital material which is also available for international distribution. A virtual university consortium and the polytechnics will have concluded strategic alliances that have made them into international operators in their field.

Finnish higher education institutions will have a clear orientation towards the Nordic countries, a cooperation network with northern regions and a network of Russian experts. Cooperation with Asian countries will be well under way. In addition, a few higher education institutions will be cooperating closely with Latin America and African countries.

7. A proposed action programme

Quality

The quality of education at institutions of higher education should be improved by making teaching, academic counselling and other key services support students' study progress and integration.

The transparency of quality assessment and international credibility should be improved. The Finnish Higher Education Evaluation Council should work in close cooperation with other international evaluation organs.

All degrees should incorporate an internationalization period either in Finland or abroad in order to enhance cultural diversification.

Degrees should include traineeships in Finland, planned in close cooperation with the social partners.

Research investment should be kept at least at the present level. Higher education institutions should recruit talented foreign students to ensure that at least 15 per cent of the student population at graduate schools are foreign. Full use must be made of the EU framework programme on research and other financing instruments.

Finnish institutions of higher education should cooperate only with institutions which can offer sufficient quality assurances.

Legislation

The Ministry of Education and the higher education institutions should assess the topicality of the present legislation on higher education in terms of international competition, and prepare the necessary proposals for amendments by the end of 2002.

Degree structure

The degree structure at universities is to be radically changed in accordance with the 3+2+4 model and the credit system adjusted to fit in with the ECTS system. The necessary amendments to the decree should be made in the course of 2002.

The Finnish Higher Education Evaluation Council should assess the extent of foreign doctoral degree programmes in individual fields.

The degree structure of polytechnics should be clarified so as to give postgraduate degrees from polytechnics a clear position in the national degree system. The credit system should be revised in line with the ECTS system.

Higher education institutions should develop their procedures for selecting foreign students, particularly at Bachelor's level, and strengthen mutual cooperation in this area. Special attention should be paid to applicants' language skills.

Instruction in foreign languages, teaching Finnish/Swedish

Universities and polytechnics should devise high-quality degree programmes and study modules in English for both foreign exchange and degree students and Finnish students. Foreign students should be fully integrated into the Finnish study system. Supply should focus on educational levels, fields and areas where there is foreign demand. In planning this supply, attention should also be paid to the needs of the Finnish labour market. The overall spectrum of educational services should be increased, taking the potential of virtual teaching into account.

Together with the other education providers, institutions of higher education must ensure that their Finnish and Swedish language teaching provides students who have completed an entire higher education degree in Finland with the necessary language skills to get by in Finland.

Information and marketing

The Finnish Centre for International Mobility and Exchange Programmes (CIMO) and institutions of higher education should join forces and promote Finnish expertise in Europe and other target areas. Particular attention should be paid to expanding cooperation with Russia, Central and Eastern Europe, and Asian countries. CIMO and the higher education institutions are currently compiling a joint marketing strategy and cost estimates will be available for the Ministry of Education and CIMO performance negotiations in 2002. Marketing of training opportunities in Finland and Finnish traineeship programmes should be improved in target areas as part of this strategy. CIMO can here work in cooperation with its Nordic and other European partners.

Business and industry, public authorities and higher education institutions should establish a joint foundation or fund at CIMO, with the aim of promoting the international activities of Finnish higher education institutions and of providing grants for foreigners studying in Finland.

Immigration and residence

In connection with the comprehensive ongoing reform of the aliens' legislation, immigration and residence statutes should be revised to ensure that people who come to Finland to study can stay on to work here when they have finished their studies. The Ministry of Education and the immigration authorities should work more closely together to make the immigration of foreign students more flexible.

Health care and housing

Improved student mobility will also increase the demand for health care services. The number of foreign students will also affect the demand for housing. The demand must be monitored and its impact assessed.

Monitoring

Development of international activities should be monitored, particularly in Ministry of Education and higher education institution performance steering processes, and the scale of international activities must be taken into account in performance funding.

8. Programme costs and funding

The estimated total cost of the action programme is 150 million marks per year. Additional costs will arise from establishment of the proposed fund. Internationalization of the Finnish higher education system must be seen as an investment which in the long term will significantly strengthen Finnish economic and social competitiveness.

The targeted increase in numbers of first-degree students at universities should be carried out mostly through Master's programmes. At polytechnics, the educational supply should be expanded in terms of both first and postgraduate degrees. Part of the current supply of graduate schools should be targeted at foreign students. Targeting supply at key areas where there is a demand for labour and Finnish expertise, and at shorter degrees, will reduce cost pressures.

The action programme will generate extra costs for CIMO, as well as for the higher education institutions.

Funding the programme will call for cooperation between several parties. The universities and polytechnics must allocate at least 10 million marks of their operating expenses to building up international activities. In addition,

the Ministry of Education should contribute an annual minimum of 50 million marks in 2003 - 2006 in a manner to be decided separately.

In practice, implementation of the action programme and the targets requires a broad capital base. According to the legislation on higher education, education leading to a degree is free to all students. In order to improve competitiveness, however, we should without delay review possible approaches which would also allow education provision through multi-funding.

The proposed fund is one way to expand the capital base. A capital base of about 100 million marks would be required to allow for rapid expansion of international activities. At least half of the fund's capital should come from Finnish business and industry.