| RESEARCH ARTICLE

Impact of COVID19 on the Education System in the United States through PESTLE Analysis: A Case Study

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| **ABSTRACT**

A PESTLE analysis is a commonly used practice by marketing to access the macro environment of a company or an industry. This analysis helps organizations identify the external marketing factors that impact the external marketing environment of an organization. PESTLE analysis provides a framework to understand the political, economic, social, technological, legal, and ethical factors of an industry or an organization to evaluate potential changes required to implement managerial decisions. This tool is used to understand the growth and decline of an organization or its division to develop strategies in its operational direction. The aim of this case study was to assess the impact of Covid19 on the enrollment of international students in higher education in the United States through PESTLE analysis. It has been concluded that Covid19 badly impacted the recruitment of international students by the institutions of higher education in the country. It has been found that the pandemic adversely affected the budgets of the universities. It has been suggested to overcome some of these problems can be found through an aggressive market with some financial support from the enrollment teams of the respective institutes. The organization may adjust its operations and find new creative ways to stay on top of its game. Enrollment trends and operations are expected to be impacted by several micro and macro trends in the long term, and some of these factors might become responsible for changes in the functions and operations of the organizations. In the long run, the best practice with this uncertainty is to keep a close eye on the changing trends and build an organizational leadership that's flexible and eager to adapt to the new challenges they will face.

| **KEYWORDS**

PESTLE analysis; COVID19; political factors; economic factors; environmental factors, social factors

1. Introduction

A PESTLE analysis is a commonly used practice by marketing to access the macro environment of a company or an industry. This analysis helps organizations identify the external marketing factors that impact the external marketing environment of an organization. PESTLE analysis provides a framework to understand the Political, Economic, Social, Technological, Legal, and Ethical factors of an industry or an organization to evaluate potential changes required to implement the managerial decisions. This tool is used to understand the growth and decline of an organization or its division to develop strategies in its operational direction.

"The PESTLE analysis is more than just understanding the market. This framework represents one of the backbones of strategic management by defining what a company should do and accounting for an organization's goals and the strategies strung to them." (Pathak, 2020). Most organizations are hesitant and doubtful about the turnout of their approaches when introducing new strategies in the organization or a division, and PESTLE helps them in predicting the outcome of the unique strategy developed and provides an understanding of the changes that might be required within the organization after a thorough analysis of its external factors. The higher education industry in the U.S. has been subjected to adapt to changes coming from an array of external factors. These factors play an essential role in influencing decisions made by consulting the marketing teams and considering the significance of each element on an organization's overall growth. Some of these factors may play an important role in the organization depending on various factors such as whether the school is public or private or for-profit or a nonprofit organization?

Then there are other factors like the target audience, which requires a deeper understanding of the location of the majority of these students, expected trends, their previous education, and most importantly it also requires an understanding of where these students are getting their funding from to make informed strategies that would set a department off for success.

"In 2020, the economy shed a net 9.37 million jobs, exceeding the 5.05 million jobs lost in 2009, in the aftermath of the global financial crisis." (Cambon & Dougherty, 2021) This massive decline in the number of opportunities available to working professionals resulted in many people shifting their focus toward different industries. This decline is also what caused a re-evaluation of my career projector as well, and it was a major deciding factor in my decision to work as part of the enrollment/recruiting team of a nonprofit private business school. My day-to-day operations at work are revolved around enrolling students into our graduate programs from the North American region. In my 2 years working in the enrollment of graduate programs, I have observed a considerable decline in the ratio of students enrolling in graduate programs in North America.

"More than 1 million fewer students are enrolled in college now than before the pandemic began." (Nadworny, 2022) This overall decline in enrolling students from 2020-to 2021 has caused most organizations to re-evaluate their operations on different departmental levels to adjust and adapt to the changes caused by it. This paper will include a detailed PESTLE Analysis of the Enrollment department of my organization. It is intended to provide a deeper understanding of different factors playing significant roles in this decline and the operational changes caused by it.

1.2 Political Factors

"Lack of political stability in a country affects business operation. This is especially true for the companies which operate internationally." (Contributor, 2020) One of the most significant factors that impact the enrollment of international students in the U.S. is the educational, employment, and immigration laws defined by the government in the U.S. These laws play a huge role in the decision-making process at the graduate level for students. They are required to consider both the merits of the school they are enrolling in and other factors that will impact the outcomes of their 5-year career plan after graduation.

The decline in international students enrolling in graduate programs in the U.S. began during Trump's era. In his "America First" foreign policy vision focused on three key areas of immigration, including border security, interior enforcement, and employment, the administration focused its efforts on dismissing some specific employment-based visas to support the domestic economy. "Although some of these political developments do not directly affect international students, they are enough to present the United States as an unwelcome environment towards foreigners and, therefore, cause a decrease in international student enrollments" (Rahman, 2019). On top of facing these challenges, while enrolling students, a significant drop was also observed due to the travel restrictions, change of operations globally, and political instability in the U.S. mid-pandemic.

A significant proportion of enrollment for graduate programs happens through fairs and schools' representation at different colleges, which requires someone from the enrollment team of the schools to provide more information and handle follow-up Q&As. A massive influx of new inquiries is generated from Canada in the North American region, and the closure of the Canadian border to U.S. Nationals and foreign individuals presented another challenge for our team to perform our jobs effectively. Recruiting students for schools became an obstacle for teams worldwide, further intensified by the inability to travel to these colleges to increase student engagement and inquiries for conversion.

The unstable political conditions in the U.S. after the Trump Administration departed mid-pandemic and the uncertainty of new laws contributed hugely to creating an unwelcome environment for international students in the U.S. in terms of their immigration. The possibility of unfavorable circumstances was also affected because of border closing and travel bans to and from different countries, which ended in most of the students feeling unwelcomed in the U.S. This also compromised the quality of education that they dreamed of pursuing by leaving their home countries to compete in a demanding and rapidly evolving world.

1.3 Economic Factors

Private schools' enrollment has observed growth during good economic positions and a tremendous decline when the overall household incomes worldwide decline. The economic factors affecting the operations of enrollment at my organization vary depending on the residential status of the students. Enrolling students in an international school involves recruiting most of the student body from different countries. Each year, we have more than 148 nationalities on campus as a part of our other programs, including students from the U.S.

When enrolling students domestically, the most significant push-back from students comes because of their previous debts, and as doing a master's program is an investment, it requires further financial resources to be invested by the students. Many domestic students are concerned with the moving, living, and higher tuition costs of private schools, which only leaves the option of enrolling students who are willing to take out an additional loan for their education. Federal Aid plays a significant role in helping these

students decide as they offer loans at a significantly lower interest rate. According to the official website of U.S. Federal Aid, the interest rate for a direct subsidized loan for graduate or professional borrowers is 6.8% (Federal Student Aid).

And while domestic students may have the advantage of having access to federal aid as their loans, international students are at a significant disadvantage in jumping through different hoops to get their loans approved. They can either explore the option of borrowing money from their local banks in their home countries which could prove to be tricky depending on the current economic situation of their home countries. They also can apply for a private loan with specific institutions that work directly with international students to loan them money. When looking at such institutions, there are different terms and conditions involved in getting a loan approval which may vary from individual to individual. Some of these private financial institutions require a U.S. National as a co-signer, or they have significantly higher interest rates on an average ranging from 10%-15%. These institutions also pick students from specific schools to work with, so having a good reputation plays a huge role.

To overcome some of these economic challenges the recruiting teams face, my organization has tried to offer a higher amount of financial aid and application fee waivers so that a higher percentage of students would consider enrolling. The challenge does not end there, as many other factors are to be considered by students when they are deciding to invest such a massive amount in their higher education.

1.4 Social Factors

Many social aspects affect how we receive and process information to form our own opinions. These social aspects can come from a variety of people we interact with in our daily life, and these interactions help us form and define our own conclusions on a subject matter. "The social aspect focuses on the forces within society. Family, friends, colleagues, neighbors, and the media are social factors. These factors can affect our attitudes, opinions, and interests. So, it can impact the sales of products and revenues earned. The social factors shape who we are as people, and it affects how we behave and what we buy" (Contributor, 2020).

The perception of education has been evolving over the past decade. Having a bachelor's or master's degree used to be an optional requirement for positions with higher salary packages previously, but the pace of advancement and development in all fields has made it necessary for organizations to require more advanced skills to qualify for the job. Over the years, the perception of higher education has been evolving in the U.S. "Approximately three in four Americans believe that an education beyond high school offers a good return on investment for student" (Fishman et al., 2021). Students are motivated by the benefits of specialized skillsets in better job-position, higher salaries, competitive advantage, and a preference among employers when candidates are evaluated.

A separate debate has been happening around the kind of institutes that prove worth their investment in the long run. This has been one of the concerns that have often come from graduate students when evaluating the cost benefits of taking a break from their employment to pursue a program. Graduate students now more carefully research the perception of the schools and the importance of their programs in their relevant industries. Graduate schools and professionals hear contrasting views and opinions on Ivy League schools, public schools, community colleges, for-profit private schools, and nonprofit private schools. "A majority of Americans believe public, private nonprofit, and minority-serving institutions (MSIs) are worth the cost, but the precise level of support varies by institutional type." (Fishman et al., 2021).

This perception has helped us with the enrollment and objection handling activities, and organizations worldwide are trying to capitalize on it. The value added to the resumes and targeted skillsets added to our curriculums each year, combined with the practicality, has made our programs and their enrollment somewhat successful in our operations each year. It is imperative for our jobs to closely observe the change in perception to quickly adapt to student expectations changes.

1.5 Technological Factors

The COVID-19 pandemic shifted the way businesses operate on a considerable level. Most companies had to move their business operations from in-person to virtual to avoid physical contact between people. A significant adjustment was required from both society and the organizations to accommodate these changes.

Telecommunication and the internet played a huge part in our student connection and conversion, as serious inquiries were first handled through phone calls and then changed to an in-person meeting later. We are heavily reliant on our computers and a secure internet connection for all our internal and external communications to perform our job. The flexibility of working from home meant adapting to technologies like Zoom and Skype for our daily meetings with the student body and our managers. To ensure efficiency in this process, my organization decided to provide the enrollment team members with work laptops that we could use to perform our job and a monthly budget for a stable internet connection.

"It's undoubtedly that global internet connectivity has been on the rise in recent years. This presents an even larger market for many companies who use the internet to connect with their customers" (Bush, 2016). This ease of conducting business has played a significant role in increasing our market reach to explore new tools and increase student engagement and conversion, thus making it easier to perform our jobs. A part of efficiently performing my job depends on how receptive our audience is to this change and how adaptive they are in embracing the technological advancement happening in the world globally. "Distance education is also becoming increasingly global, with universities in the U.S. and overseas leveraging advanced technologies to put education within reach of many more individuals worldwide" (Glenn, 2008).

Most master's students belong to a younger generation who are fast in learning new technologies playing such a massive role in getting their education. Enrolling these students and successfully onboarding them to make sure that a higher percentage of the students graduate at the end of the enrolling year, all the other staff and faculty members are required to adapt to this change. "Faculty members used to teach in one way may be loath to invest the time to learn new methods and may lack the budget for needed support" (Glenn, 2008). It has not presented a lot of push-back from faculty members in my organization as some of these tools they had already been trained well to use because the school is international with multiple campuses across the globe. This makes it possible for us to ensure the success in our overall graduation rate to reflect positively on my department and the organization's reputation.

1.6 Legal Factors

According to the report obtained on the international student enrollment trend in the U.S. through open doors data, "as a result of the closures and restrictions on international travel, the total number of international students at U.S. universities dropped by a staggering 15%, from 1,075,496 students in the 2019-2020 school year to just 914,095 in 2020-2021" (Lahoud, 2021). This drop was caused by several legal factors, including border closings, flight cancelations, backlogs at U.S. Embassies in different countries, employment opportunities, working rights in the U.S. after graduation, and new laws and regulations issued by the government for grant of F-1 visa. Immigration requirements due to operational changes in their school's dynamics after classes were held on-campus to virtual, thus making it impossible for F-1 students to maintain their immigration requirements.

These challenges combined caused operational disruption in enrolling new students for our programs to keep the business running. Border closing disrupted the design of our course curriculum; before the pandemic, each year, students got to have the opportunity to finish their programs with global rotation to up to two of our international campuses. Furthermore, enrolling international and domestic students with uncertain immigration regulations became increasingly difficult. All the students were instructed to finish the remainder of their courses virtually, which took away their chance to travel to other campuses for their programs.

Another primary concern that has been raised by multiple international students over the last 3-4 years has been regarding work authorization in the U.S. after graduation. There are two different options available to students on F-1 visas in the U.S. They can either change their immigration status to a different one or participate in OPT to stay in the U.S. and gain employment authorization. "Optional Practical Training (OPT) is temporary employment directly related to an F-1 student's major study area. Eligible students can apply to receive up to 12 months of OPT employment authorization before completing their academic studies (pre-completion) and/or after completing their academic studies (post-completion)" (Optional practical training (OPT) for F-1 students 2021).

This OPT can be eventually converted into employer-sponsored visas like H1-B, allowing foreign nationals to gain work authorization in the U.S. "USCIS randomly selects registrants to submit their complete H-1B visa petition using a lottery system. The annual H-1B visa limit is 85,000, and there are 65,000 regular H-1B visas each year and an additional 20,000 visas reserved for applicants with advanced degrees" (H-1B Visa Registration, Requirements & Application process 2022). This is also a long process with its own complications, so the presence of flexible immigration policies by competitor countries like Canada intensifies the challenge of enrolling international students in the U.S.

To overcome this particular challenge and help maximize the opportunity of getting an OPT extension, we have introduced 2 STEM programs and 1 program with the possibility of turning it into a STEM program. We still have many challenges to overcome in this aspect with time as the regulations are expected to change over time, depending on the country's political environment in the upcoming years.

1.7 Environmental Factors

"The physical environment, changing continuously and sometimes significantly, impacts colleges and universities at many different touchpoints" (Trends for higher education - SCUP 2015). One of the most significant environmental factors to substantially impact our organizational and departmental operations since March 2020 includes the outbreak of a worldwide pandemic of COVID-19.

The mass disruption in schools caused by this pandemic in Spring 2020 triggered panic among students, faculty, and staff members, with everyone putting in their best efforts to prevent the further spreading of the virus.

"The spring semester of 2020 was significantly disrupted by the spread of the coronavirus as more than 1,300 colleges, and universities in all 50 states canceled in-person classes or shifted to online-only instruction. By fall, many campuses developed plans to merge in-person instruction (with social distancing) and online learning, with varying degrees of success by institution" (Smalley, 2021). When planning to merge in-person and online instruction of courses for most of the programs at my organization, we also had to focus on developing a COVID-19 contingency and safety plan for our students, faculty, and essential staff on campus to ensure that the operations were smooth.

Over the last 2 years, we also had to adjust to these expectations and tackle this concern with potential students to ensure on-campus safety. This remains a concern for most students even today because of the emergence of new variants and outbreaks caused by them. To tackle these environmental changes, weekly pool testing for both students and staff members was introduced, such as a mandatory mask requirement as per state regulations. Severe measures were introduced to maintain social distancing, and cohort sizes were also adjusted to be broken down into smaller groups to avoid spreading the virus.

2. Conclusion

It has been concluded that Covid19 badly impacted the recruitment of international students by the institutions of higher education in the country. It has adversely affected the budgets of the universities. Each year enrollment teams worldwide face many challenges and hurdles to achieve realistic yearly goals to help the business move forward. How the enrolling year will go for these recruiting teams is affected highly by external factors like the political climate of a country, their economic condition, and the sources of funding they have available for students, the perception of doing a program now when so many nations are in a recession with the household incomes being threatened. It has become increasingly challenging each year to recruit initially and perform better with this level of instability. The solutions for some of these problems can be found within the team. But some of these problems are strictly out of the team's hands, with quick changes. It has been found that the pandemic adversely affected the budgets of the universities. It has been suggested to overcome some of these problems can be found through an aggressive market with some financial support from the enrollment teams of the respective institutes. The organization is expected to adjust its operations and find new creative ways to stay on top of its game. Enrollment trends and operations are expected to be impacted by several micro and macro trends in the long term, and some of these factors might become responsible for changes in the functions and operations of the organizations. In the long run, the best practice with this uncertainty is to keep a close eye on the changing trends and build an organizational leadership that is flexible and eager to adapt to the new challenges they will face. It is suggested that the universities shall offer financial assistance along with a reduction in the tuition fee at least for two years to overcome the prevailing financial hardships faced by the families, particularly from the developing countries after this pandemic.

Conflicts of Interest: The authors declare no conflict of interest.
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