

## **CBIE RESPONSE TO INNOVATION STRATEGY**

**September 2002**

### ***Creating New Knowledge and Bringing It to Market More Quickly***

**What do you see as the top three challenges facing Canada in terms of *creating knowledge and bringing it to market more quickly*?**

#### **Knowledge Challenge 1 – Export of Services**

A key challenge for Canada is *non-recognition of education and training services as an exportable asset*.

Canadians tend to think traditionally in terms of education and training services as a domestic matter. However education generates huge export revenues for many countries, estimated at \$60B annually worldwide. It also brings substantial revenue to Canada, estimated at \$3-4B, but it could be much bigger if we were to take a more serious and coordinated approach.

We need to strategize on ways to jumpstart education and training sales by educational institutions and private sector training providers, or to reinforce their capacity to compete. This would include risk-limiting and incentive programs as well as training on how to position oneself in the international marketplace. It would also comprise strategic thinking on various “products” that can be created from our education and training expertise, also known as “productization”.

For example, through a partnership with the College of the North Atlantic, the Canadian Bureau for International Education has exported an entire college system to Qatar. The result of two years of effort that included a regional marketing strategy directed at the ministry of education and senior officials in Qatar, this innovative initiative has resulted in Qatar's first major educational partnership with Canada and is also Canada's largest educational cooperation project to date.

The challenge, then, is to recognize education and training services as an export and to assign them the importance and attention they merit.

#### **Knowledge Challenge 2 – International Student Recruitment**

In spite of some of the lowest tuition fees of the major English-speaking countries, Canada still lags behind the major host countries of international students – well behind smaller Australia. While we have seen steady growth at the undergraduate level, international demand for graduate level study in Canada has remained flat, disturbingly so given Canada's interest in attracting and retaining the necessary human capital for research and development.

Canada has no coherent national strategy to attract international students, drawing together trade, international assistance and academic interests.

A valid strategy will need to be built on an understanding of the multiple benefits of hosting international students, not simply on the substantial revenues generated through tuition and living expenses. These benefits include internationalization of the campus and community, introduction of international perspectives into the classroom, and enrichment of the research achievements of our institutions. Longer term, there are benefits for Canada, when alumni look for trading partners in their former host environment. Moreover there are benefits for developing countries whose students are educated at our institutions.

*What do you see as the top three actions that should be taken in terms of addressing these challenges?*

### **Knowledge Action 1 – Preparing the Education and Training Sector for Export Success**

To overcome the challenge described in the section Knowledge Challenge 1 above, a number of key actions are required.

Initially the government of Canada needs to recognize the importance of education and training services as an exportable asset.

Secondly the government needs to do some strategic thinking in consultation with the education and training sector, both public and private, with a view to developing a strategy and programs for export success.

It is critical that this thinking be predicated on the awareness that in education and training, one size does not fit all. Education needs vary from country to country and even among regions within countries. It is a hugely sensitive area requiring cross-cultural understanding, creativity, communication skills, patience and forbearance when the inevitable glitches appear. The exported service has to be imagined and conceptualized together with a foreign partner as a key part of the process.

Moreover, while Canada is well positioned to be a top education exporter, with a reputation for quality education and training, there is heavy competition from other supplier countries. Some of these are more savvy and aggressive, some benefit from government support for their promotional efforts.

The Qatar agreement, mentioned above, shows that foreign governments value our education. The reason Canada is not, or at least not yet, a major player has a lot to do with lack of recognition of the value of education exports by our governments, business sector, general public and even some education leaders.

We need to develop a more cohesive partnership between the various sectors. Support from the public and private sector and a commitment to helping create an international ethos would go a long way to paving the way to success in this area.

Existing export development programs need to be reviewed and expanded with a view to opening them up to educational service exporters. These programs need to include incentives and risk-alleviation measures.

During its 1998 review, CBIE offered a number of recommendations to the Export Development Corporation, as follows:

1. The currently available federal instruments should be thoroughly reviewed to determine the extent to which they are accessible to Canadian post-secondary educational institutions, to identify their particular elements that are applicable to education, and to delineate the means by which they can be most conveniently tapped by our colleges and universities.
2. The particular needs of educators (both substantive and procedural) for export assistance should be carefully canvassed, and an assessment should be made of the extent to which available federal instruments are responsive to these needs.
3. The gaps between accessible federal provisions and education exporter needs should be clearly defined, and existing mechanisms should be revised or new services developed in order to fill these gaps. Examples of new funds that might be created:
  - a "no-risk" grant option that will prepare the education sector to enter into a "low risk" scenario in a few years' time;
  - a special education marketing development fund, similar to PEMD, specifically oriented to the peculiarities of this large public sector industry;
  - a leverage fund similar to CIDA Inc. to help educational institutions pursue solid leads on IFI-funded contracts; and
  - a Canadian Education Trust Fund accessible by World Bank or multilateral development banks to support the use of Canadian consultants on education-related technical assistance contracts funded by the banks.
4. Professional development workshops should be conducted for managers of the education export services that result from the above deliberations, to familiarize them with the products, needs and aspirations of educators desirous of pursuing the export market. These workshops should feature informed contributions by educational representatives.

5. A compendium should be prepared that provides a navigational guide through the various export services that result from the above and contains some examples of their use by educational institutions in the form of realistic case studies.

Canadian education is ripe for export. World interest in Canadian knowledge products and services is growing exponentially. The opportunity for Canada to excel in this market exists, with the appropriate forms of recognition and support.

### **Knowledge Action 2—Attracting International Students to Canada**

International education is a two-way street. The benefits of hosting international students, researchers and academics on Canada's campuses include internationalization of the campus and community, introduction of international perspectives into the classroom, and enrichment of the research achievements of our institutions. Longer term, there are benefits for Canada, when alumni look for trading partners in their former host environment.

We need to make Canada inexorably attractive to top international students and researchers. This will be partly done by profiling our capacities more frequently and concertedly at international events, and by providing strategic grants to foreigners wishing to enter our institutions. The granting councils need to create programs for top international students and fellows. While seemingly costly, these programs bring a huge payback, partly in research done by the international visitors during their stay in Canada and partly in the collegial linkages forged and that continue once they return home.

### ***Developing Skills for the New Economy***

*What do you see as the top three challenges facing Canada in terms of developing skills for the new economy?*

### **SC1. Skills Challenge 1 – Internationalizing the Canadian Student Experience**

To sustain and support our knowledge-based economy, we need a qualified, well-educated and internationalized workforce. When Canada internationalizes, it succeeds. As one of the world's most trade-dependent countries, Canada needs to market itself on the basis of in-depth knowledge and intimate understanding of other markets and other business practices. What better way of knowing the world than through direct, intensive international experience for our students and new graduates.

Knowledge attainment and knowledge generation are the keys to prosperity — both individual and national — in today's global economy. Given the primacy of knowledge collection and creation, national investments in learning are crucial.

One of the most important roles of Government today is to ensure that our human capital — students and researchers — are prepared for their roles as knowledge workers in an international environment. Unfortunately too many of our Canadian students see international exchange as financially out of range. Others see the United States as the only international experience they need. When Canadians study abroad, more than 80% are making the US their destination. While, it is valuable to Canada to get this intimate knowledge of our nearest neighbour and biggest trade partner, diversifying our markets demands diverse knowledge and exposure.

Youth's own attitudes and finances are not the only impediment to international experience. Encouraging and supporting companies to internationalize remains a major challenge. With more than 85% of Canada's exports going to the US, Canadian business has not recognized the need to invest in international education beyond the occasional champion, such as the Bombardier Foundation, which invests significantly in scholarship programs.

We need to prepare our youth not only to be innovators but also to give them the tools and experience for leadership internationally. That takes international education too.

## **SC2 Skills Challenge 2 – The International Student Impact**

In a recent survey of international students in Canada, almost 19% indicated their intention to apply for permanent resident status. While it is not appropriate to turn the international student program into an immigration program, undoubtedly many of these individuals are top potential "recruits" for Canada.

However we need to balance the need for new international graduates with a commitment to our Official Development Assistance priorities. Many foreign countries need their newly graduated citizens to return home to contribute to their development. Their contribution to Canada though can continue in other ways from their home countries.

Moreover we should not look at international students merely as a pool of possible immigrants. International education is enlightened self-interest: many of those we educate will turn to us in future when they wish to buy products and services.

The UK has a major marketing program for UK higher education, aimed at attracting 75,000 more foreign students by 2005. They recognize the value of international students and the long-term benefits their contribution can bring. Canada too must recognize the value and impact of international students.

Our challenge is develop a promotional program and incentives such as scholarships in key fields of interest to Canada that will bring more international

students our way. To date, our success has been limited due to lack of a national strategy and due to the superior competitiveness of Australia, the UK and the US.

### **SK3 Skills Challenge 3 - Business**

Getting business on side to participate in international education is an essential component of our future success. With competing priorities to survive in a highly competitive global economy, business has remained on the periphery of investment in international education. Yet most businesses recognize the need to expand and diversify markets. Supporting international education can open the door to markets and opportunities in other countries. The first step is to equip employees to be able to operate in those settings.

*What do you see as the top three actions that should be taken in terms of addressing these challenges?*

### **SA1 Skills Action 1 – Internationalizing the Canadian Student Experience**

By inculcating a thirst for international experience and understanding at the earliest of ages through innovative international programs at the school level; greater support for second- and third-language learning; and through support for undergraduate and study abroad programs and research opportunities, we can sow the seeds for a more internationally competent workforce. By being exposed to world views they can gain a critical edge that will be advantageous when entering the workforce.

We need to go beyond the Canadian Millennium Scholarships Program to create a program focused on international not domestic study. We also need to go beyond the Trudeau scholarships – which while welcome cater only to the elite. A program to encourage excellence and innovation from the ground up would spread the wealth to the general student population.

Given the primacy of knowledge collection and creation in today's economy, national investments in learning are crucial. One of the most important roles of Government today is to ensure that our human capital — students and researchers — are prepared for their roles as knowledge workers in an international environment.

To participate fully, Canadians need an international perspective. They need to attend international conferences, to mix with international counterparts and to invite their peers to visit them for research activities.

The world is internationalizing. Canada is inexorably drawn into it. But there is still only a small elite group that is able to benefit from internationalization; many

will continue to be marginalized if they do not have access to financial aid. Canadians should be studying abroad in much greater numbers.

Canada's young people are much less likely to have an international learning experience than those from other countries in the OECD. Only 3% of Canada's student population studies abroad each year, compared to 10% of American students and a similar percentage of Europeans.

The European Community has poured millions into major cross-border study schemes such as Erasmus, Socrates and Leonardo, and continues to do so. An impact study of the Erasmus program showed that the international experience, usually a year's study abroad, yielded very positive results for students' academic and professional careers. Beyond learning another language, they experienced cultural difference first-hand and were able to integrate valuable lessons into their subsequent business relationships.

Very few Canadian young people have the chance for such experience. Yet it is needed now more than ever. Over 40% of Canada's GDP and more than 1/3 of our jobs depend on exports, a proportion higher than in any other G-7 country. As the world economy globalizes, international trade will become even more crucial for Canada.

Therefore Canada needs a major scholarship program or series of programs that will permit a substantial percentage of Canadians to study abroad.

## **SA2. Skills Action 2 – Investing in International Students**

The European Union has announced an ambitious scholarship program that will allow 2,000 students from outside the region to study in two-year master's programs in Europe at any one time. The program, called Erasmus World, will have a budget of about \$200 million for an initial phase of four academic years. More than 4,000 foreign students are expected to receive scholarships during this initial period, as the program gradually works up to full capacity.

The EU recognizes the value in offering scholarships to young, educated future decision-makers from around the globe. Those who benefit from the scholarship program will be more attuned to dealing with Europe.

Canada has to make the leap to recognize the value of international student scholarships as an investment in our world position and prosperity.

## **Skills Action 3 – Business**

Business needs to be brought in as a full player in the international education domain. Employers need to recognize that they play an integral part at the domestic and international level in helping promote an international ethos, which

will sustain and support the interest of employees in staying internationally connected. They should be encouraged to hire international students as coops or for post-graduation employment, and the government should make it easier for them to do so, by streamlining work permit processing and extending the duration of the post-graduation employment from one year to two years. Business is interested in international students, both from the perspective of benefiting from their talents while they are in Canada and from the trade and research links they build with their home countries in the future. However, business will not engage international students if the impediments are too many and too onerous.

## **Comments**

### **Innovation and Internationalization: Making the Connection**

The federal government has recently launched its Innovation Strategy, linking Canada's future to brainpower, skills and prosperity through knowledge. For all its far-reaching and imaginative outlook, the Strategy falls short by failing to recognize how innovation is served by international education. And for those of us tiring of the paradigm shifts which have seen international students redefined from educational resources and goodwill ambassadors into dollars and trade commodities, the Strategy offers little comfort. The Strategy, in fact, seeks to make international students the prey of new aggressive immigration policies in search of highly "qualified people". International students "can also be an attractive source of skills for Canadian employers, should they choose to become permanent residents. Canada needs to improve its ability to attract top international students."

This Canada-first strategy fails to appreciate that when Canada internationalizes, it succeeds. As one of the most trade-dependent countries, Canada needs to market itself innovatively and internationally in the world. We need to prepare our youth to look beyond the United States (where 85% of Canadians abroad now study). That takes international education. And as a small country seeking influence beyond our numbers, we need to prepare our youth not only to be innovators but also to give them the tools and experience for leadership internationally. That takes international education too.

The greatest benefit of having international students on our campuses may be that they leave Canada and return home friendly to and ready to work with Canada in the future.

The Strategy pays needed attention to research and "the commercialization of publicly funded academic research" but it fails to acknowledge that the export of Canadian education is vital "commercialization" of knowledge which fosters research and business partnerships. The stimulation, "productization", marketing and application of innovation must all be done within a world in which no country

has a monopoly on good ideas – and in which success depends on sharing and on engaging partners around the world.

The Strategy is useful as far as it goes. But it needs to be “internationalized” to fulfill the skills and innovation challenges of the global era.

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