

DISRUPTION, DECLINE, & ADAPTATION

Demographic Decline in the Global South: Risks and Opportunities for Reform

Jonathan Mills Williams

Many jurisdictions in the so-called “Global South” have declining youth populations. This poses important risks for their higher education systems, including threatening academic integrity and institutional viability, especially in systems with many small institutions, as is the case in the four states of South India (Andhra Pradesh, Karnataka, Kerala, and Tamil Nadu). In such circumstances, policymakers should focus on system improvement and engaging in a deliberate process of strategic consolidation, rather than trying to keep small institutions open.

For several decades, declining youth numbers have concerned higher education policymakers in OECD and former Eastern Bloc countries. Although not often discussed, similar trends are now affecting much of the so-called Global South. China is the most prominent example: its population aged 20–24 has been falling precipitously since 2010 and will continue to do so for the foreseeable future. Yet, other major jurisdictions like Brazil, Colombia, Iran, and Thailand are also experiencing significant declines. Demographics vary greatly within countries too, such that some regions face serious challenges even as national youth populations continue to grow. One key example is South India (defined here as Andhra Pradesh, Karnataka, Kerala, and Tamil Nadu), where the population aged 20–24 is projected to contract by 18 percent between 2011 and 2036. This is comparable to what Japan and Germany will experience in the same period, and more significant than projected in Italy and Spain.

Globally, the political economy of higher education tends to assume enrollment growth. Universities are rarely profit-optimizing. Instead, they seek to maximize their educational, research, and service activities. Enrollment growth aligns with this vision and typically brings more government funding and student fees. It is also arguably the primary vehicle for increasing productivity in higher education by enabling economies of scale. Without growth, systems face “cost disease,” caused by rising staff compensation. This requires governments, students, and students’ families to pay more in order to maintain services already in place, or requires institutions to make cuts. To avert this problem, most high participation higher education systems have pursued enrollment growth even as youth populations have fallen.

For higher education systems still undergoing massification, the risks (and opportunities) of demographic decline are understudied but increasingly urgent. South India provides a window into the phenomenon.

Mitigating Demographic Decline

The most obvious way for higher education systems to mitigate declining youth demographics is to increase the share of the population enrolled. In systems where demand exceeds capacity, shrinking cohorts may reduce exclusion both in absolute and relative terms.

Crucially, however, the primary determinant of a system’s enrollment should not be aggregate youth numbers, but the number of young people exiting upper-secondary education with sufficient academic preparation. In many low- and middle-income countries, there is a large disconnect between enrollment in basic and upper-secondary education and actual student learning. This disconnect can extend into higher education, in some cases fostering widespread placebo higher education, i.e., students obtaining higher education credentials without corresponding higher education level competencies. This problem is particularly pronounced in systems with weak quality assurance and limited support for underprepared students. Demographic decline may compound pressure on institutions to compromise academic standards at admission.

A further complication is the expected cost curve of higher education. Conceptually, per-student costs follow a U-shape. Costs should decline when moving from elite into massified higher education due to economies of scale and diversifying higher education provision (e.g., less research-intensive institutions or programs). Costs should rise again at some point, however, as expansion will progressively engage students facing more significant barriers to learning, requiring more investment to educate them successfully. Where South Indian states are located on the U-curve is difficult to judge, but with gross enrollment rates of between 36 percent and 47 percent, we may assume that they are on the right half. Holding all other factors constant, demographic decline squeezes the U-curve, reducing the potential cohort of students who can be educated most

affordably. This increases the average cost per student of decent quality higher education level instruction.

The second avenue for mitigating demographic decline is to recruit more international or other non-local students. High participation systems in higher income countries have often pursued this strategy, including Canadian provinces, Germany, Italy, Japan, Spain, Taiwan, and the United Kingdom. Often this is further incentivized by high differential fees. For low- and middle-income countries, this strategy is likely less available, given weaker competitiveness for students as well as adverse political pressures when local participation rates remain modest. Still, Southern Indian institutions might seize upon the region's national reputation for education quality and health and safety, as well as weakening competition from traditional destinations, such as Canada and the United Kingdom. Competing for non-local students may also help foster a virtuous cycle of quality improvement. Malaysia may offer important lessons on how to implement such a strategy successfully in a middle-income context.

Adapting to Demographic Decline

The alternative to mitigation is adaptation, which may be market- or policy-driven.

Market-driven adaptation entails institutions competing for the smaller pool of potential students. It also involves unsuccessful and unviable private institutions closing. Poland, South Korea, Taiwan, and the United States all experienced significant enrollment declines beginning between 2008 and 2013. By 2022, the number of private higher education institutions in these countries had fallen by 25 percent. Yet, private enrollment shares remained stable or even rose in all but Taiwan, meaning greater attrition of institutions than of students. Recently, private enrollment shares have also risen in countries like Germany despite adverse demographics. Evidently, privates can outcompete publics under pressure.

Smaller institutions are much more susceptible to close. Demographic decline not only reduces aggregate local enrollment growth but makes it more volatile. While non-local enrollment can offset local losses, it also tends towards more volatility. Larger institutions are better able to weather these challenges by diversifying their programs and other activities and investing in marketing and other strategic measures.

By contrast, consolidation of public higher education institutions is inherently policy-driven. Governments rarely permit outright closures; instead, they allow or encourage mergers and absorptions. Even so, any form of consolidation—of public or private institutions—tends to be politically sensitive.

International experience shows a higher tendency to consolidate non-university higher education institutions than universities. For instance, three of the four countries discussed above reduced their complements of public non-universities by about 12 percent by 2022, while still increasing the number of public universities (Taiwan excepted). In Poland and South Korea, average university size fell sharply as a consequence, especially outside major cities. Non-universities are more likely to close because of their lower status and weaker elite connections, but also because their smaller size exposes them to the pressures described earlier.

These patterns suggest that demographic decline will be more disruptive for higher education systems with many small non-universities. South India's 11,004 colleges enrolled just 569 students each on average in 2021–2022. Attempting to keep thousands of increasingly unviable institutions afloat risks distracting enormously from the fundamental need to strengthen system quality and relevance. If consolidation is inevitable, the real task is to use it to build stronger, more resilient institutions that better serve their students and communities.

Demography as Destiny Only in Part

Demographic decline heightens risks for higher education, even in systems where participation remains moderate. Fragmented systems with fragile governance and limited competitiveness are especially vulnerable. Yet, because demography is predictable, it also presents unique opportunities for proactive action, especially for the most vulnerable systems.

Over the next decade, South Indian policymakers have the imperative and the opportunity to transform the higher education system. If they succeed, they may chart a path for all of India and reshape global higher education for years to come.

Jonathan Mills Williams is a doctoral candidate at Oxford University, United Kingdom, and a visiting researcher at the German Center for Higher Education and Science Studies (DZHW). E-mail: jonathan.williams19@gmail.com.