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STUDIES IN HIGHER EDUCATION

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Issues and challenges for small countries in attracting and hosting international students: the case of Lithuania

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The spread of the neo-liberal ideology internationally has encouraged increased marketisation of higher education systems right around the world. With marketisation promoting competition, efficiency and revenue generation, many countries have begun to recruit more foreign students. Higher education has moved towards becoming a profitable commodity to be traded internationally. Nowadays, also small countries are challenged to play a role in the international student market. The purpose of this paper is to analyse the perspectives of key stakeholders in a small East European higher education system (Lithuania) on its ambitious internationalisation strategy to substantially increase the percentage of higher education enrolments taken by international students. The potential advantages and disadvantages of this strategy are examined and the implications for higher education institutions in small countries are discussed.

Keywords

Higher education, international students, neo-liberal ideology, marketisation, competition, Lithuania

Introduction

Over the last three decades, the economic, political and social forces of globalisation have encouraged many Western universities to respond with a range of internationalisation strategies and activities, the dominant objective being to attract foreign students to home campuses (Wilkins and Huisman 2011). We use the term 'universities' here and throughout the paper to mean all higher education institutions. Although student mobility has always been one of the key aspects of higher education internationalisation, it has changed in both volume and diversity. The number of students undertaking higher education outside their home country increased from 0.8 million in 1975 to 3.7 million students in 2009 (OECD 2011) and this figure has been forecast to increase to 4.5 million by 2020 (UNESCO 2009).

Originally, internationalisation was largely driven by political, cultural and academic motives (Knight 2004) but increasingly the rationale for engaging with internationalisation is economic. In most countries international students pay full-cost fees, although in some countries, free access to higher education is still regarded as an established right, which conflicts with the view of higher education as a commodity to be traded on the world market (van der Wende 2001). The growing emphasis on the financial aspects of internationalisation should not only be seen as a response to globalisation but also in the context of the increasing commodification of higher education, as economic value is now assigned to something that traditionally was not considered in economic terms (Maringe and Gibbs 2009).

Higher education is regarded now in many countries around the world as a service to be sold on the market to anyone who can afford to buy it. The neo-liberal approach is a distinctive political and economic philosophy that first emerged in the 1970s. Neo-liberal ideology is a market-oriented and private sector-based public sector management approach which implements principles of

decentralization, deregulation, and privatization (Hood 1991; Osborne and Gaebler 1992; Schedler and Proeller 2002). The neo-liberal concept is based on the view that the citizen is the customer, in many ways similar to the classic 'economic man', who has his own interests and seeks to rationally maximize his own benefits (Ostrom and Ostrom 1971). The 'citizen/client' knows best his/her own needs and what quality of products/services they require. It is necessary to provide the possibility to choose and this can be achieved by creating market conditions. It is assumed that the market and market-like approaches can replace the state to provide governance, rule and control across all spheres of social life, including the provision of higher education (Peck and Tickell 2006). In this market state the individual (rather than the nation) is held responsible for his or her own well-being (Lynch 2006).

Implementation of the neo-liberal philosophy has seen public goods privatised, state expenditure subsidising profits, weaker national regulations and the removal of trade barriers (Levidow 2002). These actions have promoted international trade but in many cases they have also intensified global market competition. Hence, it is safe to assume a complex interaction between neo-liberalism and globalisation affecting higher education.

Willingly or not, many universities have felt the need to implement neo-liberal policies in order to obtain state funding, maximise non-state funding and protect themselves from competitive threats. Thus, the process of higher education internationalisation has in most countries been accompanied by the process of marketisation, largely because universities have had to compete for students and resources (Edwards 2004). Given that most governments do not provide funding for international students, it is logical that the international student market in most countries operates as a free market (within certain limits). Thus, with regard to the recruitment of international students, institutions in most countries are free to enter the market, specify the product, use available resources and determine prices (Jongbloed 2003).

Purpose of research and structure of paper

Many governments have exerted a coercive influence over institutions to recruit more international students to reduce the burden of funding higher education from the public budget, to promote economic and social development, to promote regional co-operation and to improve quality in higher education. In some parts of the world, especially where political or military conflict has been experienced, the emphasis is on cultural integration and understanding. Countries as far apart as Hong Kong, Mauritius, Singapore and the United Kingdom (UK) have in recent years established targets, policies and strategies for the recruitment of international students at country level. Given that the international student market could be worth over \$100 billion (Ruby 2009), it is not surprising that many countries want a share of this market.

As governments and institutions have become increasingly convinced of the benefits of hosting international students, the international student market has seen numerous new entrants. Several governments want their countries to be regarded as higher education hubs, which attract students from both neighbouring countries and further afield. Knight (2011) identified six countries around the world that in 2010 were seriously trying to position themselves as a 'new' higher education hub (Singapore, Malaysia, Hong Kong, the United Arab Emirates (UAE), Qatar and Bahrain) but several other countries have also announced their desire or intention to become a higher education hub, which include Bhutan, China, Mauritius, South Korea, Sri Lanka, Taiwan and Vietnam. Also, many other countries have established policies and strategies to increase the recruitment of international students, such as Columbia, Egypt, Lithuania, the Netherlands and Russia (Becker and Kolster 2012).

Singapore is one of the small countries (population 4.84 million in 2008 – National Population Secretariat 2008) that has aimed to establish itself as a higher education hub to attract international students. Its strategy has been to attract a number of 'world-class' universities that will enrol 150,000 international students by 2015 (Sidhu, Ho and Yeoh 2011). There were 100,000 international students in Singapore in 2008, but by 2012 the number had decreased rather than increased – to 84,000 (Davie 2012). The government put a cap on the number of international students allowed to be enrolled at public institutions, expecting private institutions to satisfy the excess demand for higher education from

abroad, but high tuition fees and the high cost of living in Singapore have deterred applicants, as well as student preference for main rather than branch campuses.

Whereas Singapore has sought to attract 'world-class' foreign universities to establish branch campuses on its shores, Mauritius, a small island state in the Indian Ocean, aims to achieve its target of 100,000 international students in 2020 by attracting reputable private universities from India (Singh 2011). International students typically want an internationally recognised English-taught qualification, and a large segment of the market also demands reasonable tuition fees, which benefits lower-cost countries such as Cyprus (Mehtap-Smadi and Hashemipour 2011), Lithuania and Mauritius.

Competition in the international student market has become intense, particularly in South East and East Asia, but also in Europe and the Middle East. Any region around the world is only able to support a very small number of higher education hubs, and if a larger number of countries want to become hubs, the majority will only ever be recognised as international student destinations. The governments of these countries believe that by becoming a higher education hub their countries will achieve economic and human development, increased higher education capacity, increased participation in higher education and reduced unemployment (Wilkins 2011). Furthermore, hubs that attract high numbers of students from abroad can generate substantial revenue for universities as well as for national economies, as international students demand a wide range of goods and services during their time of study. Most of the 'new' higher education hubs have increased capacity by attracting foreign institutions - based primarily in the United States (US), UK or Australia - to establish branch campuses or engage in partnerships and collaborations.

Despite the potential benefits of hosting international students, it should be born in mind that many of the new entrants to the international student market are small countries, which often possess far lower levels of Gross National Product per capita than the world's major industrialised nations. Small countries are most commonly defined by their population size. We adopt the definition proposed by the Commonwealth Secretariate (2011), which specifies small countries as those that have a population of less than 5 million. The purpose of the research is to investigate the issues and challenges facing small countries in attracting and hosting international students. We explore the prospects of these countries in gaining a share of the competitive international student market, and the potential advantages and disadvantages they may experience in hosting large numbers of international students.

The research uses Lithuania, one of the three Baltic States in Eastern Europe – which had a population of 2.98 million in 2012 (EUBusiness 2012) – as a case study of a small country that is aiming to recruit more international students. We argue that the challenges to small countries entering the international student market are quite different from their predecessors. First of all, they lack the first-mover advantage of countries like Australia, Canada, the UK and US, which are already widely recognised worldwide as established and high quality higher education destinations. Second, for many small countries, the required financial investment in infrastructure, human resources and marketing may be problematic because they possess limited resources and lack of economies of scale (see also Bray 2011). Third, cultural and language issues play a significant role.

The following section describes the Lithuanian higher education system and its development since Lithuania gained independence from the Soviet Union in 1990. Then we present details of our research method. This is followed by presentation and discussion of our findings. We conclude with a summary that highlights our key findings and which assesses the extent to which new entrants to the international student market, particularly small countries, are likely to be successful and possible future strategies for success in the international student market.

Higher education in Lithuania

Vilnius University was established in 1579, making it one of the oldest universities in Eastern Europe. Among its students in the 16th and 17th centuries were the children of noblemen and townspeople from all over the Grand Duchy of Lithuania and from foreign countries. Between 1940 and 1990, Lithuania was one of the republics that made up the Soviet Union. The Soviet education system concentrated on linking educational outputs to the planned economy and all major decisions were made centrally by the Soviet government. Nevertheless, Lithuanian institutions of higher education were allowed to retain

Lithuanian as the principal language of instruction and due to the generous donations of Lithuanians living abroad, mainly in the US, university libraries held extensive and up-to-date collections.

Lithuania regained its independence from the Soviet Union in March 1990. In 1991, the Law on Research and Higher Education was passed, which granted increased autonomy to institutions of higher education. During the 1990s, Lithuanian higher education was modernised, largely following the US model. After Lithuania signed the Bologna Declaration in 1999, key elements of the Bologna Process were adopted. For example, the three cycle structure – Bachelor, Master and Doctoral degrees – replaced the Diploma system, which required 5 years of study. Since the turn of the century, Lithuania has increasingly adopted a market-oriented model of governance in reform of the nation's higher education system. For example, it uses a voucher system of funding whereby public funding for tuition fees is offered only to the highest achieving students each year in the *matura* (school leaving exams), who are then free to study where they want regardless of whether the institution is state-owned or privately owned.

The Lithuanian higher education sector has expanded dramatically over the last twenty years in terms of both number of institutions and number of students enrolled. This period also saw the establishment of the first private institutions and a more diverse range of non-university institutions of higher education. In 1995, Lithuania had 15 public universities, where 53,968 students studied. In 2003, 130,245 students studied at 15 public and 6 private universities, and a further 40,472 students studied at 16 public and 11 private colleges of higher education. In the 2012-13 academic year, 113,780 students studied at 14 public and 9 private universities, and 45,685 students studied at 13 public and 11 private colleges of higher education (Statistics Lithuania 2013). The number of public universities decreased between 2003 and 2012 due to institutional mergers and the number of students enrolled decreased due to Lithuania's demographic profile which has seen fewer people in the 17-22 age range.

In February 2011, the Higher Education Internationalization Encouragement Programme 2011-12 was adopted. The main goal of the programme was to contribute to the establishment of Lithuania as an international research and education service centre. The programme established clear targets and measures, identified the responsible institutions and provided funding. In the 2011-12 academic year, 4,500 international students studied at higher education institutions in Lithuania (Statistics Lithuania 2012a). Although international students currently account for 2% of total higher education enrolments in Lithuania, the Lithuanian Ministry of Education and Science recently set a target to have international students accounting for 10% of total higher education enrolments by 2020 (Ministry of Education and Science 2011). This research seeks to discover the extent to which a range of stakeholders believe this target is achievable and to identify potential advantages and disadvantages associated with Lithuania hosting more international students.

Method

The research involved 34 individuals who represented a range of stakeholders in Lithuanian higher education. Stakeholders might be defined as any individuals or groups of individuals who may gain or lose from an organisation's activities - thus they have an interest or stake in the organisation's performance (Allen 1988). Jongbloed, Enders and Salerno (2008) suggest that in higher education the most important stakeholders are students and the government, hence the focus in our sample on these two groups. Other important stakeholders include higher education managers and lecturers.

A convenience sampling strategy was adopted to obtain data over a period of four months (January to April 2012). The respondents included nine government officials, including the Chairman of the Committee of Education, Culture and Science at the Lithuanian parliament, the Head of Academic Mobility and Continuing Education at the Ministry of Education and Science and managers at the Education Exchanges Support Foundation and the *Study in Lithuania* project; ten senior and middle managers in higher education institutions, including a Vice Rector, a Head of Campus and two Heads of International Relations; six lecturers/researchers; five Lithuanian students; and four international students. Varied data collection methods were used, including individual and group face-to-face interviews (with each interview lasting between 30-45 minutes), interviews conducted by telephone and written responses by hand or email.

The interviewer had a standard pre-prepared list of six questions that every respondent answered in addition to extra questions that were specific to particular stakeholder groups, which every respondent in that group answered. The questions asked respondents their views about the desirability of the Lithuanian government having set a 10% target for international students, the likelihood that the target can be achieved, the advantages and disadvantages of having more international students in Lithuania, and the actions that could be taken to (1) recruit more international students and (2) improve the overall experience of international students in Lithuania. The interviews took a semi-structured format, with respondents given the freedom to elaborate if they wanted. For respondents who wanted to provide handwritten answers or answers by email, the questions were presented as a questionnaire.

The face-to-face and telephone interviews were conducted in Lithuanian. Of the written responses (handwritten or email), 35% were provided in English and 65% in Lithuanian. The interviews were audio recorded and were later transcribed verbatim, first in Lithuanian and then translated into English. The interviewer made additional notes during the interviews, which was useful in identifying the emerging themes. The process of note making throughout both data collection and analysis stages proved effective in preserving ideas and heightening sensitivity to emergent themes, patterns and relationships, as well as to differences and exceptions.

Results and discussion

Having analysed the data, the following themes emerged:

- stakeholders generally accepted the adoption of the neo-liberal ideology
- universities have been slow to change and innovate
- financial constraints are hindering progress in recruiting and hosting more international students
- language and cultural issues impact upon student recruitment, quality of education provided and student experience
- country and institutional marketing must be innovative and comprehensively planned and implemented

Acceptance of neo-liberal ideology

All of the respondents holding positions in a government office or in a higher education institution believed that the marketisation of Lithuanian higher education was inevitable once the country gained independence in 1990 and started to reform its broader economy according to neo-liberal principles. Joining the European Union (EU) and signing the Bologna Declaration in 1999 generated additional pressures on the government to adopt a market-oriented model of governance in higher education. The respondents holding government positions mostly agreed that the marketisation of Lithuanian higher education was improving institutional efficiency and international competitiveness. However, institutional managers and lecturers had more concerns about the implementation of neo-liberal ideologies.

Some senior and middle-level institutional managers felt that the market-oriented model was stimulating unhelpful competition among domestic institutions rather than encouraging co-operation and collaboration. Furthermore, it was generally agreed among these managers that most Lithuanian institutions are too small and lack the resources to be able to compete internationally for students (as well as for staff and research funding). All of the lecturers agreed that the market approach has turned students into consumers, which has had detrimental effects on quality. For example, because students believe that after paying fees they are entitled to a degree regardless of their ability and effort, many do not work as hard as they should, and the pressure exerted on teaching staff to achieve high student retention rates, so that fee income is not lost, has led to grade inflation.

There was concern among some respondents – particularly Lithuanian students and lecturers – that the current government policies on funding (e.g., the voucher method) and the drive to recruit more international students could lead to more social inequalities and act as a barrier to higher education participation among domestic students.

I think there is a real danger that higher education is becoming something only for rich people, or for students with wealthy parents. The nature of higher education is such that even if we [institutions] improve our efficiency we will not be able to reduce our fees to the extent that will guarantee access for all segments of society. Furthermore, I feel that if we pay more attention to the recruitment of international students that will be at the expense of providing places to domestic students. (University lecturer)

Readiness and willingness for change

The Higher Education Internationalization Encouragement Programme 2011-12 was introduced to support the government's target of having international students accounting for 10% of total higher education enrolments by 2020. The programme provided targets, measures and funding. Although new forms of providing higher education internationally – such as distance learning, franchising and international branch campuses – have been adopted by institutions all around the world, these methods of delivering higher education have been largely ignored by Lithuanian institutions. Some respondents believed that Lithuanian institutions were slow to expand abroad because, with the exception of distance learning, these activities have not been regulated and because there is still not a culture of entrepreneurship in Lithuanian universities.

All of the senior and middle-level managers of institutions reported that increased student mobility, both incoming and outgoing, as well as the recruitment of fee paying international students for full degree programmes have been among the aspects of their internationalisation strategies receiving the most attention. These respondents generally supported the government's 10% target for international students but one university manager and one lecturer believed that institutions were being offered little support to achieve this target, which in their opinion meant that it was unlikely to be achieved. Also, bureaucratic employment legislation and regulations make the recruitment of non-EU nationals difficult, both during study and post-graduation.

Many in the [Lithuanian] academic community don't think we need more international students, but if we remain closed then as a small country we will become bankrupt in the science and technology fields. The government has recognised the need to develop academic capital in Lithuania and we want to attract the highest quality students internationally, who will stay working in Lithuania and promote economic growth. Of course, the revenue that international students bring is attractive but that is not our main motivation. Furthermore, our demographic profile is such that in a few years' time we will not have enough domestic students to fill our universities. (Manager at Education Exchanges Support Foundation)

Financial constraints

The ways in which the leading industrialised nations and second-tier nations can reform their systems of higher education in response to the forces of globalisation varies quite considerably because second-tier countries often cannot afford the expensive infrastructure investment that is required. Although in recent years Lithuania's public expenditure on education as a percentage of Gross Domestic Product (GDP) has been higher than the EU average, its relatively low level of GDP has resulted in expenditure per student being among the lowest in Europe (Ministry of Education and Science 2011).

Several of the respondents holding positions in a government office or in a higher education institution complained that public funding in higher education was insufficient to improve quality, expand capacity or develop infrastructure. Many international students expect nowadays to be taught by international faculty, but the respondents agreed that it was difficult for Lithuanian institutions to recruit high quality faculty from overseas because they could not afford to pay sufficiently high salaries.

There is a lack of finance at both national and institutional levels to support internationalisation objectives and activities, and there seems to be a lack of motivation to provide it too. (Manager in government organisation)

In several of the ex-Soviet states in Central and Eastern Europe, the private sector has been allowed, and in some cases encouraged, to enter the higher education market, resulting in the establishment of many private universities (Tomusk 2003). The Lithuanian government has been cautious about expansion of the private sector in higher education, primarily over concerns for quality, but 18 of the 45 universities and higher education colleges now operating in Lithuania are privately owned.

Language and cultural issues

English has become the new lingua franca in international higher education (Luijten-Lub, van der Wende and Huisman 2005), and more higher education programmes are being delivered in Lithuania in languages other than Lithuanian. In 2011, 107 bachelor or master degrees were offered in a foreign language and the government has allocated funds of €2.3 million to increase this number by another 50 by 2013 (Ministry of Education and Science 2011). Both senior and middle-level managers unanimously agreed that a major challenge facing institutions was recruiting faculty with good English language skills, and many students – both domestic and international – also lacked sufficient competency in English. The result is that many programmes taught in English operate with small class sizes. Some of these programmes are unprofitable and might be closed if recruitment does not improve in the next 1-2 years.

Not all lecturers speak English very well and the subjects are not interesting for international students. (Government official)

Sometimes, quite unmotivated [international] students come, who have very poor English language skills. (University lecturer)

Several respondents (lecturers and Lithuanian students) mentioned that the lower academic or language ability of international students could slow the pace of programme delivery.

The Lithuanian students favoured having international students at their institutions, to bring much needed diversity to campuses and to improve their understanding of other cultures, although some respondents felt that if institutions allocated too many places to students from abroad this might be at the expense of places offered to domestic students. There exists a danger that international students could experience hostility from domestic students if the domestic students were to perceive that the international students were impacting negatively on their education or even on Lithuanian societal norms in general. Some respondents also questioned the motives of international students for choosing to study in Lithuania.

My daughter, a student, says international students come because the beer is cheap and the girls are beautiful. Those coming from countries outside the European Union are often interested in getting an EU visa. I would like to say that they come to Lithuania because of the high level of our educational services, but my experience says that many are not very interested in studying. (University administrative manager)

One Lithuanian student mentioned that Lithuania was a conservative country and if too many international students entered Lithuania then levels of racism and nationalism could increase. The student also mentioned that some Lithuanians might be opposed to the entry of international students from third world countries who came with the intention of staying in the country permanently.

Although most young people speak English, many elderly Lithuanians do not, so it can at times be difficult for foreign students to communicate with them in shops and on public transport, especially outside the largest towns and cities. Even among young people, 10.6% learn Russian, German or French rather than English (Statistics Lithuania 2012b).

Student experience

Some of the programmes offered to international students have not yet been modified to ensure that all course content is of relevance or interest to students from outside Lithuania. The international

students had no complaints about library or computer resources although two students mentioned that English language books tended to be for reference use only in the library, which was not convenient if they wanted to work at home. All students mentioned that improvements were needed with regard to the quality and availability of student accommodation, although they accepted that accommodation was cheap by European standards. Finding the funding to invest in infrastructure such as student accommodation remains one of the largest challenges facing Lithuanian institutions that want to compete with other East European countries for international students.

Overall, the international students participating in the study were satisfied with their study and living experiences in Lithuania, but one student mentioned the lack of support given to developing English language skills. However, another student praised her university for organising many trips and events for international students, as well as providing language development courses in English and French.

Lithuania has a rich culture and many interesting programmes have been organised for us, like activities to celebrate Independence Day, visiting Vilnius with a professional guide, visiting Trakai, and Druskininkai for a weekend. This included a traditional Lithuanian dance performance and food tasting.... But a lot of foreign students don't know about it.... They [institutions] need more marketing and bilateral agreements. (International student)

Country and institutional marketing

Study in Lithuania is a three-year project (2010-13) that aims to operate an informative, up-to-date and user-friendly portal for international students, which will be the main and most accessible source of information, as well as acting as an admissions point for foreign students. The *Study in Lithuania* project is managed by the Education Exchanges Support Foundation, an organisation which exists to promote the internationalisation of Lithuanian higher education. The organisation undertakes a variety of activities such as searching for international partners, institution and country visits, attending international exhibitions and conferences, and organising and delivering training to domestic institutions.

Lithuania is a small country with lots of higher education institutions. Most of these institutions are quite small by international standards and so it is difficult for them to compete internationally. *Study in Lithuania* is an umbrella organisation that provides support for all [Lithuanian] institutions that want it. We have established Lithuanian higher education as a brand and our promotional and educational resources can be used by all member institutions. (Head of *Study in Lithuania* project)

In 2011-12, *Study in Lithuania* exhibited at education fairs in Azerbaijan, China, England, Georgia, Kazakhstan, Turkey and Ukraine. In 2012-13, *Study in Lithuania* will concentrate on recruiting international students from the Caucasus region (e.g., Azerbaijan and Georgia) and from Central Asia (e.g., Kazakhstan).

It would not be a realistic target for us to hope to recruit large numbers of students from Western Europe so we will focus our promotional and recruitment efforts in the Caucasus and Central Asia. Lithuanian higher education has a good reputation in these countries and the fact that Lithuania is in the European Union is a major attraction to students in these countries. We can offer a high quality education but at a price far cheaper than universities in Western Europe. (Manager at *Study in Lithuania* project)

The increase in international students studying in Lithuania is evidence that – until now – the work performed by the Education Exchanges Support Foundation/*Study in Lithuania* project has been successful. However, a Head of Department at a private university argued that more investment was needed in infrastructure, like learning technology, and that programmes should be made more exciting and innovative. The Head of International Relations at a state pedagogical university believed that in

order to recruit more international students institutions needed to advertise more on the Internet, participate more in international exhibitions, and put more effort into establishing contacts and contracts with agents in foreign countries.

Conclusions and reflections

This study identifies the activities undertaken in Lithuania to attract and recruit international students and it discusses both advantages and challenges associated with hosting a large number of students from abroad. It appears that there is a general consensus among respondents on the acceptance of the neo-liberal and market-model ideology, although there were some reluctances. The competitive relationships are quality stimulators because institutions, which seek to attract more students, have to improve the quality of studies. However, the findings show that this measure in the context of the international higher education market does not always answer the purpose. Small, especially economically weaker countries, have weaker positions and unequally compete in the international higher education market. Statistics show that flows of students from the east to the west and from the south to the north and to large countries (OECD 2012) are still predominant. Therefore, small countries, being newcomers in the international higher education market, must reduce students' selection threshold. Consequently, academic quality might decline as a result of students with lower English language skills, who are also often less motivated, choosing to study at universities in smaller countries. In addition, the lecturers' proficiency in English is often not sufficient for high quality teaching and learning to occur. Thus, the neoliberal ideology based on the belief that the competition-based model promotes a better quality of studies is not always justified because the different capacity of market participants can actually lead to a decrease in academic quality. Furthermore, it appears that performing well in terms of statistical indicators of internationalisation at either the country or institutional level does not necessarily reflect an increase in quality.

As already mentioned, in order to use the market and private sector principles, political decentralization and deregulation reforms are being introduced; at the same time, public funding of education decreases. In other words, higher education institutions are becoming more independent and are forced to diversify their sources of funding and focus on customer needs. Educational institutions integrate marketing both as a philosophy and as a management function. Barnett (2011) argues that marketisation, as any other ideology, has both virtuous and pernicious elements. The respondents identified a range of advantages and disadvantages of adopting the market-oriented model in higher education. Institution managers tend to emphasize the conflicting goals of markets and higher education (maximising profit as opposed to advancement and dissemination of knowledge), whereas government officials tend to brush aside the criticisms of marketisation, as is typical of governments in other countries (Hemsley-Brown 2011). There are views that marketisation poses threats to the quality of higher education (see, for example, Altbach and Welch 2011). Our findings reflect the concerns of respondents regarding the emphasis on students as consumers, the potential of grade inflation, marketisation leading to ineffective domestic competition and the threat of the increased social inequalities.

Another interesting paradox emerges from our analysis. While one of the drivers of international student recruitment is to generate income, it is evident that investments are needed. A catch-22 may emerge where institutions are expecting further financial support for their internationalisation strategies to realise the government's objective, whereas the government may assume that the institutions will invest themselves and subsequently reap the benefits. The analysis shows that the government may expect too much from the institutions. Small institutions are unable to stand alone without state aid and compete with the universities from the market-leading countries.

The interviews yield convincing evidence that the objective of having 10% of higher education enrolments taken by international students needs to be supported by a broader range of policies and instruments. These imply additional resources, ranging from infrastructural arrangements (accommodation, library facilities) to human resources (well-equipped staff to teach in English) as well as institutional capabilities (marketing and branding strategies, staff recruitment policies). Lithuania, which may struggle to set aside the resources to sustain such an ambitious internationalisation

strategy, is a good example. Many respondents, particularly senior and middle-level institutional managers, felt that with the absence of viable resourcing the target of international students constituting 10% of all higher education enrolments was unlikely to be achieved. The Higher Education Internationalization Encouragement Programme 2011-12 in Lithuania ran for only one year and the government had not announced at the time of writing an extension or replacement.

The study's results highlight the main problems faced by small countries in the international higher education area, which are conditioned by the market environment: competition is ineffective; institutions are too small and lack the resources to be able to compete internationally; the struggle to maintain the number of students encourages clientelism, social inequalities, and, most importantly the main mission of universities to be guardians and creators of knowledge produced for the greater good of humanity in its entirety (Lynch, 2006) becomes a secondary matter and universities are increasingly transformed into powerful consumer-oriented networks. Although income generation is now the main driver for foreign student recruitment in many countries, even in the ex-communist countries, such as Russia (Gürüz 2008), there was consensus among all respondents that in Lithuania income generation was only a secondary motive for both the government and institutions in seeking to enrol more international students. The contribution of international students to academic and economic development, and to improving international relations and mutual understanding between people from different cultures were seen as more important.

The arguments above suggests that there is a need to transform from the individualistic market-model ideology to the holistic paradigm of democratic governance (the New Governance model). The focus is transferred from the concepts of market, targeting the customer, competition to the concepts of values, collaboration, trust and responsibility (Denhardt and Denhardt 2003; Osborne 2009). The New Governance model oriented to socialization, collaboration and networked management may be more appropriate for smaller systems of higher education.

As pointed out by the respondents, there is a need for 'umbrella' organisations that promote cooperation between higher education institutions when competing in the international higher education arena. In this regard, the activities of national and supranational organisations – such as the EU, the Organisation for Economic Co-operation and Development (OECD), the International Association of Universities (IAU), the European Association for International Education (EAIE) – define quality standards and quality assurance guidelines and facilitate the mobility of higher education services and students, thus promoting a level playing field for institutions in different countries.

Many small countries will find it difficult to be 'international' while at the same time preserving their national identities. For example, it is widely believed that English as an international language is replacing some home languages and poses a threat to the cultural identities associated with other languages (Grimshaw and Sears 2008). Some respondents, particularly the Lithuanian students, expressed concerns about wider societal impacts that might occur should Lithuania drastically increase its number of international students.

Consequences for national policy and institutional strategies

Having emphasised the barriers, there is scope for national and institutional action, bearing in mind that this comes at a cost. The following issues could be considered to supplement the overall objective of a significant share of international students.

First, the marketisation of higher education has made more important the role of marketing in higher education, and most of the governments of countries that seek to enrol international students have established state-backed agencies to promote their countries and institutions abroad. Mazzarol and Soutar (1999) claim that in the UK, the coordinating activities of the *British Council* has enhanced the marketing activities of British universities. In the competitive international student market, market research and market intelligence have become essential, as witnessed by the American Council on Education's report 'Sizing up the competition', which analysed the national recruitment strategies in the US's top competitor countries (ACE 2009). Institutional managers, teaching staff and students all agreed on the need for more creative marketing and promotion, particularly using web portals and social media. Websites can be used by institutions to communicate their values and brand promises,

and by national agencies to promote their countries as higher education brands (Chapleo, Durán and Díaz 2011).

Second, branding has become increasingly important in the international student market. An effective brand enables a country or institution to communicate its values, its means of differentiation from competitors and to secure the esteem and loyalty of stakeholders (Balmer 2001). The goal of branding is to articulate the country's/organisation's/product's essence through clear and coherent messages, ensuring that every communication is consistent with one official identity definition, i.e., the definition of 'what' and 'who' it is, and what it 'stands for' in terms of values and characteristics (van Riel and Fombrun 2007). New entrants into the international student market need to differentiate themselves by developing core competencies and conveying these through effective marketing communications and by establishing strong brands. Just as Australia has often been regarded as 'America on the cheap' (Marginson 2004), Lithuania could market itself as 'Europe on the cheap'. In fact, we found that this is exactly how some international students in Lithuania regard Lithuanian higher education. However, low cost doesn't necessarily mean low quality; Lithuania's universities have traditionally been strong in a number of areas, for example, in the science and engineering fields, and by focusing on these innovation and economic development might be increased.

Higher education marketing to international students should emphasise the key strengths and unique features of the national education system, individual institutions and attractions in the country. For example, in Lithuania, Vilnius University, established in 1579, could emphasise its historical heritage (Bulotaite 2003), while Mykolas Romeris University, existing in its current form since 2004, could present itself as a modern and dynamic institution with modern buildings and excellent learning resources, which offers a wide range of courses of study, including internationalised programmes.

Hosting large numbers of international students has considerable impacts and consequences on pedagogy and the nation's social environment. Governments might set targets for international student recruitment but they must ensure that institutions preserve, and even improve, the quality of teaching and learning. Quality standards might need to be established specifically to assess the quality of programmes taught in English. Institutions and regulatory bodies need to collect and act upon feedback received from international students, domestic students and academic staff. Institutions and countries might be able to compete on a low cost-low quality basis in the short term but this is unlikely to be a sustainable business model for long-term growth and survival. The nature of higher education is such that all stakeholders generally expect a high quality provision.

Small countries often lack the infrastructure to host large numbers of international students. If international students are seen to be taking local accommodation or jobs, resentment among the local population may emerge. Small countries have more often been invaded or colonized in the past and this has led their populations to be more nationalistic. What we see however is that the history and context of each country is different and can impact upon the recruitment and hosting of international students differently. Attitudes in Lithuania are still influenced by its recent history as part of the Soviet Union and its existence as a communist state. The central planning and bureaucracy of the Soviet education system made development slow and inhibited local innovation (Roffe 1996). When reform of the higher education system began, managers were suddenly expected to display behaviour patterns and skills that were previously discouraged, and some staff were reluctant to take on the new responsibilities given to them. At the national level, current political and diplomatic relations with other countries might aid or hinder international student mobility.

Research has found that resources – i.e. the full set of human, infrastructure, administrative and financial resources – are widely regarded as the major constraint to achieving further internationalisation of higher education (Goedegebuure et al. 2012). Effective internationalisation and high quality teaching and learning will only occur if the academic staff has the ability and commitment to achieve it. Academics require strong and effective leadership and senior managers need to develop and display effective facilitating, innovating, directing, mentoring, coordinating and monitoring skills (Goedegebuure et al. 2012).

In Lithuania, senior managers in institutions and public bodies seem overwhelmingly committed to objectives related to internationalisation and the recruitment of more international students, yet

academics and those lower down in organisational hierarchies seem generally unsure of their roles in achieving these objectives. Both staff and students widely believe that teaching staff do not yet possess the skills and competencies to provide high quality teaching and learning to international students, particularly on programmes taught in English. Institutions must invest in training and development to raise skills levels before they adopt aggressive strategies to attract large numbers of international students. However, in small countries with small higher education systems, recruiting and retaining high quality managers and lecturers is often not easy to achieve. In Lithuania, for example, talented young people can usually find superior employment opportunities in the private sector, or abroad (Roffe 1996).

In order to achieve the status of a substantial higher education destination, a government must establish clear and coherent policies and strategies, there must be effective planning at both national and institutional levels, high quality and up-to-date infrastructure must be in place, as well as high quality human resources (including lecturers and researchers). If this research on Lithuania is indicative of the issues and challenges facing small countries – with the exception of Hong Kong, Singapore and the UAE, which are already well-established – then it seems likely that these countries will be unable to establish themselves as mass destinations for international students. However, with coherent and effective national and institutional strategies, a quality product and effective marketing they might still reap considerable benefits from hosting significant numbers of international students.

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