

The challenges of leading an international branch campus: the ‘lived experience’ of in-country senior managers

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Abstract:

In recent years, an increasing number of major universities have set up international branch campuses (IBCs). There are now over 200 IBCs, with more under development. Little is known about the unique challenges that face IBC managers, who are normally seconded from the home university to set up and operate the satellite campus in a new and alien environment. At the same time, there are significant financial and reputational risks for the home university should an IBC fail. This paper reports the results of a qualitative study into the ‘lived experiences’ of IBC managers working in the three largest host markets for IBCs – China, Malaysia and the United Arab Emirates. It finds that the fundamental challenge for managers is balancing the competing demands of a range of internal and external stakeholders and concludes that universities need to do more to prepare and support IBC managers.

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1. INTRODUCTION

This paper reports the results of a study of the challenges of managing an international branch campus (IBC). Over the last decade, the growth of the international branch campus (IBC) has been one of the most striking developments in the internationalisation of higher education. In their most recent survey for the Observatory on Borderless Higher Education (OBHE), Lawton and Katsomitros (2012) estimated that there were around 200 IBCs in existence across the world, with another 37 in development (see also British Council, 2013; C-BERT, n.d.). The Middle East emerged in the mid-2000s as a host region (Donn and Al Manthri, 2010; Wilkins, 2010; Miller-Idriss & Hanauer, 2011). The other major host region is East and South-East Asia (Banks & McBurnie, 1999; Garrett & Verbik, 2003; Huang, 2003, 2007; Helms, 2008; Ennew & Yang 2009; Gu, 2009; Ilieva, 2011; Welch, 2011; Zигuras & McBurnie, 2011; Feng, 2013).

In terms of the way they operate, relatively little is known about these IBCs (Girdzijauskaitė & Radzeviciene, 2014). They are generally presumed to be foreign outposts of the home university, operating as remote satellite campuses, but adhering to standardised procedures and academic processes. Often, they are likened to foreign subsidiaries of multinational corporations (MNCs) (Bhanji, 2008; Gore, 2012; Salt & Wood, 2014) and accused by their critics of amounting to ‘academic colonialism’ (eg, Nguyen et al., 2009). In practice, much of the detail is shrouded in commercial secrecy.

From perspective of the higher education sector, the challenge of managing an IBC is an area of great interest. Setting up and running an IBC exposes the home university to very considerable financial and reputational risk. There are a number of high-profile examples of IBCs that have failed and caused serious damage not just to the universities concerned, but the countries from which they originate.

The focus of this study is on the challenges of managing an IBC *as perceived by the IBC managers*. The senior management of the home university may have a view, in principle, of the best way to establish and develop an IBC. But because the management systems of a UK university are so underdeveloped in terms of controlling a small IBC thousands of kilometres away, and because there are other equally powerful stakeholders in the host country involved, it is the IBC manager *in situ* who has to balance these competing demands.

2. LITERATURE REVIEW

2.1. What is an international branch campus?

In their 2012 report for the OBHE on international branch campuses, Lawton and Katsomitros (2012) acknowledged the impracticality of having a ‘permanent definition’ (p.7) of IBCs, because universities are constantly repositioning their offshore activities in the light of changing regulatory and competitive environments (see also Healey, 2014). The ownership, academic governance and financial and legal structures also vary considerably between IBCs (Lane and Kinser, 2013), so that any definition arbitrarily includes some IBCs

and excludes others. Nevertheless, the OBHE's current definition of an IBC is used for the purposes of this paper, which is:

- 'a higher education institution that is located in another country from the institution which either originated it or operates it, with some physical presence in the host country;
- and which awards at least one degree in the host country that is accredited in the country of the originating institution' (Lawton and Katsomitros, 2012, p.7).

2.2. Why is the literature on managing IBCs so limited?

The literature on managing IBCs is limited and tends to be restricted to the 'grey literature' (eg, McBurnie & Pollock, 2000; Lane et al., 2004; Gow, 2007; Shattock, 2007; Fielden, 2008, 2011; Lane, 2011; Emery & Worton, 2014). There are probably at least three reasons for this. First, the phenomenon of the IBC is relatively new. Second, the operation of IBCs is shrouded in commercial secrecy. Third, the campuses are remote and most of the faculty are locally hired, so that there is not the usual interchange of information through informal networks.

2.3. Managing staff in international branch campuses

The richest vein of enquiry has been by faculty from the home university using their own experience to explore the difficulties of teaching at an IBC (eg, McCully et al., 2009; Smith, 2009; Dobos, 2011; Hughes, 2011; Chapman et al., 2014). These studies explore the tensions experienced by seconded expatriate staff of trying to 'serve two masters', with the staff torn between the natural allegiance to their students and local colleagues and their loyalty to their home university and its culture and procedures.

A closely related challenge for expatriate staff is teaching students who have very different learning styles and cultural frames of reference (Bodycott and Walker, 2000; Dunn and Wallace, 2004, 2006; Hoare, 2013). As Tierney and Lanford (2014) note, 'international branch campuses, with their emphasis on face-to-face teaching, foreign ownership, awarding of credentials by a foreign provider, and physical campus environments, are uniquely positioned to serve as 'hotspots' for cultural transgressions...conflicts and misunderstandings among students, faculty, and administrators are inevitable'.

Smith (2014b) looked at the challenges for managers of dealing with 'flying faculty', who are sent from the home campus for short periods to support teaching and quality assurance at the IBC (see also McDonnell & Boyle, 2012). The motivations of the flying faculty are varied (eg, they may accept a one-off teaching assignment as a form of 'academic tourism' with no long term commitment to the venture) and the manager of the IBC may have no formal line management over the staff while they are on his/her campus.

2.4. Managing students in an international branch campus

Another fruitful area of enquiry has been the study of how and why students choose to study at IBCs (Nguyen & LeBlanc, 2001; Wilkins & Huisman, 2011, 2013; Wilkins et al., 2012). Some studies have found that students at IBCs experience conflicts of identity, since they are neither international students studying at an offshore institution nor domestic students studying at a local university (Chapman and Pyvis, 2006). Other studies report frustration by

students at the chasm between the 'brand promise' of the home university and the reality of being at a small branch campus where resources are very limited (Miliszewska & Sztendur, 2012; Wilkins & Balakrishnan, 2013).

Most obviously, students at IBCs are likely to have difficulty adapting their learning styles to the teaching methods promulgated by the home university (Kelly & Tak, 1998; Walton & Guarisco, 2007; Wang, 2008; Humfrey, 2009; Pimpa, 2009; Heffernan et al., 2010; Prowse, & Goddard, 2010; Marginson, 2011; O'Mahoney, 2014). Unlike an international student, who leaves his/her own country to be immersed in the culture of another country while studying overseas, students at an IBC remain in their home country. This may make it harder to adapt to the teaching environment on campus, which is effectively a small 'bubble' of foreign culture that students experience for a few hours each day.

2.5. Managing academic quality in an international branch campus

The management of academic quality at IBCs is another widely researched area (Hodson & Thomas, 2001; Coleman, 2003; Castle & Kelly, 2004; Craft, 2004; Cheung, 2006; Stella, 2006; Blackmur, 2007; Smith, 2010; Edwards et al., 2010; Lim, 2010). This is because the key challenge for universities with transnational education is quality assurance (Martin, 2007). The reputations of individual universities are, in large part, based on the perceived quality of their academic awards.

Providing education across borders exposes the UK universities to varying degrees of reputational risk. While IBCs are generally regarded as being towards the low risk end of the quality spectrum, maintaining quality control in IBCs may be more difficult because managers and staff operate in an alien culture far from the home campus. If many of the staff are locally hired, they may share different value sets from their managers and find it hard to apply academic regulations and procedures set far away in the home university.

One of the special complexities of managing academic quality in an IBC is that, in an increasing number of host markets, the managers have to satisfy the regulatory requirements of both the home governmental agency (eg, the Quality Assurance Agency) and the host governmental agency (McBurnie & Ziguas, 2001; Pyvis, 2011). In Malaysia, for example, IBCs are subject to regulation by the Malaysian Qualifications Agency, which specifies the curriculum requirements, and the Ministry of Education, which controls enrolment numbers and tuition fees.

2.6. Managing the curriculum at an international branch campus

Managing the curriculum is closely related to quality assurance. *Prima facie*, it would appear to follow that the more precisely the curriculum at the IBC mirrors its counterpart at the home campus, the lower the risk that quality is compromised. In principle, the degrees at the IBC could follow exactly the same curriculum in terms of content and learning outcomes, with the students being assessed using common assignments and unseen examinations. At the same time, there are legitimate pressures to adapt the content, pedagogy and assessment (Willis, 2004). Most obviously, some of the content may be inapplicable to the local context. For example, most business studies degrees include one or more modules on business law, which is jurisdictionally specific.

It is also conceivable that, for social and cultural reasons, trying to force the pedagogical approach of the home campus onto locally-hired academic staff and students may be sub-optimal. Staff and students in East Asia, for example, may be uncomfortable about using a Western case study approach to learning, which blurs the conventional distinction between teacher and student. Some critics have warned of the dangers of forcing IBCs to conform to the curriculum and assessment requirements of the home campus, arguing that it leads to an inappropriate and damaging degree of homogenisation (Liston, 1998; Rhee & Sagaria, 2004; Tikly, 2004) and a 'one world' culture that has the potential to undermine local differences' (Egege & Kutieleh, 2008, p.68).

3. METHODOLOGY

3.1. Introduction

The key issue faced by any organisation establishing a subsidiary in a third country is how much to adapt, or 'localise', its products and processes to the conditions in the host country. In his regard, at least, IBCs are no different to foreign subsidiaries of MNCs. As the literature review above confirms, the managers of an IBC face difficult choices about staffing and the curriculum. For the purposes of this study, there are two central research questions:

1. What are the key dimensions of the IBC that managers feel under pressure to localise?
2. Who are the main stakeholders which influence their chosen degree of localisation for each dimension?

The research design uses a qualitative research methodology, interviewing the senior managers of nine IBCs of UK universities. The interviews were carried out at the IBC in the offices of the participants and the fieldwork additionally included site visits and informal meetings with other staff and students for background information. The nine IBCs provided a representative cross-section of the total population (there are no more than 20 functioning UK IBCs, regardless of definition, at the time of writing), and included IBCs in the three major host markets (United Arab Emirates, Malaysia and China), as well as IBCs from a mixture of research-intensive and teaching-intensive universities. Table 1 sets out the interview schedule.

Table 1 here

The interviews were semi-structured and invited participants (on condition of confidentiality and anonymity) to 'tell their story'; that is, to provide a documentary account of their experience of managing an IBC, with cues from the interviewer (as necessary). This interview technique allows participants to express their subjective perspectives on the way they see and interpret the world (Opie, 2004; Stephens, 2007), while allowing the interview to develop in a way which reflects the interviewee's particular perspective (Lofland et al., 2005; Rubin & Rubin, 1995).

4. RESULTS

The qualitative data was coded so that all the data was assigned to discrete conceptual ‘bins’. The codes were then organised into clusters which share a common theme (Biddle et al., 2001). The following subs-sections discuss each of the clusters of coded data in more detail, to provide a basis for discussion in the final section.

4.1. Career

In the main, the managers interviewed were seconded from the home university. While the managers differed considerably in age and gender, a common theme was that most of them had little previous management experience at the home university. One noted that ‘I didn’t have any senior management role at University of M...so this really is getting into the deep end’ (Interviewee D). This appeared to be characteristic of most of the IBCs.

The lack of significant prior management experience is a striking finding. Given the inherent riskiness of establishing and running an IBC, it is surprising that universities do not seem to second their most experienced and successful senior managers to take on these roles. The stakes are high. One interviewee said ‘I am the registered chief executive. If anything happens there I could be fined RM50,000 and jailed. A VC was jailed here five years ago for business malpractice’ (Interviewee F).

One explanation for the inexperience of the managers, especially those involved in the start-up phase of an IBC, is that it is often the university’s first major offshore venture. The role of provost of the IBC is new. For existing deans and pro-vice-chancellors, taking it on is seen as ‘career suicide’ (Interviewee N). One bluntly asserted that ‘it is only attractive to retired people, who have their pensions and can afford to take the risk’ (Interviewee H).

The selection processes were often informal. One said ‘I got approached, out of the blue, to say would I like to go out there [to the IBC]’ (Interviewee A). Even when there was a formal process, it was relatively tokenistic. One noted that ‘the VC approached me to be the academic director of an IBC. Although there was a selection process, all there was, was a vision from the VC’ (Interviewee J).

4.2. Staff

The managers identified three different types of academic staff at the IBCs: seconded staff, international staff and local staff. Seconded staff are employed by the home university and are seconded for a fixed period to work at the IBC. Normally they retain their UK terms and conditions (eg, holiday entitlements, pension arrangements) and enjoy additional benefits to compensate them for the costs they incur during the secondment — for example, housing allowances.

International staff are hired through an international recruitment and selection exercise, on terms and conditions related to the equivalent academic rank at the home university. The main difference between seconded and international staff is that the latter are employed by the IBC, not the home university, and have no right to continuing employment at the home university.

Local staff are recruited locally on salaries and terms and conditions benchmarked on local market conditions. The staff are employees of the IBC and have no employment rights at the home university. Generally, the local staff are paid considerably less than the seconded and international staff and have much less generous terms and conditions.

From a manager's perspective, there are a range of challenges of dealing with different groups of academic staff. The length of secondments varies considerable. As one manager explained, 'the secondees vary from long-term secondments like myself...to the short-term flying faculty' (Interviewee G). Such short assignments mean that the staff often do not have enough time at the IBC to develop a deep cultural understanding.

The generous salaries and benefits paid to secondees and international staff can lead to friction with the local staff and allegations of racial discrimination (Interviewee C). Managing local staff raises another set of issues and challenges for the managers of IBCs. Local staff can be employed on a raft of different contracts, both part-time and full-time, but they are invariably fixed-term, and turnover is high. 'From the quality point of view, the student point of view, that's wrong. They are not getting what they would get in the UK' (Interviewee L). The pressure falls on the seconded staff to take a disproportionate burden in terms of administrative support and pastoral care.

Sometimes the difference in cultural values and norms between the manager and local staff can lead to serious problems. One manager recalls 'a serious case of a staff member...leaking the exam paper in advance. We dealt with her and fired her, but we only found this out because we caught a student cheating' (Interviewee J). Another manager referred to a UK peer who 'caused problems at the beginning. He yelled at [local staff] which is culturally very inappropriate' (Interviewee H).

4.3. Host country

The managers interviewed identified two distinct actors within the host country with which they had to work: the host government and the host regulatory body. Higher education remains highly regulated by national governments. IBCs can only operate in a host country with the consent of the host government and their scope to offer courses, enrol students and charge tuition fees is subject to governmental control.

In the three countries covered by this study, the degree of governmental involvement in the higher education sector is more direct and explicit than in the UK. As one manager explained, 'universities here are not self-governing. This is something in British higher education we just take for granted. Here we are directly accountable to the Ministry of Education' (Interviewee F).

A particular challenge is that government policy can change without warning, in ways which adversely impact the viability of an IBC. One example was the decision of the Chinese government to revoke approval of 246 Sino-foreign joint programmes in December 2014 (Smith, 2014a). The scale, speed and opacity of the government bureaucracy can also cause problems. IBCs are impacted by national legalisation on immigration (for both staff and students), employment rights, taxation and planning.

Managers of IBCs also have to deal with host regulators. The regulatory bodies play a crucial role in constraining the degree of customisation of the curriculum. At one extreme,

the curriculum may have to be exactly the same as at the home university. One manager said bluntly, ‘we are not permitted under the terms of our license to offer awards that we don’t offer in [the home university]’ (Interviewee F). At the other extreme, the host regulator may have requirements which are completely alien and require significant changes to the curriculum. The Chinese Ministry of Education mandates a range of ‘patriotic education’ courses (Interviewee N).

4.4. Joint venture partner

IBC are established as private educational company in the host country, in which the home university normally shares an equity stake with one or more local joint venture partners. As one interviewee put it, ‘I would say that we are not a branch campus of the [UK university]. It just so happens that [the UK university] has a stake in a Malaysian university’ (Interviewee D). In China, foreign universities are required to have a Chinese partner. Until 2011, Malaysia also required foreign IBCs to have a local partner. In the UAE, the IBCs studied all had local partners.

Some of the IBCs are 100% owned by the home university and so, in a technical sense, do not have a joint venture partner. However, their campus has been built by the host government and then leased by the IBC. While the joint venture partner does not sit at the board table, there is nevertheless a clear partnership between the IBC and the government’s development agency, which typically controls services like libraries, sports, accommodation and catering.

One manager reported that the relationship with the management team of the joint venture partner ‘is complicated because we are minority shareholders in the joint venture. So it’s not a partnership of equals’ (Interviewee B). Another complained, ‘from a governance point of view I think the issue is with the balance of power... this building isn’t owned by [the university]... We always struggle with it’ (Interviewee L). Working with private sector joint venture partners is particularly challenging for the managers of IBCs, who have mostly had little previous management experience within academia, let alone in a commercial environment.

4.5. Home university

One manager summed up a common complaint: ‘when I started this it was clear to me that the biggest challenge would be the [local] context, cultural differences. I couldn’t have been more wrong. The biggest challenge from day one has been the UK campus’ (Interviewee G). All the managers interviewed expressed a degree of frustration with the inevitable power imbalance between the senior management on the home campus and the managers of the IBC. It’s ‘a perennial complaint of people at branch campuses that you know it’s always the case you are always far more dependent on the home campus than they are on you’ (Interviewee K).

A wide range of issues were reported in terms of relationships between the managers of the IBCs and academic colleagues at the home university, ranging from ignorance and indifference at one extreme to outright hostility at the other. A lack of understanding by colleagues at home repeatedly highlighted: ‘a lot of people I spoke to at the home campus hadn’t got a clue what was going on here’ (Interviewee K). Several interviewees complained about key committees failing to remember to invite representatives of the IBC to attend

meetings by Skype or scheduling committees at times which were impractical for IBC staff working in another time zone. Some felt the ignorance may unconsciously be fuelled by outdated stereotypes.

This ignorance often manifested itself in indifference to the IBC and a failure to cooperate on the part of UK staff. One explained: 'in the day job of an academic, the international branch campus doesn't mean much to them... What's in it for them?' (Interviewee C). Failure to take account of the IBC can lead the academics at the home campus to unwittingly make changes to courses which jeopardise the IBC's relations with host regulators, which often require syllabus and learning outcomes to remain identical to those of the home campus as a condition of local accreditation.

Relationships can be strained by the home campus using processes and policies which are not fit for purpose for the IBC. A number of the interviewees pointed out that UK universities are not multinational corporations, with HR and finance departments accustomed to moving staff and money across borders and national jurisdictions. One lamented 'the naiveté or lack of any real knowledge in the home campus' (Interviewee A) in terms of dealing with seconded staff. Bemoaning the inability of the home finance department to comprehend arcane local rules on depreciation and auditing, one IBC manager concluded simply by saying, 'we are a Malaysian organisation' (Interviewee F).

For the major functional departments like HR, finance, information systems and libraries, trying to apply policies designed for a UK campus to an IBC based in a different country, with a different language, culture and legal system, is highly problematic. It is not simply that the home university's processes may not work in the context of the host country, the problem is also that the IBC is fundamentally a very different type of organisation, being a private education company in which the university has a minority shareholding (Interviewee A).

4.6. Competitors

The managers interviewed identified a range of competitors, including UK universities, other third country universities and domestic competitors, which included both indigenous providers and other IBCs. As some IBCs begin to recruit international students, there is the risk that they compete for students who might otherwise have gone to the UK (Interviewee B). Moreover, most of the IBCs deliver the same or very similar curriculum at the IBC and in the UK, creating the risk that the wealthier students may choose to complete their students in the UK rather than the IBC.

In the UAE, competition from third country universities is a risk, because the students at the IBCs are mostly of South Asian origin and their residency status is linked to the family breadwinner's employment visa. As one interviewee explained: 'people were saying, I'd rather enrol my son or daughter in an Indian university because if I lose my job and go back to India, they can carry on there' (Interviewee J).

The primary source of competition comes from domestic universities and other IBCs. The former includes public universities which have a range of competitive advantages over the IBCs. Their combination of cost, access and prestige factors means that, as a generalisation, IBCs are competing for the students who cannot get into the major public universities. For such students, the choice is between lower status public universities, the domestic private

universities and the IBCs. One interviewee noted: 'out here we are private organisations in Malaysian terms and there's also 20 other private schools of variable quality. It is quite a cutthroat business' (Interviewee F).

4.7. Students

The interviewees reported a range of issues with students, which primarily related to the difficulties of teaching students with different learning styles and needs, as well as English language ability. Although they conceded that the same issues existed on UK campuses, there was a general feeling that these difficulties were exacerbated when students are being taught in their home countries. One observed: 'you are dealing with different student bodies, different students. Academics here who have taught international students say the students here are different, completely different, completely immature' (Interviewee L).

Several interviewees argued that the central challenge was to give students a UK-style education that led to the same learning outcomes as in the UK. This is difficult when the students and most of the staff are operating in a different cultural context. One summarised the problem in this way: 'if you go back to this power-distance index, students are at the bottom of the pile. So they won't expect to question an academic. And an academic won't expect a student to question them. Whereas what we want is to develop those soft skills where a student will question' (Interviewee C).

4.8. Curriculum

The difficulty of teaching students who share an alien culture and language links closely with issues related to the curriculum and, specifically, the extent to which the curriculum (broadly defined to include content, pedagogy and assessment) should be adapted to the local context. All the interviewees recognised the difficulty of striking a balance between being responsive to local needs on the one hand, while retaining the distinctive 'Britishness' of the qualification.

They cited three main barriers preventing adaptation: host regulatory agencies, the home university and local students. The UAE requires that the curriculum is the same as in the UK: 'outcomes have to be identified the same. Assessment has to be the same. They have to be identical' (Interviewee N). The home universities, in general, were very resistant to localising the curriculum in the IBCs. One manager revealed that the home university required the IBC lecturers to teach the courses using PowerPoint slides developed at the home university and would not allow them to change the slides in any way (Interviewee L).

Some of the managers believed that the local students themselves were a source of resistance to local adaptation. Students study at the IBCs to earn a UK degree. Their resistance to localisation extends beyond the curriculum to assessment and grading: 'I think a lot of the international students like to feel the fact that the British academics are running the exams boards here because they are getting a British degree' (Interviewee J).

4.9. Research

In general, research has a relatively lower profile in the IBCs than the home universities, because the primary function is teaching. The staff base of the IBCs tends to comprise seconded staff, whose research is often interrupted while they are based in the IBC, and

locally-hired staff, who often have lower academic qualifications than their counterparts in the UK. Commenting on the teaching loads, one manager said there is ‘very high contact time. We’re talking about teaching 42 weeks of the year. Class contact could be 20 hours a week’ (Interviewee E).

While some of the more mature IBCs are beginning to develop a research culture, the lack of research support was the most widely cited obstacle to improving research productivity. One manager recalled that ‘we had a professor join last year. She struggled because she hasn’t got PhD students and she lacks the infrastructure of support around her’ (Interviewee L). The higher cost of sending staff to conferences was cited as an important factor, because the most prestigious academic conferences tend to be in Europe and North America.

4.10. Self-determination

In addition to these nine clusters, there was a tenth cluster that might be designated as ‘self-determination’. This is the strong sense of separate identity, which is an outcome of all of the other issues combining. Put simply, when managers are sent to lead IBCs, there is a natural tendency for them to seek greater autonomy. The most generally used metaphor to describe an IBC was a ‘child’, with the home university playing the role of ‘mother’. IBCs that are maturing were often described as ‘unruly teenagers’, chaffing at maternal discipline.

5. DISCUSSION

The ten clusters represent three conceptually different things. The first group of clusters are the dimensions of the IBC that managers feel under pressure to localise. The second group are the stakeholders. And the third group are the characteristics of the managers themselves, which influence the way that they respond to the demands of the different stakeholders. Consider each in turn.

The key aspects of the IBC that managers feel under pressure to localise are the staff, the curriculum and research. The main stakeholders which influence their chosen degree of localisation for each factor are the host country, the joint venture partner, the home university, the competitors and the students. It is useful to distinguish between external and internal stakeholders. The first three clusters represent the external stakeholders (host country, competitors and students). Of these, the most important external stakeholders are the host country (government and regulator). Host governments have political agendas which may change over time, impacting on the extent to which IBCs can localise their staff base, curriculum and research.

There are two clusters of internal stakeholders, namely the joint venture partner and the home university. These can also take policy decisions, usually following a change of leadership, that impact the degree of localisation of the IBC. However, the results also suggest a dynamic at work, which is mediated through the final set of clusters, namely the senior managers themselves, captured by their career and self-determination. As the IBCs mature from start-up to steady-state, the managers become more experienced and self-confident and the organisational culture within the IBC tends to develop its own distinct identity.

The pressure on IBC managers stems from the fact that the external and internal stakeholders have different, potentially conflicting, objectives, sometimes in relation to those of the IBC

managers (eg, the joint venture partner wanting to minimise cost and extract profit) and sometimes in relation to each other (eg, the host government wanting to treat the IBC as an autonomous private university and the home university wanting to maintain control over the branding, curriculum and quality control). The challenge for the IBC managers is to balance these competing demands when they choose how much to localise the staff, curriculum and research.

Given the centrality of the role of the IBC manager, the most striking finding of this study is that the IBC managers, especially in the start-up phase, tend to have little prior senior management or international experience. They are often invited, rather than selected, to take on the role and they are typically motivated by the challenge of working in a new venture overseas rather than seeing the job as part of their career progression. Appointing inexperienced managers is likely to increase the riskiness of a new IBC, since the managers may lack the skills to make good choices and may be insufficiently risk-averse.

There is a strong argument for universities to be much more considered in their appointment of IBC managers, even at the very outset. Advertising a provost position at a new IBC for a clearly defined term and with a more senior position at the home campus on completion would attract a deeper pool of applicants from those on a management career track. Ensuring that the managers are then adequately trained and given continuing mentorship from the home university would further minimise the probability of a new IBC manager being out of his/her depth.

It is also clear that the regular rotation of IBC managers and other seconded staff is critical to creating and sustaining a culture of organisational identity with the home university. The less frequently the pool of seconded staff is refreshed with colleagues steeped in the home university culture, the more liable the IBC is to develop its own sense of identity and a distinct set of collective values and beliefs. The rotation of seconded staff and the use of flying faculty also help to improve understanding of the IBC amongst staff at the home university and counter the widespread perception of IBC managers that their UK colleagues are either ignorant of, or unsympathetic to, the issues they face.

More generally, this study finds that UK universities are deficient in the way they approach the development of IBCs in two fundamental ways. First, there is a widespread view held by the managers of the IBCs that the senior staff at the home university sometimes take key strategic decisions in an amateurish and unbusinesslike way, with decisions often driven by the personal agendas of the vice-chancellor. The risks of establishing an IBC on the basis of a weak business case are not just that it is more likely to fail, but also that if it is the creature of a powerful university leader, it is more easily disavowed by his/her successor.

UNSW Asia, for example, opened in March 2007 and, two months later, the new vice-chancellor announced that it would close at the end of the semester, citing disappointingly low enrolments as the reason. It is arguable that because the IBC in Singapore was so associated with his predecessor, the incoming leader could put it to the sword with little loss of internal political capital.

The second fundamental deficiency is that UK universities generally lack the technical expertise in their professional services departments to effectively manage the development of an IBC in a remote and alien location. MNCs have developed sophisticated human resource management, project management and finance functions to enable them to manage

geographically disbursed subsidiaries. Globalisation is fundamental to their business model and they employ highly professional technocrats to discharge these responsibilities. Public universities, in contrast, have historically been conservative, inward-looking bureaucracies, with arcane governance structures and professional services shaped by decades of passively receiving government grants.

As a result, the capacity of UK universities to support the development of IBCs (offshore private sector subsidiaries) thousands of kilometres away is severely limited. Many of the issues faced by MNCs, like transfer pricing, double taxation and the international rotation of staff, are completely unknown territory to the HR and finance managers of UK universities. To compound matters, IBCs are minor operations relative to the size of the home university, so that for professional services staff, their working lives are preoccupied by their UK-based duties, leaving little time or sympathy for their colleagues in a faraway IBC.

One implication of these two deficiencies for UK universities is that, if a vice-chancellor is predisposed to set up an IBC, the university should employ external consultants to carry out a rigorous and independent feasibility study and develop a robust business plan. In only one of the case studies did the UK university invest in a full-blown, independently-run feasibility study before deciding whether to proceed. Not precommitting to set up the IBC until the business case has been properly scrutinised is good business practice, but in higher education, an IBC is often conceived as part of a grand vision to become 'a global university' and junior staff may find it safer in career terms to ignore evidence that the leader's vision is flawed.

If the decision to proceed is based on a sound business case, a second implication is that the UK university should commit to acquiring the necessary technical expertise to provide the professional services necessary to support the IBC. This may involve hiring HR and accounting staff from a private sector MNC, to the extent that the requisite skills do not exist within the UK higher education sector, or contracting out certain functions to specialist providers (eg, international accounting and legal firms).

6. CONCLUSIONS

IBCs are an increasingly important phenomenon. Although they are very high profile and expose the home university to considerable financial and reputational risk, relatively little is known about the challenges of managing IBCs. This study has focused on better understanding the 'lived experience' of the managers who lead these IBCs, casting light on the challenges they face in balancing the competing demands of external and internal stakeholders.

It concludes that managing an IBC is much more complex than generally understood. The IBCs are, in general, registered as private education companies and operated with foreign, for-profit joint venture partners. They operate in a highly regulated educational environment, which is prone to shifts in host government policy. The managers have to deal with an alien commercial and cultural context. Against this backdrop, the shifting objectives and power of the various stakeholders mean that managing an IBC is not just extraordinarily challenging, but it is generally far beyond the comfort zone of even the most experienced academic manager. This suggests that there are important lessons for universities setting up IBCs in terms of better preparing and supporting their seconded managers.

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