# Faculty famine

Demand for international education is surging among Chinese families. But as they expand apace, can bilingual schools hire enough quality Western teachers to deliver it, asks **Josh O'Neill**

Rarely does data evidencing a downturn in China's private school market crop up. A new report from ISC Research, the intelligence division of the UK's International Schools Council, is no exception. Chiefly, it showcases a deepening appetite among Chinese families for an "international, bilingual approach to learning" that provides "the skills necessary to prepare children for global higher education and careers".

China's private schools are racing to feed this hunger by expanding their operations. Five years ago, there were 629 international schools on the mainland, which mostly catered to children of foreign nationals and had "very limited access" to Chinese students, the report states. Today there are 857, according to the data, 65% – or 563 – of which are international Chinese-owned private schools (iCPSs). ISC Research defines these institutions as those owned by Chinese investors, intended for Chinese pupils, teach the Chinese national curriculum during compulsory Grades 1-9 (while embellishing it, within reason, with international elements), and often form business relationships with overseas schools. Notable examples of such schools include a cluster belonging to Hong Kong-listed Maple Leaf Educational Systems, which caters to around 12,100 students across 16 schools categorised as iCPSs; international schooling giant Nord Anglia, which has 14 schools scattered across China; and Dulwich College International, the UK private school's overseas arm, which has inked deals with one iCPS and three schools for the children of foreign nationals.

> "The growing demand for international education is met and delivered through a modified product. It's effectively an enhanced national curriculum"

Private schools' efforts to capture a wider Chinese demographic appear to be paying dividends. According to the report, titled *Education in China – How demand and supply is changing*, of the 372,000 pupils enrolled in "an international style of education", 245,500 – or 66% – are Chinese. Foreign education brands, says ISC Research, are "driving the success" of many iCPSs – and this is spurring an increasing number of overseas private schools to follow suit and forge further alliances with domestic players, typically property developers. In the past half-decade, 31 independent school brands, mostly from the UK but also from the US, have set up shop in China. Meanwhile, ISC Research says it "is aware of at least 48 new international schools" that are set to open "in the next few years, many of which will be iCPSs partnering with foreign independent school brands". These offerings are appealing to affluent Chinese families in Tier 1 cities, says ISC Research, which "value the educational heritage, reputation, brand prestige and opportunities" for overseas university studies that Western schools present.

China's schooling system is broken into three segments: one to three years of kindergarten; six years of primary education; and three to six years of secondary. State regulation mandates that all institutions teaching Grades 1-9 – the compulsory years of education, which begin at age five or six and are free to all citizens at public schools – must deliver the Chinese national curriculum. Yet parents paying iCPSs an average of $15,279 a year do so for reasons stated above and thus expect a strong international flavour to their children's education. As a workaround, iCPSs map out "commonalities" between international and Chinese curricula, often translate the national syllabus, deliver it in English and embellish it with international elements, explains Anip Sharma, partner at L.E.K. Consulting.

"The growing demand for international education is met and delivered through a modified product," says Sharma. "It's effectively an enhanced national curriculum." Grades 10-12, meanwhile, are unrestricted and high school students can opt to study exclusively international curricula, such as A-level, Advanced Placement or International Baccalaureate during these three years.

Swelling international school numbers in key cities demonstrate their growing popularity: while Beijing and Shanghai dominate with 169 and 141 schools, respectively, there are now 55 international schools in Shenzhen, 47 in Guangzhou, and 25 in Chengdu. Last month, London's Westminster School began building Westminster Chengdu, the first stage in an ambitious joint venture with local partner Hong Kong Melodious Education Technology Group, which is set to launch next September and will educate some 2,500 students. Westminster School plans to roll out an additional five schools of a similar size across China over the next 10 years, by which point it would educate 20-times as many children in China as at the mother ship. Other prestigious UK independent schools, such as Malvern College and Wellington College, are pursuing similar initiatives.

## Demand and supply

But among a chorus of upbeat noises, there are notes out of kilter. Chinese families – in which two parents and four grandparents will often contribute to each child's education – are forking out top dollar to provide their children with an international experience. As a result, expectations are elevated. Because the end goal is to land children on the global career stage, of which English is the common tongue, "parents expect to see a high proportion of native English-speaking teachers at iCPSs," says ISC Research. "This is an important characteristic of top-tier schools and it distinguishes them from schools at the lower end of the market. These schools require teachers who can deliver a blended, dual curriculum with sufficient expertise in Western-informed pedagogy." The crux?

"There is a shortage of sufficiently skilled teachers in China," warns ISC Research. ▶


Anip Sharma, L.E.K. Consulting


Edward Slade, Schoolhouse Management

In its report, ISC Research estimates that of the 27,700 teachers employed by iCPSs, 39.5% are "foreign" – in other words, English is their first language. If current growth rates are maintained over the next five years, the group forecasts that in the 2023-2024 academic year a total of around 64,700 teachers will be on the payrolls of China's international schools, which will by then need to have hired "at least" 37,000 native English speakers.

With demand for overseas talent demonstrably outstripping supply, it's clear that despite its buoyancy the market has failed to sidestep what is frequently labelled a global crisis in teacher recruitment. Edward Slade, founder of education advisory firm Schoolhouse Management, says that "my guess is that China has less than half the number of Western teachers it really needs. The pressure will only intensify as well-resourced groups like Maple Leaf, Bright Scholar, Nord Anglia and Dulwich expand their bilingual schools across China." Even at cream of the crop international schools in China, "teacher turnover is at least 25% per year," he adds, noting that this rate is "higher for others".

Slade continues: "Demand is very strong and not slowing down. Affordability is not yet a factor. The big question will be whether all of the bilingual and international schools can hire and retain quality Western teachers. Teachers will become the real bottleneck, and only those that have the best recruiting machines will succeed."

Of course, well-established schools with ties to reputable brands will find hiring engines easier to grease. They can offer additional incentives to relocate, such as more lucrative salaries and attractive benefits packages. But they are not immune to the wider challenges. Allan Walker, director of international schools at Malvern College, the 154-year-old UK independent school which has established campuses in Chengdu and Qingdao and plans to launch its first all-through school in the former city this September, describes the recruitment of experienced teaching staff as "a major strategic challenge... with the current rapid growth of the international schools sector outpacing teacher supply". He flags an "increasing demand for international education among Chinese parents who see this as a means of accessing university education", saying "we expect enrolment [of Chinese students] to double in the next five years". In a bid to ensure its schools can continue to meet swelling demand, Malvern is investing in alternative recruitment channels and placing increased focus on staff retention by investing in professional development, says Walker. He would not, however, disclose staff turnover rates at Malvern's schools. Bright Scholar and Maple Leaf did not respond to emailed questions about staffing. A spokesperson for Nord Anglia said the firm was unable to comment.

Sourcing Western talent in China "can be particularly challenging at the leadership level," says Richard Gaskell, schools director at ISC Research. This being said, the issue is not so profound among reputable iCPSs that are linked to foreign independent schools and able to harness the power of their brands to "reassure" and entice prospective senior staff, he says. Gerard Macmahon, executive master of Wellington College Shanghai, a true international school at which under state law Chinese natives cannot enrol, champions this tactic. Speaking about Huili school in Shanghai, which has a "service agreement" with Wellington College, employs a meld of Chinese and native English-speaking teachers, and enrols Chinese students, he says: "The contracts we offer teachers are the same as those in our international school; Huili and Wellington have equal status. Many of our teachers are offered free school places for their children. This employment package helps to make our teaching posts very attractive."

According to ISC Research, there are "emerging solutions" that can help alleviate recruitment pains suffered by China's international schools. Among such remedies are the Huili Institute of Learning in Shanghai, which offers teachers professional development opportunities and is available for use by all bilingual and international schools. It has partnered with Durham University in the UK to award

Richard Gaskell, ISC Research

Allan Walker, Malvern College

postgraduate certificates in education in an international context. Other solutions include support mechanisms designed to develop skills among Chinese teachers required to meet the demands of iCPSs, says ISC Research, which highlights recruitment consultancy Eurus as an exemplar of this model.

"The upskilling of Chinese teachers will be one of the keys to the development of the iCPS sector," says ISC Research.

## What's in it for fees?

Because protectionist policies play a key role in the government's economic strategy, doing business in China as a foreigner is tricky. The country's education market is wrapped in red tape designed to make it difficult for overseas institutions and investors to extract profits from operations on the mainland. Policy can turn with the tide, though change in the former is usually far less predictable than in the latter. The share prices of listed Chinese K12 operators Wisdom Education, Maple Leaf and Tianli Education – down 35%, 28% and 12%, respectively, from 10 August, 2018 – suggest they are still hungover from a regulatory revision abruptly announced on that date, which sought to limit operators' purchasing power by curbing fast-growing M&A activity and profit-siphoning (see *EducationInvestor Global* October 2018 edition).

> 'The big question will be whether all of the bilingual and international schools can hire and retain quality Western teachers'

ISC Research calls arrangements between iCPSs and overseas independent schools "partnerships" but this is, perhaps, an unsuitable label to prescribe. One market source familiar with the workings of these (let's instead call them) structures says that "the UK school typically has no control, and just receives a share of revenues in return for branding, curriculum and maybe some help in hiring key teachers. There is no direct link." Another source puts UK institutions' income slices at between 4% and 8%, "depending on the school". Such slim pickings, coupled with the reputational risk of brand lending in choppy regulatory waters, raise the question: why do schools bother?

For Westminster School, it's a diversification play. Its undisclosed share of Chinese counterparts' incomes will enable it to lift the proportion of pupils on bursaries at its London base from 5% to 20%, helping narrow a social divide that critics of private education might say the school contributes to. Rodney Harris, Westminster School's deputy headmaster who's moving to China in September to lead Westminster Chengdu, told *The Economist*: "It will give us a revenue stream that will allow us to go back to our roots" – a nod to its humble beginnings in 1560 when it was founded by Queen Elizabeth I to school 40 poor pupils. In the eyes of Malvern College, "there is a huge educational benefit to be derived from the development of an international group of schools," says Walker, "in the shape of initiatives such as teacher and pupil exchanges, shared curriculum projects and sports tours". Moreover, "there is a strong commercial rationale for expanding overseas in the face of ever-increasing pressure on fees and affordability in the UK," he adds.

Whatever the reasons, in an education hotbed that's forecasted to be worth $330 billion by next year, it's logical for foreign independent schools to have some skin in the Chinese game. But it remains unclear whether their recruitment machines will churn out enough teachers to serve the mainland's ballooning demand for international education. One thing is certain: these institutions are not alone in the challenge they face. ■