

**TRANSNATIONAL EDUCATION:
OVERSEXED, OVERSOLD AND OVER THERE?**

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Table of Contents

	Page
List of published works	3
Glossary of acronyms	4
Abstract	5
Introductory Chapter	7
Appendix A	74
Healey, N. (2008). Is higher education in really internationalising? <i>Higher Education</i> , 55(3), 333-355.	81
Healey, N. (2013). Why do English universities <i>really</i> franchise degrees to overseas providers? <i>Higher Education Quarterly</i> , 67(2), 180-200.	106
Healey, N. (2013). Is UK transnational education “one of Britain’s great growth industries of the future”? <i>Higher Education Review</i> , 45(3), 6-35.	128
Healey, N. (2015). Towards a risk-based typology for transnational education. <i>Higher Education</i> , 69(1), 1-18.	159
Letter from co-author: Dr Lucy Michael	178
Healey, N. and Michael, L. (2015). Towards a new framework for analysing transnational education. <i>Higher Education Policy</i> , 28(3), 369-391.	179
Letter from co-author: Dr Claudia Bordogna	204
Healey, N. and Bordogna, C. (2014). From transnational to <i>multinational</i> education: emerging trends in international higher education. <i>Internationalisation of Higher Education</i> , 3, 34-56.	205
Healey, N. (2015). Managing international branch campuses: what do we know? <i>Higher Education Quarterly</i> , 69(4), 386-409.	230
Healey, N. (2016). The challenges of leading an international branch campus: the ‘lived experience’ of in-country senior managers. <i>Journal of Studies in International Education</i> , 20(1), 61-78.	256
Healey, N. (2018). The challenges of managing transnational education partnerships: the views of ‘home-based’ managers versus ‘in-country’ managers. <i>International Journal of Educational Management</i> , 32(2), 241-256.	276
Healey, N. (2018). The optimal global integration – local responsiveness trade-off for an international branch campus, <i>Research in Higher Education</i> , 59, 623-649.	296
Healey, N. (2017). Reflections on the value of insider research as a qualitative research methodology. <i>SAGE Research Methods Cases Part 2</i> , DOI: http://dx.doi.org/10.4135/9781526401489 .	324

List of Published Works	Word count
<i>Theme I: Drivers and limitations of transnational education</i>	
1. Healey, N. (2008). Is higher education in really internationalising? <i>Higher Education</i> , 55(3), pp.333-355.	10,357
2. Healey, N. (2013). Why do English universities <i>really</i> franchise degrees to overseas providers? <i>Higher Education Quarterly</i> , 67(2), pp.180-200.	7,619
3. Healey, N. (2013). Is UK transnational education “one of Britain’s great growth industries of the future”? <i>Higher Education Review</i> , 45(3), pp.6-35.	9,020
<i>Theme II: Types of transnational education</i>	
4. Healey, N. (2015). Towards a risk-based typology for transnational education. <i>Higher Education</i> , 69(1), pp.1-18.	7,663
5. Healey, N. and Michael, L. (2015). Towards a new framework for analysing transnational education. <i>Higher Education Policy</i> , 28(3), pp.369-391.	7,799
6. Healey, N. and Bordogna, C. (2014). From transnational to <i>multinational</i> education: emerging trends in international higher education. <i>Internationalisation of Higher Education</i> , 3, pp.34-56.	7,128
<i>Theme III: Management challenges of transnational education</i>	
7. Healey, N. (2015). Managing international branch campuses: what do we know? <i>Higher Education Quarterly</i> , 69(4), pp.386-409.	9,952
8. Healey, N. (2016). The challenges of leading an international branch campus: the ‘lived experience’ of in-country senior managers. <i>Journal of Studies in International Education</i> , 20(1), pp.61-78.	7,521
9. Healey, N. (2018). The challenges of managing transnational education partnerships: the views of “home-based” managers vs “in-country” managers, <i>International Journal of Educational Management</i> , 32(2), pp.241-256.	7,657
10. Healey, N. (2018). The optimal global integration – local responsiveness trade-off for an international branch campus, <i>Research in Higher Education</i> , 59(5), pp.623-649.	10,343
<i>Theme IV: Research methodology</i>	
11. Healey, N. (2017). Reflections on the value of insider research as a qualitative research methodology. <i>SAGE Research Methods Cases Part 2</i> , DOI: http://dx.doi.org/10.4135/9781526401489	4,995
Total	90,054

Glossary of acronyms

BEIS	Department for Business, Energy and Industrial Strategy
DBIS	Department for Business, Innovation and Skills
DfE	Department for Education
HEFCE	Higher Education Funding Council for England
HEI	Higher education institution
HESA	Higher Education Statistics Agency
I-R	Global integration (I) – local responsiveness (R)
IBC	International branch campus
JV	Joint venture
MESDC	Main English-speaking destination countries
QAA	Quality Assurance Agency
SIEM	Services for International Education Marketing
TNE	Transnational education
UUK	Universities UK

Abstract

The thesis is organised into four themes. Theme I (three papers) is a critical assessment of the transnational education (TNE) sector, challenging the general consensus in the literature that the internationalisation of higher education is inevitable and inexorable and driven primarily by commercial considerations. It analyses the underlying drivers of the demand for, and supply of, TNE and investigates the motivations of universities engaging in TNE and the true significance and scale of the activity.

Theme II (three papers) explores different ways of conceptualising TNE, as its organisational form evolves and morphs over time and, for the first time, highlights the important role played by the various stakeholders in a TNE partnership.

Theme III (four papers) moves on to investigate the operational challenges of managing a TNE partnership which has to satisfy a range of stakeholders, identifying the stakeholders involved, their varying preferences to the localisation of the TNE provision and the way that these preferences are balanced by managers.

Theme IV (one paper) sets out the qualitative research methodology used for most of the empirical papers in this thesis. It argues that an insider researcher approach offers new insights into the motivations for, and limitations and challenges of, TNE.

Overall, the thesis concludes that TNE is, in economic terms, far less important than popularly believed and that there is evidence that the sector is neither scalable nor is its growth sustainable. It uses an insider research methodology to shed new light on an area of activity which is under-researched due to its offshore nature and the commercial secrecy that shrouds these operations.

This thesis comprises 11 papers (90,054 words including references). Of these, four are in 1st Quartile Scopus-indexed journals and four are in 2nd Quartile journals.

Collectively, the 11 papers, published between 2008 and 2018 (10 of them since 2013) have already been cited 366 times (Google Scholar¹), as at 31 July 2018.

¹ <https://scholar.google.com/citations?user=T78mjxkAAAAJ&hl=en&oi=ao>

Introductory Chapter

Introduction

Transnational education (TNE), sometimes termed cross-border education, involves the delivery of award-bearing educational services by a higher education institution (HEI) in one country to students based in another country. One of the earliest and most tractable definitions of TNE is ‘any teaching or learning activity in which *the students are in a different country to that in which the institution providing the education is based*’ (Global Alliance for Transnational Education 1997, p.1, italics added). There are a number of recognised delivery channels by which this educational service may be provided. Traditionally, the literature has distinguished between three broad types of TNE:

1. Distance-learning – the university in country A delivers the education to a student in country B without either party physically crossing borders. The University of London provided distance-learning degrees by correspondence for 150 years (Harte 1986), while more recently, online or virtual education has allowed students to study remotely. With adequate security controls (to assure the identity of students submitting coursework or sitting examinations), distance-learning allows the home university to fully control delivery of the educational service, although online courses can be expensive to develop.
2. Licensing – the university in country A licenses a provider in country B to deliver the education to local students. Generally, this involves UK and Australian universities franchising their degrees to private colleges in developing countries, which deliver a pre-set curriculum using local academic staff (note: franchising is also known as ‘twinning’ in Australia). Often the home university retains authority for setting and marking assessment and examinations. While franchising is a financially inexpensive way of penetrating a new market, problems often arise if the home university and the joint venture partner, usually a private for-profit college, have divergent objectives (eg, academic quality *versus* profit maximising). Validation is a variation of franchising, where instead of the home

university developing and licensing the curriculum, the curriculum is developed by the foreign partner and, through an institutional accreditation process, is deemed to be equivalent to that of the home university, so allowing the partner to offer its own programmes as the university's degrees.

3. International branch campus (IBC) – the university in country A establishes a satellite campus in country B to deliver the education to local students. In most cases, the IBC is set up as a new private company in the host country, normally with a local joint venture partner which provides part of the capital and the local expertise to launch the enterprise. IBCs, at face value, appear to give the home university more control over academic quality than a licensing arrangement, but the financial investment may be significant and many IBCs face a similar tension between the academic goals of the university and the more overtly commercial objectives of its joint venture partner.

The data for enrolments in TNE programmes globally are notoriously sketchy (Naidoo 2009, McNamara and Knight 2015). Very few countries collect data on the offshore (TNE) enrolments of their domestic universities. The UK and Australia are notable exceptions. The UK, for example, gather data on offshore enrolments by institution, location and type of provision. Table 1 shows the distribution of 2016/17 offshore enrolments. There are 117,195 students studying via distance learning (Distance, flexible or distributed learning) and only 25,615 enrolled at IBCs (Overseas campus of reporting HE provider). The other 80% of the 707,910 offshore enrolments are studying via some form of licensing agreement (Other arrangement including collaborative provision, Overseas partner organisation and Other arrangement).

Table 1: UK transnational student numbers by type, 2016/17

	Total	Percentage
Registered at HEI:		
Overseas campus of reporting HEI	25,615	3.6%
Distance, flexible or distributed learning	117,195	16.6%
Other arrangement incl. collaborative provision	146,665	20.7%
Total students registered at a UK HEI	289,475	
Not registered at HEI but studying for HEI's award:		
Overseas partner organisation	410,715	58.0%
Other arrangement	7,720	1.1%
Total students studying for an award of a UK HEI	418,435	
Total	707,910	100.0%

Source: Higher Education Statistics Agency (HESA)

An increasing number of host countries are beginning to collect systematic data on enrolments by their domestic students with locally-based foreign providers. This group includes Hong Kong SAR, China, Singapore, Malaysia and the United Arab Emirates. By definition, it is not possible for them to capture students enrolled in foreign programmes via distance learning, but enrolments at IBCs and in licensed programmes have been collected in recent years, as the host governments have sought to gain greater regulatory oversight of foreign providers on their home soil.

For the UK, the most dramatic feature of TNE has been the rapid growth in enrolments since the Higher Education Statistics Agency (HESA) mandated the submission of offshore enrolments by UK higher education institutions (until 2006/05, the provision of data was essentially voluntary). The data show the scale of the increase in this market over the last nine years. Some of this increase has been challenged by researchers, on the grounds that the category 'Not registered at HEI but studying for HEI's award - overseas partner organisation' includes enrolments by ACCA students in a top-up accounting degree with Oxford Brookes University. Because this enrolment is triggered automatically when students enrol in level 3 of the ACCA

professional qualification and lasts for ten years after completing the ACCA award, many of these students are inactive and do not complete the thesis required for the top-up degree.

On the other hand, the category ‘Not registered at HEI but studying for HEI’s award - other arrangement’ is intended for universities to declare enrolments in validated centres. For several years, HESA advised HEIs not to submit students studying for validated awards, on the grounds that these were technically awards of the partner institution. However, this advice changed in 2013/14 and, although there was a ten-fold increase in reported enrolments in validated programmes that year, it is certain that many HEIs have not understood the changed reporting guidelines and the 2016/17 figure of 7,720 grossly understates the true position.

Table 2: UK transnational student numbers by type and year

	2007/08	2009/10	2011/12	2013/14	2015/16	2016/17
Registered at HEI:						
- overseas campus	7,120	11,410	15,140	19,230	25,335	25,615
- distance learning	100,345	114,985	116,520	119,700	113,995	117,195
- other arrangement incl. collaborative provision	59,895	74,360	96,060	116,035	138,110	146,665
Not registered at HEI but studying for HEI’s award:						
- overseas partner organisation	29,240	207,790	342,910	374,430	416,070	410,715
- other arrangement	70	50	345	7,270	7,505	7,720
Total	196,670	408,595	570,925	636,675	701,010	707,910

Source: HESA

Table 3 shows the distribution of UK offshore enrolments by country, for the top 20 largest host countries. It highlights the importance to UK providers of the former UK colonies (China excepted). Significantly, these are also the most important source

countries for onshore international enrolments at UK HEIs. The notable omission is India, where current regulations effectively prohibit the establishment of IBCs and there are very strict controls on franchising and licencing (Kemp et al 2015).

Table 3: UK transnational student numbers by country (top 20), 2015/16

	Level of provision				Total
	Postgraduate (research)	Postgraduate (taught)	First degree	Other undergraduate	
Malaysia	465	6,200	67,640	4,545	78,850
China	475	3,130	60,055	900	64,560
Singapore	110	4,205	45,055	600	49,970
Pakistan	25	485	45,380	755	46,640
Nigeria	150	6,465	28,365	35	35,015
Hong Kong	300	4,260	24,480	185	29,220
Sri Lanka	55	6,220	13,955	680	20,910
Egypt	75	1,335	18,380	45	19,840
Oman	35	2,205	16,045	655	18,940
Ghana	40	2,335	14,875	120	17,370
United Arab Emirates	255	6,610	9,670	555	17,090
Greece	120	3,625	11,945	145	15,835
Mauritius	40	960	14,040	135	15,175
India	45	2,160	12,360	265	14,830
Kenya	45	1,415	11,155	40	12,655
Trinidad and Tobago	55	2,965	8,385	475	11,880
Ireland	125	2,520	8,645	305	11,595
Saudi Arabia	105	2,005	6,775	30	8,915
Zimbabwe	15	745	8,130	5	8,890
Zambia	55	1,055	7,135	15	8,260
Total top 20 countries	2,590	60,905	432,465	10,485	506,440

Source: HESA

Table 4 shows the relative stagnation in international student enrolments in UK HEIs since 2010/11, despite the steady increase in the number of internationally mobile students worldwide. This stagnation is attributed to the change in the international

student visa scheme (‘Tier 4’) after the 2010 general election, which included the right to remain in the UK to work after graduation. The removal of post-study work rights particularly impacted South Asian enrolments (India, Pakistan) where student traditionally came to the UK to gain a postgraduate qualification and work after graduation (both to gain valuable work experience in the UK and to repay the cost of their qualification).

Table 4: UK international (non-EU) onshore enrolments by country and year

	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
China	67,330	78,715	83,790	87,895	89,540	91,215	95,090
India	39,090	29,900	22,385	19,750	18,320	16,745	16,550
Nigeria	17,585	17,620	17,395	18,020	17,920	16,100	12,665
Malaysia	13,900	14,545	15,015	16,635	17,060	17,405	16,370
United States	15,555	16,335	16,235	16,485	16,865	17,115	17,580
Hong Kong SAR	10,440	11,335	13,065	14,725	16,215	16,745	16,680
Saudi Arabia	10,270	9,860	9,440	9,060	8,595	8,570	8,065
Singapore	4,455	5,290	6,020	6,790	7,295	7,540	7,300
Thailand	5,945	6,235	6,180	6,340	6,240	6,095	6,175
Pakistan	10,185	8,820	7,185	6,665	6,080	-	-
Canada	-	-	-	-	-	5,980	5,915
All other	103,375	104,030	103,270	107,830	107,875	113,045	105,150
Total	298,125	302,680	299,970	310,195	312,010	310,575	307,540

Source: HESA

Faced with concern from the sector about stagnating international enrolments, the 2010-15 coalition government identified TNE as a major growth opportunity for universities. Speaking in 2012, the UK Minister for Universities and Science set out his vision: ‘Demand for higher education is growing worldwide... Increasingly, emerging economies want to educate their students at home, and the UK - a global pioneer in developing educational facilities - is well placed to help... This is one of Britain’s great growth industries of the future’ (Willetts 2012b).

The UK government has since invested in a number of initiatives designed to promote TNE. The Department for Business, Innovation and Skills (DBIS), set up in 2009, was given responsibility for achieving ambitious goals for the expansion of TNE and

a dedicated unit, Education UK, was set up to help UK education providers establish new TNE operations (Baker 2013). DBIS also commissioned a number of reports designed to showcase the opportunities for TNE:

- *International education strategy: global growth and prosperity*, July 2013.
- *Transnational education: value to the UK*, November 2014.
- *The wider benefits of transnational education to the UK*, July 2017

DBIS also actively supported the creation of HE Global, a joint initiative between the UK HE International Unit (part of Universities UK) and the British Council. It was set up to ‘champion the UK’s leading position in delivering degrees around the world, supporting universities’ strategic TNE ambitions and activities²’ and its advisory board includes DBIS representatives. HE Global subsequently commissioned a follow-up to the November 2014 report on the value of TNE, which was published in June 2016:

- *The scale and scope of UK higher education transnational education*, June 2016

This was supplemented by a follow-up project analysing the HESA data, published by Universities UK International (2018):

- *The scale of UK higher education transnational education 2015-16*.

I was part of the research team commissioned for the 2016 report and a member of the HE Global Advisory Board. HE Global runs a number of conferences and workshops each year, supported by DBIS (now Department for Business, Energy and Industrial Strategy) and the British Council aimed at promoting TNE. I contributed to many of these events (see Appendix A). DBIS was merged with the Department of Energy and Climate Change to form the new Department for Business, Energy and Industrial Strategy (BEIS) following the change of prime minister in mid-2016 and

² <https://www.universitiesuk.ac.uk/International/heglobal>

responsibility for education was returned to the Department for Education (DfE), but BEIS retains responsibility for promoting UK higher education offshore.

To summarise, the rapid growth of TNE since 2007/08, combined with the relative stagnation of conventional international student recruitment (on which UK HEIs are highly dependent financially) has encouraged both UK policymakers and HEIs to focus increased efforts on expanding TNE to diversify and grow revenue from offshore activity.

Literature review

Each of the papers contained in this thesis reviews the literature relevant to the research question under consideration, so this section provides only a brief overview of the key researchers, reports and papers.

The importance of the grey literature in TNE

Because of the perceived economic importance of TNE, there is an extensive grey literature. The British Council, for example, has produced a number of important studies: see Drew et al (2006), Tang and Nollent (2007), British Council (2012, 2013, 2015), McNamara and Knight (2014, 2015, 2017), Ilieva and Peak (2016), Ilieva et al (2017).

The Observatory for Borderless Higher Education, originally a joint initiative between the Association of Commonwealth Universities (ACU) and Universities UK and now part of the International Graduate Insight Group (i-graduate), produces regular reports on TNE: see Garrett (2002), Garrett and Verbik (2003, 2004), Garrett (2004), Verbik and Merkley (2006), Becker (2009), Lawton and Katsomitros (2012), Hill and Razvi (2015), Garrett et al (2016, 2017).

Both Universities UK International (Fielden 2008) and the Leadership Foundation for Higher Education (Fielden 2011) have prepared reports on the challenges of managing TNE partnerships, while the Quality Assurance Agency provides regular and valuable

audits of TNE activity by UK HEIs in different territories: see QAA (2009, 2010, 2011, 2012, 2014a, 2014b, 2015, 2017).

The key feature of the grey literature is that it is atheoretical. These studies do not attempt to ground their analysis in a conceptual or theoretical framework or to develop new theory. Their unique value is that they analyse, often with great sophistication, a range of official datasets from around the world – datasets which are often not in the public domain or are subscription-only for practitioner communities (eg, the British Council’s Services for International Education Marketing (SIEM) database). They also gather primary data and, in the case of QAA for example, have the statutory power to request commercial information that would routinely be denied to academic researchers.

Table 5: Key practitioner-researchers in the TNE ‘grey literature’

Becker, Rosa	Observatory on Borderless Higher Education
Campbell, Carolyn	Observatory on Borderless Higher Education (ex-Quality Assurance Agency)
Fielden, John	Independent consultant
Garrett, Richard	Observatory on Borderless Higher Education
Ilieva, Janet	Independent consultant (ex-British Council)
Kemp, Neil	Independent consultant (ex-British Council)
Lawton, William	Independent consultant (ex-Observatory on Borderless Higher Education)
McNamara, John	Independent consultant
Mellors-Bourne, Robin	Careers Research & Advisory Centre (CRAC) Ltd
Middlehurst, Robin	Independent consultant (ex-Kingston University)
Peak, Michael	British Council
Trifiro, Fabrizio	Quality Assurance Agency
van Cauter, Kevin	British Council
Woodfield, Steve	Kingston University

Internationalisation of higher education

There is a large academic literature on the internationalisation of higher education and a more limited but growing body of work on transnational education. Some of this literature focuses on the wider educational benefits for universities of having an internationalised student body in terms of producing ‘global citizens’ (eg, Altbach 2004, Altbach et al 2009, de Wit et al 2012, Healey 2017).

There is an emerging body of work exploring the development of TNE (Knight 2003, 2005, 2006, 2007, 2011, Larsen et al 2004, Huang 2007, McBurnie and Ziguras 2007, Marginson and Van der Wendi 2007, Sidhu 2007, Ziguras and McBurnie 2008, Gu 2009, Naidoo 2009, Tilak 2011) and the influence of the policies, particularly the regulatory framework, of the host government (McBurnie and Ziguras 2001, Bolton and Nie 2010, Lane 2011, Farrugia and Lane 2013).

Underpinning much of this literature is the presumption that internationalisation of higher education in general, and of TNE in particular, has been driven by commercial considerations (Hodson and Thomas 2001, Green 2003, Hatakenaka 2004, Drew et al 2006, Kehm and Teichler 2007, Woodhouse et al 2009). The OECD reports that in ‘Australia, Austria, Canada, New Zealand and the United States, foreign students pay on average about twice or more the tuition fees charged to national students. In Australia and New Zealand, the estimated revenue from foreign students’ tuition fees exceeds one-quarter of the total expenditure on tertiary educational institutions’ (OECD 2017).

The market leaders in both export education (recruitment of international students) and TNE - expressed as a percentage of total enrolments - are the UK and Australia, both of which completely deregulated the numbers of international students that their public universities could enrol, and the tuition fees they could charge, from the early 1980s onwards (Ilieva 2017). Prior to this point, universities in both countries offered free tuition to both domestic and international students, but within a government-imposed enrolment cap. This meant that admitting international students ‘crowded out’ domestic enrolments and effectively deterred universities from active international student recruitment.

The abolition of enrolment caps and the introduction of full-cost tuition fees for international students (but not domestic students) encouraged universities to aggressively target offshore markets (Bennell and Pearce 2003, Altbach and Knight 2007). As Shattock (2012) notes, ‘‘If there was one decision which may be said to have contributed to the marketisation of British higher education it was this’ (p.160). As other countries begin to ‘reform’ (deregulate and marketise) international tuition fees, the market for internationally-mobile students is becoming increasingly competitive (OECD 2017).

Franchising and validation

In terms of TNE, there is limited empirical work on franchised and validated degrees and most academic work is on the implications of franchising for quality assurance. A central theme in this literature is that franchising and validation are plagued by the risks that stem from the principal-agent problem (Hodson and Thomas 2001, Middlehurst and Campbell 2003, Coleman 2003, Castle and Kelly 2004, Craft 2004, Cheung 2006, Stella 2006, Blackmur 2007, Martin 2007, Smith 2010, Edwards et al 2010, Lim 2010).

Because there are no other obvious benefits for universities from this activity (eg, like building a global brand or strengthening international research collaboration), it is generally concluded that the primary objective must be financial (Bennell and Pearce 2003, Yorke 2003, Seah and Edwards 2006, Drew et al, 2008, Middlehurst et al 2009, British Council 2013). A significant weakness in this limited literature is that it is generally etic research, so that the researchers tend to infer motivations from their objective observations of activity – for example, presuming that engagement in franchising must be for rational, commercial ends.

International branch campuses

Because of the high-profile nature of IBCs, this form of TNE has attracted greater interest from academic researchers. This literature allows a broader range of motivations for establishing an IBC than, say, franchising, because the IBC may help

to build the global brand of the university (Umakoshi 1997, Sidhu 2009, Shams and Huisman 2012, Wilkins and Huisman 2012) and provide new opportunities for international research (Kwan 2005, Shanahan and McParlane 2005, McBurnie and Ziguras 2009, Grant 2013, Salt and Wood 2014).

There is a general consensus that, for seconded staff, there are significant challenges in terms of teaching foreign students who remain immersed in their own (alien) culture and living and working in a different country (Bodycott and Walker 2000, Dunn and Wallace 2004, 2006, McCully et al 2009, Humfrey 2009, Pimpa 2009, Smith 2009, Heffernan et al 2010, Prowse and Goddard 2010, Dobos 2011 Marginson 2011, Hoare 2013, Chapman et al 2014, Smith 2014, Trembath 2016, Henderson et al 2017).

Other researchers have explored the reasons why students choose to study at IBCs, as opposed to enrolling in local universities or opting for overseas study (Wilkins and Huisman 2011, 2013, Wilkins et al 2012), the learning difficulties they face (Nguyen and LeBlanc 2001, Pyvis and Chapman 2005, Wang 2008) and the outcomes in terms of employability (Waters and Leung 2013, O'Mahoney 2014).

In general, the literature focuses on the challenges and limitations of trying to deliver the home university's curriculum from a foreign outpost, with a general presumption that the goal of the university is to monetise the value of its intellectual property (its curriculum and qualifications), while seeking to raise its global profile and minimise the risk of degrading academic quality (Kauppinen 2012, Emery and Worton 2014, Caruana and Montgomery 2015).

Transnational education as business strategy

There is a small literature on TNE as business strategy which builds on international business strategy (Vernon 1966, Agarwal 1980, Dunning 1980, 1981, Luo 2001, Dunning and Lundan 2008a, 2008b) and, in particular, the Uppsala stages model of internationalisation (Johanson and Vahlne 1977, 1990). This thesis uses the literature on localisation (Xu and Shenkar 2002, Ghemawat 2007, Phillips et al 2009) and, in particular, the integration (I) – local responsiveness (R) paradigm (Prahalad and Doz

1987, Roth and Morrison 1990, Taggart 1997, Haugland 2010), which was pioneered in the TNE arena by Shams and Huisman (2012).

This literature characterises TNE as the more advanced stages of the internationalisation of higher education, with universities moving from export education (recruiting international students to their home campus) to franchising (licensing third parties to deliver their educational services) and finally IBCs (foreign direct investment) (Mazzarol et al 2003, Girdzijauskaite and Radzeviciene 2014, Chen 2015). This literature has the advantage of providing a more tractable framework within which to conceptualise the challenges facing the managers of TNE (Gore 2012, Lane and Kinser 2012, Wilkins and Huisman 2012, Shams and Huisman 2014). Its main limitation is that it tends to be theoretical and abstract, with little attempt to get ‘inside the black box’ and understand what is actually happening in different types of TNE partnership.

Research questions

The papers in this thesis address the central issue of whether TNE represents a financially significant and sustainable activity by UK universities. This issue was explored over a ten-year period by posing a series of sequential research questions within three broad themes, with the answer to one set of questions helping to frame the next.

Theme I: Drivers and limitations of TNE

Key research question: What are the drivers of, and limitations to, the growth of TNE?

Sub-questions:

1. Is the internationalisation of higher education an inexorable process equivalent to the globalisation of business?
2. Why do universities engage in franchising degrees to overseas partners?
3. What is the scale and financial importance of TNE?
4. What do demand and supply conditions suggest about the future growth of TNE?

Theme II: Types of TNE

Key research question: What is TNE and how is it changing?

Sub-questions:

5. How are TNE partnerships developing and evolving over time?
6. Is there a better way of classifying TNE typologies?
7. Who are the stakeholders in a TNE partnership?

Theme III: Management challenges of TNE

Key research question: What are the challenges of managing TNE?

Sub-questions:

8. What does the literature tell us about the challenges of managing an IBC?
9. What do 'in-country' managers report as the main challenges of managing an IBC and, in particular, who are the main stakeholders influencing their decision-making?
10. How do the views of in-country managers about the challenges of managing TNE partnerships differ from managers based at the home university?
11. What do in-country managers of IBCs believe to be the preferred trade-off between localisation and integration of each of the main stakeholders?
12. What do the preferred trade-offs between localisation and integration suggest about the sustainability of IBCs over time?

Methodology

A small number of the early research questions (*viz.* 1. Is the internationalisation of higher education an inexorable process equivalent to the globalisation of business? 3. What is the scale and financial importance of TNE? 4. What do demand conditions suggest about the future growth of TNE?) are quantitative in nature and can be addressed by analysing secondary data. The main official data source used was the HESA return, which all UK HEIs are required to submit annually. Other secondary data sources included the British Council's SIEM dataset, for which I am a registered expert user, UNESCO Institute for Statistics and the annual OCED *Education at a Glance* datasets.

The analysis in all the papers was deeply informed by the extensive grey literature and close contacts with the key practitioners. In TNE research, there is sharp divide between the practitioner community and the academic research community. As a pro-vice-chancellor (international), I was very actively involved with the key umbrella organisations promoting TNE in the UK – the British Council, Universities UK and HE Global (see Appendix A for details). I am one of the very few academic researchers to routinely bridge the practitioner-academic divide and be engaged in both policy-oriented applied research, as well as theoretically-grounded studies.

Insider research as a qualitative research methodology

The very early papers apart, the other research questions are all qualitative in nature and seek to understand the motivations for different aspects of TNE activity, *as perceived by the key actors and decision-makers*. The conceptual framework is critical realism. Individuals work in TNE in the context of hard objective, external facts (eg, government regulations, enrolment targets, financial budgets), but they have to construct their own understanding of stakeholders' objectives within the context of the wider social structures and power relations.

IBC managers, for example, work in an alien culture where they may not speak the local language or fully comprehend the social norms and conventions. They have to work out what they think are the agendas of the host government, their joint venture partner and their competitors and what they believe their students want. They also have to interpret the home university's objectives, which may be vague or ambiguous given the differing objectives of the most senior leaders (eg, the pro-vice-chancellor teaching and learning is likely to take a radically different view about the objectives of the IBC from the chief financial officer) and the shifting political alliances in the senior management team.

My research design used a qualitative research methodology, adopting an 'insider researcher' approach; that is, where the researcher operates *inside* the phenomenon being studied. I have been a senior university manager for almost 20 years, as a dean and pro-vice-chancellor (international), managing a wide range of TNE partnerships including distance-learning, franchises, validated programmes and IBCs. This

experience has two crucial advantages for this type of qualitative research: first, I have a good understanding of the politics and economics of managing a large organisational unit within a university; and secondly, I have the credibility and the extensive personal networks, developed over a career in higher education, to gain access to senior managers in IBCs.

Benefits of insider research

I was drawn to an insider research methodology, because as a senior academic manager I am well-positioned to investigate the motivations, frustrations and perceptions of fellow senior TNE managers. Hannabus (2000) explains the benefits of insider research in terms of the researcher's implicit knowledge in the following terms: 'The [insider] researcher knows his/her environment well, knows by instinct what can be done and how far old friendships and favours can be pressed, just when and where to meet up for interviews, what the power structures and the moral mazes and subtexts of the company are and so what taboos to avoid, what shibboleths to mumble and bureaucrats to placate. They are familiar with the organisational culture, the routines and the scripts of the workplaces' (p.103). These are all advantages that I enjoyed over more traditional researchers who do not share the same deep sectoral knowledge and insights.

Hockey (1993) notes the additional benefits for an insider researcher in terms of credibility and peer respect: 'In effect, because the wider social structure classifies the researcher and informants in a similar or identical fashion, this creates greater confidence between the parties... One of the results of this trust and exposure to the most intimate of details is that the insider researcher is able to appreciate the full complexity of the social world at hand. The result is a potentially accurate portrayal, rather than a simplistic caricature' (pp.204-205). As a pro-vice-chancellor (international) with long experience of dealing with TNE, I was able to quickly establish trust and credibility with interviewees.

Insider research mitigates the problem of interviewing 'elites'. Welch *et al* (2002) note that there is often a perceived power asymmetry between a junior interviewer and older, more senior interviewee. This can lead to subconscious bias, with the junior

interviewer feeling grateful for having been granted an interview or intimidated by the interviewee's high status, which make him/her more disposed to accept, rather than critically challenge, the views of an apparent expert. This power asymmetry is significantly reduced by insider research, where both the researcher and the interviews are peers. Several of my interviewees had been interviewed by junior researchers in the past and expressed frustration with the way that their responses had been uncritically accepted and basic concepts in TNE misunderstood by the researchers.

Weaknesses of insider research

In qualitative studies like mine, reliability may be compromised if the nature of the investigation is such that participants feel they need to misrepresent information. Some participants may, consciously or subconsciously, 'self-edit' their responses to 'present themselves in a good light' (Ball, 1994, p.97). They may also suppress information about mistakes they feel they have made or decisions they took which seem foolish in retrospect (Morris, 2009). My experience was, in contrast, that because I work in the same field as the interviewees, this 'emic' dimension of the study allowed a much greater bond of trust to be established with the interviewees than in a more conventional interview-based project. During the initial socialising phase of each interview, I learned to share my personal experiences of problems with my own TNE projects to encourage the participants to be more open and self-critical later in the interviews.

On the other hand, because both the insider researcher and the participants share a common professional background and similar life experiences, they may bring what Cohen *et al* (2007) call their common 'biographical baggage' to the interview. This may lead to the researcher subconsciously misconstruing data, because s/he feels so attuned with the participants. The risk is that the insider researcher uses his/her biographical baggage (sometimes called 'tacit insider knowledge') to wrongly 'fill in the blanks', misinterpreting the answers given by participants. To manage this risk, I sought to be constantly reflexive during the interviews, clarifying the meaning of responses which could be ambiguous, rather than presuming that as an insider I automatically shared have a common understanding of an issue with the interviewee.

This was particularly important in parts of the interview which dealt with cultural and institutional aspects of the TNE partnership that were specific to the location.

Insider research: the research design

I used semi-structured face-to-face interviews as my chosen approach, which encouraged participants (on condition of confidentiality and anonymity) to ‘tell their own story’; that is, to provide a narrative of their experience of managing a TNE partnership, prompting them with cues (as necessary) to encourage them to reflect on the personal and professional challenges, the strategies they used (successfully and unsuccessfully) and the key turning points in events.

This interview technique allows participants to express their subjective perspective on the way they see and interpret the world (Opie, 2004). Semi-structured interviews like those used in my studies ‘provide the opportunity to gain an account of the values and experiences of the respondent in terms meaningful to them’ (Stephens, 2007, p.205). My role as the interviewer is to provide a broad framework to help structure the conversation and to provide a supportive and confidential environment which encourages participants to be as relaxed and reflective as possible. The choice of semi-structured interviews was justified by the conceptual framework adopted and the inductive (theory-building) approach (Sarantakos, 2005), as well as by the fact that interviews are face-to-face (Lofland *et al*, 2005).

Face-to-face interview allowed me to respond to a range of cues (facial or bodily movements, changes of tone, etc) and adapt the questioning to explore issues of particular interest to the participant more deeply than others. In this way, a semi-structured, face-to-face interview may reveal new lines of enquiry not considered at the design stage. Rubin and Rubin (1995) describe this approach as an in-depth responsive interviewing technique to ‘hear data’.

My interviews were transcribed and analysed. The key points in the transcribed accounts of the participants were then marked with a series of codes. In a series of iterations, these codes were grouped into broad categories, to provide the basis for the creation of a theory (sometimes termed a ‘reverse engineered’ hypothesis). ‘The intent

is to develop an account of a phenomenon that identifies the major constructs or categories in grounded theory terms, their relationships, and the context and process, thus providing a theory of the phenomenon that is much more than a descriptive account' (Ovaska *et al*, 2007, p.1402).

Insider research as a differentiator

While an insider researcher methodology to study TNE partnerships has been used by other authors (eg, Cai and Hall, 2016; He and Wilkins, 2017; He and Wilkins, 2018, Hill and Thabet, 2018), there are relatively few examples. Most qualitative research in TNE tends to involve interviews and focus groups with students. While the studies cited are insider research projects, the authors have generally been academic staff interviewing colleagues (eg, Jais et al 2015). To the extent that the subjects of these studies included senior managers, it could be argued that the power asymmetry between the interviewers and the participants means that these aspects do not meet the minimum conditions for genuine insider research. There are no known papers in which both the researcher and the participants are senior academic managers of major TNE partnerships. This makes my approach distinctive and original.

The contribution of the thesis to knowledge

As noted in the 'Research questions' section above, the body of work contained in this thesis is organised into three sequential themes (*Themes I-III*), underpinned by a common research methodology (*Theme IV*):

- *Theme I: Drivers and limitations of TNE*, comprising three papers, published between 2008 and 2013, conceptualises TNE within an international business strategy framework and examines what leads UK HEIs to engage in TNE, as well as the limitations to growth.
- *Theme II: Types of TNE*, comprising three papers published between 2014 and 2015, deconstructs TNE and investigates the changing nature of TNE partnerships, the risks inherent in this activity and the likelihood that some TNE partnerships

will be absorbed by the local higher education sector.

- *Theme III: Management challenges of TNE*, comprising four papers published between 2015 and 2018, explores the unique management challenges of managing TNE partnerships in general, as well as the highest profile of TNE, the IBC.
- *Theme IV: Research methodology* comprises a paper published in 2017 that outlines the ‘insider researcher’ methodology that has been used for all the papers produced since 2013. Throughout the period of this work, I was a senior university manager, actively involved in managing TNE and working closely with other senior managers in the same field around the world. The insider researcher methodology uniquely allowed me to address key qualitative research questions that would have been impossible to investigate as an outsider.

As the title of the thesis suggests, *Transnational Education: Oversexed, Oversold and Over There*, the main findings of this body of work is that TNE is poorly understood by both policymakers and HEIs. It is often undertaken by universities for non-strategic reasons, has demonstrably limited commercial value, is difficult to scale and has an inherent tendency to secede from the home university over time. The following sections summarise the contribution of each of the papers to the wider body of literature and the core thesis.

Theme I: Drivers and limitations of transnational education

The three papers in this first theme are a critical assessment of the TNE sector. As noted in the literature review, there is a general consensus that the internationalisation of higher education is inevitable and inexorable, with a staged progression from exporting to franchising to IBCs driven primarily by commercial considerations. These papers were the first to use both quantitative and qualitative data to investigate the drivers, limitations and true impact of TNE for UK HEIs.

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| 1. Healey, N. (2008). Is higher education in really internationalising? <i>Higher Education</i> , 55(3), 333-355. (259 citations at 31/07/18) |
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Higher Education (ISSN: 1573174X, 00181560) is published by Kluwer Academic Publishers (Netherlands), Scopus-indexed with an H-index of 68 (1st Quartile Scimago of Scopus-indexed Journal Rankings).

Contribution of the paper

This paper was one of the first to frame the internationalisation of higher education within the Uppsala ‘stages’ theory from the international business strategy literature. The Uppsala model suggests that businesses internationalise incrementally, moving from exporting to licensing to foreign direct investment as they gain confidence and knowledge about foreign markets. In principle, higher education appears to be moving along the Uppsala sequence from exporting to franchising, with the third wave being the establishment of off-shore campuses.

Having set out a theoretical framework for analysing the internationalisation of higher education, the paper then deconstructed the drivers of this internationalisation, challenging the widespread presumption that this process is inexorable in the higher education sector. It argues that, on the supply-side, the internationalisation of the main English-speaking destination countries (MESDC) universities is a response to confused government policy, which has temporarily made the unregulated international student market more attractive than a highly regulated domestic market.

The pressures that have led the MESDCs down this path are, to a greater or lesser extent, spreading to other parts of the world, notably continental Europe and Asia, as rising participation rates bite against constrained public subsidies for higher education. To the extent that these policy frameworks are unsustainable in the longer term, the deregulation of domestic tuition fees and the freeing of universities from state control could well lead to a scenario in which many universities begin to retreat from internationalisation and a return to their ‘core activities’ of research and teaching domestic students.

On the demand side, this paper argues that for mainstream students in developing countries (as opposed to elite or wealthy students), studying at a MESDC university has come to be regarded over the last 15 years as the only alternative for those who cannot secure a place at one of the leading universities in their home countries and who have the means to pay for a foreign education. As the higher education sectors in developing countries scale up and consumers become more sophisticated, it is likely that demand to study abroad, particularly at the lower status universities now so dependent on international students, will decline rather than continue to grow at recent rates.

As noted at the outset, universities are inherently international, in terms of the interchange of research, pedagogies and faculty; international student exchange has been an integral and important part of campus life for decades. And in a globalising world characterised by increasing personal mobility, growing numbers of wealthier students will be able to make choices about where to live and study without reference to national borders.

However, the key question is whether the rapid internationalisation of student bodies on the campuses of MESDC universities since 1990 is part of a long-term process of internationalisation along Uppsala lines, which will continue and spread to universities in other parts of the world. The answer, based on the analysis in this paper, is that the internationalisation observed to date is primarily a product of distortionary government policy and, as higher education sectors around the world are inevitably liberalised and deregulated over time, the period since 1990 may prove to have been a transitory but rather dramatic ‘blip’ around a much more modest underlying trend.

2. Healey, N. (2013). Why do English universities *really* franchise degrees to overseas providers? *Higher Education Quarterly*, 67(2), 180-200. (15 citations at 31/07/18)

Higher Education Quarterly (ISSN: 09515224, 02639769) is published by Basil Blackwell (UK), Scopus-indexed with a H-index of 18 (2nd Quartile Scimago of Scopus-indexed Journal Rankings).

Contribution of the paper

This research challenges the conclusions reached in the limited literature on university franchising, which conclude that the motivations are primarily commercial and corporate in nature. This qualitative investigation finds that, in many cases, franchise partnerships have been started for a mix of non-commercial motives and that the partnerships endure because they align with personal agendas of key staff, often at lower levels in the organisation, rather than meeting an overarching strategic need.

The franchising of university degrees has been something of a shadowy business over the last two decades. The Quality Assurance Agency (QAA) did not begin to examine the quality of franchise provision until 1997 but only has the capacity to audit a subset of universities, investigating provision in one country each year (China in 2012, Singapore in 2011). HESA only began collecting data on institutions' overseas provision in 2008-09 and this is still not available publicly at institutional level. Continuing scandals with the quality of overseas franchises, which started in the 1990s with Derby University losing its license to operate in Israel and hit international headlines with the decision to wind up the University of Wales have meant that many universities keep their franchise provision low profile.

For this reason, there are almost no previous studies of the scale and motivation for university franchising. This exploratory study uses semi-structured interviews with 11 senior university managers overseeing transnational partnerships in a range of teaching-intensive and research-intensive universities. The key research question is:

- Why do individuals closely associated with overseas franchises at selected English universities believe that these franchises were started and maintained over an extended period?

During the interviews, respondents were invited to reflect on what they believed to

have been the motives of the key decision-makers. This resulted in a rich mix of responses that included both what the participants believed to be their own motives for championing the franchises with which they were associated and what they believed to have been the motives of previous decision-makers and their line managers. These interviews were transcribed and coded to analyse the perceived motivations for engaging in franchise operations. The findings are striking. Most participants believed that the franchises generated no significant financial return and that the activity was undertaken for a wide range of strictly non-commercial motives. Most franchises endured not because they were successful, but because the individuals involved developed close relationships with the franchise operators and were emotionally invested in their continuation

3. Healey, N. (2013). Is UK transnational education “one of Britain’s great growth industries of the future”? *Higher Education Review*, 45(3), 6-35. (7 citations at 31/07/18)

Higher Education Review (ISSN: 0018609) is an independent academic journal published by Tyrrell Burgess Associates, indexed by the Institute of Education Sciences (<https://eric.ed.gov>).

Contribution of the paper

The UK coalition government (2010-15) invested considerable political capital in its belief that TNE is ‘one of Britain’s great growth industries of the future’. This study finds little evidence to support the thesis that TNE is, in fact, likely to be a great growth industry. Rather it finds that the present scale of the sector is overstated and distorted by the official data, demand conditions are likely to move against the UK in key TNE markets and there are compelling reasons for believing that many UK universities are unwilling or unable to respond to the demand that does exist. It highlights the dangers for policymakers of setting objectives in the absence of a strong evidence base about current capabilities and future market trends.

The study uses mixed research methods to address three interrelated research questions:

1. The *status quo*: what do the official data reveal about the present scale and financial importance to UK universities of TNE?
2. The outlook for demand: what are the forecast trends in the main drivers of the demand for UK TNE?
3. The outlook for supply: what are the attitudes of senior decision- makers across a range of UK universities towards the expansion of TNE?

It starts with a quantitative, analytical review of the UK data on TNE to assess the scale and significance of the sector, combined with interviews of five statisticians and managers using the data. It finds that the UK data are seriously flawed and hugely overstates the scale of TNE enrolments by including ACCA students passively enrolled in a top-up degree at Oxford Brookes University (now known as the ‘Oxford Brookes effect’). This was the first paper to systematically challenge the TNE data and there have since been two official studies to measure the size of the sector – *Transnational education: value to the UK*, November 2014 (DBIS) and *The Scale and Scope of UK Higher Education Transnational Education*, June 2016 (HE Global) – reflecting the subsequent distrust of official UK figures.

The study then analyses the drivers of the future demand for UK TNE, namely population and GDP growth in the host markets, as well as developments in the host country’s own higher education sector, arguing that there is limited longer term potential for the expansion of this sector.

The third part of the paper turns to the factors shaping the supply of TNE programmes, by undertaking semi-structured interviews with 11 senior managers involved with international higher education – eight managers from the four university mission groups, one from the British Council, one from Universities UK and one from the Northern Consortium UK (a consortium of eleven UK universities operating across a range of countries). The aim was to investigate the positive and negative factors which

affect the future expansion of the supply of TNE. It finds that many UK universities are unwilling or unable to respond to the demand that does exist.

Summary of Theme I and contribution to knowledge

The papers in this theme challenge the widespread presumption that the internationalisation of higher education is an irreversible and inevitable trend that parallels the globalisation of business. Paper 1 demonstrates that the internationalisation of higher education is largely the product of partial deregulation of a sector that remains publicly subsidised and subject to government control. There are special features on both the supply- and demand-side which have driven internationalisation, but these are shaped by government policy in the UK and overseas, rather than stand-alone commercial imperatives.

Paper 2 developed this theme further, by investigating the reasons why so many UK universities engage in franchising their degrees to third parties offshore. The findings are striking, in that most participants reported the franchise operations to be lossmaking, but that losses were hidden by weak or non-existent financial reporting so that many of the direct and indirect costs of the franchise operation were not attributed to the franchise. The franchises were often launched and continued for non-commercial reasons, often because of the UK staff involved they represent an opportunity for expenses-paid foreign travel. There was a general lack of rigour and rationality about the way such franchises operated.

Paper 3 broadened the focus to look at the TNE sector as a whole. It was the first published paper to expose the weakness in the official data, by revealing that the published data included tens of thousands of ‘phantom students’ (the ‘Oxford Brookes effect’) and that the estimated financial value of the TNE sector was a tiny fraction of the value of export education. This was an important finding, because the UK government at the time believed that TNE could replace export education as a generator of foreign exchange, because the latter was being adversely impacted by the post-2010 international student visa regime. Paper 3 went on to assess the prospects for the future growth of TNE and found that, on both the demand- and supply-side, there were significant reasons to believe that the scope for significant growth was very

limited.

Theme II: Types of transnational education

The three papers in Theme II explore different ways of conceptualising TNE, as its organisational form evolve and morphs over time and in different parts of the world and, for the first time, highlight the important role played by the various stakeholders in a TNE partnership. The three papers for Theme II use the same data sets:

1. Approximately 100 members of the LinkedIn.com (www.linkedin.com) community, all of whom are employed in managing TNE partnerships and known to me, were invited to contribute short 500-word case studies of a TNE partnership with which they are directly involved. In this case study, they were requested to highlight the most important features of the transnational partnership. The structure of the case study was deliberately open, to avoid responses being constrained by preconceived views on the important features of a TNE partnership. 30 cases studies were in a usable form, with the remainder discarded because of poor English or incompleteness.
2. 40 overseas QAA institutional audits from the period 2009–12: China (2012), Singapore (2011), Malaysia (2010) and India (2009). The sample frame includes different forms of TNE activity (IBC, franchise, validation) as well as universities with different missions (eg, research-intensive, teaching-intensive).

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| <p>4. Healey, N. (2015). Towards a risk-based typology for transnational education. <i>Higher Education</i>, 69(1), 1-18. (23 citations at 31/07/18)</p> |
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Higher Education (ISSN 1573174X, 00181560) is published by Kluwer Academic Publishers (Netherlands), Scopus-indexed with an H-index of 68 (1st Quartile Scimago of Scopus-indexed Journal Rankings).

Contribution of the paper

For this paper, there were two interrelated research questions:

1. Does the existing '4F' typology (distance learning, franchised, validation, IBC) adequately capture the diversity and complexity of TNE?
2. Does partnership theory and transaction cost analysis provide the basis for a 'better' typology of TNE?

The paper used the LinkedIn.com data set to reveal the extraordinary diversity and complexity of the TNE partnerships that have developed around the world. Although about half the partnerships involved a UK university, the host countries represented included a wide spectrum, from highly developed countries (eg, Czech Republic, Hong Kong, Italy, Malaysia, Singapore) to developing nations (eg, Botswana, Kazakhstan, Madagascar, Uzbekistan).

In terms of the 4F typology, there were numerous examples of partnerships which had characteristics of two or more types, highlighting the way that the existing typology was breaking down and losing explanatory value. This is the first known use of LinkedIn.com as a research tool to gather case studies and is a variant of insider research using peer networks.

The 40 QAA audit reports were then analysed using the six dimensions identified in the review of partnership theory. As each audit report was analysed, codes were developed for the steps along each dimension (composition, structure, function, scope, process and outcome). These were gradually refined and supplemented during the analysis, then sequenced according to the estimated risk of market failure. The result was a coded set of steps along each of the six dimensions. This allows the development of all alternative risk-based typology for TNE to be developed, providing a more powerful way of categorising a TNE partnership in terms of its risk profile.

5. Healey, N. and Michael, L. (2015). Towards a new framework for analysing transnational education. *Higher Education Policy*, 28(3), 369-391. (12 citations at 31/07/18)

Higher Education Policy (ISSN 09528733, 17403863) is published by Palgrave Macmillan Ltd, is Scopus-indexed and has an H index of 31 (2nd Quartile Scimago of Scopus-indexed Journal Rankings).

Contribution of the paper

This paper uses the same data sets as paper 4, but for a different purpose. My co-author for this paper, Dr Lucy Michael, is a university sociologist with an interest in TNE resulting from her involvement in University of Hull's TNE partnership with Hong Kong University. She is an expert user of the NVivo qualitative data analysis software. 29 of the LinkedIn.com cases and 28 of the QAA audit reports were used to create a single database of 57 case studies to address the research question:

- Is it possible to use an inductive, exploratory approach to develop an alternative conceptual framework for analysing TNE partnerships?

Thematic codes were refined to create a series of categories that could describe each partnership and facilitate comparative analysis. Iterative coding of the materials resulted in 15 analytic categories being adopted in the final stage, with multiple descriptive nodes within each category to preserve the complexity of the described arrangements. The categories included: Private/Public Status; State Involvement; Initial Model; Model Change; eLearning; Staff Mobility; Language; Student Population; Student Mobility; Subject Range; Research Collaboration and categories separately identifying levels and formats of undergraduate, postgraduate taught and postgraduate research provision.

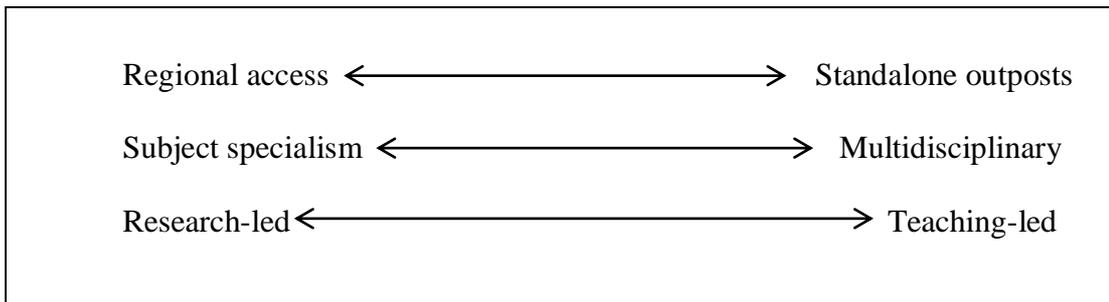
The investigation identified three principal dimensions upon which contemporary transnational educational partnerships can be situated. The first identified the capacity of partnerships to draw on geographical power in recruitment and influence,

noting that several TNE partner institutions were situated in highly restrictive markets while others facilitated much wider regional promotion and influence. Engagement in more restricted markets appeared to be significantly influenced by the choice of a high-status partner or the presence of a lucrative student market.

The second spectrum captures the divergence of TNE activity between highly specialised partnerships around a single discipline multiplied with several partners, and deep multidimensional TNE partnerships. We identified a distinct trend towards the latter, partly facilitated by growing interest in a wider range of subjects, and partly driven by pressures to internationalise research as well as teaching activities. The sustainability agenda evident now in TNE activity (well documented in observations of rationalisation and review of partnerships in the 28 QAA reports) demands that institutions conceive of greater flexibility within partnerships. This also demonstrates a particular need for our typologies of TNE activity to assume and be able to describe a capacity for change on the part of one or both partners.

The third and final spectrum which we have employed here describes the role of research in contemporary TNE partnerships, which was an area previously not considered in relation to TNE in the standard typologies. Instead of considering research collaborations, however, as a separate production process, our typology addresses the coherence between research and teaching activities in the new multidimensional partnerships. Institutions who consider both types of activity are more likely to value function over form and are more flexible in their development of activities. Research activities are noted too as being particularly powerful in relaying the institutional ethos of partner institutions into other associated activities partly because it requires much greater discussion of institutional aims in the planning and coordination, but more importantly because it facilitates deeper connections between academic staff groups at each institution. The export or creation of academic ethos may be an important way of distinguishing TNE activities in a market increasingly opened up to affordable online education provision.

Figure 1: The spectrums of TNE partnership



6. Healey, N. and Bordogna, C. (2014). From transnational to *multinational* education: emerging trends in international higher education. *Internationalisation of Higher Education*, 3, 34-56. (11 citations at 31/07/18)

Internationalisation of Higher Education is edited and produced by the International Association of Universities (IUA), the UNESCO-based worldwide association of higher education institutions founded in 1950. It is published by DUZ Verlags und Medienhaus (Germany).

Contribution of the paper

This paper uses the same data set of 30 Linkin.com and 40 QAA audit reports to analyse the dimensions of a TNE partnership. My co-author, Dr Claudia Bordogna, is a critical theorist at Huddersfield University who manages their TNE partnership with Sino-British College in Shanghai and is an active researcher on relationships and power in transnational partnerships. The paper explores the fundamental essence of a TNE partnership – that it entails a university in country A delivering a qualification to students in country B – and finds that in an increasing number of TNE partnerships, the qualifications being awarded by the TNE operation are no longer those of the exporting university.

Examples include the German-Jordanian University, the German-Syrian University and the German University in Cairo. These new universities are set up by German

universities but locally-owned and licensed by the local Ministry of Education to award their own degrees, so they do not meet the principle of transnationality embedded in the conventional definitions of transnational education.

The paper reconceptualises the changes taking place in higher education by focusing on the key stakeholders of an educational provider:

- Owners
- Managers
- Staff (employees)
- Students (customers)
- Regulators (including accreditation agencies)
- Government
- Employers

The paper argues that as TNE operations mature, each of these stakeholders can, in principle, become increasing multinational – in contrast to a traditional public university, where all the stakeholders are mono-national (ie, domestic). This introduction of the concept of stakeholders in a TNE partnership, which the managers of the TNE operation have to satisfy to a greater or lesser extent, provides the foundation for Theme III.

Summary of Theme II and contribution to knowledge

The papers in this theme challenge the orthodox approach to TNE, which categorises the sector by the form of delivery: distance-learning, franchise, validation and IBC. The evidence analysed clearly establishes that most TNE partnerships involve multiple methods of delivery, which are combined in different ways that evolve over time. Paper 4 uses partnership theory to produce a risk-based typology of TNE, which assesses each TNE partnership along six dimensions: composition, structure, function, scope, process and outcome. This provides a new way of thinking about a TNE partnership in terms of its riskiness, rather than the form of delivery.

Paper 5 analyses the same data set from a different angle, using an inductive, exploratory approach to build a new way of conceptualising TNE partnerships. It

finds that TNE partnerships can be categorised along three broad dimensions, which relate to the purpose of the partnership, the breadth of the partnership and the relative role of teaching versus research.

Paper 6 then takes some of the ideas developed in the earlier papers and looks at TNE partnerships in terms of the main stakeholders involved. By focusing on the stakeholders, the paper poses the challenges to the future of TNE by finding that, as TNE partnerships mature, the stakeholders become increasingly multinational – in contrast to a traditional public university where all the stakeholders are national.

Taken together, the three papers challenge the idea that TNE partnerships are either simple to categorise or organisationally stable over time. They also highlight the important role of stakeholders in shaping the way that the TNE partnership develops over time, which provide the foundations for Theme III.

Theme III: Management challenges of TNE

The four papers in this theme move on from exploring the organisational forms of TNE partnerships to investigating the operational challenges of managing a TNE partnership which has to satisfy a range of stakeholders. Paper 7 is the first comprehensive literature review of what is known about managing IBCs. Papers 8 and 10 use the same data sets, namely the transcriptions of 90-120 minute, semi-structured interviews with 15 senior managers of nine IBCs of UK universities. The interviews were carried out overseas in the offices of the participants, and the fieldwork additionally included campus tours and informal meetings with other staff and students for background information. The nine IBCs provided a representative cross-section of the total population and included IBCs in the three major host markets (United Arab Emirates, Malaysia, and China) operated by a mix of research-intensive and teaching-intensive universities. Paper 9 also uses this data set, but supplements it with the interviews carried out for papers 2 and 3.

7. Healey, N. (2015). Managing international branch campuses: what do we know?
Higher Education Quarterly, 69(4), 386-409. (16 citations at 31/07/18)

Higher Education Quarterly (ISSN 09515224, 02639769) is published by Basil Blackwell (UK), Scopus-indexed with a H-index of 18 (2nd Quartile Scimago of Scopus-indexed Journal Rankings).

Contribution of the paper

This paper provides a comprehensive review of what is currently known about the management of IBCs, drawing on an extensive, but often atheoretical body of work in the grey literature and the limited but growing academic literature (often created by those working within IBCs). It also considers the implications of the much more mature academic literature on the internationalisation of business and the management of foreign subsidiaries for the management of IBCs.

These three distinct bodies of work can be spliced together to throw new light on the challenges of managing an IBC. The academic and grey IBC literature tends to focus on the challenges of managing staff, students, academic quality and the curriculum. It is understandable that research primarily carried out by those ‘inside the black box’ will be preoccupied by the core day-to-day business of a university. The international business literature suggests that an IBC allows universities to internalise their ownership-specific advantages, but cautions that there may be potential tensions of working with a local joint venture partner that may have different objectives to the home university. Finally, many commentators have identified the growing importance of managing relations with host governments if IBCs are to be successful.

One way of integrating and recasting these different perspectives is to consider the fundamental challenge for the manager of an IBC in terms of localisation or adaptation. The staff and the curriculum (broadly defined to include pedagogy, assessment and internal quality control) are the two inputs that leaders of an IBC (indeed, of any higher education institution) have to manage. Both can be localised to a greater or lesser extent. The staff can be hired locally. The higher the proportion of

locally-hired staff, the lower the operating costs of the IBC and the more competitive it is in the local market. On the other hand, the higher the proportion of local staff, the harder it is to maintain the academic quality and culture of the home university. Similarly, the curriculum can be localised to make it more relevant to the needs of the host market, but only at the cost of weakening the academic equivalence between the awards of the IBCs and the home university.

In other words, there are costs and benefits of localising the staff and the curriculum. Where the balance is struck is determined by the IBC's stakeholders. The literature review suggests that there are a number of stakeholders – most obviously, the home university and the IBC's students. But the IBC may also be under pressure from the host government and its regulators which may, for example, force it to hold down tuition fees or adapt the curriculum to include locally required courses. The IBC manager also has to cope with the demands of a local joint venture partner, which often provides the capital and physical infrastructure. Each of these stakeholders has their own objectives and the fundamental challenge for managers of an IBC is to determine how far to localise staff and the curriculum in light of their stakeholders' (conflicting) objectives and relative power.

By synthesising these different approaches, this paper is able to make a contribution to our understanding of IBCs, by offering a broad conceptual framework within which the managerial choices can be analysed. All other things equal, the lower *per capita* gross domestic product in the host country relative to the home country and the more contestable the higher education market, the greater the pressure to localise the staff base in order to make tuition fees competitive. The more alien the culture and the more assertive the host government, the greater the pressure to localise the curriculum. But the manager of the IBC has to constantly balance these pressures against the demands from the home university, which has its own procedures and policies, and the requirements of the QAA.

There are a number of ways in which research in this area might be developed and extended to improve our understanding of the challenges of managing an IBC. First, through an exploratory investigation with the managers of IBCs, the key dimensions of the IBC which are the focus of the localisation trade-off could be more rigorously

established. Second, it would be instructive to develop a clearer understanding of the key factors which influence the choice of trade-off for a given dimension (eg, what are the main factors that lead an IBC to localise its curriculum?). Finally, it would be interesting to develop a clearer understanding of the dynamic forces which lead to the optimal trade-offs changing over time. The ‘mother-daughter’ relationship is widely used in discourse by IBC managers, suggesting that there is an urge for greater autonomy that naturally builds up as the IBC matures.

8. Healey, N. (2016). The challenges of leading an international branch campus: the ‘lived experience’ of in-country senior managers. *Journal of Studies in International Education*, 20(1), 61-78. (21 citations at 31/07/18)

Journal of Studies in International Education (ISSN 10283153) is published by Sage Publications (United States), is Scopus-indexed and has an H index of 36 (1st Quartile Scimago of Scopus-indexed Journal Rankings).

Contribution of the paper

This particular paper focuses on better understanding the ‘lived experience’ of the managers who lead these IBCs and has two interrelated research questions:

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

It finds that the key dimensions of the IBC that managers feel under pressure to localise are the staff, the curriculum, and research. The main stakeholders that influence their chosen degree of localisation for each factor are the host country, the JV partner, the home university, the competitors, and the students. It is useful to distinguish between external and internal stakeholders.

The external stakeholders are the host country, competitors, and students. Of these, the most important is the host country (government and regulator). Host governments have political agendas that may change over time, affecting the extent to which IBCs can localise their staff base, curriculum, and research. The internal stakeholders are the JV partner and the home university. These can also take policy decisions, often following a change of leadership, that affect 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 characteristics of 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 (e.g., the JV partner wanting to minimise cost and extract profit, rather than focus on quality) and sometimes in relation to each other (e.g., 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, because the managers may lack the skills to make good choices and may be insufficiently risk-averse.

9. Healey, N. (2018). The challenges of managing transnational education partnerships: the views of “home-based” managers vs “in-country” managers, *International Journal of Educational Management*, 32(2), pp.241-256.

International Journal of Educational Management (ISSN 0951354X) is published by Emerald Group Publishing Ltd, is Scopus-indexed and has an H index of 36 (2nd Quartile Scimago of Scopus-indexed Journal Rankings).

Contribution of the paper

This paper combines the data sets of paper 3, 4 and 8 to create set of 37 transcribed interviews with the managers of a range of TNE partnerships, 22 of whom are home-based and 15 are in-country. This paper builds on paper 8 by broadening the focus to explore the challenges faced by the managers of different types of TNE partnership. Specifically, it addresses two interrelated research questions:

1. What do the managers of TNE partnerships based at the home university perceive to be the challenges of managing the partnership?
2. What do the seconded managers of TNE partnerships based at the partner institution, whether a franchise college or an IBC, perceive to be the challenges of managing the partnership?

The logic of contrasting the perspectives of these two different groups is that the literature suggests that the latter are likely to identify more closely with their peers at the partner institution and become increasingly more detached and less objective. On the other hand, the greater cultural distance suggests that the former group may find it difficult to understand the context within which the partner institution is working and more likely to be intolerant of requests for local adjustments to the curriculum and ‘standard operating procedures’. In this way, the paper builds on the earlier paper 8 to compare and contrast the challenges faced by two groups of managers in very different situations.

From the perspective of the managers of TNE partnerships who remain based at the home campus, they often face resistance and scepticism. For almost all universities engaged in TNE, the overwhelming ‘centre of gravity’, operationally and financially, is the home campus, and for those charged with championing the transnational activities, it can seem a thankless task –the educational equivalent of being assigned to ‘special projects’ in the corporate world. For those managers, often plucked from relative obscurity to be seconded to exotic overseas postings, acting as their university’s principal in a foreign partnership can seem equally unrewarding, with the added psychological stress of bonding with their local peers in a process akin to academic ‘Stockholm Syndrome’.

The internationalisation of higher education is often analysed within the ‘stages’ framework of the international business literature. While this conceptual framework has considerable attraction in providing a way of thinking about the incremental stages of internationalisation, it has the weakness of implying that internationalisation is a relentless, unstoppable process. This paper suggests that, based on the evidence from home-based and in-country managers, the development of TNE partnerships, internationalisation is contested and far from inevitable.

10. Healey, N. (2018). The optimal global integration – local responsiveness trade-off for an international branch campus. *Research in Higher Education*, 59(5), pp.623-649.

Research in Higher Education (ISSN 03610365, 1573188X) is published by Kluwer Academic Publishers (Netherlands), is Scopus-indexed and has an H index of 64 (1st Quartile Scimago of Scopus-indexed Journal Rankings).

Contribution of the paper

This paper uses the same data set as paper 8, but to ask two slightly different research questions:

1. Who are the key stakeholders of an IBC?
2. What are the key stakeholders' preferred degrees of localisation of the faculty, curriculum and research?

In this way, this paper goes beyond paper 8 to try and explore the extent to which localisation along a given dimension will be driven the manager's perceptions of the preference of his/her key stakeholders. This qualitative study borrows the I-R paradigm from the international business literature to analyse the choices facing the manager of an IBC in terms of adapting the educational service to the needs of the host market.

The chosen position along the global integration (I) – local responsiveness (R) spectrum for faculty, curriculum and research will depend upon the objectives and relative power of the stakeholders, which themselves will vary over time. Occasionally, there will be discontinuities, for example, when there is a change of host government or leadership at the home university. There is also an underlying dynamic, which changes relationships between the managers and the internal stakeholders as the IBC matures.

The I-R paradigm provides a useful conceptual framework for thinking about the challenges facing the manager of an IBC, but provides little insight per se into where the optimal degree of localisation will be for a given IBC and how this may change over time. This paper seeks to understand the costs and benefits of localisation along the faculty, curriculum and research dimensions. These are academic culture – local affordability (faculty), academic equivalence – local relevance (curriculum) and academic reputation – local impact (research). By analysing the attitudes of the main stakeholders (as reported by IBC managers) to these costs and benefits, it is argued that there is, in fact, a strong alignment of the stakeholders in favour of a high degree of localisation for faculty and a low degree of localisation for the curriculum. In practice, the IBC case studies all appear to be consistent with this analysis, with highly localised faculty and a standardised curriculum.

It is only in the research dimension where the stakeholders have divergent interests, with the home university, competitors and students tending to encourage the IBC to focus on international research themes and the host government (and to a limited extent, the JV partner) having an interest in the IBC focusing on local research topics. The host government can influence the degree of localisation by funding research in the IBC, but the evidence suggests that this will be most successful where there is an alignment of national and international research interests (eg, as in the case of China, where the government has financially supported research on sustainable energy) or the local topics are of international interest (eg, Chinese management).

Summary of Theme III and contribution to knowledge

Paper 7 reviews the literature and establishes that, drawing on the international business literature, the key challenge for the managers of an IBC is how much to adapt their operations to the needs of local students and employers and the requirements of the host government. It sets out a broad framework in which to conceptualise these management challenges, but finds that there has been almost no investigation of how managers of IBCs actually respond to the various stakeholder demands.

Paper 8 builds on this literature review and uses an exploratory, qualitative research methodology to directly investigate what aspects of an IBC the managers feel under pressure to adapt or localise and who they regard as their main stakeholders. It finds that managers seek to localise the staff, the curriculum and research to a greater or lesser degree, with the pressure coming from both internal (home university) and external (JV partner, host government, students, etc) stakeholders. Paper 8 makes an important step towards understanding how and why TNE partnerships evolve over time.

Paper 9 extends paper 8 by exploring whether there is a difference between the challenges reported by the managers of TNE partnerships who are based at the home university (ie, managing remotely) and seconded managers who are based in-country. It finds that, predictably, those at home are less likely to be swayed by the demands of the external stakeholders in the host country and more likely to be responsive to the demands of internal stakeholders. However, this paper found that, amongst both

groups, they experienced resistance to the TNE partnership from many staff at the home university, reinforcing the finding in paper 3 that the scope for growing TE partnerships is likely to be limited from conservative forces at the home campus.

Paper 10 builds significantly on paper 8, by using the I-R paradigm to conceptually understand the costs and benefits of localisation along the faculty, curriculum and research dimensions and reanalysing the data set to establish the preferences of the key stakeholders to localisation. The findings are very striking, showing there will be a tendency to a very high degree of localisation of the staff base, but generally very low adaptation of the curriculum. It is only for research where the interests of the internal and external stakeholders are divergent. Of the IBCs studied, these findings are consistent with the patterns of localisation which are observed.

Taken together, these papers advance our understanding of the problems of managing a TNE partnership in general, and IBCs in particular, by focusing attention on the dimensions of the partnership that can be adapted and the importance of the key stakeholders in influencing the degree of localisation. This represents a major challenge to the orthodox characterisation of an IBC as a ‘clone’ of the home campus or a ‘colonial outpost’.

Theme IV: Research methodology

The paper in the final theme sets out the qualitative research methodology used for most of the empirical papers in this thesis. It assesses the strengths and weaknesses of insider research and argues that this methodology uniquely allows TNE to be investigated from the point of view of the key decision-makers, to address research questions that would otherwise go unanswered.

<p>11. Healey, N. (2017). Reflections on the value of insider research as a qualitative research methodology. <i>SAGE Research Methods Cases</i> DOI: http://dx.doi.org/10.4135/9781526401489 (2 citations at 31/07/18)</p>

SAGE Research Methods Cases (ISBN: 9781526401489) is published by Sage Publications Ltd (UK).

Contribution to knowledge of the paper

This case study explores the strengths and weaknesses of insider research as a qualitative research methodology, as well as discussing some of the strategies for mitigating the weaknesses. It argues that insider research provides a way of gaining unique insights into senior managerial challenges, which could not be achieved by more traditional research methodologies like interviewing elites. It argues that insider research allowed me to access senior managers involved in managing TNE partnerships who are normally beyond the reach of qualitative investigators because of their geographical location, their seniority, and pressures on their calendars. Moreover, many years of management experience in transnational education allowed me to more effectively build rapport with interviewees and to understand the meaning behind the responses given.

The case study acknowledges that there are potential pitfalls with this methodology. By being so professionally (and personally) close to the interviewees, there is a risk that the insider researcher lacks objectivity and seeks confirmatory evidence for views and opinions already widely shared by insiders. There is also a risk that the insider researcher subconsciously “fills in the blanks” with his or her prior experience and knowledge so that the data are unintentionally contaminated. It is crucially important to guard against these possible sources of bias, by constantly being reflexive, asking participants to confirm and clarify their responses and repeatedly testing emerging conclusions.

On balance, however, the case study argues that insider research provides a valuable way of answering research questions that defy other, more conventional quantitative and qualitative research methodologies. The importance of this paper is that it sets out the research methodology used for the majority of the papers in this thesis.

Discussion and Conclusions

Taken together, the ten papers (excluding the methodology paper) deconstruct and analyse the phenomenon of transnational education. The broad thesis is that TNE has been widely misconstrued as an inevitable and inexorable process akin to the globalisation of business, where (mainly Western) universities seeking new markets are profitably providing educational services directly to foreign students in their own countries using a range of delivery models (eg, Mazzarol et al 2003, McBurnie and Ziguras 2007, Altbach et al 2009, Willets 2012, British Council 2013).

The papers in Theme I challenge this characterisation directly, by seeking to understand the drivers of the internationalisation of higher education and exploring the actual motives and behaviour of the actors involved in these activities. Theme I establishes that TNE is far from inevitable as suggested by authors like Mazzarol et al (2003) and McBurnie and Ziguras (2007, 2009) and that it is much less financially significant than was widely believed at the time (leading to subsequent official studies commissioned by the UK government). It also finds that there are significant obstacles on the both the demand- and supply-side which will limit the scope of expanding the TNE sector.

The papers in Theme II investigate the increasing variety of TNE partnerships, showing that there are myriad organisational models which are constantly evolving. These papers argue that the present official typologies are losing meaning and that TNE partnerships can be better categorised in other ways – for example, by categorising them in terms of riskiness or the overarching purpose of the partnership. This theme also develops the thesis that a TNE partnership has multiple stakeholders and that these stakeholders may make conflicting demands on the managers of the partnership.

The papers in Theme III build on Themes I and II by exploring the challenges of managing TNE partnerships in view of the conservatism and resistance from staff at the home university (Theme I) and the range of external stakeholders involved in the partnership (Theme II). Most previous studies of transnational partnerships have

focused on the motivations of the home university and abstracted from the influence of other stakeholders (eg, McBurnie and Pollock 2000, Mazzarol and Soutar 2007, Sidhu 2009, Wilkins and Huisman 2012). My research gradually developed a model of a TNE partnership, where the dimensions of the partnership that can be localised are identified and the attitudes of the key stakeholders to localisation are revealed. It shows that there will be considerable pressure on managers to localise the staff base of the partnership, especially in IBCs, but more resistance to localising the curriculum.

Theme III finds that, as well as the obstacles to the growth of TNE identified in Theme I, a dominant trend is likely to be the localisation of the staff base, and so the organisational culture, of IBCs. It is likely that, rather than being an inevitable and irreversible phenomenon, TNE is a passing fad. Already, many of the franchised programmes in countries like Malaysia are being repackaged as local degrees, as the colleges like Sunway and Taylor's which once offered franchised UK degrees are now private universities with their own degree-awarding powers. Similarly, it is likely that some IBCs become so localised that the local JV partner buys out the UK university and establishes the IBC as a private domestic university.

Overall, the thesis is theoretically positioned within the international strategy literature. It seeks to conceptualise the internationalisation of higher education and the second (franchising) and third (IBCs) waves of TNE, within the stages model of internationalisation (Johanson and Vahlne 1977, 1990) and frames the challenges of managing TNE partnerships within the I-R paradigm (Prahalad and Doz 1987, Roth and Morrison 1990). These theoretical models are very useful, in terms of providing a framework within in which to analyse the drivers of internationalisation and the benefits and costs of localising the educational service.

However, my research breaks with international business strategy by challenging the assumption by influential authors like Porter (1980), De Wit and Meyer (2004) and Bartlett and Ghoshal (1987) that organisations behave in a rational, utility-maximising way. Instead, it seeks to get inside the black box by using a qualitative insider-researcher methodology to understand the motivations and behaviour of managers. It finds that, in organisations like universities with non-commercial missions, arcane

decision-making structures and multiple stakeholders, internationalisation may take forms and directions that defy commercial logic.

The finding that TNE ventures are often initiated – and sustained for extended periods – for non-commercial reasons is sharply at variance with the orthodox view in the academic literature, which assumes that in the absence of loftier objectives like building global branding and market share, TNE must be for narrow, short-term economic gain (eg, Bennell and Pearce 2003, Garrett 2004, McBurnie and Ziguras 2009). The revelations that the key decision-makers at the home university have personal ambitions to build legacies, that business cases are often constructed to support rather than critically assess commercial viability, and that forecast revenue and enrolments are rarely realised in practice, are striking. The hostility, and sometimes outright resistance, of academic staff at the home university to TNE partnerships is also routinely based on political beliefs (eg, aversion to poor human rights in the host country) or personal agendas (the desire to focus on building a research profile), rather than objections based on commercial considerations.

The papers in this thesis have also broken new ground in establishing the important role played by a range of stakeholders, internal and external, in the development and evolution of TNE partnerships. The almost invariable involvement of for-profit joint venture partners and the complex and shifting political goals of the host governments mean that the shape of TNE partnerships is constantly changing in response to the objectives and shifting power relativities of the stakeholders. The thesis has also demonstrated the centrality of the managers in this process, given that the agency of the home university is constrained by distance, knowledge and highly conservative and traditional organisational structures.

Finally, the thesis unequivocally shows that when adapting international business models to the higher education context, the ‘unit of account’ must be reconceptualised to provide analytical value. While profit-maximising corporations can base their decisions on the impact on a financial ‘bottom line’, universities have to consider the implications of their choices for academic reputation and research productivity, as well as their cost base and operating surplus. Previous TNE studies that have drawn on the international business literature (eg, Shams, and Huisman 2012, 2014) have borrowed

business models to use as broad conceptual frameworks to illustrate possible trade-offs, without attempting to understand the nature of the trade-offs involved in a university context. For example, using the I-R model to show that there is a spectrum of choices for an IBC between a seconded and a locally-hired academic staff base is insightful, but it does not explain the nature of the trade-off in terms of staff costs and the replication of the academic culture of the home university. This thesis has moved the analysis to this second, deeper stage

Over the period during which these papers were published, I have become a recognised authority on TNE, as evidenced not just by the formal academic publications in this area, but the other publications, conference presentations and organisational memberships (Appendix A). This includes membership of peak (or umbrella) bodies like HE Global, a joint initiative of Universities UK and the British Council to advise universities and the government on the best way to grow TNE, and involvement as a contributor and advisor with both DBIS and HE Global-funded investigations into the scale of TNE.

I have had the opportunity to work closely with many of the leading practitioner-researchers and academic researchers in the field of TNE, including William Lawton (OBHE), Jeroen Huisman (Ghent University), Jason Lane and Kevin Kinser (C-BERT and SUNY Albany), Christopher Ziguras (RMIT), Janet Ilieva (formerly of the British Council and HEFCE), Tim Gore (UCL), Vangelis Tsiligiris (Nottingham Trent University) and Kevin van Cauter and Michael Peak (British Council). I have been very influenced by the work of other leading TNE researchers, notably Farshid Shams, Troy Heffernan, Stephen Wilkins and, of course, Jane Knight. In comparison to their work, which has analysed complex data and built conceptual models which offer new insights, I believe that my work as insider researcher is unique and complements the expertise of these and other scholars in the field.

In conclusion, my contention is that the body of work presented in this thesis has made a sustained and significant contribution to our understanding of the phenomenon of TNE, both at a theoretical and practical level. The orthodox wisdom was that TNE was an inevitable and unstoppable ‘third wave’ of the internationalisation of higher education (Mazzarol et al 2003, Altbach et al 2009, Marginson 2010), comparable to

the globalisation of business, and that it represented a huge opportunity for universities to diversify their revenue (eg, British Council 2013). This view was held so strongly by senior policymakers that it led the Coalition Government to establish the Education UK unit in DBIS to maximise the growth of TNE and the universities to set up HE Global to the same end (Willetts 2012a, 2012b, Baker 2013). The contribution of this body of work by an influential insider researcher has been to show, in a way that is now widely acknowledged, that TNE is far more complex and far more limited in scope than was once widely believed by both academia and government – in summary, *Oversexed, Oversold and Over There*.

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Appendix A

Relevant professional duties (2008-date)

Vice Chancellor, Fiji National University (2016-date).

Member, *HE Global Advisory Board*, UK Higher Education International Unit/British Council (2015-16).

Pro-Vice-Chancellor (International), Nottingham Trent University (2011-16).

Pro-Vice-Chancellor (International), University of Canterbury (2008-10).

Chair, *International Academic Advisory Committee*, QS-APPLE International Education Conference and Exhibition (2008-date) – international conference for the Asia-Pacific.

Member, *International Academic Advisory Committee*, QS-MAPLE International Education Conference and Exhibition (2012-16) – international conference for Middle-East and Africa.

Other papers and articles on TNE

Healey, N. (2017). Transnational education and higher education productivity. In Coates, H., Healey, N., Massy, W., Pannen, P. and Yamada, R. *Raising productivity in higher education: Select papers on global best practices from experts*, Asian Productivity Organization, 19-33.

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Conference presentations on TNE

‘The ties that bind: an overview of the relationship between home and branch campus’, *Australian International Education Conference*, Melbourne, October 2016

‘The role of transnational education in enhancing the productivity of the higher education sector in host countries: the case of Asia’, *Conference on Raising Productivity in Higher Education*, Asian Productivity Organization, Jakarta, August 2016

‘Transnational education business models: a UK perspective’, *Offre d’enseignement supérieur à l’étranger: incitations bénéfiques et modèles économiques – analyse et retours d’expérience*, France Stratégie, Paris, March 2016

‘A collaborative and effective approach to quality assurance for TNE: a perspective from Nottingham Trent University’, *Workshop on Quality Assurance for UK-China Transnational Education*, 2016 UK-China Education Policy Week, Beijing Normal University, March 2016

‘Making global campuses sustainable for hosts and institutions: balancing global integration and local adaption’, *Westminster Higher Education Forum: Extending the global reach of UK universities – policy priorities, cross-border quality assurance and the future for transnational education projects*, London, February 2016

‘A TNE provider view of value: the view from Nottingham Trent University’, *HE Global*, London, January 2016

‘The challenges of leading an international branch campus: the ‘lived experience’ of in-country senior managers’, *QS Asia-Pacific Professional Leaders in Education (QS-APPLE) 11th Annual Conference*, RMIT, Melbourne, November 2015

‘Transnational education: why it is important and what the future holds’, *BUILA Annual Conference*, University of Liverpool, July 2015

‘The challenges of managing an international branch campus’, *International Partnership Development Forum*, University of Nottingham, May 2015

“‘Brave new world”: the challenges of managing quality in an international branch campus’, *QS Middle-East and Africa Professional Leaders in Education (QS-MAPLE) 5th Annual Conference*, Qatar University, May 2015

‘Managing an international branch campus: dispatches from the front line’, *Association of University Administrators (AUA) Annual Conference*, Nottingham, March 2015

‘Establishing a greater UK TNE presence - best practice, challenges and safeguards: understanding international branch campuses’, Westminster Higher Education Forum, London, March 2015

‘Higher education institutions’ approaches to transnational education: the view from Nottingham’, *The value of TNE to the UK: evolving landscapes and practices*, HE Global, London, January 2015

(With Choudaha, R., Coelen, R. and Sebastian, E.) ‘Transnational education strategies: what works, what doesn’t?’, *European Association for International Education (EAIE) Annual Conference*, Prague, September 2014

‘The future of transnational education - overcoming the challenges, embracing the benefits’, *The Future of Transnational Education*, Inside Government, Royal College of Surgeons, London, May 2014

‘The changing face of transnational education: new forms of transnational partnership’, *QS Middle-East and North Africa Professional Leaders in Education (QS-MAPLE) 4th Annual Conference*, Khalifa University, Abu Dhabi, May 2014

(With Gibson, L. and Kirstein, K.) ‘The future of transnational education: stakeholder attitudes’, *British Council Going Global Conference*, Miami Beach Convention Center, April 2014

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Is higher education in *really* ‘internationalising’?

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Abstract It is a widely accepted maxim that, like business generally, higher education is globalising. For many countries, higher education is now an important export sector, with university campuses attracting international students from around the world. Licensing production, in the form of franchising degree provision to international partners, is beginning to mutate into foreign direct investment as many universities set up campuses in other countries. While there are clearly parallels between the globalisation of business and higher education, this paper examines the supply- and demand-side drivers within the university sector. It argues that an alignment of special factors, rather than an inexorable trend towards commercialisation, has caused the recent internationalisation of higher education and concludes that current trends are unsustainable in the medium-term.

Keywords Higher education · Internationalisation · Globalisation · Transnational education

Introduction

It is a widely accepted maxim that, like business generally, higher education is internationalising. For many countries, higher education is now an important export sector, with university campuses attracting international students from around the world. Licensing production, in the form of franchising degree provision to international partners, is beginning to mutate into foreign direct investment as universities set up campuses in other countries. Driven by advances in information and communication technologies and the growing hegemony of English as the world’s common language, higher education is

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generally thought to be following the classic pattern of internationalisation familiar in business (e.g. Scott 1998; Altbach 2002; Hira 2003). While trends in higher education around the world appear to support this orthodox view, this paper offers an alternative interpretation of developments, which leads to a different vision for the global higher education ‘industry’ of 2020.

In what sense is higher education internationalising?

Internationalisation or ‘globalisation’ is often presented in popular discourse as a late 20th/early 21st century phenomenon, driven by innovations in information and communication technologies and mass air travel and underpinned by the growing dominance of English as the common language of business, politics and science (Crystal 1997). In the context of universities, however, many of Europe’s most distinguished seats of learning were ‘born global’, set up in the 15th and 16th centuries as religious seminaries, teaching in Latin and attracting scholars and students from across the medieval western world. Since these early days, shared second languages—first Latin, later German and today English—have facilitated scientific enquiry and promoted the international mobility of faculty.

The role of universities is to create and disseminate knowledge; that is, to research and teach. Insofar as the creation of knowledge bases in major discipline areas is a collective enterprise of humankind, universities must necessarily be international in their orientation—the nature of scientific advancement is that today’s research builds upon the discoveries of others, wherever in the world they have been made. In this sense too, universities have always been ‘internationalised’, exchanging ideas through international academic conferences, books and journals, sharing faculty and ensuring that both research and teaching conforms to the present knowledge base as it is internationally understood.

It has been the internationalisation of the *student* body, rather than the internationalisation of either the faculty or research/teaching, that gives rise to the perception that universities are beginning to mimic corporations in their orientation. During the Cold War, governments in the United States, USSR and the United Kingdom in particular, used scholarships and funding regimes to encourage foreign students onto their universities’ campuses to further geo-political ends. Graduating the children of the political elites in developing countries from Harvard, Moscow State and Oxford appeared an inexpensive way of securing the future loyalty of client states. In the immediate postwar period, internationalisation also had a non-commercial economic development dimension, with initiatives like the Colombo Plan for Cooperative Economic Development in South and Southeast Asia, established in 1951, using scholarships to educate future leaders from developing countries in western universities.

The end of the Cold War and the rise of market liberalism in many countries, in which universities have experienced declining public subsidies and increasing pressure to become more commercial in orientation, have been associated with a sharp increase in the numbers of foreign students, mostly from developing countries, studying in western universities. The rise in the number of foreign students studying on campus since the late 1980s has been followed, over the last decade, by strong growth in the number of foreign students studying for western degrees on off-shore campuses, usually in their own or a neighbouring country. Many of the off-shore campuses are set up by private enterprises on a franchise basis.

In the context of universities, internationalisation is most closely associated with the teaching function of universities and the move from local production to satisfy local consumers to distributed multinational production to satisfy a global consumer base. This

Table 1 International students in on-shore higher education (millions)

	2000	2001	2002	2003	% Change 2000–03
Enrolled in All Countries	1.62m	1.65m	1.90m	2.12m	30.6%
Enrolled in OECD	1.52m	1.54m	1.78m	1.98m	29.8%
Enrolled in OECD as % Total	93.9%	93.5%	93.8%	93.3%	

Source: OECD education at a glance 2005

aspect of internationalisation is sometimes termed ‘transnational education’, which includes ‘*all types of higher education programmes and educational services (including distance-learning) in which learners are located in a country different from the one where the awarding body is based*’ (Council of Europe/UNESCO 2000). For the purpose of this paper, the internationalisation of universities¹ will be defined to relate to their operations in terms of:

1. foreign students studying on the home campus and
2. foreign students studying for the university’s awards on a campus in a third country.

As the following sections will show, the trend towards internationalisation is most pronounced in the five so-called ‘Main English-Speaking Destination Countries’ (MESDCs)—Australia, Canada, New Zealand, the United Kingdom and the United States. As these countries are in the vanguard, much of the analysis will be focused on the factors driving internationalisation in the MESDCs. It will be shown, however, that in many other countries, traditional models of higher education are coming under pressure, with universities beginning to follow the internationalisation pattern of the MESDCs.

The Uppsala internationalisation model

The literature on the internationalisation of businesses suggests that the process tends to be incremental, with companies moving from one step to the next. This sequencing is sometimes known as the ‘Uppsala internationalisation model’, because it was partly developed as the result of research carried out on Scandinavian countries in the 1970s (e.g. Johanson and Wiedersheim-Paul 1975; Johanson and Vahlne 1977). The four steps are:

1. exporting;
2. licensing production;
3. joint ventures and
4. sole ventures.

Exporting

In the context of higher education, universities ‘export’ educational services to foreign students who enrol on their home campuses. Table 1 shows the latest data for international students studying in higher education institutions outside their own country. The table is

¹ See Knight (2005) for a useful review of terms in international higher education and well as definitional difficulties with the concept of ‘international’ students.

Table 2 International students in on-shore higher education (2005)

	Australia	New Zealand	United Kingdom	United States
International enrolments	163,930	30,674	318,395	565,039
International as % total	17.7%	14.0%	13.0%	4.0%

Source: IDP Australia; Education New Zealand; Institute for International Education (US)
UK Council for International Education

Table 3 Source regions of on-shore international students in higher education (2003)

	Australia	New Zealand	United Kingdom	United States
Total from Africa	3.7%	0.7%	8.3%	6.9%
Total from Asia	71.4%	84.2%	40.8%	62.8%
Total from Europe	9.5%	6.0%	40.3%	13.1%
Of which, from EU	2.9%	4.5%	35.3%	7.7%
Total from North America	4.2%	4.8%	8.5%	10.4%
Total from Oceania	3.9%	3.9%	0.8%	0.8%
Total from Latin America	1.0%	0.5%	1.0%	6.0%
Not specified	6.3%	–	0.3%	–
Total	100.0%	100.0%	100.0%	100.0%

Source: OECD education at a glance 2005

striking in two ways: first, it shows the growth of over 30% in international student numbers in the first 4 years of this decade; and secondly, it highlights the dominance of the OECD countries as the destination for international students.

Table 2 shows the numbers of international students studying on-shore in four of the MESDCs, which together account for 55% of all international enrolments in the OECD. While the United States remains the top destination country with well over 0.5m international students, in percentage terms, international students comprise only 4.0% of enrolments, compared with almost one in five in Australia.

Table 3 shows the regions of the world from which these destination countries draw international students. With over 60% of the world's population, Asia is the most important source of students for Australia, New Zealand and the United States. Although the picture looks more balanced for the United Kingdom, 35.3% of 'international' students are from the rest of the EU, so for funding purposes are treated as domestic enrolments. Of the non-EU international students, 63% come from Asia, almost exactly the same proportion as in the United States.

The figures confirm that the export of higher education services through the conventional route of enrolling international students on home campuses is a major sector. It is supplemented by 'virtual higher education exports', in the form of distance and on-line learning. The boundary between traditional on-campus study and distance-learning is constantly changing, with on-campus lectures and seminars increasingly being supplemented or even replaced by on-line teaching materials using proprietary platforms like 'Blackboard' and podcasting.

There is, however, an unambiguously virtual export in the form of an off-shore student who takes a qualification at a foreign university exclusively, or primarily, by distance-learning. The numbers of students in this category are apparently large. The University of

Phoenix claims to have graduated 170,000 since its establishment in 1976, primarily through distance and on-line learning.² The Open University graduated its 200,000th student in 1998 and presently reports 180,000 active enrolments, with its business school being ‘the largest provider of management education in Europe [with] one in five MBA students in the UK...studying with the OU’.³

There are significant difficulties in making estimates of the scale of the virtual export market in higher education, mainly because the data are not routinely collected by national ministries of education or their agencies and, to a lesser extent, because many of the on-line providers are private, for-profit institutions like the University of Phoenix On-line, the Apollo Group and Kaplan Higher Education. The Observatory on Borderless Higher Education, a research unit jointly set up by the Association of Commonwealth Universities and Universities UK, annually tracks a sample of the 50 largest companies providing distance-learning higher education, noting that this is the ‘only international and longitudinal tool currently in existence specifically designed to assess the nature, viability and significance of such interest’ (Garrett 2005), but there are no data sets measuring annual enrolments in this sector.

Licensing production

The higher education equivalent of licensing production is more usually known as ‘franchising’, in which a university (normally based in a MESDC) sub-contracts a local provider in another country to offer part or all of its degree programme. Many arrangements of this type between private colleges and UK and Australian universities started life as so-called ‘1 + 2’ deals, in which the college delivered the first year of a 3 year bachelor’s degree on its own premises, with the students going on to complete their degrees as regular students on the university’s home campus. ‘1 + 2’ gradually gave way to ‘2 + 1’ and then the ‘3 + 0’ model, in which the whole degree was franchised. Concerns about the poor quality of many of the private colleges, mainly established by local companies on a for-profit basis, have led to franchising sometimes being disparaged as ‘McDonaldization’ (Hayes and Wynyard 2002).

As with distance-learning, national ministries of education have been slow to respond to the spread of licensing and data are poor. In 2004, the British Council estimated that there were 180,000 international students studying for UK university degrees in franchised programmes outside the United Kingdom, based in part on the fact that the previous year, the Council’s overseas offices had been asked to invigilate examinations for 3m students (Kemp 2004). This figure of 180,000 compared with 270,000 international students studying on higher education programmes on-shore i.e. for every three international students studying on a UK campus, there are two more studying off-shore on a franchised degree.

Governments of the MESDCs have recognised, in some cases after embarrassing episodes, that the off-shore activities of their national universities can potentially undermine the reputation of the county’s higher education brand. The United Kingdom responded by asking its Quality Assurance Agency (QAA), which undertakes audits of the academic quality of university programmes, to bring off-shore franchises into its purview. Between 1996 and 2005, the QAA carried out some 125 overseas institutional audits of franchised

² <http://www.uopxonline.com/aboutus.asp>

³ <http://www.open.ac.uk/about/ou/p3.shtml>

Table 4 UK quality assurance agency reviews of franchised degrees

Country	Number of franchises reviewed	Year(s)
Bahrain	3	1998, 2005
Bulgaria	1	1998
China	2	2001
Cyprus	2	2001
Denmark	2	2002–03
Dubai	2	1998
Egypt	1	2001
Germany	6	1997, 2002, 2003
Greece	14	1996–98, 2002
Hong Kong	4	2001
Hungary	1	1998
India	4	1998–99
Ireland	6	1999–2000
Israel	8	1998–2000
Italy	5	2003–04
Malaysia	18	1996, 1999, 2003
Netherlands	3	1997
Oman	5	1998, 2005
Poland	2	1998
Singapore	7	1996, 2002
South Africa	6	1999–2000
Spain	10	1996, 2000
Sri Lanka	6	2004
Switzerland	2	2002
United Arab Emirates	1	1998

Source: Quality assurance agency (<http://www.qaa.ac.uk/reviews/reports/byoseascountry.asp#Israel>)

degrees in Europe, the Middle-East, Asia and South Africa, giving some indication of the range of activities being undertaken (see Table 4). Invariably, the UK university was franchising to a local partner which did not have degree-awarding powers in its own right.

Australia is the only MESDC systematically recording and quality assuring the off-shore activities of its universities. Table 5 shows that, for the most recent data available, approximately 30% of the international students studying for Australian university degrees were off-shore, almost all studying on franchised degree programmes, a proportion broadly in line with the British Council's informed guesstimate. The Australian Universities Quality Agency (AUQA), established in 2000 with a broadly similar remit to the QAA's, includes off-shore franchises as part of its audits of domestic universities. In 2005, for example, audits of universities included reviews of their off-shore operations in 'Dubai, Fiji, Hong Kong, Indonesia, the People's Republic of China, and Singapore' (AUQA 2005).

Table 6 shows the steady build-up in the number of franchised programmes by Australian universities, to over 1,500 by 2003 (the most recent statistics available). By this year, all but one of Australia's 39 universities was engaged in franchising off-shore, with over 70% of the activity based in China/Hong Kong, Malaysia and Singapore.

Table 5 Australian on-shore and off-shore international students

	2001	2002	2003
Total on-shore	83,992	131,639	151,884
Total off-shore	28,266	53,419	58,513
Total	112,258	185,058	210,397

Source: Australian vice-chancellors committee. <http://www.avcc.edu.au/documents/publications/stats/International.xls>.

Table 6 Number of Australian off-shore programmes

	Pre-2000	2000	2001	2002	2003	Cumulative total
China	98	30	22	24	24	200
Hong Kong	154	21	26	23	16	227
Indonesia	15	3	2	1	3	25
Malaysia	174	59	28	24	29	321
Singapore	194	43	30	58	53	375
Other	260	62	39	43	18	421
Total	895	218	147	173	143	1569

Source: Australian vice-chancellors committee (<http://www.qaa.ac.uk/reviews/reports/byoseascountry.asp#Israel>)

In the host countries, quality assurance agencies have also been established to monitor the activities of foreign universities engaging in franchising, including:

1. the National Assessment and Accreditation Council, established by the India's University Grants Commission in 1994;
2. Singapore Quality Class for Private Education Organisations, established in 2003 as a joint initiative of Singapore's Economic Development Board and SPRING Singapore (Standards, Productivity and Innovation Board) and
3. South African Higher Education Quality Committee, a sub-committee of the Council on Higher Education in South Africa, formed after the Higher Education Act 1997.

Joint ventures

What Mazzarol et al. (2003) term the 'third wave' of the Uppsala internationalisation process entails the establishment of offshore production facilities. In the higher education sector, national regulations regarding the licensing of educational providers typically require the involvement of a local partner, so that joint ventures are the standard organisational form of the third wave.

Singapore and Malaysia have been in the vanguard, with both countries recognising that, by encouraging western universities to invest in the development of local branch campuses, they could more quickly grow their higher education sectors to meet domestic demand and attract international fee-paying students from elsewhere in the region. In 1997,

Table 7 Branch campuses in Malaysia and Singapore

Malaysia		Singapore	
Foreign partner	Established	Foreign partner	Established
Monash University, Australia	1998	Massachusetts Institute of Technology, USA	1998
University of Nottingham, UK	2000	INSEAD, France	2000
Swinburne University of Technology, Australia	2000	University of Chicago, USA	2000
Curtin University of Technology, Australia	1999	University of Stanford, USA	2003
		Technical University of Munich, Germany	2003

Singapore's Economic Development Board announced a policy of actively encouraging 'top' international universities to set up branch campuses with the intention of making the city state a regional education hub within a decade. In Malaysia, the 1998 Education Act permitted foreign universities to establish campuses with the same policy goal.

Table 7 gives an indicative 'snapshot' of the universities currently operating 'branch campuses' in the two south-east Asia countries in 2006. Few of these examples constitute genuine off-shore campuses, in the sense of comprising stand-alone, purpose-built facilities comparable with the home campus. The MIT, Stanford and Technical University of Munich initiatives in Singapore, for example, involve these prestigious research-led universities collaborating with one or more Singaporean universities to deliver joint, specialist postgraduate programmes; the creation of dedicated teaching rooms and laboratories is all that distinguishes these branch campuses from a more conventional franchising or 'twinning' arrangement. The University of Chicago operation is an executive training centre, which runs a part-time MBA.

In Malaysia, Monash initially shared facilities with Sunway College, but has since built its own campus, jointly with the Sunway Group. The University of Nottingham in Malaysia is a joint venture with the Boustead Group, which is the majority shareholder. Its 100-acre campus in Semenyih represents the first purpose-built UK university campus in a foreign country. Both Swinburne and Curtin's campuses in Sarawak are joint ventures with the Sarawak Government.

China has recently followed the Singaporean and Malaysian lead, with the 2003 'Regulations of the People's Republic of China on Chinese-Foreign cooperation in running schools'⁴ passed by the Ministry of Education. The University of Nottingham's campus in Ningbo is the first joint-venture until the new law, undertaken in collaboration with the Wanli Education Group and Zhejiang Wanli University. The Ningbo campus enrolled students for the first time in 2004, with the campus being completed in 2005. The University of Liverpool is also planning to set up a new university in China at Suzhou industrial park, as a joint venture with Xi'an Jiaotong University and Laureate Educational Limited, a private company which partners Liverpool in the delivery of on-line programmes.

⁴ http://www.moe.edu.cn/english/laws_r.htm

Sole ventures

In the OECD, there are examples of wholly-owned branch campuses around the world, particularly in centres like London and Paris, but many are little more than international study centres for use by visiting students from the foreign (often US) university's home campus. There is also a large number of foreign for-profit private colleges and universities operating across the OECD which admit students to degree programmes. For example, the 'British Accreditation Council', a non-governmental for-profit agency set up to provide accreditation to private institutions, lists a total of 78 accredited private universities and colleges offering higher education in the United Kingdom.⁵ In the main, however, these organisations are generally ineligible for publicly-funded study support (e.g. government student loans) and tend to cater for small numbers of international students. More importantly, they are not part of any third wave of internationalisation by established western universities.

As noted above, the regulatory framework in many developing countries precludes sole ventures by foreign universities. A notable exception is the University of New South Wales' campus in Singapore, which has been widely hailed as the most striking example of the third wave. 'UNSW Asia is Singapore's first comprehensive private University, due to open in 2007. It offers a range of undergraduate, postgraduate and research degrees, in areas such as commerce, engineering, science, design, media and international studies. UNSW Asia is owned and operated by the University of New South Wales...[and] is the first wholly owned research and teaching institution to be established overseas by an Australian university'.⁶

The drivers of internationalisation in business

For a profit-maximising business, the ultimate explanation for the internationalisation of a company is that it increases long-term profits, either by reducing production costs and/or increasing market sales. Cost-oriented companies internationalise their operations by integrating backwards in search of cheaper or more secure inputs into the productive process. The oil companies were early pioneers of this approach. The migration of US and western European companies to developing countries in search of lower labour costs provide contemporary examples. The host countries are sometimes termed off-shore 'production platforms', to underscore their role as providers of low-cost inputs into a global, vertically integrated production process.

Alternatively, companies may be market-oriented, in the sense that internationalisation is motivated by the promise of new markets and greater sales; i.e. the internationalisation process takes the form of horizontal—rather than vertical—integration into new geographic markets, with companies gradually switching from exporting (or licensing) to establishing first a sales outlet and finally full production facilities overseas. In both cases, moreover, the pace of internationalisation is influenced by the 'catalysts' of enabling technologies, like information and communications technology and cultural homogenisation through the spread of English as a common second language and the dominance of US television, film and music, as well as a liberal international regulatory environment for trade and cross-border investment.

⁵ <http://www.unswasia.edu.sg/about/about.html>

⁶ <http://www.unswasia.edu.sg/about/about.html>

The above explanations of internationalisation are, however, only partial. They fail to explain why cost-oriented companies do not simply import the inputs they need from independent producers in low-cost countries rather than integrating backwards; similarly, they do not explain why market-oriented companies should operate their own production facilities in foreign markets rather than licensing local manufacturers to produce their products. A full explanation needs to account for both ‘location’ (i.e. why a good is produced in *two or more* countries rather than simply one) and ‘internalisation’ (i.e. why production in different locations is done by the *same* firm rather than different firms). Dunning (1988, 1993) attempted to synthesise different theoretical perspectives on multinationals with the evidence provided by case studies. He concluded that companies will only become involved in overseas investment and production when the following conditions are all satisfied:

1. companies possess an ‘ownership-specific’ advantage over firms in the host country (e.g. assets which are internal to firm, including organisation structure, human capital, financial resources, size and market power);
2. these advantages are best exploited by the firm itself, rather than selling them to foreign firms. In other words, due to market imperfections (e.g. uncertainty), multinationals choose to bypass the market and ‘internalise’ the use of ownership-specific advantages via vertical and horizontal integration (such internalisation reduces transactions costs in the presence of market imperfections) and
3. it must be more profitable for the multinational to exploit its ownership-specific advantages in an overseas market than in its domestic market i.e. there must additionally exist ‘location specific’ factors which favour overseas production (e.g. special economic or political factors, attractive markets in terms of size, growth or structure, low ‘psychic’ or ‘cultural’ distance, etc).

The drivers of internationalisation in higher education

What does the literature on the internationalisation of business suggest about the drivers of internationalisation in higher education? First, although the move from export education to franchising (and latterly joint and sole ventures off-shore) undoubtedly lowers production costs, in so far as both the capital investments and direct labour costs in off-shore facilities are typically much lower than in the home country,⁷ the primary motivation is to reach new markets abroad, or at least to defending existing shares of foreign markets. Quite clearly, western universities have not established off-shore facilities in developing countries in order to service existing markets in their home countries, which would be the higher education equivalent of a cost-oriented multinational. Rather the move from exporting to offshore production has been to allow universities to either reach foreign students who were previously unable to afford the cost of studying on the home campus or to enrol students offshore who could no longer afford, or were no longer inclined, to travel to the home campus due to an adverse external development.

⁷ The business model for franchises often fails to fully cost the time of managers on the home campus who are charged with quality assurance or include a realistic premium for the risk faced by the home university; on this basis, the total costs of a franchise with the attendant principal agent problems can sometimes be much higher than the direct costs appear.

In seeking to develop new markets, western universities clearly have ‘ownership-specific’ advantages over rivals in the main host countries, in terms of their research bases, curriculum, faculty and technology. These advantages, in turn, can best be best exploited by the university itself through a franchise or joint/sole venture, for two reasons:

1. The ‘product’ that students consume is, in most universities, designed and delivered by the home university’s faculty members. For example, a final year undergraduate course in organisational behaviour has been designed by a highly trained faculty member, who delivers and assesses the course, annually reviewing the learning and other support materials.
2. There is a clear principal-agent problem with franchised programmes. The value of the qualification to the student lies with the reputation of the awarding university, which has strong incentives to maintain both entry and exit (i.e. pass marks) standards in order to protect its long-term reputation. The agent, on the other hand, has an incentive to increase revenue by either lowering entry standards or pass marks, the latter with the goal of improving retention and completion rates. By maintaining control over matters like entry standards, academic quality assurance and assessment regimes, the home university can avoid the potential conflict between its objectives and those of its off-shore partner.

Finally, in the case of many MESDC universities, it is more ‘profitable’ for them to exploit their ownership-specific advantages in an overseas market than in its domestic market, because off-shore capability increases the size of their markets, by making their products accessible to a wider population who cannot afford (or are not inclined) to study on the home campus.

Seen against this backdrop, there appear to be clear parallels between the factors driving the internationalisation of business and higher education. Another way of analysing this process, however, is to focus on the factors determining the supply of, and demand for, higher education—that is, the reasons why MESDC universities choose to supply higher education to foreign students and why foreign students choose to study at MESDC universities. This alternative approach suggests that a very different set of processes is at work and that the current trend towards internationalisation of higher education may not be sustainable.

The supply side

While universities in the MESDCs are both public (state-owned) and private, they share several key characteristics which set them apart from private businesses: typically a significant proportion of their income comes from the state, in the form of tuition subsidies for domestic students and funding for research; the sector is subject to both state regulation and policy intervention, by governments which legitimately have public policy goals for higher education; and, where universities are private, they are typically not-for-profit charitable trusts rather than for-profit businesses. This background begs the key question: why do universities operating within this context seek to enrol foreign students?

One answer to this question lies not in the objective functions of the universities themselves, but in shifting political attitudes to the support of higher education. Traditionally, higher education has been seen as a ‘public good’, the consumption of which confers significant ‘external’ or ‘spillover benefits’ to society as a whole, over and above

the private benefits (higher earning capacity) enjoyed by the graduate. The spillover benefits to society include ‘increased tax revenues, greater workplace productivity, increased consumption, increased workforce flexibility, and decreased reliance on government financial support’ (Institute for Higher Education Policy 1998). Because students make the decision about going to university on the basis of the private costs and benefits they expect to face, they ignore the wider benefits of higher education to society and the collective uptake will be sub-optimally low. For this reason, governments since 1945 have publicly subsidised higher education either by directly providing tuition at below cost through state-owned institutions or by paying subsidies to private providers to expand university participation to what is regarded as a socially optimal level.

Against this background, why might universities be allowed, or actively encouraged, to recruit foreign students? For much of the post-war period, many governments viewed the recruitment of foreign students to their domestic campuses as, at best, a form of international development policy and, at worst, a tool of strategic foreign policy.

This paternalistic view of higher education has, in the MESDCs, been increasingly challenged in public policy discourse since the 1980s, paradoxically as a direct result of its success in widening university participation. Higher education is a ‘superior good’, in the sense that the income elasticity of demand for university education is above unity. This means that, as *per capita* gross domestic product (GDP) rises, the demand for higher education rises proportionately faster. The latest OECD data shows that the average participation rate is approaching 50% (see Table 8), using the ‘net entry rate’ definition of participation (i.e. the proportion of 17-year olds who will enter higher education before the age of 30), up from average levels of below 5% in 1960. In the United Kingdom, for example, just 3% of school-leavers went to university in 1950 and the Robbins Committee (1963), which paved the way for a major expansion of the university system in the 1960s concluded the ‘even at the most optimistic estimate’ no more than 8% of 18-year olds were likely to qualify for a university education.

The secular increase in higher education participation rates across the OECD challenges the conventional wisdom of the 1950s and ‘60s in three main ways:

1. First, it casts doubt on the need in practice, as opposed to in theory, for public subsidies to encourage the take-up of higher education. Studies repeatedly show that

Table 8 Higher education participation rates 2001 (selected countries)

Ranking	Country	Participation rate (%)
1st	New Zealand	76
2nd	Finland	72
3rd	Sweden	69
4th	Poland	67
5th	Australia	65
6th	Norway	62
11th	United Kingdom	45
14th	United States	42
15th	Japan	41
19th	France	37
23rd	Germany	32

Source: OECD education at a glance 2003

the private benefits from higher education far outweigh the private costs (even when students are paying the full cost of their studies), so that the private rate of return on investment in higher education is strongly positive. After adjusting for social background, intelligence and other factors, university graduates earn higher salaries than those who enter the labour market direct from high school. Graduates disproportionately populate the labour forces of sectors with higher rates of employment and income growth, suffering lower rates of unemployment. Moreover, because the private rate of return is so high, there is evidence that when public subsidies have been reduced in countries like Australia, New Zealand and the United Kingdom, there has been no measurable medium-term impact on overall participation rates (although, some negative impact on participation amongst lower socio-economic groups)—see Marcucci and Johnstone (1993) for a review of tuition fee policies and their impacts.

2. Secondly, critics of publicly-subsidised higher education point out that this arrangement risks leading to a regressive redistribution of income, as university graduates are disproportionately drawn from the higher socio-economic groups of society; as market liberalism has become the dominant political orthodoxy, so national tax systems have become steadily less progressive over the last 20 years, resulting in the poor in society effectively cross-subsidising the university education of the rich. As Bloom and Sevilla (2003) conclude, ‘helping the well-off obtain a higher education when many of them already manage to do so without government help does not make sense economically’.
3. Thirdly, the increasing numbers of students in higher education has put huge strain on government budgets, with the result that, as a matter of necessity rather than principle, the real value of public subsidies has declined in all the MESDCs. For example, Scott and Scott (2005) report that for New Zealand, ‘Ministry of Education funding per domestic EFTS (equivalent full-time student) in 2002 prices fell from \$11,293 in 1980 to \$7,367 in 2002...in 1991 government grants made up 73% of total operating revenue of universities but by 2002 had fallen to 42%’. Similar or greater declines in public subsidies per student have taken place in Australia, Canada and the United Kingdom.

Changing perceptions of the role of the state in the higher education and the apparent impracticality of providing heavily-subsidised higher education for 50% of the population have resulted in a steady trend across the OECD towards allowing universities to charge tuition fees. In the United Kingdom, for example, higher education was not only free until 1997, but for most of the post-war period students also enjoyed parentally means-tested ‘maintenance grants’ to cover their living costs while at university. In 1997/98, universities were required to charge a flat rate tuition fee of £1,000 for the first time and grants disappeared, to be replaced with student loans. From 2006/07, UK universities were permitted to charge variable tuition fees up to a ceiling of £3,000, paralleling the fee maxima models developed in Australia and New Zealand.

Significantly, however, in the MESDC countries, as the real value of public tuition subsidies was eroded, placing universities under financial strain, universities were allowed to charge *full cost* tuition fees to foreign students long before governments faced the political watershed of allowing universities to charge partial fees for domestic students. The reasons were simple: the public good argument is much weaker for subsidising foreign students, since it is their home country that will enjoy the spillover benefits of their education; and future foreign students had no voice in the political debate about the future of national higher education funding.

It was the combination of declining public subsidies for domestic students and the deregulation of tuition fees for foreign students which made foreign students such an attractive market for MESDC universities. Recruitment of large numbers of foreign students to their home campuses, particularly in low cost subjects like business and management where large contribution margins could be earned, became a way to maintain revenues and cross-subsidise both research and domestic students. Elementary microeconomics suggests that when a producer is faced with two markets, in one of which regulations hold price below the market-clearing level while the other is unregulated, the producer will restrict supply to the regulated market and expand sales in the unregulated market. Whether intended or not by governments, higher education policy has resulted in a distorted market.

The key point is that the internationalisation of MESDC universities was not a rational growth strategy in the way implied by the Uppsala model, but rather a response to (arguably dysfunctional) government policy, which saw foreign tuition income as a way to shore up university finances without having to face the political challenge of deregulating domestic tuition fees; that is, it is a product of a distortionary government regulatory and funding model, not the outcome of optimisation by rational, profit-maximising businesses.

It is also possible to interpret the move from exporting to licensing as an opportunistic supply-side response to changed market circumstances, rather than a logical next step in an Uppsala sequence. Malaysia provides the most salutary case study of the external shock that might give rise to this development. By the mid-1990s, there were large numbers of Malaysian students studying abroad, supported by 'MARA' (Indigenous People's Trust Council) grants. Within Malaysia, a domestic industry had developed, with private, for-profit colleges initially offering foundation courses to prepare students for study abroad and later the first year of MESDC university degrees, after which students would transfer to the overseas university to complete the remainder of the programme.

The combination of changes in the government funding for overseas study and the 1997 Asian financial crisis saw a major slump in the numbers of Malaysian students able to study abroad. More importantly, it changed the relative bargaining positions of the private colleges and their partner MESDC universities, which had become heavily reliant on the income streams from Malaysian students. Malaysian private colleges were able to use their increased power to renegotiate their '1 + 2' franchise arrangements into '2 + 1' or '3 + 0' agreements. Such a sacrifice of control, with all the attendant principal-agent problems involved, would have been regarded as unthinkable by the universities involved at the start of that decade, but by the late 1990s, full franchising at least allowed them to retain some of the fee income that would otherwise have been lost. Again, the most striking feature of this interpretation of events is that the MESDC universities did not enter full franchising as a logical next step in the process of internationalisation, but were rather coerced into this by developments beyond their control.

With regard to the so-called third wave, there is presently scant evidence that off-shore campuses have been seen by the universities involved as the final stage in a linear, incremental internationalisation process. The small number of well-known examples are, for the most part, the outcome of pro-active policy initiatives by the host governments, seeking to invite in prestigious foreign institutions to accelerate the development of their own domestic higher education sectors. In Singapore, Malaysia and China, the establishment of off-shore campuses has everything to do with government interventionism and little to do with the exploitation of commercial opportunities by mobile, borderless foreign universities seeking to maximise global revenue.

A further feature of the supply-side, which stands in sharp contra-distinction to the motivation of a profit-maximising corporation, is the traditional nature of western universities and the role of both academic staff in the governance process, as well as the importance of alumni as key stakeholders. University academics typically give greatest weight to their research. Teaching international students on campus is often more demanding, requiring cross-cultural awareness and sensitivity, while teaching foreign students at off-shore campuses involves travel and extended periods away from home, disrupting research agendas which are central to career progression. University academics and alumni are acutely aware of the principal-agent problems with franchising and joint ventures and the attendant reputational risk and often inherently hostile to such activities. They often perceive that university managers and administrators are driving internationalisation for financial, rather than pedagogical, ends and there are numerous examples of planned offshore investments being voted down by unsympathetic senates and academic boards (e.g. the University of Warwick's decision in 2005 to abandon its US\$525m investment in a Singaporean campus after a vote in senate⁸).

These supply-side drivers of internationalisation are most evident in the MESDCs. In other developed countries, notably in continental Europe, traditional attitudes to higher education remain entrenched. Internationalisation in a European context has often been more closely associated with the student experience and not-for-fees student exchange through initiatives like Socrates and Erasmus. In some northern European countries, tuition remains free for both domestic and international students. However, the same forces which have driven the internationalisation of higher education in the United Kingdom are spreading east across the continent. Rising domestic participation and declining public subsidies have taken a toll on many of Europe's most prestigious universities. The Economist (2005) surveyed global higher education, noting the 'drab' and 'overcrowded' state of many European universities, concluding that 'governments have forced universities to educate huge armies of undergraduates on the cheap'.

The eastward enlargement of the European Union, which has drawn students from the new (poorer) accession states into the universities of western Europe on the same terms as domestic students, has exacerbated these pressures. At the same time, the Bologna Declaration, signed in 1999, which aimed to create a single European educational space, has had the effect of making higher education in continental Europe more accessible to international (i.e. non-European) students, since the trend has been to greater transferability of qualifications and increased use of English as a medium of instruction.

Taken together, European governments have been forced countenance the introduction of domestic tuition fees, inevitably capped or political controlled, and allow universities to charge market fees for international students. The Department for Education and Skills (*op cit*) reported that, of thirteen OECD countries surveyed, eight had introduced regulated 'top-up' fees (i.e. fees charged over and above continuing public subsidies). Following the 2005 ruling by the Federal Constitution Court that is unconstitutional to prevent German universities from charging tuition fees, the pressure on Germany's tradition of free university education is mounting; its close neighbour, Denmark, allowed universities to charge international tuition fees in 2004. Changing attitudes and liberalisation of fee regimes for international students is beginning to encourage continental universities to proactively recruit international students at offshore fairs, a prospect unthinkable only a few years ago. Reflecting the changing context of European higher education, the European Association of International Education, for most of its lifetime an organisation primarily dedicated to

⁸ http://www.yawningbread.org/apdx_2005/imp-226.htm

promoting student exchange and non-commercial internationalisation, voted at its 2006 annual conference to amend its constitution to make explicit a greater focus on export education.

In Asia, similar trends are underway. As *The Economist* (*op cit*) notes, ‘massification is spreading to the developing world. China doubled its student population in the late 1990s and India is trying to follow suit.’ Across the region, governments are recognising the multiple benefits of allowing universities to recruit international students, in terms of the direct and indirect economic benefits, as well as the gains in terms of ‘exporting’ culture and raising international awareness of the host country. While explicit discussion of the economic benefits to the receiving institutions is absent in much of the official discourse, universities themselves have been quick to recognise the financial advantages of internationalising their student bases. In China, for example, there have been aggressive moves to attract full-fee paying foreign students since the Chinese Ministry of Education introduced the ‘Regulations for recruitment of self-paid international students’ in 1999. Chich-Jen and I-Ming (2006) reported that by 2004, the number of international students in China had swelled to over 80,000, with enrolments growing at 20% *per annum*.

The demand side

The factors driving the demand for students to study outside their home country are complex. For political and economic elites, global educational mobility has been a fact of life for decades. Wealthy families across both the developed and developing worlds have aspired to send their children to venerable institutions like Harvard, Oxford and the Sorbonne, in an attempt to maximise their life chances. Spilimbergo (2006) reports, for example, that of the leaders of 113 countries studied in 1990, 57% had been educated abroad with 22% educated in the United States, United Kingdom and France. However, the absolute numbers of such students, while presumably growing over time as *per capita* gross domestic incomes rise around the world, does not plausibly account for the extraordinary increase in international higher education students since the end of the 1980s, many of whom come from modest family backgrounds with tuition fees and living expenses being funded by extended family savings and bank debt.

The demand for international higher education is also, at least in some sending and receiving countries, closely bound up with issues of economic migration. India, for example, is widely regarded as a ‘migration’ market by the international offices of receiving universities—that is, the primary motive often ascribed to potential Indian students is the desire to gain ‘skilled migrant’ status through offshore study and thereby gain residence visas in countries like the United Kingdom and United States. At the same time, countries like Australia, with low population densities and a strong demand for skilled migrants, are particularly keen to encourage international students to study in their universities; not only does Australia benefit from the tuition fee income and associated expenditure on living costs while foreign students are taking their degrees, but the subsequent graduates—who have studied in English and been socialised in an Australian context—have scarce skills and are more readily employable in Australia than similarly qualified new immigrants with foreign (and especially non-English medium) degrees. Indeed, the Australian immigration regulations were redesigned in the early part of the decade to increase the relative weighting given to qualifications from Australian *vis-à-vis* foreign educational institutions in assessing a potential immigrant’s suitability for admission.

While it is tempting to see the demand for international higher education as part of a wider trend, in which an increasing proportion of the world's population make choices about where to study, reside and work without reference to national borders, it is important to understand that this phenomenon is not new nor does it provide a compelling explanation for the post-1990 growth in international student numbers. The so-called 'brain drain' from the developing to the developed world has been widely researched. Teffera (1997) noted that 'during the period from 1961 to 1980, more than 500,000 scholars from the developing countries moved to United States, Great Britain and Canada', a trend which continues to preoccupy policymakers in Africa and the lowest-income countries of Asia a quarter of a century later. However, the recent rapid increase in students studying outside their home countries has come from, disproportionately, the middle-classes of fast-growing developing countries where there are considerable opportunities for economic advancement at home and major obstacles to settling permanently in the foreign country of study in terms of immigration regulations, discrimination and cultural dislocation.

The most convincing explanation of the rapid growth in the demand for international higher educations rooted in simple economics. In developing countries that are experiencing rapid economic development, the (income-elastic) demand for higher education (whether at home or abroad) typically grows faster than the capacity of the domestic higher education sector. There are considerable fixed costs and lead times in expanding domestic higher education in developing countries. Population demographics often exacerbate the mismatch between the demand for, and supply of, higher education within a developing country, as rapid population growth means a rising proportion of school- and university-aged citizens within the population. In 2006, for example, Vietnam had a population of 82m, of whom 22m were of school-age.

The scale of the excess demand is often highlighted by the low acceptance rates at a country's premier universities. In India, for example, 150,000 students competed for the 1,200 'general seats' available in 2005 at the country's six Indian Institutes of Management (IIMs). Candidates have to sit the 'Common Admission Test', which is the most highly selective in the world, typically reporting success rates in the region of 0.15–0.4%. Only those in the top 1% of the test results are invited to the next stage of the selection process, which involves individual and group interviews. That part of the excess demand that has the means to pay spills over into the MESDC universities; in other words, demand is driven by 'push factors' (Mazzarol and Soutar 2002). In turn, continued high *per capita* income growth rates do two things: (1) it keeps up the excess demand for places domestically and (2) it steadily increases the proportion of the unsatisfied demand that can afford to study in the MESDCs.

In 2003, IDP Australia carried out a major study, attempting to forecast the demand for international student places from 144 source countries based on economic/income trends, demographic trends and trends in higher education participation rates, both domestically and abroad (IDP 2003). Figure 1 summarises the model used at a country level, from which the total demand for international education globally was estimated by aggregating country results.

Figure 2 illustrates the results of the IDP's analysis, showing a more than 150% forecast increase in the global demand for higher education, from just under 100m places in 2000 to over 250m by 2025. With almost all of this growth taking place in developing countries, this clearly puts a huge strain on the capacity of domestic higher education sectors. From these raw projections, the IDP then forecast the derived demand for international education within the five MESDCs.

Fig. 1 IDP Australia forecasting model. Source: Kemp (2004)

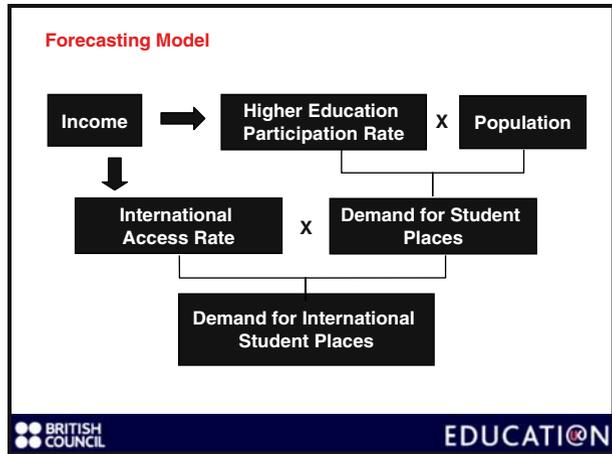


Fig. 2 Forecast global demand for higher education. Source: IDP (2003)

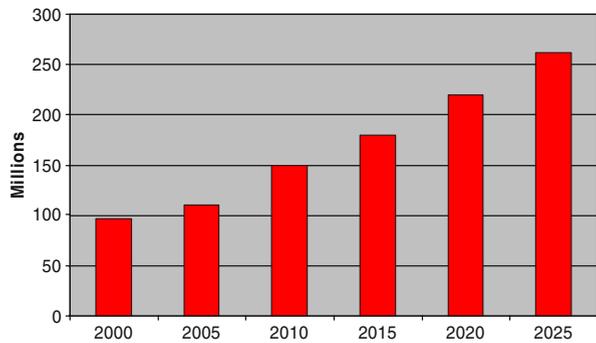


Figure 3 shows that the IDP forecast that the global demand for international education will rise from just under 2m places in 2000 to 7.2m by 2025. In joint work with IDP Australia, the British Council (2004) used these baseline forecasts to examine the share of MESDCs. As Tables 1 and 2 above confirm, OECD universities currently educate over 90% of all international students, with four of the five MESDCs (Australia, New Zealand, the United Kingdom and the United States) accounting for over half the total. As Table 9 shows, the British Council/IDP analysis assumes that the MESDCs retain their 50% share of the market for international students in the period to 2020, resulting in a forecast increase in students studying in MESDC universities from 1.1m in 2005 to 2.6m by 2020, at an annualised growth rate of 6.0%.

Table 10 shows that, of the 2.6m international students forecast to be studying with MESDC universities by 2020, 71% are expected to come from Asia, the world’s most populous and fastest growing region, with the numbers of Asian students growing at an annualised rate of 7.8% over the period 2003–2020.

The IDP/British Council analysis, which has been highly influential, suggests that for the foreseeable future, high *per capita* GDP growth rates and demographic trends will outstrip the capacity of domestic higher education sectors to keep up, resulting in chronic excess, unsatisfied demand for higher education which will keep the numbers flowing into

Fig. 3 Forecast global demand for international higher education. Source: IDP (2003)

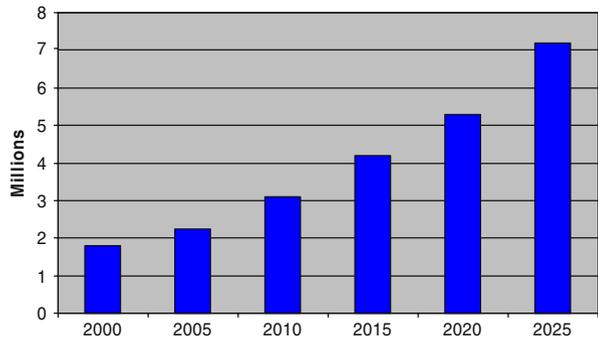


Table 9 Global demand for international higher education by region of study

	2005	2010	2020	Annual growth (%)
MESDCs	1.1m	1.5m	2.6m	6.0
World	2.4m	3.3m	5.8m	6.2

Source: British Council (2004)

Table 10 Global demand for international he in mesdc by source region ('000s)

	2003	2005	2010	2015	2020	Annual growth (%)
Africa	63	67	87	113	146	5.2
Middle East	37	39	49	60	73	4.2
Asia	528	612	943	1,347	1,862	7.8
America	127	134	156	181	209	3.0
Europe	226	235	262	289	313	2.0
Total	988	1,096	1,507	2,000	2,614	6.0

Source: British council (2004)

MESDC universities growing strongly. This in turn, it is argued, will drive the internationalisation of higher education, as MESDC universities will increasingly turn to franchises and joint/sole ventures in the developing countries to meet this burgeoning demand.

The limitation with this analysis, however, is that while it is relatively straightforward to model the demand for higher education, the derived demand for international education depends upon the supply-side response within the main Asian economies and this is an essentially political and cultural, rather than an economic, phenomenon. China, for example, has demonstrated its ability to sustain rates of domestic capital formation unthinkable in the west, using political control to invest high proportions of GDP in priority areas. ‘Project 211’, set up in 1995, is a good example. Its stated goal is to create 100 world-class universities within China, by concentrating major investments in its top institutions. Over the last decade, China’s top universities have built new state-of-the-art campuses and increased enrolments rapidly.

The IDP/British Council analysis also underplays the high status of many universities in the developing world and the importance of the social networks developed by studying at a top university. As a recent BBC documentary on Chinese students studying in the United Kingdom concluded:

‘If you can get into one of the top 10 Chinese universities, such as Beijing Normal University, Bida, Xinhuan, Fudan, Wuhan etc, then you are set up for life. You will acquire permanent *guanxi* (a relationship of influence) with the elite of China. You would be very unlikely to give up a place at one of these for a stint at University of North London or Luton.’ (BBC 2006).

An alternative interpretation of the internationalisation of higher education

To summarise, while the Uppsala model suggests continuing internationalisation of higher education, driven by growing demand for higher education in the developing world, there is an alternative interpretation of events. Within the MESDCs, whose public universities have been in the vanguard of the internationalisation trend, it can be argued that universities have been driven into internationalisation by domestic government policy, which has reduced public tuition subsidies for domestic students, continued to regulate domestic tuition fees, but (critically) deregulated international tuition fees. Elementary microeconomics suggests that the internationalisation of MESDC universities may be primarily the product of government intervention and policy, rather than a profit-maximising response to overseas opportunities.

Evidence for the government interference thesis includes the fact that the United States has the highest proportion of private universities (whose fees for domestic students are not regulated) and the lowest percentage (4%) of international students. In contrast, the percentages of international students in the United Kingdom and New Zealand where all universities are effectively public are 13% and 14% respectively. Australia has the highest percentage of all (18%), and although it has some private universities, successive governments have made export education a priority to avoid deregulating domestic fees. Moreover, it is notable that it has been lower status universities which have less research and other income (e.g. endowments) which have been most aggressive in international recruitment and franchising. Finally, the highest percentages of international enrolments are in high-margin, low-cost classroom-based subjects like business and management and the lowest in expensive subjects like medicine.

On the other side of the equation, the demand for international education in the MESDC universities is driven by the excess demand for higher education within fast-growing developing countries. But the supply-side response in countries like China and India has been rapid and sustained high levels of domestic investment in public capacity are being supplemented by the establishment of private, for-profit providers as part of a deliberate, highly controlled government strategy. Moreover, as potential consumers become more sophisticated, the perceived value of the lower status MESDC universities most dependent on international tuition income is undoubtedly falling. University world rankings are now well-established and it is significant that, despite having been started only in 2003, it is an Asian-based ranking—the Shanghai Jiao Tong University’s ‘Academic Ranking of World Universities’—which is now regarded internationally as one of the most authoritative.

Seen in this light, the Uppsala model provides little guide to the future internationalisation of higher education. In the OECD generally, and the MESDCs in particular, if pressure to deregulate domestic tuition fees reached the point where this became politically acceptable, this would overnight reduce the attractiveness of international students, in the same way that growing regulatory scrutiny by agencies of both home and host governments of franchises is making them less commercially attractive. The partial deregulation of domestic fees has already taken place in Australia and there is some evidence that move to higher top-up fees in the United Kingdom has led some universities to reoptimise the balance of domestic *versus* international enrolments.

At the same time, in the developing world, increasing domestic supply may cut demand for international education faster than expected, while growing market sophistication may reduce demand for lower status universities. In this context, Altbach (2004) cites the salutary experience of US colleges and universities which established branch campuses in Japan in the 1980s:

‘Several hundred U.S. institutions explored the Japanese “market,” and more than a dozen established campuses there—usually in cooperation with a Japanese institution or company [...These] U.S. programs focused on educating Japanese students in Japan. With few exceptions, the institutions engaging in export activities were not the most prestigious schools on either side. By 2000, very few of the branches were still operating’.

There is, of course, a range of complicating factors which makes it hard to predict the future shape of internationalisation within higher education. The current Doha round of world trade talks is still underway, under which the General Treaty on Trade in Services could be extended to allow universities to set up in third countries with the same access to government tuition subsidies and research grants as incumbents (Knight 2002). The ‘Bologna’ process in Europe, under which the EU25 plus a growing number of other signatories are reorganising their higher education systems around a common bachelors-masters-doctorate model, is intended to promote cross-border mobility of students and make Europe an educational hub. There appears to be growth in the number of enrolments captured by for-profit higher education providers, although there are no definitive data sources. Conversely, security tensions and terrorist attacks have had an impact on the willingness of students to travel outside their home countries to study.

Conclusions

It is widely believed that the higher education is internationalising in the same way as multinational corporations, moving along the Uppsala sequence from exporting to franchising, with the third wave being the establishment of off-shore campuses. There is considerable *prima facie* evidence to support this view, with respected authorities like British Council and IDP Australia suggesting that the economic fundamentals will continue to drive, even accelerate, this process of internationalisation.

This review of the internationalisation of higher education offers an alternative interpretation. It argues that, on the supply-side, the internationalisation of MESDC universities is a response to confused government policy, which has temporarily made the unregulated international student market more attractive than a highly regulated domestic market. The pressures that have led the MESDCs down this path are, to a greater or lesser extent, spreading to other parts of the world, notably continental Europe and Asia, as rising

participation rates bite against constrained public subsidies for higher education. To the extent that these policy frameworks are unsustainable in the longer term, the deregulation of domestic tuition fees and the freeing of universities from state control could well lead to a scenario in which many universities begin to retreat from internationalisation and a return to their ‘core activities’ of research and teaching domestic students.

On the demand side, this review argues that for mainstream students in developing countries (as opposed to elite or wealthy students), studying at a MESDC university has come to be regarded over the last 15 years as the only alternative for those who cannot secure a place at one of the leading universities in their home countries *and* who have the means to pay for a foreign education. As the higher education sectors in developing countries scale up and consumers become more sophisticated, it is likely that demand to study abroad, particularly at the lower status universities now so dependent on international students, will decline rather than continue to grow at recent rates.

As noted at the outset, universities are inherently international, in terms of the interchange of research, pedagogies and faculty; international student exchange has been an integral and important part of campus life for decades. And in a globalising world characterised by increasing personal mobility, growing numbers of wealthier students will be able to make choices about where to live and study without reference to national borders. However, the key question is whether the rapid internationalisation of student bodies on the campuses of MESDC universities since 1990 is part of a long-term process of internationalisation along Uppsala lines, which will continue and spread to universities in other parts of the world. The answer, based on the analysis in this paper, is that the internationalisation observed to date is *primarily* a product of distortionary government policy and, as higher education sectors around the world are inevitably liberalised and deregulated over time, the last 15 years may prove to have been a transitory but rather dramatic ‘blip’ around a much more modest underlying trend.

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Why do English Universities *really* Franchise Degrees to Overseas Providers?

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Abstract

Franchising degrees to overseas providers, normally for-profit private companies, has become big business for English universities. The latest data from the Higher Education Statistics Agency reveal that there are now more international students registered for the awards of English higher education institutions that are studying wholly offshore than are on campus. There is an extensive economic literature exploring the role of franchising (or licensing) in the internationalisation of multinational companies. There are, however, few studies that have attempted to understand the reasons why so many English universities have moved beyond exporting (educating foreign students on campus) to franchising their degrees to overseas partners. This study uses an exploratory research methodology to get 'inside the black box'. It investigates the motivations of decision-makers entering and maintaining franchising operations at four English universities, revealing that financial considerations are less dominant than widely believed within the sector and are overshadowed by other, non-commercial considerations.

Introduction

Franchising degrees to overseas providers, normally for-profit private companies, has developed into a major activity for English universities. The latest data from the Higher Education Statistics Agency (HESA) reveal that there are now more international students registered for the awards of English higher education institutions that are studying wholly offshore than on the universities' home campuses.

Franchising is widely regarded as a commercial, revenue-generating enterprise, which allows universities to sell degrees to foreign students who are unable or unwilling to travel abroad for study. During 2012, the United Kingdom's (UK) Minister of State for Universities and Science

repeatedly stressed the financial benefits to universities of this form of transnational education.

The belief that franchising offers a route to easy profits also underpins a long-standing concern that some universities may be tempted to trade off quality against higher revenue, for example by admitting weaker students to their overseas programmes or operating from more basic premises abroad. As early as 1997, the Quality Assurance Agency was charged with auditing UK universities' overseas franchises to mitigate this perceived risk.

However, the evidence base for believing that franchising is primarily motivated by financial consideration, perhaps coupled with a secondary desire to broaden a university's international 'footprint' and so its prestige, is limited. HESA only began reporting data on enrolments in franchised programmes in 2008–09 and does not provide an institution-by-institution breakdown of the statistics. There is no official data on the revenue (net or gross) from such franchises, either at sector or institutional level, and no requirement for universities to report such information in their annual accounts.

Moreover, while there is an extensive economic literature exploring the motives for franchising (or licensing) by multinational companies, there have been very few studies that have attempted to understand the reasons why English universities franchise their degrees to overseas partners. Most tentatively conclude that revenue is the dominant purpose but concede that there is little hard evidence on which to base this finding, given the absence of auditable data and the understandable reluctance by universities to release commercially sensitive information.

At the same time, there are numerous examples of franchise operations that are so small scale and in such remote markets that it is hard to see they could generate a positive rate of return on investment (see Middlehurst *et al.*, 2009), suggesting that other factors may also play a role in determining why and how a university enters and sustains an overseas franchise. One telling statistic is that, in a 2011 survey, international branch campuses (where 'minimum efficient scale' is presumably much higher than for a franchised operation) reported that average (headcount) enrolments per campus was only 730 students (Lawton and Katsomitros, 2012, p. 33). This low figure is surprising, given that the authors defined an international branch campus as a recognised, degree-awarding campus of a foreign university with the physical infrastructure for teaching, excluding most small-scale, quasi-campus operations from their study.

This study attempts to get inside the ‘black box’ of organisational decision-making, using an exploratory research methodology to investigate the motives of key actors for entering and maintaining franchising operations at four selected English universities.

The growth of transnational education

Higher education institutions have been internationalising in many countries. As Altbach and Knight (2007, p. 290) note, ‘initiatives such as branch campuses, cross-border collaborative arrangements, programs for international students, establishing English-medium programs and degrees, and others have been put into place as part of internationalization’. The most striking dimension of this internationalisation has been the rise in the number of students studying at higher education institutions outside their own country. This market has grown from 0.8 million in 1975 to over 4 million by 2010. Growth has been particularly strong over the last decade, with the market doubling from 2 million to 4 million over the period 2000 to 2010 and OECD universities enrolling almost 80 per cent of all internationally mobile students (Fig. 1).

English higher education institutions have been amongst the most successful national systems in attracting foreign students. Compared with the 1,746,065 UK students enrolled on English campuses in 2010–11, there were a total of 351,155 foreign students (102,700 other European Union, 248,455 non-European Union) or 16.7 per cent of the

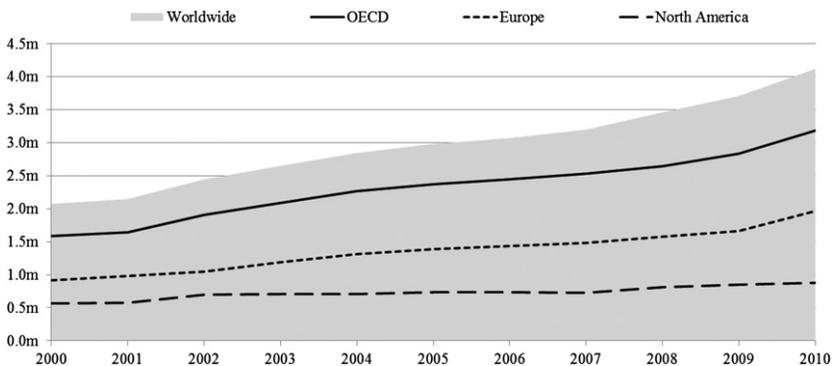


Figure 1 Number of higher education students enrolled outside their country of citizenship, by region of destination*

Source: OECD and UNESCO Institute for Statistics.

* United Kingdom is treated as a whole so mobility between countries of the UK is not included.

TABLE 1
Students studying on campus at English higher education institutions (2010–11)

	Level of provision		
	Postgraduate	Undergraduate	Total HE level
UK	316,265	1,429,795	1,746,065
Other European Union	40,855	61,845	102,700
Non-European Union	134,270	114,185	248,455
Total	491,395	1,605,825	2,097,215

Source: Higher Education Statistics Agency.

total (Table 1). This is the second highest proportion of any national system, after only Australia, with approximately 22 per cent international enrolments.

The rapid increase in the number of students studying for a foreign degree without leaving their home country has, however, attracted less attention. The UNESCO/Council of Europe define transnational education (TNE) as ‘all types of higher education study programmes, sets of study courses, or educational services (including those of distance education) in which the learners are located in a country different from the one where the awarding institution is based’ (Council of Europe, 2002).

The World Trade Organization, through the General Agreement on Trade in Services, defines four categories of cross-border trade in services, depending on the location of the supplier and the consumer at the time the service is traded (Table 2).

Mode 2 represents traditional ‘export education’, in which universities recruit foreign students to study on their home campuses. In the higher education context, mode 1 embraces virtual forms of cross-border supply where the university has no physical presence in the country of the consumer; for example, offering distance or on-line education.

Mode 3 refers to the delivery of educational services through a third party, the ‘service supplier’, so that the supplying university does not have its own staff teaching at the foreign location; such arrangements typically entail a private college offering degrees awarded by a foreign university, which is responsible for quality assuring the qualification. Mode 3 therefore relates to franchising, where the degree delivered by the private college may be wholly or closely based on the same degree taught on the home campus of the foreign university. Alternatively, the private college may have been ‘validated’ to offer a degree of its own

TABLE 2
Definition of services trade and modes of supply

Mode 1 — Cross border trade	From the territory of one Member into the territory of any other Member
Mode 2 — Consumption abroad	In the territory of one Member to the service consumer of any other Member
Mode 3 — Commercial presence	By a service supplier of one Member, through commercial presence, in the territory of any other Member
Mode 4 — Presence of natural persons	By a service supplier of one Member, through the presence of natural persons of a Member in the territory of any other Member

Adapted from *World Trade Organisation* 2012.

design, which is awarded by the foreign university (see Middlehurst and Campbell, 2003 for an extensive discussion of terminology).

Finally, mode 4 involves the presence of ‘natural persons’ from the university being based in the foreign country to deliver the teaching; this physical presence stretches from the ‘fly-in’ model, in which university staff travel to the foreign market to deliver short periods of intensive teaching, possibly in rented conference accommodation, to full-blown international branch campuses, in which the university has a ‘bricks and mortar’ operation.

In World Trade Organization terms, TNE includes supply modes 1, 3 and 4. In 2010–1, the number of TNE students studying wholly overseas, either by registering directly with an English higher education institution (via mode 1) or studying for the award of an English higher education institution offered through a third partner (mode 3) or, more rarely, international branch campus (mode 4) had reached 459,415 (Table 3). The majority (58.5%) studying via modes 3 and 4 rather than directly with the English higher education institution. The data collected by HESA do not distinguish between mode 3 and mode 4 supply. Over the period 2008–09 to 2010–11, the number of students studying wholly overseas for awards of English higher education institutions has grown 31.5 per cent, twice as fast as the 15 per cent increase in foreign students studying on campus at English higher education institutions.

The scale and growth of this market has attracted less attention because it is so hard to regulate and measure. In a study of the growth of transnational education for UNECSO, Martin (2007, p. 21) noted that: ‘in many countries, data on transnational provision was not readily available and needed to be collected from advertisements and the Internet’. In most cases, information on the number students enrolled in

TABLE 3
Students studying wholly overseas at english higher education institutions (2010–11)

	Level of provision			
	Postgraduate	First degree	Other undergraduate	Total HE level
Within the European Union				
Students registered at a UK HEI	16,985	19,310	2,030	38,325
Students studying for an award of a UK HEI	2,300	22,465	625	25,395
Total	19,285	41,775	2,655	63,720
Outside the European Union				
Students registered at a UK HEI	46,310	97,610	8,590	152,510
Students studying for an award of a UK HEI	2,795	239,210	1,180	243,185
Total	49,105	336,820	9,770	395,700
All locations				
Students registered at a UK HEI	63,295	116,920	10,620	190,835
Students studying for an award of a UK HEI	5,095	261,680	1,805	268,580
Total	68,395	378,595	12,425	459,415

Source: Higher Education Statistics Agency.

transnational education is recorded by neither the country of the higher education institution or the country of the student. Data for UK higher education institutions, for example, has only been collected by HESA since 2008–09, with previous estimates of the size of the market using proxies, such as the number of overseas examinations invigilated by the British Council on behalf of UK higher education institutions (Kemp, 1994).

Franchising higher education as business strategy

Not only has the growth and scale of higher education institutions' involvement in TNE been more opaque than trends in international student mobility, there also has been less research into the reasons why higher education institutions internationalise in this way. This is in contrast to work on the internationalisation of companies, where there is an extensive literature (Vernon, 1966; Johanson and Vahlne, 1977;

Agarwal, 1980; Dunning, 1980, 1981; Durrieu and Solberg, 2006; Dunning and Lundan, 2008).

Much of this literature emphasises the importance of experiential knowledge (learning) in influencing companies' behaviour, suggesting that companies internationalise their activities in distinct 'stages': starting with exporting, moving onto licensing (franchising) and finally foreign direct investment in the foreign country. Franchising is regarded as being a way of exploiting a company's ownership-specific advantages in a location that cannot otherwise be reached through exporting, where it is more profitable to serve this market through a local partner than internalising the activities through foreign direct investment in its own production and distribution facilities. The relative attractiveness of foreign direct investment may increase over time as the company learns cumulatively more about the foreign market, so that franchising may also be a stage on the road from exporting to operating a foreign production facility.

Within the literature on higher education, there are very few studies that have sought to investigate the reasons why universities engage in franchising. Writing in 1993, the Director of Quality Assurance at the Higher Education Quality Council noted:

[a]lthough there is an extensive—if often uncritical—literature on franchising in the business world, there is relatively little on educational franchising . . . There is virtually no public information regarding franchising to private institutions within the UK and to organisations beyond the UK, though this is hardly surprising given the sensitivity of commercial information about an activity conducted with a significant interest in its capacity to generate income. (Yorke, 1993, p. 168)

In considering the possible motives for franchising, Yorke distinguished between franchising to domestic further education colleges in the UK, which he ascribed to the university's educational mission of widening participation, and franchising to foreign, for-profit colleges, which he judged to 'have a strong revenue-generation component and developmental potentials ranging from the (re-)enthusing of staff to the strengthening of the franchisor's internationalist orientation' (Yorke, 1993, p. 169).

Similar to Yorke, most subsequent researchers have been cognisant of that the fact that the vast majority of English universities are quasi-public bodies, whose mission is educational not profit-maximisation. Universities carefully couch their internationalisation goals as about teaching and research, rather than income generation, and there are clearly major benefits for the curriculum and research productivity of being

internationally engaged. On the other hand, English universities are required to generate financial surpluses (in order to underpin their continued investment in estates and capital equipment) and their key stakeholders (staff, students and governing councils) are likely to be hostile to the suggestion of cross-subsidising a loss-making franchise operation in a foreign country. The last two decades in England have been characterised by declining real *per capita* tuition subsidies and enrolment caps on domestic students, encouraging universities to venture into the unregulated international market for additional financial resources, a trend well underway by the turn of the century (Alderman, 2001).

A major study of UK and Australian universities in 2003 concluded that while ‘for most universities, the primary motivation for establishing OVCs [overseas validated centres] has clearly been financial . . . gross revenue per OVC student was in the region of £500 (which for most degree courses was only around 10 per cent of the tuition fees for full time overseas students)’, suggesting that the financial returns from this activity are limited in practice (Bennell and Pearce, 2003, p. 224). Noting that some universities may engage in transnational education as part of a ‘pseudo-development agenda’, Garrett (2004, p. 6) nevertheless argued that ‘given the absence of detailed evidence to the contrary . . . income generation is the dominant motivation, and other rationales remain under-articulated’ although he conceded that ‘there is virtually no data indicating the financial viability of different forms or specific instances of transnational delivery’. Other commentators have taken a wider view and emphasised that, apart from financial goals, there may be reputational, or academic objectives for franchising (McBurnie and Ziguas, 2009). One survey reviewing the literature concludes that a significant motivation for some universities establishing offshore campuses is ‘to broaden their portfolio including prestige and brand name by extending to foreign markets’ (Shams and Huisman, 2012, p. 108).

While these explanations may account for some aspects of transnational education, notably international branch campuses, it is hard to see the reputational and academic gains from franchising degrees to small, private colleges in developing countries. The recent case of the University of Wales, which was effectively closed in October 2011 after it was revealed that poor quality assurance practices meant that its degrees were being offered by dubious foreign partners, provides an extreme example of the reputational risks of franchising. At its peak, the University of Wales had 20,000 students studying in 130 foreign partner

colleges. It was brought down by a series of scandals, including the revelation that the director of one college in Malaysia had fake qualifications and that Accademia Italiana in Bangkok had been operating illegally.

While the literature on educational franchising concedes that universities have a broader educational mission, so that 'the motivations for internationalization include commercial advantage, knowledge and language acquisition, enhancing the curriculum with international content, and many others' (Altbach and Knight, 2007, p. 290), there is a general consensus that when it comes to franchising, the dominant motive is income generation. Other possible motives like building international brand awareness and strengthening the university's internationalisation agenda appear to be much less evident in practice.

This view that transnational education is big business is widely held by policymakers. In a speech on 18 April 2012, the UK's Minister for Universities and Science, David Willetts, urged universities to seize the global opportunities available and make transnational education one of the 'great growth industries of the future'. In the speech, he argued that:

increasingly, emerging economies want to educate their students at home, and the United Kingdom—a global pioneer in developing educational facilities—is well placed to help . . . We not only have strengths in teaching and research but in design and construction of universities, mobilising finance, curriculum development, qualification accreditation and quality assurance. (Willetts, 2012)

There is, however, an important gap in the literature. Studies of universities implicitly take the organisation as the 'unit of account', examining the corporate motivations for engaging in international franchising. However, the decisions within universities are taken by shifting alliances of powerful individuals operating in highly politicised committee structures. As Gore (2012, p. 10) noted, universities 'tend to have complex and distributed power and authority structures with considerable autonomy vested in individuals'. Salancik and Pfeffer (1974) showed that organisational subunits compete within a university to acquire power over resource allocation (see also Pfeffer and Salancik, 1974). Bess (1988) provided a comprehensive analysis of the processes and structures of decision making within university from an organisational behavioural perspective, exploring the interplay of bureaucracy, collegiality, authority and vertical power relations. While the decisions in relation to overseas franchising that are taken within universities may be rational and commercially sound, there is the intriguing possibility that

other motivating factors, beyond those publicly espoused at institutional level, may come to dominate.

Most long-serving university administrators can point to examples of franchises that were driven by powerful champions or interest groups, with little obvious alignment to wider organisational strategies and objectives. To understand the motivations behind franchising, which is now such a major enterprise for English universities, it is instructive to open the ‘black box’ and understand how and why ‘champions’ choose to sponsor and nurture franchises.

This review of the literature leads directly to the research question: why do English universities franchise degrees to overseas providers? For the investigation, this research question is reframed to focus on the motivations of key decision-makers in franchising their university’s degrees. The focus of the following analysis is accordingly on answering the question: why do individuals closely associated with overseas franchises at selected English universities believe that these franchises were started and maintained over an extended period?

Understanding the motivations for franchising higher education

This study is based on interviews with eleven senior members of staff (Participants A–K) from four English universities (one pre-92, three post-92), all of whom managed overseas franchises (Table 4). To protect the participants, who were interviewed on the basis of strict confidentiality, both the participants and their institutions have been

TABLE 4
Participants in the study

Participant	Role
A	Pro-Vice-Chancellor
B	Pro-Vice-Chancellor
C	Pro-Vice-Chancellor
D	Dean
E	Associate Dean
F	Associate Dean
G	Senior/Principal Lecturer
H	Senior/Principal Lecturer
I	Senior/Principal Lecturer
J	Faculty Business Manager
K	Senior Administrator

completely anonymised. An exploratory research methodology was adopted. Semi-structured interviews (60–90 minutes each) using open questions were carried out with the participants. A loose structure was deliberately chosen, to give participants the greatest scope for revealing motivations and incentives which depart from the official messages set out in university plans and documents. ‘The goal is to learn “what is going on here?”’ (Schutt, 2006, p. 12).

Participants were not asked direct questions (for example, ‘what was your motivation for entering the franchise?’) but a narrative interview approach was taken, with participants asked to talk about the history and development of the franchises they managed and to reflect on what they saw as the benefits and costs and how these had unfolded over time relative to their expectations. The results were coded, with the aim of identifying a small number of key themes that were reported as motivating the key decision-makers within each university to engage and support franchises.

During the interviews, respondents were invited to reflect on what they believed to have been the motives of the key decision-makers. This resulted in a rich mix of responses that included both what the participants believed to be their own motives for championing the franchises with which they were associated and what they believed to have been the motives of previous decision-makers and their line managers. While the following section seeks to categorise these broad motives, it must be acknowledged at the outset that, in practice, they may overlap and they are certainly not mutually exclusive.

Quasi-development aid

Eight of the participants reported that an early motive for engaging in franchising was to support educational development in developing countries. In the early years after the end of the Cold War, the European Commission made large grants available (Tempus, Tacis) for networks of European Union (EU) universities to assist universities in central and eastern Europe to revise their curricula and retrain their staff in market economics and finance.

Several of the franchises with which the participants were involved had their origins in such projects, with new curricula being developed for their Central European partner. These partnerships led to the English universities validating the new programmes, to help establish them in an increasingly competitive local market and give potential students a guarantee of quality. The funding environment within which such developments took place seems to have created an overtly non-commercial

approach to these franchises, which the participants involved regarded as a contribution to the development of management education in Central Europe.

Some franchises outside Central and Eastern Europe had similarly non-commercial origins. In one case, a university helped to establish a government institute in South Asia, with development aid funding. Later, an offshoot of this institution, which had been set up to provide vocational training at sub-degree level, approached the same university to validate one-year 'top up' programmes to allow students with two-year diplomas to obtain a degree. As participant B noted, 'while it was a financial arrangement, it was also motivated by the desire to help the development of higher education in [South Asia]'.

Participant I, who was involved in three franchises dating back to the mid-1990s, argued that the prevailing ethos during this era was 'the old Socialist public good approach to higher education' in which there was 'no explicitly commercial ethos and we did things to help other universities because we thought we should'.

Opportunistic internationalisation

For the participants from the three post-92 universities, there was a widespread consensus that, when their institutions acquired university status in 1992, the then senior administrators were keen to build their international profile. However, with the exception of Erasmus partners, such universities in the early 1990s had very few international students and lacked the organisational infrastructure and managerial capability to develop international markets.

As private colleges around the world began to sense the opportunities presented by a sudden increase in the number of UK universities with degree awarding powers after 1992, these universities began to receive approaches from private entrepreneurs to franchise or validate their degrees and these were seized opportunistically. Participant K reported that in the early 1990s, many franchises started with a 'cold call from abroad, contacting many universities'. Participant E noted that there was 'no evidence that [the University] scanned the market and was proactive . . . [we] stumbled into a model of internationalisation that was not a conscious strategic choice. [We] took the deals that were offered'. Participant F concurred that 'we never took a strategic approach to finding partners'.

Critically, participants noted that the increase in the number of franchise partners in the early and mid-1990s predated the recruitment of significant numbers of international students, which at several of

the universities concerned only began after 2000. This is an interesting contrast to the hypothesis of the stages model, namely that universities would enter international franchises only after becoming established as providers of export education.

Regulatory capture

Most participants stressed the importance of close personal relationships between the champions of the franchises and the private entrepreneurs who owned the private colleges. The relationships were maintained by the academic and administrative staff, who attended examinations boards and were responsible for writing the quality assurance reports, and senior staff, who took part in graduation ceremonies.

The generous hospitality bestowed on visiting staff helped to develop strong personal loyalties between university staff and the private colleges, in a process akin to 'regulatory capture' (Stigler, 1971), which occurs when regulatory bodies get too close to the industries they are supposed to regulate. Participant D observed that the relationship between her colleagues and the staff at a foreign partner was 'very unhealthy and close, there wasn't the scrutiny'.

Participant B also observed that the president of a foreign partner 'built his relationships on staff going back and forth, getting invited to his home. It all got a bit too close . . . There are dangers of a long-term relationship between two institutions when the quality assurance people stay the same'. Participant F described how the millionaire owner of a franchise partner 'cleverly invited [senior staff] to weddings and family events . . . They beat us hands-down on getting what they wanted, whenever [senior staff considered changing the agreement], the millionaire would come over and get his own way'.

More generally, all participants acknowledged that there was a strong tendency for staff involved in franchising to begin to identify more closely with the franchise partners. Participant F recalled numerous cases of 'staff going native'. Because the franchise operations were often little understood by staff on the home campus, those involved in managing the franchises tended to become naturally protective and defensive of their colleagues in the franchise partner.

Self-serving personal agendas

Participant C attributed the early enthusiasm of a particular key senior manager for franchising as a way of enhancing his local political power, noting that the manager's 'ulterior motive was that he saw it as a way of getting resources into the centre and his empire . . . they [the franchise

activities] gave him a fighting fund for his own use'. Participant I similarly felt that poor organisational design and control allowed some key individuals to take decisions that benefited their own part of the organisation without reference to the wider implications for the university.

Some participants reported cases of more junior staff developing a very strong personal interest in maintaining the relationship that went beyond simple loyalty to a good host. Participant D reported that one academic quality assessor went abroad each year at the busiest time of the academic calendar to spend weeks visiting foreign partners, while another frequently holidayed with the owner of an Asian partner. When external examiners' reports began to raise concerns about the quality of provision, the latter individual brushed off concerns and 'buried the reports'.

Participant A was particularly critical of the way in which university procedures were subverted by individual staff for their own personal gain, noting that 'people engaged in academic tourism' and that there were all kinds of things going on that we would not tolerate [today] . . . There were people pursuing their own agendas, I don't think [we] had a handle on it'.

Once the franchises were established, there was a general consensus that none of the staff who were most actively involved in managing the relationship had any personal incentive to either maximise the revenue from the franchise or broaden the pool of staff involved to provide staff-development opportunities. Their own interests were served by the opportunity for expenses-paid visits that took them away from the humdrum routine of teaching students on the home campus. Participant B confirmed that staff involved in these visits 'didn't really think about the time and money'.

Technocratic self-perpetuation

In their accounts of the history of internationalisation at their universities, some participants described the important role of the central quality assurance team of administrators (technocrats) in sustaining the franchises as their universities developed beyond the early phase of 'ad hoc opportunistic early stage internationalisation' (participant E).

Like the academic and senior staff, they regularly visited the partner colleges and developed strong personal relationships. Unlike the academic group, however, their career prospects depended critically upon maintaining and expanding the network of franchise partners. Predictably, as participant E noted 'they become highly protective of the foreign partner's interests'. Participant A said that 'it was almost as if they were

working for the [foreign] colleges, not for the University'. Participant H admitted to feeling 'extremely conflicted' whenever the franchise for which s/he was responsible came under scrutiny, 'because this is my job . . . I know it is not a money spinner. [and] not seen by the staff as a core activity, but I think we have a fantastic product'.

Participant F explained that there were growing tensions within the university between the central team managing partnerships and academic schools, whose programmes were being franchised against their will. Several participants acknowledged that there is an increasing gulf between the objectives of, in particular, business schools seeking international accreditation and central university bodies looking to expand commercial partnerships.

'Easy money'

Most of the participants did not feel that there was a strong financial dimension to the decision to enter franchises. Participant A was particularly forceful, asserting that 'we have undersold ourselves for a pittance'. Participant E expressed the view that, once established, the university 'did not have to do much for the money . . . [It was] easy money, low maintenance, low investment'. The widespread view amongst all participants was that there is no real money in the franchises but they do not cost much to operate. Participant K reported that the costs of the franchise were limited to 'just [quality assurance] visits and someone at the graduation ceremony'. Participant A agreed that 'the costs are the servicing costs. We don't employ many people in this area, so it doesn't cost us much'.

The general consensus was that the franchises had not been set up with a financial motive in mind but as the original champions moved on, the fact that the franchises generated modest annual returns for a very low direct cost accounted for the reluctance of subsequent decision-makers to end the relationships. As participant C observed, 'it was a revenue source that gave the university some spare cash . . . it was never an institutional priority to get rid of these relationships'.

Several participants noted that, while there was a modest gross revenue stream once the franchises were established, the university's accounting procedures did not take account of the full costs of the franchises. 'The management hours spent on these centres was enormous', claimed Participant C, also noting that some franchise partners were notorious for failing to 'pay their bills'. He concluded that 'it wasn't run in a business-like way . . . the model is so fundamentally flawed'.

Only one participant (F) claimed that commercial gain had been an important motivating factor. However, he qualified this by asserting that the business cases were almost always ‘exaggerated’, partners regularly delayed start dates and under-recruited students relative to agreed targets. ‘There was always a mismatch between promise and delivery . . . projections in terms of [student] numbers never materialise.’ Once running, the academic review processes failed to monitor ongoing financial performance.

Staff development

Most participants reported that staff enjoyed managing and supporting the franchises and gained valuable professional development in the process. Participant J described how the senior management of one university had broken up the small clique of quality assessors who had jealously guarded their relationship with a foreign partner to give more staff the development opportunity of visiting the country. Participant B confirmed that ‘the staff who we directly involved [in supporting the franchise] had amazingly enriching experiences’.

Participant I claimed that the major benefit of the franchises with which s/he was involved was the bonding of staff who travelled together on business. ‘It was what made the job fun and it [travelling] created a strong sense of camaraderie’, even though this gain was never part of the business case for the franchise. Participant F similarly recalled that a positive by-product of franchising was ‘a strong management structure, which was forged by spending time together overseas’.

In other cases, however, there is little scope for staff development. Some franchises operated in the local language, where the syllabus was written by the foreign partner and validated by the English university. Participant E concluded that there is ‘no staff development value, meetings all ran in foreign languages and quality assessors had to work through translators’. Participant G asserted that one partner actively discouraged the involvement of university staff who could speak the local language to prevent overly intrusive quality assurance.

Motivating factors that did not feature

Very significantly, the participants did not feel that the franchises offered either reputational gains or represented an interim stage of internationalisation. There were two aspects to the absence of reputational benefit. The first was that most franchise partners were small, new and did not have strong reputations nationally, so that there limited benefits of

being seen to be associated with them in their own country. Participant E reported that some former partners in one country had actually been suspended by the Ministry of Education, making any continued association with those partners reputationally damaging.

The second was that the bigger, more successful colleges were intent on developing their own brands. While they needed an English university to validate their degrees, they emphasised their own brand in their marketing. Participant J noted that ‘there is a real paradox here: the stronger the reputation of the partner, the less they need to use [our university’s brand] to promote themselves’. The perverse result is that only the weakest partners use the university’s name prominently in their marketing material and promotional campaigns. Participant E confirmed that at one college, ‘the graduation ceremonies play down the [University’s] presence . . . they are very quiet about the fact that their degrees are awarded by a foreign university’.

Participant A argued that the reputational benefit of the franchise partnerships had never been a factor. He pointed out that ‘when they [the franchises] were set up, we were not conscious of reputation and image. Then there wasn’t the quasi-market for students, no league tables or competition for students’.

As a stage of internationalisation, none of the participants mentioned that the franchise served as a means of developing market knowledge with the intention of moving to a ‘bricks and mortar’ presence in-country. Participant E noted that ‘if you wanted an offshore campus, you wouldn’t pick [any of the partner’s home countries] to set up shop’. He described the franchises as ‘trade creation, not trade diversion’, explaining that the franchise allowed the universities to earn a modest revenue from students in markets where they would otherwise never recruit international students.

Inside the ‘black box’

The analysis of the interview data reveals a rich and complicated web of motives, either being claimed by decision-makers or attributed to them by other actors. Most accounts of universities’ internationalisation tend to frame developments as a published, carefully prepared international plan, underpinned by robust and comprehensive business cases. This study suggests a much less rational approach to franchising.

Most strikingly, all three of the main reasons advanced for franchising in the literature find little support in the data. First, the stages model of internationalisation does not fit at all with the pattern of development. Rather than moving into franchising to build on a

successful experience of directly recruiting students from international markets, the universities studied moved into franchising and validation as part of an immature, reactive and opportunistic approach to internationalisation, in an attempt to develop an international profile in the immediate aftermath of attaining university status. Franchising predated the expansion of export education, rather than following from a period of sustained export education.

Nor is there any evidence that franchising was a stage prior to setting up an overseas branch campus. None of the four universities has plans to establish branch campuses and several of the franchises are in countries where there is no commercial advantage to establishing a branch campus; for example, in countries where provision is almost all in the local language or in countries where the legislation on foreign universities remains antithetical to establishing a branch campus.

Second, despite believing that maintaining the franchises is 'easy money', there was little evidence to support the view that original motivation for entering the franchise arrangements was predominantly financial. In the early years, most franchises do not appear to have even covered the costs of the staff employed by the central quality assurance teams. More critically, there was no mention by any of the participants of the wider costs of the franchise, notably the salary costs of the quality assurance team, the management time devoted to quality assurance, university overheads, opportunity cost, the cost of organising 'teach out' if the franchise ended or the cost of reputational damage if a partner college collapsed or brought the university into disrepute. Repeatedly, participants reported that the costs of the franchise were limited to 'just [quality assurance] visits and someone at the graduation ceremony', suggesting that there was little institutional culture of fully costing such partnerships.

Third, there was no evidence that the university entered the franchise arrangements for reputational gain. While it appears that some senior decision-makers in the 1990s felt that they needed to develop some international partnerships to reposition themselves as serious universities, the partnerships themselves were not chosen for their reputational value. Indeed, the interesting paradox is that, while franchise partners were often acquired in a reactive, opportunistic fashion, the partners that most actively promoted their association with the English universities were the weakest and reputationally most risky; the partners that had, or developed, prestige in their home markets and could have helped raise the universities' profile did not need to do so and, instead, focused on building their own brand identity.

The most interesting finding from the investigation is not that universities entered a number of franchise partnerships in the 1990s in an opportunistic fashion, for a mixture of motives that included building international profile and helping the development of other countries.

The real insight is the way that, as time moved on, the operational management of the franchise partnerships fell into the hands of less senior academics and administrators, who appear to have maintained and controlled the development of the franchises in their own interests.

The flow of modest but 'easy money' discouraged senior managers from looking more critically at the real benefits of continuing these partnerships, while the significant financial returns to the private entrepreneurs of the franchise arrangement gave them a very strong incentive to nurture their relationships with their key academic and administrative contacts. The result was that the scale of the franchises grew organically, as the private colleges expanded, without ever being a strategic objective of the universities at a corporate level.

Conclusion

This research challenges the conclusions reached in the limited literature on university franchising, which presumes that the motivations are primarily commercial and corporate in nature. It finds that, in many cases, franchise partnerships have been started for a mix of non-commercial motives and that the partnerships endure because they align with personal agendas of key staff, often at lower levels in the organisation, rather than meeting an overarching strategic need.

The franchising of university degrees has been something of a shadowy business over the last two decades. QAA did not begin to examine the quality of franchise provision until 1997 but only has the capacity to audit a subset of universities, investigating provision in one country each year (China in 2012, Singapore in 2011). HESA only began collecting data on institutions' overseas provision in 2008–09 and this is still not available publicly at institutional level. Continuing scandals with the quality of overseas franchises, which started in the 1990s with Derby University losing its licence to operate in Israel and hit international headlines with the decision to wind up the University of Wales have meant that many universities keep their franchise provision low profile.

For this reason, there are very few studies of the scale and motivation for university franchising. This exploratory study suggests that this is a fertile area for a much larger study. There are almost 460,000 foreign

students studying overseas for the awards of English higher education institutions and, now that the data are starting to become transparent, there is clearly merit in more rigorously investigating what is driving such a major industry sub-sector.

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Is UK transnational education ‘one of Britain’s great growth industries of the future’?

Nigel Healey

Against the backdrop of unprecedented growth in the global demand for higher education, the UK government has recognised that there is a huge potential market beyond conventional ‘export education’, if its universities can find ways of providing ‘transnational education’ (TNE) to the millions of foreign students unable or unwilling to travel to the UK. This paper tests the thesis that TNE represents ‘one of Britain’s great growth industries of the future’. For TNE to flourish, three conditions need to be satisfied, namely: that there is already a strong base of UK TNE activity and expertise on which to build; second, that there will be continuing growth in demand for UK TNE; and, finally, that UK universities have the capability and willingness to expand supply to meet any future growth in demand. It finds little evidence to support the thesis that TNE is, in fact, likely to be a great growth industry and highlights the dangers for policymakers of setting objectives in the absence of a strong evidence base about current capabilities and future market trends.

Keywords: Transnational education, internationalisation, export education, offshore education, international branch campus, twinning, franchising, validation, higher education policy

Introduction

‘An academic revolution has taken place in higher education in the past half century marked by transformations unprecedented in scope and diversity’
(Altbach *et al.*, 2009:i)

Most dramatic amongst these transformations has been massification, what Trow (1962) dubbed the ‘democratization of higher education’, which has increased enrolments worldwide from 51m in 1980 to 178m by 2010, an annual rate of growth of 4.2 per cent *per annum* (UNESCO, 1998, 2013).

UK universities have been major beneficiaries of this growth in global demand for higher education. As economic growth and underdeveloped local higher education sectors ‘pushed’ increasing numbers of students from developing countries to look overseas for study opportunities, UK universities enjoyed strong ‘pull’ characteristics – instruction in English, a global reputation for quality and a widely recognised qualifications framework. By 2011/12, there were 435,000 foreign students studying at UK universities, or 17.5% of all enrolments (HESA, undated).

In the last 15 years, UK universities have begun to recognise there is a large potential market beyond conventional ‘export education’, if they can find ways of providing ‘transnational education’ (TNE) to the millions of foreign students unable or unwilling to travel to the UK (Doorbar and Bateman, 2008). The present UK government has identified TNE as a major growth opportunity for universities. Speaking in 2012, the UK Minister for Universities and Science set out his vision:

‘Demand for higher education is growing worldwide... Increasingly, emerging economies want to educate their students at home, and the UK – a global pioneer in developing educational facilities – is well placed to help... This is one of Britain’s great growth industries of the future’ (Willets, 2012).

This paper tests the thesis that TNE represents ‘one of Britain’s great growth industries of the future’. For TNE to flourish, three conditions need to be satisfied, namely: that there is already a strong base of UK TNE activity and expertise on which to build; second, that there will be continuing growth in demand for UK TNE; and, finally, that UK universities have the capability and willingness to expand supply to meet any future growth in demand.

The structure of the paper is as follows. The literature review provides an overview of TNE and the main studies which have explored the scale of the market, the demand for TNE and the supply of TNE. Against this background, the paper then seeks to address the question, ‘Is TNE one of Britain’s great growth industries of the future?’, by tackling three interrelated research questions:

What do the official data reveal about the present scale and financial importance to UK universities of TNE? (‘the status quo’)

What are the forecast trends in the main drivers of the demand for UK TNE? (‘the outlook for demand’)

What are the attitudes of senior decision-makers across a range of UK universities and agencies towards an expansion of TNE? ('the outlook for supply')

The method section sets out the approach by which the data to answer each of these questions are gathered, which are summarised in the results section. Finally these data are analysed to provide a set of conclusions, which have significant implications for UK policymakers and universities.

Literature review

What is transnational education?

TNE involves students remaining in their home country while studying at a foreign university. This form of higher education ranges from distance-learning through franchising to a partner institution in the host country, to an international branch campus (IBC), including:

'all types of higher education study programmes, or sets of courses of study, or educational services (including those of distance education) in which the learners are located in a country different from the one where the awarding institution is based' (Council of Europe 2002).

The General Agreement on Trade in Services (GATS) distinguishes four modes by which a service provider can, in principle, deliver services to a foreign citizen: Mode 1 (cross border supply); Mode 2 (consumption abroad); Mode 3 (commercial presence abroad); and Mode 4 (presence of natural persons abroad). In the context of higher education, these four GATS modes can be broadly interpreted as (see World Trade Organization, undated; Knight, 2003):

Mode 1 (programme mobility): universities supplying educational services across borders directly to students in their home countries, via distance-learning, so that 'there is no physical movement of the sellers or consumers, but the service itself travels' (Tilak, 2011: 33-34). Historically, distance-learning was carried out using correspondence courses. Since the advent of the internet in the early 1990s, correspondence courses have been steadily replaced by on-line provision.

Mode 2 (student mobility): students consuming the education services by moving to the country of the university. Over the last two

decades, international student mobility has been the dominant mode of service provision. 4.1m students studied on the campus of a foreign university in 2010 (OECD, 2012) and such ‘export education’ is a major source of invisible export earnings for countries like Australia, New Zealand and the UK (Altbach and Knight, 2007).

Mode 3 (institutional mobility): universities supplying educational services to students in their home countries through an in-country service provider. This in-country presence may range from a local college, which offers a university’s degrees on a franchised or validated basis (see below), to the university establishing an IBC to teach students in a foreign market.

Mode 4 (staff mobility): universities sending staff abroad for short periods to deliver educational services to students in their home countries. This form of mobility, known as fly-in, fly-out (FIFO) in industries like mining where it is commonplace, involves staff going to the students, but unlike Mode 3, the staff members fly in for short periods and the universities have no permanent, physical presence in-country (Seah and Edwards 2006).

Within mode 3 provision, there is a plethora of arrangements, which vary in the degree of alignment of the syllabus between the locally-delivered and home campus award and the control that the university can exercise over the in-country delivery (Quality Assurance Agency, 2010; British Council, 2012a). Most notable are:

Validation – the foreign partner develops and delivers its own programme and its degree is ‘validated’ by the university, allowing the partner to offer the programme as if it were a degree of the awarding university.

Franchise – the foreign partner is authorised to deliver the university’s degree on its behalf and the degree title, syllabus, teaching materials and assessment are all closely aligned with that of the ‘mother’ degree on the home campus.

International branch campus – a foreign satellite campus, wholly or partly owned by the university, which delivers and awards its degrees.

Estimating the market for TNE

It is difficult to estimate the scale of the present global market for TNE,

because so few home or host governments collect official statistics on TNE enrolments (Garrett and Verbik, 2004; Altbach, 2007). In a study of the growth of TNE for UNECSO, Martin (2007: 21) noted that ‘in many countries, data on transnational provision was not readily available’.

The Observatory on Borderless Higher Education regularly undertakes surveys of TNE (eg, Garrett, 2002, 2004; Garrett and Verbik, 2003a, 2003b; Larsen *et al* 2004; Verbik and Merkle, 2006; Lawton and Katsomitros, 2012), but these have primarily been limited to IBCs rather than TNE more broadly. Bennell and Pearce (2002) provided an early estimate of the growth of UK TNE by drawing together data from different surveys (see also Humfrey, 2009).

Naidoo (2009) attempted to estimate the scale of the global market, lamenting the ‘dearth of comprehensive statistics evaluating the real magnitude of this new phenomenon in the international higher education landscape’ (p326). All these surveys are dogged by partial coverage, the reluctance of universities to reveal commercially sensitive information and shifting forms of TNE in response to changing national regulation and technological innovation (Adam, 2001; Knight, 2005; Lane and Kinser, 2012).

The best known study of the future growth of TNE was carried out for the British Council by Bohm *et al* (2004). The study concluded that ‘the demand [for UK TNE] is expected to grow very considerably: from an estimated 190,000 in 2003 to almost 350,000 in 2010 and then to 800,000 by 2020’ (p46).

The drivers of demand for transnational education

There is a large literature exploring the factors that drive the demand by students for a foreign education, which can be satisfied by studying abroad or TNE. One of the widely used approaches is the ‘push-pull’ model (eg, Lee and Tan, 1984; McMahan, 1992; Mazzarol and Soutar, 2002; Li and Bray, 2007; Cantwell *et al*, 2009), derived from the so-called ‘gravity model’ (Tinbergen, 1962) of international trade. The push-pull model divides the drivers of demand between ‘push’ factors which drive students to look abroad for study opportunities and ‘pull’ factors, which attract international students to study in certain countries. The push factors are themselves split between the factors that drive the demand for higher education *per se* and those which drive the demand for higher education in another country. Higher education is a ‘superior’ good and graduates enjoy a significant ‘lifetime earnings premium’ relative to those of the same ability who leave education after secondary school (Mincer, 1974; Psacharopoulos, 1994; OECD, 2012). This

earning premium has been enhanced by the emergence of a global knowledge economy, where a 'portable' higher education qualification opens up new employment prospects. At its simplest, therefore, the two primary drivers of demand for higher education in any given country are:

the rate of growth of *per capita* gross domestic product (purchasing power of buyers); and

the rate of growth of the population in the 20-24 year age range (number of potential buyers).

There is a range of secondary factors, notably cultural attitudes to higher education and the distribution of income, which drive the demand for higher education (eg Marginson, 2010, 2011). Nevertheless, in the medium term, cultural and income distribution can be regarded as stable and the demand for higher education is dominated by income and population (Bohm et al., 2004; British Council, 2012a).

The link between the demand for higher education *per se* and the demand for higher education abroad is a function of the second set of push factors, namely the perceived quality and the physical capacity of the domestic higher education system. Potential students seeking higher education will look for study abroad or TNE if they are unwilling (because of relatively poor quality) or unable (because they cannot find a place) to access a university at home. The lower the quality and/or capacity of the domestic higher education sector, the higher the demand for study abroad and TNE.

TNE is cheaper than study abroad, because students can avoid the need for air travel and (normally) the higher cost of living overseas by enrolling in a programme in their home country. The tuition fees are also typically much lower for TNE programmes, enabling TNE to reach students who could not afford to study abroad, as well as those unwilling to travel for cultural reasons. In many TNE markets, only the wealthiest have the financial means to study abroad, so that TNE can potentially access a much bigger market.

The supply of TNE by universities

There is a much more limited literature exploring the reasons why universities seek to engage in TNE. The general view is that, particularly in countries like the UK and Australia where domestic tuition fees are regulated and enrolments capped, universities see TNE as a way of growing and diversifying revenue (Hatakenaka, 2004; Drew *et al*,

2006). Garrett (2004) concluded that ‘income generation is the dominant motivation, and other rationales remain under-articulated’ (p6). A survey of UK universities by Drew *et al* (2008) found that ‘traditional international recruitment to the UK is seen as “fading” and TNE is a way of making up shortfalls in income’ (p15). A study for UNESO by Tilak (2011) concluded that ‘narrow economic considerations seem to be the main objectives of present and emerging forms of internationalization of higher education’ (p26).

Other commentators have taken a wider view and emphasised that, apart from financial goals, there may be reputational or academic objectives for TNE (eg Kwan, 2005; McBurnie and Ziguras, 2009; Wilkins and Huisman, 2012). One survey reviewing the literature concludes that an important motivation for universities establishing IBCs is to raise their international profile (Shams and Huisman, 2012). Offsetting potential reputational gain, however, is ‘need to manage reputational risk should a venture fail or disappoint expectations’ (Grant, 2013:18). A study by Edwards *et al* (2010) of institutional audits by the Australian Universities Quality Agency (AUQA) identified a range of risks, including reputational risk, conflicts of interest and poor quality teaching. The British Council (2012a) reported numerous obstacles to TNE, including ‘security issues, legislative barriers and...corruption’ (p45). Fear of these risks and conservative management practices may limit the responsiveness of universities to TNE opportunities.

Method

This study uses mixed methods to address the three interrelated research questions:

The status quo: what does the official data reveal about the present scale and financial importance to UK universities of TNE?

The outlook for demand: what are the forecast trends in the main drivers of the demand for UK TNE?

The outlook for supply: what are the attitudes of senior decision-makers across a range of UK universities towards the expansion of TNE?

To assess the status quo, the study reviews the official data provided by the Higher Education Statistics Agency (HESA). It examines the limitations and the integrity of the data in providing a guide to the state of the present market in terms of student enrolments. This examination

involved telephone and face-to-face interviews about the data and the way it was reported and published with a group of users and experts (see Table 1).

TABLE 1
Experts and users of Higher Education Statistics Agency data

1	Data analyst	Post-92 university
2.	International Manager	Post-92 university
3	Statistician	British Council (Education Intelligence)
4	Statistician	British Council (Services for International Education Marketing)
5	Statistician	Higher Education Statistics Agency

To assess the outlook for demand, the main drivers of the demand for TNE identified in the literature, namely macroeconomic and demographic factors on the one hand and the capacity and quality of the higher education sector on the other, were considered in terms of recent developments and likely trajectories over the next decades.

To assess the outlook for supply, the approach taken was to investigate the attitudes of key decision-makers at a range of institutions and agencies to the expansion of TNE (see Table 2). Semi-structured interviews (60-90 minutes each) using open questions were carried out with 11 senior managers working on TNE partnerships at a range of universities from the different ‘mission groups’ and national agencies on condition of anonymity and confidentiality. A loose structure was deliberately chosen, to give participants the greatest scope for revealing their intentions and concerns and to avoid influencing the views

TABLE 2
Participants in study of the outlook for supply

A	Pro-Vice-Chancellor	Russell Group university 1
B	International Director	Russell Group university 1
C	Dean	94 Group university 1
D	International Manager	94 Group university 2
E	Pro-Vice-Chancellor	University Alliance university 1
F	International Director	University Alliance university 2
G	Associate Dean (International)	University Alliance university 3
H	Dean	Million+ university
I	Director	British Council
J	Senior Manager	UK Higher Education International Unit
K	Senior Manager	Northern Consortium UK

The UK Higher Education International Unit is an agency jointly funded by UK universities and colleges and government to promote and support the international activities of UK higher education institutions. The Northern Consortium UK is a company owned by 11 universities in northern England which runs pathway courses around the world and manages IBCs on behalf of its members.

expressed. ‘The goal is to learn “what is going on here?”’ (Schutt, 2006: 12). The interviews were transcribed and coded to identify the common themes and the relationships between themes which were reported by participants (Miles and Huberman, 1994). The end result was a small set of generalisations about the key drivers which either positively support the expansion of TNE activities or negatively retard TNE activities

Results

Assessing the status quo

Prior to 2007/08, data on TNE students was collected by HESA, ‘but submission of this part of the collection was optional for institutions... [from 2007/08] they decided to use their powers under legislation to make that aggregate collection mandatory. In consequence, from 2007/08 it was possible to publish information on offshore provision’ (HESA, undated).

Figure 1 shows that the number of students ‘studying wholly overseas’ with UK higher education institutions has grown by 190% in just five years, to 571,010 by 2011/12. International (non-UK) enrolments on campus also grew by 27% over the same period, to reach 435,230 by 2011/12. The faster growth of TNE numbers meant that since 2009/10, there have been more students studying for UK degrees wholly overseas than on UK campuses, a development belatedly recognised by the educational media (eg Ratcliffe, 2013).

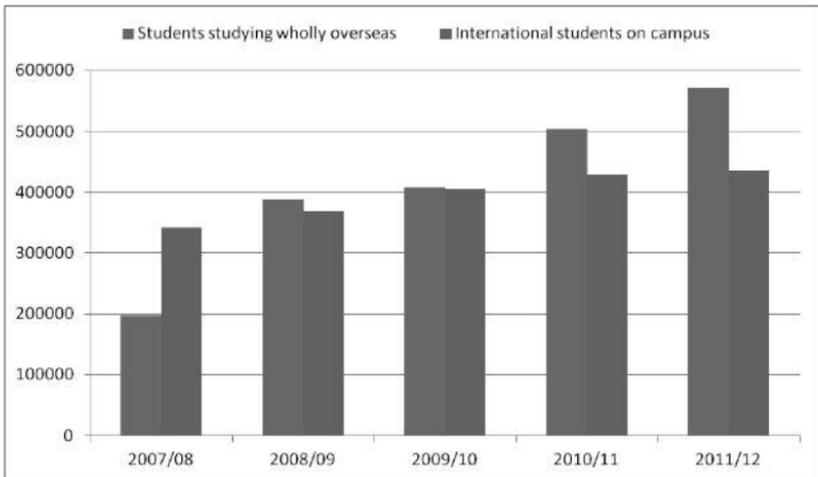


Figure 1. International students on-campus vs studying wholly overseas

TABLE 3
Top 10 TNE markets for UK HEIs, 2010/11

	PG (research)	PG (taught)	First degree	Other UG	Total
1 Malaysia	245	3,570	52,950	1,350	58,115
2 Singapore	65	3,530	41,755	1,515	46,865
3 China	135	3,290	32,195	140	35,760
4 Pakistan	10	250	33,695	945	34,905
5 Hong Kong	170	6,085	22,865	335	29,455
6 Nigeria	85	3,795	18,475	70	22,425
7 Ghana	15	990	14,700	50	15,755
8 Ireland	110	3,105	11,630	375	15,215
9 Trinidad and Tobago	25	2,780	9,680	900	13,385
10 Greece	90	4,065	7,175	185	11,515
Total	950	31,460	245,120	5,865	283,395

Source: HESA (undated)

Table 3 illustrates the level of provision for the top 10 TNE markets for UK higher education institutions (HEIs). It shows that the TNE market is dominated by undergraduate (UG) bachelor's degrees (245,120 students), compared with 31,460 postgraduate (PG) taught

TABLE 4
Transnational education by type of delivery

	2007/08	2008/09	2009/10	2010/11
Students registered at a UK HEI:				
- Overseas campus	7,120	9,885	11,410	12,305
- Distance, flexible and distributed learning	100,345	112,345	114,985	113,065
- Other, including collaborative provision	59,895	68,595	74,360	86,630
Students studying for an award of a UK HEI:				
- Overseas partner	29,240	197,185	207,790	291,575
- Other	70	35	50	125
Total	196,670	388,045	408,595	503,700

Source: HESA (undated)

students and only 950 postgraduate research (MPhil and PhD) students. It also reveals the relative importance of Asia as a target market, with the top five countries (Malaysia, Singapore, China, Pakistan and Hong Kong) accounting for 205,100 students.

Table 4 provides a breakdown of TNE students by type of delivery. It shows strong growth in all forms of TNE delivery, but an explosive growth in students studying with ‘overseas partner institutions’, which has risen from just 29,240 in 2007/08 to reach 291,575 by 2010/11.

Two important caveats

There are two important caveats in interpreting the data on UK TNE. The first is the ‘Oxford Brookes effect’. In 2008/09, Oxford Brookes University altered the way it reported a collaborative arrangement with the Association of Chartered Certified Accountants (ACCA) which dated back to 1999. The ACCA is ‘the global body for professional accountants with 154,000 members and 432,000 students in over 170 countries’ (ACCA, undated).

Under this arrangement, online students around the world who enrol on the final three ACCA papers are automatically registered as students at Oxford Brookes University for ten years. When they have completed the ACCA qualification, they may opt to write and submit a ‘Research and Analysis Project’ to Oxford Brookes University and, if they pass, receive a BSc (Hons) in Applied Accounting. The fee for submission of the project is £135 (Oxford Brookes University, 2012].

Since 2008/09, these students have been returned to HESA as students studying for the award of a UK HEI through an overseas partner institution. Table 5 shows that, adjusted for the ‘Oxford Brookes effect’, TNE numbers have grown since 2007/08, but at a much less

TABLE 5
Transnational education adjusted for the ‘Oxford Brookes effect’

	2007/08	2008/09	2009/10	2010/11
Oxford Brookes University	870	163,295	162,045	239,945
UK HEIs without Oxford Brookes:				
Overseas campus	7,120	9,885	11,410	12,305
Distance, flexible and distributed learning	100,345	112,345	114,985	113,065
Other students registered at HEI	59,895	68,595	74,360	86,630
Overseas partner organisation	28,370	33,890	45,745	51,630
Other students studying overseas for HEI's award	70	35	50	125
Total	195,800	224,750	246,550	263,755

Source: HESA (undated)

dramatic rate. By 2010/11, the adjusted TNE enrolments were just half the ‘headline’ numbers.

The second caveat is that HESA returns relate to headcount rather than full-time equivalent (FTE) students. There is no data on what proportion of students studying wholly overseas are part-time, but it is reasonable to assume that the Oxford Brookes/ACCA students and those studying by distance, flexible and distributed learning are working students who study part-time (British Council, 2012b). In 2010/11, these two categories accounted for 70% of the total students studying wholly overseas.

In contrast, only 15% of the international students studying in the UK are part-time (see Table 6). Moreover, a feature of many TNE programmes is their flexibility, which allows registered students periods of extended inactivity provided they complete the qualification within, say, eight or ten years. This further reduces the FTE value of TNE students. It clearly overstates the importance of TNE to compare the headcount of (predominantly part-time, often inactive) students studying wholly overseas with (overwhelmingly full-time) international students studying in the UK.

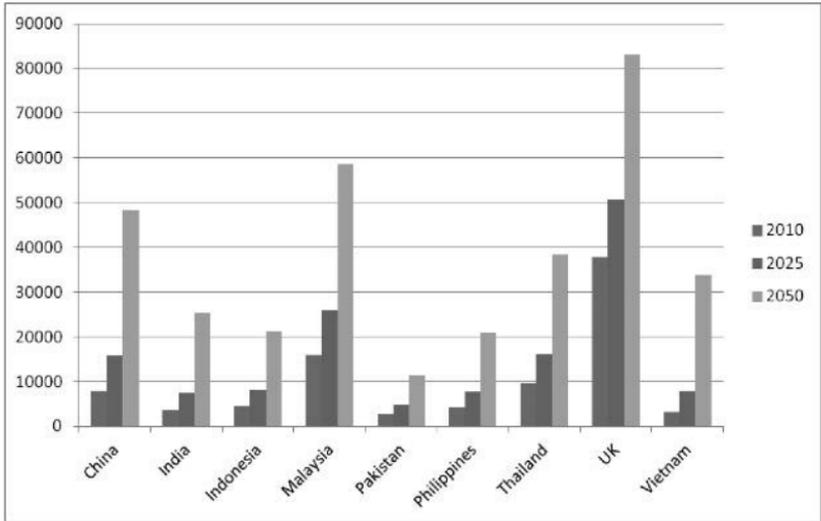
TABLE 6
Student headcount in UK and studying wholly overseas

	2007/08	2008/09	2009/10	2010/11	2011/12
Full-time in UK	1,480,385	1,540,035	1,632,160	1,677,345	1,721,400
- of which international	278,410	305,885	339,700	365,045	376,590
Part-time in UK	825,720	856,020	861,260	823,955	775,240
- of which international	63,380	63,085	66,100	63,180	58,645
Wholly overseas	196,670	388,135	408,685	503,795	571,010

Source: HESA (undated)

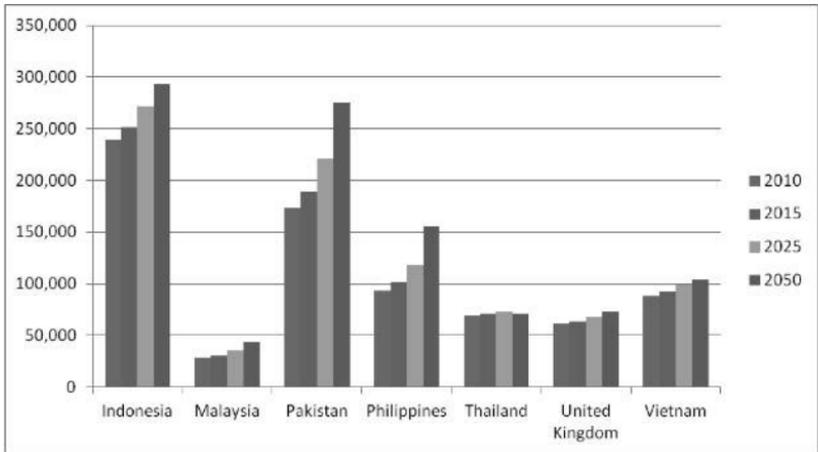
The outlook for demand

As noted in the literature review, the demand for TNE is driven by four main push factors – *per capita* GDP growth, population growth in the 20-24 year age range and the perceived capacity and quality of higher education in the host countries – with the UK’s market share influenced by a range of pull factors. The largest markets for TNE are in South and East Asia and, as Figure 2 shows, over the next 40 years, several (China, Malaysia, Thailand and Vietnam) are projected to reach *per capita* GDP levels comparable with that of UK in 2010 (US\$37,700), while India, Indonesia and The Philippines will reach levels comparable with that of Portugal in 2010 (US\$24,700).



Source: Calculated from Hawksworth and Cookson (2008), Central Intelligence Agency (undated)

Figure 2. Pre capita gross domestic product, US\$, PPP (constant prices)



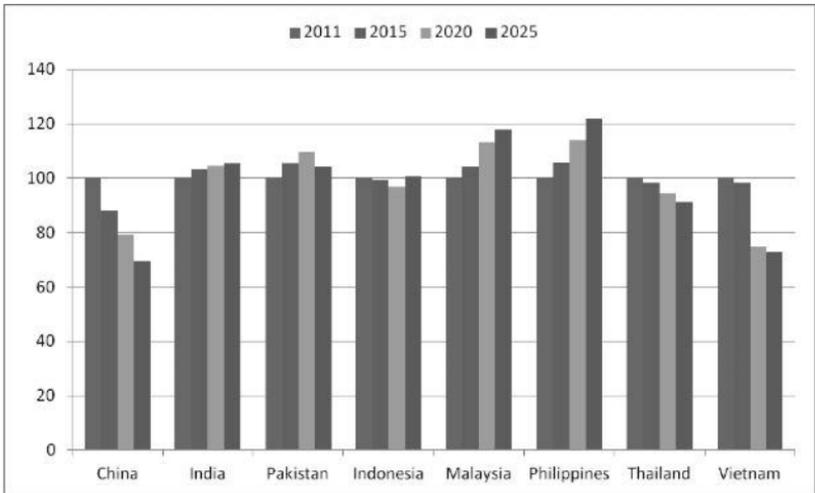
Source: Calculated from United Nations Population Division (2011)

Figure 3. Population forecasts 2010-50 ('000s): medium-fertility variant

The population of China and India is projected to grow to 1.6bn and 1.5bn respectively by 2050. Figure 3 shows that for a range of second

tier Asian countries, population growth will also be rapid, with Indonesia and Pakistan approaching 300m and Vietnam and the Philippines both exceeding 100m.

As Asian populations grow, however, they are also ageing as birth and mortality rates decline, most notably in China due to the impact of the 1978 ‘one child policy’. Figure 4 shows the forecast impact of the steepening population pyramid on selected economies over time. In China, the ageing population will have a marked impact on the population of undergraduate university age, which will decline sharply, while in India, Pakistan and Indonesia, the growth in the 20-24 year old population will be minimal.



Source: Calculated from United Nations Population Division (2011)

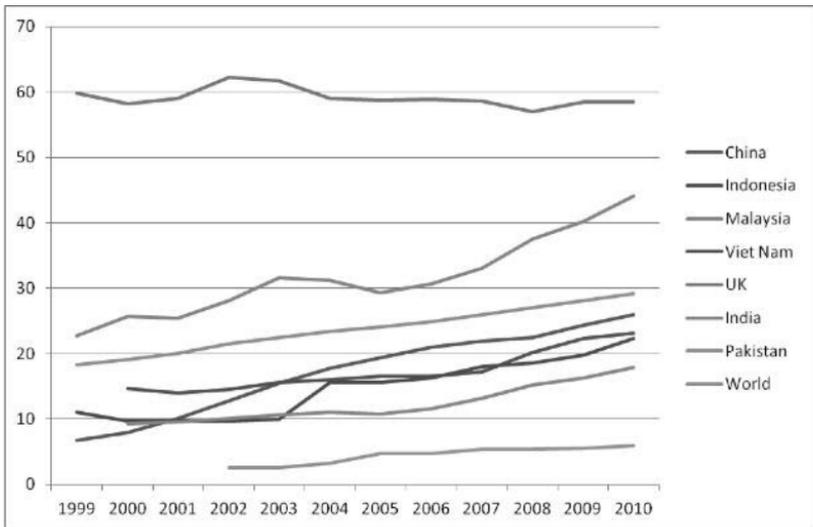
Figure 4. Tertiary age population (20-24 years), 2011 = 100

A recent study by the British Council (2012a) predicted that continuing (but slowing) growth in per capita gross domestic product would more than offset the negative demographic trends, with demand for higher education continuing to grow in Asia, but at a much slower rate of 1.4% per annum over the next 12 years, compared to 5-6% per annum over the last two decades.

The two other factors which push students towards TNE are the capacity and perceived quality of the domestic higher education sector. Here there have been significant developments which are likely to adversely affect the demand for UK TNE. First, there has been a

significant investment in capacity in all the largest markets for TNE. As Figure 5 shows, participation rates across all the main Asian economies have grown sharply over the last decade.

The growth in China has been particularly dramatic. The Ministry of Education of the People’s Republic of China reports that, in 2000, the number of undergraduates was 5.6m, with a further 0.3m postgraduates. By 2010, the figures were 22.3m and 1.5m respectively, representing increases of approximately 300% in undergraduate and 450% in postgraduate enrolments over a 10 year period (Ministry of Education of the People’s Republic of China, undated).



Source: UNESCO (2013)

Figure 5. Gross entry rates in higher education

At the same time, almost all Asian governments have developed policies aimed at increasing the quality of their higher education systems, through a combination of public investment in building an elite tier of ‘world-class’ research universities and, across the system, putting in place more rigorous systems of quality assurance.

China launched its ‘Project 211’ in 1995, which concentrates funding for postgraduate education and research laboratories on the top 113 of its 2,358 universities. South Korea’s ‘KoreaBrain21’ focuses public funding on 10 world class, research-oriented universities. Thailand’s ‘Second 15-Year Long Range Plan on Higher Education’ similarly

focuses resources on nine national research universities. Malaysia's 'National Higher Education Strategic Plan 2011-15' has created six 'Research Universities' and 20 world class Centres of Excellence (CoE). Taiwan has a new 'Development Plan for World-Class Universities and Research Centers of Excellence'.

In parallel to the drive to create 'world-class universities' has been an emphasis on building national systems of quality assurance to improve standards across the sector. A study by the British Council (Ilieva, 2011) which ranked the national quality assurance regimes of a number of countries for rigour on a scale of 1 to 10 found that Hong Kong ranked the same as The Netherlands, while China outperformed the United States (see Table 7). Although Singapore did not rank highly for the rigour of its national system, the Private Education Act of 2009 established the Council on Private Education to regulate private providers of higher education. Since December 2009, over 650 of the country's 1,000 private providers have closed and only 328 have been licensed to continue operating (Wan, 2011).

Although the combination of economic growth and demographics points to continued growth in the demand for higher education in the

TABLE 7
Rankings of strength of quality assurance (score/10)

1	Australia	9.4
2	Germany	8.9
3	UK	8.3
4	France	7.8
5=	Hong Kong	7.2
5=	Netherlands	7.2
7	China	5.6
8=	Indonesia	5
8=	Malaysia	5
8=	United States	5
11	Russia	4.4
12	South Korea	3.9
13=	Thailand	3.3
13=	UAE	3.3
15=	Nigeria	2.8
15=	Singapore	2.8

Source: Ilieva (2011)

main Asian markets, developments in the capacity and quality of domestic higher education suggest that the demand for UK TNE in the region may weaken in the years ahead. The widespread reference to international university league tables across Asia, which were pioneered by Shanghai Jiaotong University in 2004, has led to a more sophisticated understanding of the relative quality of UK universities and an appreciation of the growing number of Asian universities in the world's top 200.

UK providers of TNE may also be impacted by the increasing emphasis on tighter quality assurance regimes. In many countries, these apply equally to public and private providers, including those that offer franchised and validated UK degrees. The 650 Singaporean providers that have closed since 2009 include colleges which offered UK validated degrees. More rigorous quality assurance regimes may reduce the scope for TNE by, at best, making it more expensive for UK universities to deliver educational services and, at worst, excluding them altogether from certain foreign markets.

The outlook for supply

The analysis of the interview data revealed a number of key themes reported by participants across the four university mission groups about the way that their universities were approaching TNE and by participants from the industry groups about their views of developments across the sector. These themes could be broadly viewed as predominantly positive or negative towards the expansion of TNE, although within each theme there were opposing views.

Positive theme 1: Broaden the market for UK higher education

There was a general recognition that modes 1 and 3, and to a limited extent mode 4, TNE allow UK universities to broaden their market and reach students that would otherwise be unwilling or unable to travel to the UK to study. Participant J noted that there 'never will be more than a tiny minority [of students] who can go overseas... There is going to be an increasing need for TNE because of the growing numbers going into higher education'.

Participant I argued that the benefits of TNE go beyond educating new markets of internationally immobile students, noting that 'TNE is also becoming a core recruitment tool, with 2+1, etc... some big universities have the majority of their international students coming from TNE programmes'. Participant B agreed, noting that 'our strategic plan specifies the number of students we want through partnerships. [This is...] our fastest growing area of international activity'. Participant

J added that while ‘none of these [TNE] deals bring in high financial returns, the big win is that some of these students convert to postgraduate [students studying in the UK]’.

Participant I pointed out that some TNE activities also serve international students beyond the host country: ‘in Malaysia, there are a small number of boutique campuses that have a much better reputation than the franchised degrees. A lot of the students are international students. If you go to North Africa and Middle East, a lot of people are picking up Malaysia as a serious alternative to the UK to take UK programmes’. However, he added a cautionary note that ‘it could be cannibalising the UK market’.

Positive theme 2: Build a global brand for UK universities

A number of participants stressed that universities were focusing on TNE for wider positional gains. Participant I claimed that ‘a lot of VCs have accepted that TNE is part of the university’s mission. Motivations are about reputation, putting a flag in the ground, showing long-term commitment to a market.’ Participant J agreed that ‘any good research university needs to be globally connected... [TNE] hits the soft power agenda’, adding that ‘the Russell Group are in it for the long haul’.

Explaining the rationale for establishing the university’s first joint venture in SE Asia, participant D recalled that ‘at the time, we weren’t doing very much internationally and this was a way to increase our profile overseas’. Several of the participants argued that for universities outside major cities like London and Manchester, TNE was a way of raising the university’s profile in the host country. Participant B likened the value of a successful TNE presence in Asia to having the city’s football team promoted to the Premier League in terms of the impact on regular international student recruitment.

Positive theme 3: UK government is driving TNE across all ministries

Most of the participants acknowledged that TNE was likely to gain from the way that government was attempting to drive expansion across a number of fronts, including the British Council, the new Education UK unit and the ‘HEGlobal’ initiative. Participant I was convinced that government support had been critical in encouraging university engagement in TNE: ‘key ministers like Willetts see TNE as a key part of export education, which doesn’t need international students coming here. They see TNE as a good thing’.

Participant B observed that the government drive had aligned the various agencies to support TNE, with ‘the British Council, the International Unit of UUK [Universities UK], UKTI [UK Trade &

Investment], the new BIS [Department for Business, Innovation & Skills] unit, Education UK, they are all trying to get us to do TNE'. Participant I also added that the government's focus on TNE 'has implications for institutions like the QAA [Quality Assurance Agency], whose guidelines have supported the development of TNE. QAA has helped improve the quality of UK TNE.'

Participant F was more pessimistic about the impact of government policy setting, recalling that 'the end of PMI2 [Prime Minister's Initiative 2] was a shame, that did so much towards promoting TNE... When PMI2 finished, there was nothing in its place. The current government's approach has been so clouded by the UKBA [UK Border Agency] and tit-for-tat visa silliness. Willett's view is not a policy, he is just pointing out the market opportunity'.

Negative theme 1: Risk aversion

The participants from Russell and 94 Group universities (A-D) reported that they did not engage, as a matter of policy, in franchising and validating offshore provision because of the reputational risk. Participant B noted that 'the closest we ever had to a franchised programme was with [a university in North Africa], where 'the majority of staff teaching the modules were moonlighting from [a local university].' This programme was closed because of the reputational risk it posed to the home university.

Participant I observed that 'a lot of TNE was franchises and validated centres, there have been lots of issues and there has been a reduction in these projects. They are very one sided'. Participant C went further, claiming that 'franchising is a dead duck, given its past history'.

Participant G from the University Alliance group reported that 'we have closed a lot of programmes... 10 years ago we had [franchised and validated] programmes in Spain, Norway, Germany, Hong Kong, Italy, they were all closed'. He claimed that, after a prominent post-92 university was 'clobbered in a collaborative audit, our VC got cold feet and ordered a lot of them to be closed. It was a knee jerk reaction to being caught by the QAA.'

Most participants agreed that distance-learning and IBCs reduced the risk of reputational damage, but that their universities were deterred by the high costs and the associated financial risks. Participant C described the costs of developing high-quality online courses as prohibitively high, noting that his university had pulled out of an online development project because of escalating costs. Several of the participants cited high profile cases of failed IBCs, including UNSW Asia and George Mason University.

Negative theme 2: Some TNE activities are not scalable

There was a strong consensus amongst the university participants that the present forms of TNE are not scalable, which may severely limit a supply-side response to growing demand for TNE. While several participants noted that the advent of the ‘massive open online courses’ (MOOCs) may open up new delivery channels, the general view was that the current forms depended on academic staff travelling to support programme delivery and management spending time dealing with overseas partners. Participant D commented that ‘most [academics] do not understand or care... that is the general attitude to international activities, they want to concentrate on their research’.

Staff unwillingness to engage in TNE was reported as being greatest in the Russell and 94 Group universities, where pressure to ‘publish or perish’ means that staff cannot afford to be distracted from their research. Participant C noted that staff were increasingly uninterested in travelling to support TNE provision, claiming that: ‘people see [TNE] as a pain in the arse’, with the result that TNE ‘attrition rates have spiralled and recruitment fell off a cliff.’

Participant J also identified another source of supply-side inelasticity, in terms of the UK’s ability to ensure quality as TNE expanded: ‘the QAA is so overstretched, how can we ensure that quality is maintained?’. Several of the participants were concerned that their universities lacked the institutional capacity to manage a major expansion in TNE activity which required staff to moderate and quality assure teaching and administrative processes at a foreign partner.

Participant E noted that in many TNE partners, the administrative processes were all conducted in the language of the host country, so ‘our capacity to monitor the programme is limited’. Because guaranteeing the quality of a UK degree is so fundamental to the viability of TNE as a business model, this obstacle to the scalability of TNE is particularly serious.

Negative theme 3: Some forms of TNE are not sustainable

Most of the participants recognised that the increasing capacity and quality of higher education in today’s TNE markets was likely to gradually squeeze out franchising and validating degrees. Malaysia was repeatedly cited as an example, where former private colleges which relied on UK universities to award their degrees like Sunway and Taylor’s have now been upgraded to private universities.

Participant K commented that ‘you’ll only be in it [TNE] until the country is doing its own accounting degrees... [This] is not a sustainable model, you’re just plugging the gap until their own sector fills it.’

Participant C was more forthright: ‘what we are doing is training the next cohort of university lecturers for China. That’s the equivalent of the Chinese coming over and buying the blueprints from Jaguar.’

Participant K reported concerns about the sustainability of TNE in China: ‘because of the fall in the birth rate and the vast expansion of university places, the Chinese universities are struggling to fill places. All the time, the Chinese government is changing the rules, restricting the fees we can charge. We don’t know if this market will be sustainable in China’.

Negative theme 4: No pot of gold

None of the participants believed that TNE was profitable in the medium term. Participant B was blunt: ‘if it’s about making money, there are more interesting things to do – you’ll never make money in the medium term’. Participant H noted that ‘we don’t know how much is coming in from overseas endeavours... [but] it’s a very long time to make a return, most hearsay is that they are just breaking even’. Participant E concurred: ‘have we made money? If we take the full costs into account, we probably don’t’.

The participants all distinguished between the revenue streams from TNE, which were generally modest, and the costs, which were invariably underestimated, so making the activities relatively unprofitable. Speaking about a major new TNE partnership, participant F observed that ‘the total revenue stream is equivalent to 70 domestic students a year in [the home campus]. You could get 70 more students by leaving the clearing hotline open another half an hour’. Participant G said that business cases always appeared solid, but that there is ‘always a mismatch between promise and delivery... Projections in terms of numbers never materialise’.

On the cost side, participant G added that: ‘the costs of tutors, academic overheads, etc are not taken into account. If you included everything, you probably don’t make money’. Participant E concurred: ‘there has been a certain naïveté about the costing. The cost of management time is left out, but I spend significant amounts of my time on these contracts’. Participant B added that ‘we never price the risk of reputation and exit’.

Participant A explained why it can be so hard for IBCs to make surpluses: ‘universities take international students on a marginal cost basis, it helps them get to minimum efficient scale. If you set up overseas, the international enrolments have to cover all the costs. You probably need at least 6,000 students to reach minimum efficient scale and, in most cases, that’s never going to happen.’

Negative theme 5: internal resistance

Some of the participants observed that some staff were actively hostile to their institutions engaging in TNE, rather than simply be uninterested because of their research commitments. The case of the University of Warwick, where some academic staff had mounted a campaign to prevent investment in a Singapore campus on the grounds that the host government had a poor human rights record, was cited by several participants. They also reported that some staff felt it was unethical to use funds raised largely from tuition fees to invest in IBCs. Participant D explained that ‘what the hostile group say: it is not our core business, we shouldn’t be doing something that takes up resources that could be used elsewhere’, adding that one powerful opponent to TNE felt that ‘the quality of students in [the TNE programme] is lower than here, non-traditional students who’re not going to get firsts, this reflects badly on the [university]’.

Participant G argued that the internal resistance to TNE came from organisational units within the university with different strategic goals. Many business schools have international accreditations which preclude or discourage TNE or which insist on evaluating all programmes offered by the school. Participant G reported that ‘the dean of the business school... is at loggerheads with [the head of internationalisation]. There are all sorts of things which have been started up that the business school doesn’t want’.

Discussion

The status quo

Analysis of the official data suggests that the present scale and financial importance to UK universities of TNE has been widely overestimated by government, the media and the sector itself. Half of all TNE enrolments are ACCA students/graduates who are automatically registered with Oxford Brookes for ten years, whether they actively engage in writing a dissertation or not. The HESA data is, moreover, headcount. A cautious estimate suggests that at least 70% of TNE students are studying part-time, many of whom may be inactive at any point in time.

In terms of the financial significance of TNE, the Oxford Brookes effect immediately deflates the scale at a stroke. The 239,945 students registered in 2010/11 face submission fees of £135 (Oxford Brookes University, 2012, p42) if they choose to upgrade to a degree, so that they pay the university only 1.2% of the annual tuition fees paid by its 3,200 international students on campus. Put another way, more than 260,000 TNE students would need to submit dissertations each year for the university’s revenue to exceed its earnings from on-campus students.

Table 8 gives one illustration of the difficulty of finding evidence to support the contention that TNE is becoming a major source of revenue and profit. It compares four Million+ universities with almost identical campus-based student populations in the range 20,500-22,000 for 2010/11. Staffordshire University is the outlier, with over 11,000 TNE students, but has the lowest revenue of this peer group. This evidence is no sense conclusive, given the commercial secrecy that shrouds university's accounts with regard to TNE, but it is significant that no evidence of the benefits of TNE activity appears visible in Staffordshire University's HESA return.

TABLE 8
Rankings of strength of quality assurance (score/10)

	Total FTEs	TNE Headcount	Total income	Total expenditure	Surplus/(deficit) for the year
Anglia Ruskin University	21,765	2,955	£166,398	£153,624	£9,271
University of Bedfordshire	20,540	2,995	£124,456	£111,468	£12,988
The University of Huddersfield	21,180	1,800	£139,026	£123,571	£15,455
Staffordshire University	22,000	11,060	£123,337	£117,850	£5,487

Source: HESA (undated)

The outlook for demand

Analysis of the forecast trends in the main drivers of the demand for UK TNE paints a mixed picture. The analysis focuses on the main TNE markets in Asia, which currently dominate the demand for UK TNE. *Per capita* income growth is projected to slow, but remain buoyant across the region. Although population growth in the key 20-24 age range will slow, and become negative in China, on balance the macroeconomic and demographic factors will combine to ensure continuing, but much slower, growth in the demand for higher education across Asia.

On the other hand, in virtually all the main Asian markets, participation rates in domestic higher education are rising strongly, as incumbent universities expand enrolments and new institutions are established. At the same time, almost every government has ambitious plans to upgrade quality, both by investing public funds in creating an elite of 'world-class universities' and by strengthening quality assurance regimes to improve quality across the board. This latter trend not only threatens to choke off the demand from Asian students for UK TNE, but may lead to a more hostile operating environment for UK universities

and their local partners for all but the most highly-regarded institutions.

It is hard to avoid the conclusion that, in terms of the demand for UK TNE, slowing growth in the demand for higher education will be absorbed by an increasingly vibrant and high quality domestic higher education, slowly squeezing out UK universities. While high-status universities like Nottingham (China/Malaysia), Newcastle (Malaysia) and UCL (Qatar) may enjoy success with programmes welcomed and supported by host governments, the outlook is much less optimistic for the providers of franchised and validated degrees.

The outlook for supply

Analysis of the attitudes of senior decision-makers across a range of UK universities towards the expansion of TNE reveals a number of factors which may positively or negatively affect the supply-side response. On the positive side, there was a general consensus that universities are interested in expanding TNE as a means of reaching new markets. However, because the financial returns from foreign students who cannot afford a UK education are relatively low, there was greater interest in the scope for TNE activities in a country to stimulate increased conventional international students. There was some awareness of the risk of TNE cannibalising international enrolments from third country markets, as students in, say, Africa realise they could get a UK degree much more cheaply by studying in Malaysia.

Some universities are also attracted to TNE by the opportunity to create a stronger global brand and there are clear benefits in terms of attracting international students, staff and research and scholarship funding of being perceived as a 'global player'. However, achieving this outcome require universities to invest in branded IBCs and, as the official statistics show, these account for less than 0.5% of all TNE students. There is much less scope for universities to build global brands when they franchise or validate degrees at lower-status partner institutions.

It seems that universities have generally welcomed the government's encouragement for TNE and the subsequent alignment of the major agencies. However, there is a view that the government's words are empty exhortations, with none of the purposeful funding to support TNE that universities had enjoyed under the Prime Minister's Initiatives.

Set against these positive factors are a number of factors which are likely to inhibit a supply-side response. Universities are innately conservative and cautious. TNE exposes universities to considerable financial and reputational risk, not just in the event of failure but (in some cases) by association with foreign governments. Universities are

often unwilling to see a major expansion in TNE because of the opportunity cost of the time spent by academics and senior managers supporting and managing these partnerships. This is most marked in the research-intensive universities, which are the group most actively courted by host governments to set up IBCs.

Universities also fear that forms of TNE like franchising and validating degrees may not be a sustainable activity, as their partners are either upgraded to degree-awarding status, outcompeted by domestic rivals or fall foul of tightening quality assurance regimes. Paradoxically, the more successful a TNE partnership with a foreign partner, the more quickly the partner is likely to wean itself off the parent-child relationship. The Universities of Leicester, Nottingham and Southampton provide case studies closer to home: they were all once associate colleges of the University of London, offering external London degrees.

There is a general recognition that, distance-learning apart, the forms of TNE that require some form of physical in-country presence are not financially attractive. Although TNE increasingly involves new forms of collaboration, with private sector partners which provide physical in-country facilities and take a share of the financial risk, UK universities have not been traditionally entrepreneurial and none of the participants felt that they could justify a major increase in TNE on financial grounds. Finally, this message is not lost on academic staff and there are pockets of internal resistance in many universities to expanding TNE, partly because of the concern that it will divert resources from mainstream teaching and research.

Conclusions

The UK coalition government has invested considerable political capital in its belief that TNE is 'one of Britain's great growth industries of the future'. This study finds little evidence to support the thesis that TNE is, in fact, likely to be a great growth industry. Rather it finds that the present scale of the sector is overstated and distorted by the official data, demand conditions are likely to move against the UK in key TNE markets and there are compelling reasons for believing that many UK universities are unwilling or unable to respond to the demand that does exist. It highlights the dangers for policymakers of setting objectives in the absence of a strong evidence base about current capabilities and future market trends.

There are important caveats to this conclusion, not least the emergence of consortium-based MOOCs which may reduce the costs of developing and marketing online programmes and become the dominant

form of TNE. Nevertheless, this study illustrates the need for more rigorous research to understand the nature and scale of the present UK TNE market, future demand trends and the obstacles holding back a supply-side response from the UK higher education sector.

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Towards a risk-based typology for transnational education

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Abstract Transnational education (TNE) has been a growth area for UK universities over the last decade. The standard typology classifies TNE by the nature of the activity (i.e., distance learning, international branch campus, franchise, and validation). By analysing a large number of TNE partnerships around the world, this study reveals that the current typology has declining value because partnerships are becoming multidimensional and blurring the boundaries between one type and another. It draws on partnership theory and transaction cost analysis to develop a new risk-based typology, using six dimensions of a TNE partnership. The new typology provides a risk profile for a TNE partnership which identifies the sources of reputational risk to the home university.

Keywords Higher education · Transnational education · Franchise · Validated centre · International branch campus · International partnership · Twinning programme

Introduction

Transnational education (TNE), also termed cross-border or offshore education, represents a rapidly expanding activity for UK universities. In 2012/13, there were 598,925 students studying ‘wholly overseas’ for the award of UK higher education institutions, compared with 425,260 foreign students enrolled in on-campus programmes (HESA n.d.). UK universities provide education to TNE students in third countries through a variety of delivery channels, including offering programmes by distance-learning, establishing international branch campuses (IBCs) and working with a foreign partner to develop, teach and/or assess degrees overseas.

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For example, the University of London and the Open University offer their distance-learning programmes across the world, each with approximately 40,000 TNE students in 2012/13 (HEIDI n.d.). The University of Nottingham provides the best-known example of a UK university which has developed IBCs, with satellite campuses in Semenyih (Malaysia) and Ningbo (China). The University of Staffordshire has taken the lead in offering its degrees through foreign partners, with 13,000 students studying offshore in this way in 2012/13 (HEIDI n.d.).

The key challenge for universities, regulators and policymakers with TNE is quality assurance (Castle and Kelly 2004; Craft 2004; Stella 2006; Edwards et al. 2010). The reputations of individual universities and national higher education systems 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. Distance-learning courses may be compromised by online fraud (e.g., learners using friends to complete assessments). Maintaining quality control in IBCs may be more difficult because managers and staff operate in an alien culture far from the home campus. Partnership arrangements may be undermined by the ‘principal-agent’ problem, with the partner colleges (agents) having different objectives (e.g., profit maximisation rather than academic quality) from the awarding UK universities (principals).

There are well-known examples of the reputational damage to universities of failed TNE ventures. In 2004, the ‘UK e-University’ was wound up, after having spent £50 m of public money, but attracting only 900 students (House of Commons 2005). In 2007, the University of New South Wales abruptly announced that it was closing its UNSW Asia campus in Singapore, amid concerns that the venture was financially ill-founded (Observatory on Borderless Higher Education 2007). In 2011, the decision was taken to close the University of Wales, after official investigations revealed that it was unable to assure the quality of education in its 130 partner colleges (Henry 2011).

In the UK, the Quality Assurance Agency (QAA) uses a typology that distinguishes between three main types of TNE and two sub-types: (1) distance-learning, (2) IBCs and (3) partnerships, which are sub-divided into (3a) franchises and (3b) validated centres. While the precise nomenclature around the world varies, this basic typology is widely used in the TNE literature (e.g., Knight 2007; Drew et al. 2006, 2008; Ziguras and McBurnie 2008; Middlehurst et al. 2009; Naidoo 2009). This typology is believed to provide a useful framework for quality assurance, as the degree of control that is transferred to a local partner significantly increases as universities move from distance-learning towards validation, raising the risk of reputational damage.

The value of a typology is that it makes the world easier to understand, in this case by grouping clusters of TNE arrangements with the same general characteristics together and, in quality assurance terms, viewing each type through the same risk management lens. This paper suggests, however, that the currently dominant typology for TNE activity is being challenged by the way that universities are entering into increasingly complex transnational partnerships.

It argues that there is a need for a more multidimensional typology, which focuses on the factors that give rise to the risk of reputational damage, rather than categorising a TNE arrangement on the basis of its form. It employs an exploratory research design to identify the different dimensions of transnational partnerships and offers an alternative typology drawing on partnership theory and transaction cost analysis.

Literature review

TNE involves students remaining in their home country while studying at a foreign university (McBurnie and Ziguras 2009; Burgess and Berquist 2012). This form of higher education embraces ‘any teaching or learning activity in which the students are in a different country (the host country) to that in which the institution providing the education is based (the home country). This situation requires that national boundaries be crossed by information about the education, and by staff and/or educational materials’ (Global Alliance for Transnational Education 1997, p. 1).

TNE has been growing, although because few governments, with the notable exceptions of the UK and Australia, record the enrolments of TNE students by their home universities, reliable data are scarce (Naidoo 2009). The literature has identified a range of drivers of TNE activity, including the home university seeking to build a global brand (Wilkins and Huisman 2012), universities supporting capacity building in the host countries, often encouraged by the host governments (Verbik and Merkley 2006; Knight 2011) and commercial revenue generation (Bennell and Pearce 2003; Knight 2007).

As noted above, both regulatory bodies like the UK’s QAA and the higher education literature generally recognises four distinct forms of TNE (Bennell and Pearce 2003; Knight 2007; Drew et al. 2008). For ease of reference, this is termed the ‘4F’ typology, which categorises TNE activities into the ‘four forms’ of distance-learning, IBCs, franchising and validation. Although there are a variety of other forms of transnational academic cooperation (e.g., articulation/progression agreements, joint, dual and double degrees), these are essentially institutionalised forms of international student exchange and are excluded from the definition of TNE for present purposes.

The 4F typology

Distance-learning

Historically, distance-learning was carried out using ‘correspondence’ courses. For example, the University of London has been providing international distance-learning degrees since 1858. Since the advent of the internet in the early 1990s, textbook-based correspondence courses have been steadily replaced by on-line provision (Altbach and Knight 2007). In principal, the university could retain complete control over the admission, teaching and assessment of students, but in practice distance learning often requires a network of local partners or agents to market degrees and provide local support for students. For example, the UK’s largest provider of distance learning, the Open University, has partnerships with colleges across the world which support 37,000 of its 53,000 students (Open University n.d.).

International branch campus

An IBC is a foreign satellite campus, which delivers and awards the degrees of the university. Getting a clear-cut definition is, as Lane and Kinser (2012) note, ‘a fairly slippery subject’, as IBCs vary from full-blown satellite campuses like the University of Nottingham Ningbo to small executive education training centres (e.g., the Chicago Booth School of Business in Singapore). The Observatory for Borderless Higher Education (OBHE) regularly surveys and reports on trends in IBCs (e.g., Garrett 2002; Garrett and

Verbik 2004; Larsen et al. 2004; Verbik and Merkley 2006; Gore 2012; Lawton and Katsomitros 2012). The Cross-Border Education Research Team (C-BERT) also maintains a register of IBCs (C-BERT n.d.).

Most IBCs operate with a local partner, often a property development company which provides and maintains the physical infrastructure. To keep down operating costs, a proportion of the academic staff are normally locally employed. The IBC is typically subject to the quality assurance regime of the host country. These features necessarily reduce the control of the IBC by the home university.

Franchise

In a franchise, also commonly called ‘twinning’ (Edwards et al. 2010), a foreign partner is authorised to deliver the university’s degree on its behalf (Yorke 1993). With a ‘pure’ franchise, the degree title, syllabus, teaching materials and assessment are all closely aligned with that of the ‘mother’ degree on the home campus. In practice, the university may allow variation to accommodate local circumstances (e.g., modules on local business law to reflect the different legal environment). Critically, however, the home university cedes much greater control to the partner than in an IBC, since the managers and the academic and administrative staff are employees of the partner organisation.

Validation

In a validation, a foreign partner develops and delivers its own degree which is ‘validated’ by the university. Validation goes beyond accreditation, since the university is authorising the partner to offer its own programme as if it were a degree of the awarding university. Validation involves the greatest transfer of control from the awarding university to its overseas partner, since the latter determines the curriculum, admission, teaching and assessment (subject to oversight by the awarding university) as well as employing the staff.

The 4F typology and reputational risk

As the control over academic quality is increasingly transferred to the foreign partner, the risk of reputational damage to the home university is likely to increase (see Fig. 1). This means that the 4F typology provides, in principle, a useful framework for categorising TNE activities from a quality assurance perspective.

Perspectives from partnership theory

The organisational development literature on partnerships provides an alternative starting point to consider a typology of TNE. This literature develops typologies by mapping partnerships along various dimensions (e.g., Waddock 1991; Selin 1999; Smith and Wohlstetter 2006). These typologies ‘propose one or more dimensions of a concept as helpful for describing it and how it interacts with other phenomena’ (Moore and Koontz 2003, p. 452).

Within the higher education literature, this broad approach has been used to develop typologies to categorise inter-university associations. For example, using case studies of universities from a wide range of countries, Neave (1992) classified university cooperation in terms of the degree of complexity in the cooperative arrangements: (a) mono-

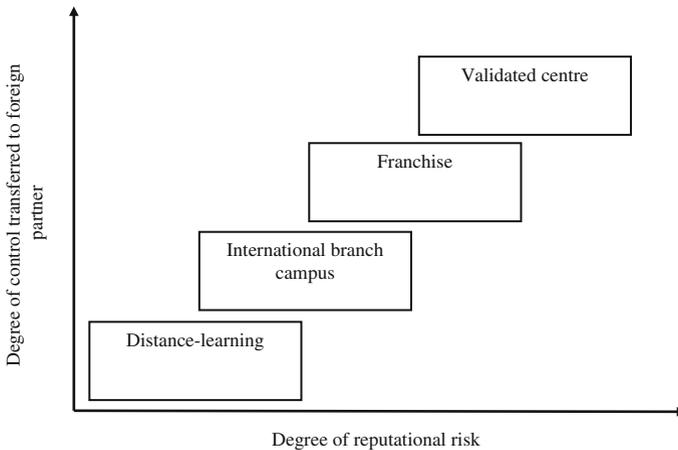


Fig. 1 Reputation risk versus transfer of control

disciplinary linkages, (b) exchange partnerships, (c) network partnerships, (d) multidisciplinary networks and (e) consortia.

Waechter (2000) examined approximately 50 international associations of universities and classified them according to the nature of their members: (a) associations of universities, (b) associations of associations from higher education, (c) associations of individual members, (d) regional associations and (e) associations with members that had members from both higher education and other sectors.

De Wit (2002) similarly developed a typology of academic associations based on the nature of the membership: (a) associations based on individual membership, (b) associations of senior academic managers, based on office and (c) associations of institutional members. Beerkens (2002) built on these approaches to develop a typology for ‘international inter-organisational arrangements in higher education’, with three dimensions: (a) size and scope, (b) composition and integration of activities, (c) the intensity of collaboration.

Some authors have stressed the role of trust and power asymmetry in inter-university partnerships. Kinser and Green (2009), for example, argue that sustainable partnerships must be based on a spirit of cooperation and trust. Others (e.g., Maselli et al. 2006; Bradley 2007; Olsson 2008) suggest that asymmetric power relations, seen most commonly in research partnerships between North and South universities, will tend to lead to the breakdown of the partnership over time. Organisational theory suggests this may be because ‘power-based control’ is an ineffective way of encouraging the subordinate partner to share tacit knowledge and expertise (Inkpen and Beamish 1997).

Outside higher education, there have been a number of studies which have attempted to categorise organisational partnerships, rather than associations. These arguably offer a more useful starting point for a new TNE typology, because partnerships are usually formed to carry out a joint activity. In contrast, many associations are loose networking groups for the sharing of information and best practice. While there are a number of different dimensions used by studies in a wide range of organisational settings, the following appear to be the most widely used and are most applicable to university TNE activities:

1. **Composition:** this categorises a partnership by the number and diversity of the partners involved (Moore and Koontz 2003).
2. **Structure:** this is a related dimension that focuses on the nature of the partnership agreement, its degree of formality and the extent to which it is underpinned by legally binding contracts (McQuaid 2000).
3. **Scope:** this refers to the range of activities covered by the partnership and the term of the agreement (Margerum 2008).
4. **Function:** this is concerned with the goals of the partnership and what it is intended to achieve (Frank and Smith 2000).
5. **Process:** this covers the means by which these goals are to be achieved, including the responsibilities and autonomy of each partner (Waddock 1991).
6. **Outcome:** this addresses the question of whether the outcome of the partnership is a process or a product (Long and Arnold 1995).

In quality assurance terms, the key question is whether the positioning of a TNE partnership along each of these six dimensions provides a useful insight into the ‘riskiness’ of the arrangement. Before considering this question, it is instructive to turn to transaction cost analysis to understand the fundamental reasons why a TNE partnership may, in principle, expose the university to reputational risk.

Perspectives from transaction cost analysis

Business strategy research has tended to view internationalisation through the lens of transactions costs. In a seminal article, Coase (1937) argued that an organisation incurs transactions costs (e.g., the opportunity cost of management time and the associated legal fees of negotiating, monitoring and enforcing a contract) as a result of entering commercial relationships with third parties. If there is ‘market failure’ (for example, because it is hard for the organisation to monitor the quality of the service it has contracted its partner to provide), these transactions costs will be high and the commercial relationship risky.

Williamson (1975) suggested two reasons for such market failure, in the form of ‘bounded rationality’ and ‘opportunism’. Bounded rationality qualifies the normal assumption in economics that humans act rationally in their own self-interest, by recognising that there are limits to a person’s ability to gather and process information. The more complex the nature of the partnership, the more this bounded rationality leads to the inability to make fully-informed decisions. Opportunism refers to the tendency for individuals to seek personal gain by exploiting an information asymmetry to provide misleading (e.g., partial or selective) information to their partner. Fear of such opportunism raises the transactions costs of monitoring the performance of the partner.

The transaction costs approach also provides an alternative perspective on the relationship between partnership performance and power asymmetry. As Muthusamy and White (2006) note, from ‘a transactions cost economics, however, a partner’s relative power and control in an alliance is considered significant for enhancing commitment and minimizing other party’s opportunistic behaviour’ (p. 812). Although TNE partnerships are collaborative ventures, they are different from, say, an inter-university research partnership, in that they are inherently unbalanced, with the greater power and reputational risk necessarily residing with the home university which awards the qualification, rather than the TNE partner.

The critical insight is that it is market failure that leads to reputational damage for the home university in a TNE partnership. Put differently, increasing risk of market failure

directly leads to increasing risk of reputational damage. This suggests that, from a quality assurance perspective, TNE partnerships might be positioned along the six dimensions suggested by partnership theory according to increasing risk of market failure:

1. Composition: the less aligned the missions of the partners, the greater the risk of market failure resulting from opportunism.
2. Structure: the more complex the structure of the partnerships, the greater the risk of market failure resulting from bounded rationality.
3. Function: the more commercially oriented the partnership, the greater the risk of market failure resulting from opportunism.
4. Scope: the broader the scope of the arrangement (from single degree to multiple degrees), the greater the market risk resulting from bounded rationality.
5. Process: the greater the transfer of control from the university to the partner, the greater the market risk resulting from both bounded rationality and opportunism.
6. Outcome: the broader the collaboration and the more ambitious its goals, the greater the risk of market failure, primarily resulting from bounded rationality.

Research question

There are two related research questions:

1. Does the existing 4F typology adequately capture the diversity and complexity of TNE?
2. Does partnership theory and transaction cost analysis provide the basis for a ‘better’ typology of TNE?

Method

The study uses an exploratory research design to answer the two research questions. For the first question, a number of ‘experts’ were invited to contribute short 500 word case studies of a TNE partnership with which they are directly involved. In this case study, they were requested to highlight the most important features of the transnational partnership. The structure of the case study was deliberately open, to avoid responses being constrained by preconceived views on the important features of a TNE partnership.

The participants were members of the LinkedIn.com (www.linkedin.com) community, all of whom are employed in managing TNE partnerships and known to the author. The participants were chosen to provide the broadest coverage possible, in terms of the countries involved in the partnerships. Individualised requests were sent to approximately 100 ‘connections’ with senior roles in TNE. The response rate (in terms of reply) was approximately 80 %, of whom about 40 were able to provide the case studies within the time frame. Of these, 30 were in a usable form, with the remainder discarded because of poor English or incompleteness. These cases were analysed to see how they aligned with the 4F typology. These case studies were very ‘rich’, providing a powerful test of the tractability of the 4F typology, but were too brief and unrepresentative to provide the basis for building an alternative typology.

For the second question, the data used were the 40 overseas QAA institutional audits from the period 2009–12. Each year, QAA undertakes a survey of all UK universities with

TNE provision in a given country. During this period, the countries reviewed were China (2012), Singapore (2011), Malaysia (2010) and India (2009). Based on the survey results, the QAA selects ten university partnerships each year to be audited, with sample designed to capture the diversity of the activities being undertaken. For example, the sample frame will include different forms of TNE activity (IBC, franchise, validation) as well as universities with different missions (e.g., research-intensive, teaching-intensive).

The UK, together with Australia, is the market leader in TNE and dominates the global market. It is one of the few countries that systematically records the number of TNE students enrolled at its universities and undertakes offshore quality assessments. In terms of the sample frame, Malaysia, Singapore and China are, in that order, the largest host countries for TNE activity. India is the fastest growing and, potentially, the largest TNE market. Malaysia and Singapore have encouraged TNE as a way of establishing themselves as educational hubs to attract students from across the region, while China and India view TNE as ‘capacity absorbing’ to complement and, through competition, enhance the domestic higher education sector. These 40 case studies thus provide a representative sample across four of the most important TNE markets and the typology which emerges can be considered generalizable.

The 40 audit reports were analysed using the six dimensions identified in the review of partnership theory. As each audit report was analysed, codes were developed for the steps along each dimension (composition, structure, function, scope, process and outcome). These were gradually refined and supplemented during the analysis, then sequenced according to the estimated risk of market failure. The result was a coded set of steps along each of the six dimensions.

Results

Limitations of the 4F typology

The analysis of the 30 LinkedIn.com case studies revealed the extraordinary diversity and complexity of the TNE partnerships that have developed around the world. Although about half the partnerships involved a UK university, the host countries represented included a wide spectrum, from highly developed countries (e.g., Czech Republic, Hong Kong, Italy, Malaysia, Singapore) to developing nations (e.g., Botswana, Kazakhstan, Madagascar, Uzbekistan).

In terms of the 4F typology, there were numerous examples of partnerships which had characteristics of two or more types. For instance, the University of Northampton has a set of three bilateral partnerships with the Vietnamese National University in Ho Chi Min City (HCMC), Da Nang University and the Hanoi University of Science and Technology. Under this arrangement, the Vietnamese universities teach the first part of the Northampton MBA (franchise), while the final stage is taught by Northampton staff that travel out to Vietnam for short, intensive blocks. The entire course is supported by an extensive Northampton-based virtual learning environment (VLE, which is distance-learning), while the Vietnamese students come to Northampton for a summer school (which is conventional ‘export education’ rather than TNE).

In Ghana, the University of Leicester offers a range of distance-learning degrees, but these are managed by a local partner that markets the programme, recruits students and provides tutorial support, classrooms and access to facilities (akin to a franchise). Leicester staff regularly travel to Ghana to carry out intensive block teaching to support the distance-learning materials while students can opt to study at the Leicester campus.

These case studies also provide examples of deep transnational partnerships which do not fit neatly into any type. For example, Peking University School of Transnational Law (SLT) operates what it terms a ‘sole venture’. SLT has been established as an autonomous organisation by Peking University. It has partnerships with 12 leading law schools from eight countries, as part of which international adjunct faculty develop and deliver a bilingual 4-year programme which prepares students for international legal practice. The international partners offer SLT’s students opportunities for study abroad and international internships. Because the Juris Doctor and Juris Master degrees are awarded by SLT, this is not distance-learning, an IBC, a franchise or a validation. But the degrees offered depend absolutely on SLT maintaining deep, multidimensional TNE partnerships.

Towards a new typology

Turning to the development of an alternative typology, the following sections provide an attempt to establish the degree of risk of market failure for each of the six dimensions of a TNE partnership, based on the analysis of the 40 QAA case studies.

Composition

Composition refers to the nature of the TNE partner. For the UK universities studied in the sample, there are a broad range of partners, including private companies, private for-profit education companies, public universities (autonomous and under state control) and government ministries. To illustrate this diversity, consider the following examples:

- Staffordshire University: partnership with autonomous public university (University of Madras).
- London Metropolitan University: partnership with state-controlled public university (Shanghai University of Traditional Chinese Medicine).
- London South Bank University: partnership with a public polytechnic (Nanyang Polytechnic) and a public health care provider (Singapore General Hospital).
- University of Wales: partnership with a not-for-profit theological college (TCA College, Singapore).
- University College Plymouth St Mark and St John: partnership with government ministry (Malaysian Ministry of Education).
- University of the West of England: partnership with private, for profit education company (Brickfields Asia College).

The risk of market failure is likely to increase the greater the divergence between the mission of the UK university and its partner. In partnerships between autonomous public universities, there is generally a shared mission in terms of achieving teaching and research excellence and enhancing international reputation. Public and not-for-profit colleges may have a broadly similar mission in terms of teaching, but place a lower weight on research and reputation. Government ministries have political goals, which may align with those of the UK university (e.g., promoting the quality of teaching), but are subject to change during the political cycle. For-profit private colleges have commercial objectives (Table 1).

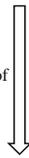
Structure

There are a number of ways that TNE partnerships are structured. Although the agreements are almost universally formal and contractual in nature, they can extend from a limited

Table 1 Composition and risk of market failure

<ol style="list-style-type: none"> 1. Autonomous public university 2. State-controlled public university 3. Public college 4. Not-for-profit college 5. Government ministry 6. Private university 7. Private college 8. Private company 		<p>Increasing risk of market failure</p>
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Table 2 Structure and risk of market failure

<ol style="list-style-type: none"> 1. Bilateral agreement 2. Multilateral agreement 3. University has other agreements 4. Partner has other agreements 5. Both parties have other agreements 		<p>Increasing risk of market failure</p>
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bilateral agreement to multilateral agreements. Similarly, the partnership agreement might be the only agreement that the university and the partner is involved with, whereas in other cases either or both have a multitude of other arrangements. For example:

- University of Warwick, Singapore Institute of Manufacturing Technology and Singapore Institute of Management: this is a multilateral agreement, involving the university and two partners, a public research institute and private, for-profit university.
- Bradford University and Institute for Integrated Learning in Management (IILM): this is a bilateral agreement, where the university has other agreements but the partner does not.
- University of London International Programmes and Singapore Institute of Management: this is a bilateral agreement, in which both parties have other agreements.

The risk of market failure is likely to increase with the complexity of the relationship. The lowest risk is where there is a straightforward bilateral arrangement between the university and the partner and neither party has any other arrangements. As the number of parties to the agreement increase, the complexity is bound to increase to accommodate the different objectives and circumstances of the additional partners. Similarly, the relationship becomes potentially harder for the university to manage when the partner has multiple other agreements, each of which may impose different obligations and constraints on the partner which may be in conflict. Finally, the more partnership agreements the university has, the greater the pressure on management time of dealing with diverse agreements and the greater the risk that one fails (Table 2).

Function

Function is concerned with the goals of the partnership (i.e., what it is intended to achieve). The literature review noted three broad goals for the development of TNE partnerships,

namely to enhance the home university’s global reputation (e.g., by building a global brand name or enhancing its research productivity by access to new academic talent and sources of research funding), to achieve a developmental objective in terms of capacity-building in the host market or to achieve commercial objectives. To illustrate

- University of Nottingham Ningbo: this partnership with the Wenli Education Group is intended to promote the University of Nottingham as a global organisation and to position it as research partner with the Chinese government. Its strategic objective is to create an ‘international university...[in which] our three campus networks constitute a unique transnational teaching and learning environment hosting the largest number of international students of any British university’ (University of Nottingham 2010, p. 8).
- Staffordshire University and the University of Madras: this is a capacity-building ‘development partnership’, aimed at knowledge transfer to allow the partner to develop expertise in the area of sustainable development.
- University of Wales and Fazley International College: this is a straightforward commercial partnership, in which the university validates the degrees of a private, for-profit college.

It is likely that the risk of market failure increases as the function of the partnership moves from reputational, when the activities of the partnership will tend to be limited (and aligned) to high quality teaching and research, through developmental to purely commercial, when decisions will primarily be taken in the interests of maximising short-term profits. This is because the more commercially oriented the function, the greater the risk of short-termism (especially if the entry and exit costs are low) and opportunism on the part of the partner (Table 3).

Scope

Scope refers to the range of activities covered by the partnership and the term of the agreement. In the partnerships studied, the scope varied from a component of a degree, typically the ‘top-up’ programme, through single degrees to a comprehensive range of undergraduate and postgraduate degrees. For example:

- London South Bank University, Nanyang Polytechnic and Singapore General Hospital: partnership involving the franchise of a single top-up degree from a polytechnic diploma.
- University of the West of England and Brickfields Asia College: partnership involving a single degree.
- Sheffield Hallam University and KBU International College: partnership involving a range of degrees from different faculties at the university.
- University of Liverpool and Xi’an Jiaotong University: partnership involving a comprehensive range of degrees from most faculties at undergraduate and postgraduate levels.

Table 3 Function and the risk of market failure

1. Reputational goal	Increasing risk of  market failure
2. Developmental (capacity-building) goal	
3. Commercial goal	

Table 4 Scope and the risk of market failure

1. Single top-up degree	Increasing risk of 
2. Single degree	
3. Multiple degrees from one school/faculty	
4. Multiple degrees from multiple schools/faculties	

It is likely that the broader the scope of the partnership, the higher the risk of market failure. This is because the difficulty of assuring quality and compliance with the agreement increases with the number and diversity of degrees covered by the partnership (Table 4).

Process

Process covers the means by which these goals are to be achieved, including the responsibilities and autonomy of each partner. In the partnerships studied, these varied from the partner being responsible only for ‘back-office’ support services to the partner designing, teaching and assessing a university’s degree. For example:

- Durham University and Fudan University: Durham delivers a distance-learning degree, with teaching support and assessment provided by its own staff on a ‘flying faculty’ basis. Admissions are managed by the university. Fudan provides classrooms, administrative support, English language training and marketing.
- Harper Adams University and Beijing University of Agriculture: the degrees are jointly designed, the university provides quality assurance, but the partner undertakes the teaching and assessment.
- Open University and LASALLE College of the Arts: the partner designs, teaches and assesses the degree; the university provides only quality assurance.

It seems likely that the risk of market failure increases the more that key processes are contracted to the partner, in particularly admissions, teaching, assessment and curriculum design. Table 5 suggests that the risk is minimised if the university controls marketing+ (i.e., marketing plus all the other processes below) and maximised if the university only controls quality assurance.

While Table 5 is consistent with a transactions cost approach to market failure, it implies that the more asymmetrical the power relationship between the home university and the partner, the lower the risk of market failure. As noted in the literature review, there is a counterview from organisational theory that the greater the power asymmetry between the partners, the less likely the partnership is to endure. One way of reconciling these alternative perspectives is that the risk of market failure associated with the process dimension may decline over time, as trust between the partners is built, so that sustainable partnerships tend to be associated with more symmetrical sharing of control. Nonetheless, at any given point in time, the greater the share of control retained by the home university, the lower the risk of market failure.

Outcome

In this context, the outcome of the partnership can be either a process or a product. In the case of TNE partnerships, the outcomes vary from building a sustainable, long-term

Table 5 Process and the risk of market failure

1. University controls marketing+	
2. University controls admissions+	
3. University controls teaching: tutor support+	
4. University controls teaching: instruction+	
5. University controls assessment+	
6. University controls curriculum design+	
7. University controls quality assurance	

partnership for the mutual benefit of both the university and the partner (process) to simply being the provision of an education service (or product). In practice, all TNE partnerships involve some degree of both outcomes. For example:

- University of Warwick, Singapore Institute of Manufacturing Technology and Singapore Institute of Management: while this partnership provides an education service (product), the primary outcome is the development of broader research collaboration between the university and the research partner (Singapore Institute of Manufacturing Technology).
- Queen Margaret University and International Institute of Hotel Management: this partnership also provides a product (a top-up degree), but the main outcome is to support the partner to become a leading hospitality management school (i.e., institutional capacity-building).
- University of Wales and TCA College: the primary outcome from this partnership is the education service. There is little scope to develop any wider form of cooperation between the university and the partner, with the former offering only a commercial validation service to the latter.

It is likely that the greater the emphasis on process as an outcome, the greater the risk of market failure. This is because the outcome in terms of product can be more easily specified and monitored, in terms of the number of students enrolled, the number of students graduating, the number of degrees offered within the partnership, etc. Broader collaboration in terms of joint research is much harder to achieve, success is harder to measure and so-called ‘mission drift’ is an attendant risk the loftier and less-articulated the vision (Table 6).

Discussion

The review of the 30 LinkedIn.com case studies reveals that there is a rich diversity in the nature of the partnerships, as well as considerable variability in the complexity of the arrangements. The dominant 4F typology cannot capture either this diversity or complexity. This is primarily because many of the partnerships are multidimensional, typically transcending the boundaries between distance-learning, IBC, franchise and validation. For example, some partnerships blend validating the early years of a degree with franchising the final year, supporting the whole degree with distance-learning. The answer to the first research question is that the current typology fails to do justice to the richness, diversity and complexity of many TNE partnerships.

Table 6 Outcome and risk of market failure

1. Primarily product-based outcome: education service	Increasing risk of market failure 
2. Both product-based and process-based outcomes	
3. Primarily process-based outcome: broader collaboration	

Does partnership theory and transactions cost analysis provide the basis for a better typology of TNE? The alternative typology is based on the analysis of 40 TNE partnerships in China, Singapore, Malaysia and India, using a matrix to assess the risk of market failure of a TNE partnership along six dimensions: composition, structure, function, scope, process and outcome. This typology essentially provides a way of classifying TNE partnerships in terms of a multidimensional risk profile. For risk management and quality assurance purposes, this is a more promising approach, since it teases out the primary sources of the risk of market failure, rather than presuming that one type (e.g., validation) is necessarily riskier than another (e.g., IBC).

To illustrate this point, consider two cases of a franchised operation: University College Plymouth St Mark and St John (Marjon) and Sheffield Hallam University. Both institutions offer franchised degrees in Malaysia. Yet in terms of the alternative typology developed, they can be seen as completely different in almost every respect.

Marjon has a partnership with the Malaysian Ministry of Education which dates back to 1983. It is essentially a Malaysia government development project, designed to build capacity in Malaysia teaching training institutes. The project includes primary English language teacher education and the development of curricula and materials. The franchised degree operates with two Malaysian institutes, Institut Perguruan Gaya (IPG) and Institut Perguruan Kota Bharu (IPKB). Malaysian students study for 3 years at Marjon and then take their final year at either IPG or IPKB, where they are taught by local staff supported by Marjon. They are awarded a BEd (Hons) Teaching English as a Second Language (TESL) from Marjon. The wider development project also involves a number of other universities from the UK, Australia and New Zealand.

Sheffield Hallam University began its partnership with KBU International College in Malaysia in 2004. It franchises a number of degrees (e.g., BEng (Hons) Electrical and Electronic Engineering, BSc (Hons) Computer and Network Engineering and BA (Hons) Accounting) on a 3+0 basis. KBU is a private higher education institution, which was set up in 1990 by the First Nationwide Group. KBU also offers franchised degrees from two other UK universities and has 23 degrees from across its three UK partners. Table 7 summarises the differences between the two franchises in terms of the new typology.

This difference can be illustrated graphically by assigning a numerical value to the position of each university along each of the six dimensions and normalising this value onto a scale of one to ten (where 1 is the lowest risk of market failure and 10 is the highest) (Fig. 2).

By providing a typology that measures a TNE partnership by the risk of market failure along six dimensions, it is possible to provide a more meaningful picture than the 4F approach. It embraces and extends earlier approaches to categorising inter-university cooperation which classify arrangements primarily by the number and diversity of partners and the intensity of the collaboration to bring in issues of process, control and the objectives of those involved (e.g., commercial or developmental).

Table 7 Two UK university franchises in Malaysia

	UC Plymouth St Mark and St John	Sheffield Hallam University
Composition	Government ministry	Private college
Structure	Multilateral agreement	Both parties have other agreements
Function	Developmental goal	Commercial goal
Scope	Single degree	Multiple degrees from multiple schools/faculties
Process	University controls teaching: tutor-support+	University controls curriculum design+
Outcome	Primarily process-based	Primarily product-based

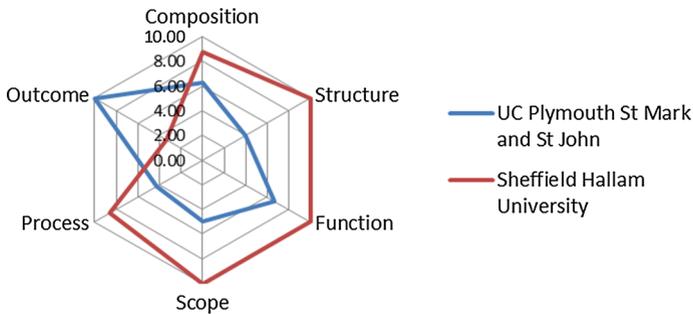


Fig. 2 The different shape of two Malaysian franchises

The use of a matrix does not naturally lead to the emergence of a small set of distinct types, as in the 4F typology, because partnerships have become so multidimensional and nuanced. One way of operationalizing this matrix into a more conventional typology would be to categorise TNE partnerships as ‘low risk’, ‘medium risk’ and ‘high risk’ based on the sum of the normalised scores for each of the six dimensions (e.g., low risk = 0–20, medium risk = 21–40, high risk = 41–60). On this basis, the Marjon partnership would be medium risk (normalised index = 36.2) while Sheffield Hallam would be high risk (index = 50.7). There is scope for further research to develop this approach.

Conclusion

TNE is a rapidly developing phenomenon and the organisational forms of TNE are growing more complex and sophisticated. The conventional 4F typology for classifying TNE activity is, as a consequence, losing explanatory power. In part this is because the boundaries between the neatly pigeonholed types of TNE are breaking down and becoming blurred. In a microcosm of globalisation more widely, increasing connectivity, both virtual and physical, erodes the distinction between different forms of TNE.

The alternative typology developed based on the analysis of 40 TNE partnerships in China, Singapore, Malaysia and India uses a matrix, assessing the risk of market failure of a TNE partnership along six dimensions: composition, structure, function, scope, process

and outcome. This new typology provides a more powerful way of categorising a TNE partnership in terms of its risk profile.

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7 September 2017

To whom it may concern

I write in respect of the submission of a PhD by publication by Nigel Healey, titled ***Transnational Education: Oversexed, Oversold and Over There?***

I am a named co-author on the following article submitted as part of the above, and write to verify the contribution of my co-author.

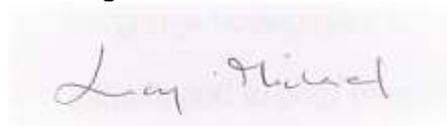
Healey, N. and Michael, L. (2015). Towards a new framework for analysing transnational education. *Higher Education Policy*, 28(3), 369-391

The article was first proposed by Nigel after we had written a joint introduction for a report by the HEA Transnational Network setting out a range of types and forms of transnational education. A preparatory exploration of the area highlighted a need to develop a more nuanced understanding of the multiple formulations of TNE partnerships. We identified QAA reports as an appropriate source, and Nigel further sourced original descriptions from the LinkedIn participants.

Nigel's deep understanding of the literature in this area was crucial to the project, and helped to establish initial coding guidelines for the content analysis. First round coding highlighted a number of areas not previously addressed in the literature in any depth, and the coding guidelines were refined (by us jointly) to facilitate the identification of significant new issues through an inductive analysis approach. I carried out the NVivo analysis of the texts, and these were jointly reviewed by us.

The arguments made in the article were jointly developed through this process, and well informed by Nigel's wide knowledge of the area. The writing of the article was jointly undertaken with a rotating draft and review process on each section. The journal to which we submitted the article was identified by Nigel as the most appropriate for this piece, and also coordinated our responses to reviewers of the article before publication.

Kind regards



Dr. Lucy Michael BA MA PhD
School of Applied Social and Policy Sciences



Towards a New Framework for Analysing Transnational Education

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The well-documented growth of international student mobility has been paralleled by the emergence of so-called ‘transnational education’ (TNE), in which universities deliver their educational services to foreign students in their own countries, rather than the students travelling to the foreign university to study. While universities have engaged in limited TNE for decades (notably correspondence-based distance learning courses), transnational activity has expanded significantly over the last 20 years since the advent of the internet and the emergence of partnership-based models in which a third party delivers a franchised or validated programme. In this paper, we investigate the increasing complexity and multi-dimensionality of TNE partnerships, developing a new three-spectrum framework for conceptualising this activity. We argue that this new framework provides a more tractable way of understanding and analysing the ‘new internationalisation’ of higher education.

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Keywords: international higher education; transnational education; offshore education; globalisation of higher education; internationalisation of higher education; GATS and educational services

Introduction

The global market for higher education has grown dramatically over the last 30 years, from approximately 50 million enrolments in 1980 (UNESCO, 1998) to 183 million by 2011 (UNESCO, n.d.). Higher education has been widely seen by national governments as a way of raising economic productivity and encouraging technological innovation (Stevens and Weale, 2003; McMahon, 2004; Gürüz, 2010; BIS Department, 2011, 2013). For students, higher education is a passport to a successful career in the global knowledge economy and significantly enhanced lifetime earnings (Mincer, 1974; Psacharopoulos and Patrinos, 2002; Moretti, 2004; OECD, 2013). A dominant driver of this growth has been the mismatch at national level between supply and demand in the developing world, with growth in demand outstripping supply by the domestic higher education sector, forcing increasing numbers of (mainly the most affluent) students overseas to study (Mazzarol and Soutar, 2002; Bennell and Pearce, 2003; Altbach and Knight, 2007; Li and Bray, 2007; Zheng, 2014).



In countries like the United Kingdom, Australia, New Zealand and Canada where public universities have been allowed to charge differential, full-cost tuition fees to international students, supply has expanded to absorb rising numbers of students from the developing world. While the United States has the largest number of international students (709,000 in 2011), this represents only 3.4% of total US enrolments, some way below the OECD average of 6.9% in 2011 (OECD, 2013). The latest figures show 4.3 million students studying in universities outside their own country, of whom 2.3 million had moved from outside the OECD to study in high-income OECD countries (OECD, 2013).

With the advent of the internet and the development of franchise-based partnership models in the early 1990s, a new form of international mobility emerged in the shape of transnational education (TNE) or cross-border higher education, in which foreign courses, faculty and even university campuses travel abroad, rather than students (Knight, 2005, 2007, 2012a; Drew *et al.*, 2006; Doorbar and Bateman, 2008; Naidoo, 2009; British Council, 2012, 2013). The huge growth in online distance education is one example of this trend, with HESA (n.d.) reporting 124,000 offshore students studying for UK higher education qualifications in 2012/2013. The growing number of leading universities with foreign campuses is notable, with the University of Nottingham's campuses in Semenyih (Malaysia) and Ningbo (China), and the emergence of educational hubs like Dubai International Academic City and Iskandar EduCity (Malaysia), which host foreign universities providing striking examples (Lawton and Katsomitros, 2012).

In principle, TNE opens up a massive potential market for higher education. As it is generally much cheaper for students to study in their own countries, TNE makes higher education accessible to a new group of students who are either unable (for financial or visa reasons) or unwilling (for family or cultural reasons) to travel overseas to study. TNE holds out the promise of a new market for universities prepared to offer courses overseas. For host countries, it increases the absorptive capacity of local higher education markets and, through greater competition (and collaboration), may spur improvements in the quality of incumbent domestic institutions (Vincent-Lancrin, 2007; British Council, 2013).

The growth of TNE has profound implications for policymakers in both home and host countries. It has the potential to rebalance the global higher education market, allowing more students to study in their own countries and reducing costs to developing countries in terms of foreign exchange (British Council, 2013). In principle, TNE may also reduce risks of 'brain drain', since students who travel to and live in foreign countries for study are more likely to develop the language skills, cultural competencies and social capital to remain and work overseas after graduation (Knight, 2012b; Tsiligiris, 2013). This effect may however be partially offset by the increased international mobility of TNE graduates who would otherwise have been unable to gain an overseas degree (Lien, 2008).



Understanding these implications depends, in turn, on understanding the organisational forms that TNE can take and the way these are changing over time. This paper reviews the existing typologies that provide the ‘lens’ through which we view TNE and suggests, based on a discussion of the limitations of these typologies and analysis of approximately 60 case studies of contemporary TNE partnerships, a new conceptual framework for analysing TNE.

An Overview of TNE

TNE involves students studying for the award of a foreign university while remaining in their home country. It embraces ‘all types of higher education study programmes, sets of study courses, or educational services (including those of distance education) in which the learners are located in a country different from the one where the awarding institution is based’ (Council of Europe, 2002).

While relatively few home or host governments collect official statistics on TNE enrolments (Garrett and Verbik, 2004; Altbach, 2007; Naidoo, 2009), most studies have nevertheless found evidence of systemic growth in TNE (e.g., Bennell and Pearce, 2003; Knight, 2005; Martin, 2007; Humfrey, 2009; Naidoo, 2009). The Observatory on Borderless Higher Education regularly undertakes surveys of different aspects of TNE (e.g., Garrett, 2002; Verbik and Merkley, 2006; Lawton and Katsomitros, 2012) and these show a steady growth in the number of international branch campuses (IBCs) being set up by universities in third countries. The British Council (2013) noted that, by 2011/2012, the United Kingdom’s TNE sector had grown to ‘1,395 “TNE programmes”, plus 73 “overseas campuses” and 454,473 “TNE students” (excluding distance learning)’ (16).

Current Typologies of TNE

HESA reports statistics for students studying ‘wholly overseas’ at UK higher education institutions (HEIs) using five categories:

1. Overseas campus
2. Distance, flexible and distributed learning
3. Other students registered at HEI
4. Overseas partner organisation
5. Other students studying overseas for HEI’s award

While overseas campus and distance, flexible and distributed learning are self-evident, categories 3 and 4 are less so. The HESA (n.d.) website defines ‘other students registered at HEI’ as relating to ‘collaborative provision with an overseas partner organisation(s) ... [including] “franchised” provision, consortia and joint



award arrangements'. 'Overseas partner organisation' is intended to capture 'students [who] are not registered students of the reporting institution but are studying overseas for awards of the reporting institution' (HESA, n.d.), including students studying at a validated centre, where the partner is responsible for the curriculum, the teaching and the assessment, subject to oversight by the validating UK university.

Table 1 provides a breakdown of TNE students studying for UK awards by type of delivery. It shows strong growth in all forms of TNE delivery, particularly in students studying with 'overseas partner organisations'. The particularly high growth in overseas partner organisations (up by over 1,000% since 2007/2008) however relates to the so-called 'Oxford Brookes' effect (Healey, 2013). Oxford Brookes University includes in its count ACCA students, who are eligible to 'top up' their accounting diplomas to an Oxford Brookes degree by completing a dissertation, as being registered with a partner organisation.

There are two widely recognised typologies that are used to classify TNE. The first, closely aligned to the HESA approach, recognises four distinct forms of TNE: distance learning, franchising, validation and IBCs (e.g., Bennell and Pearce, 2003; Knight, 2007; Drew *et al.*, 2008). This typology is widely used by national quality assurance and regulatory bodies. Although the precise terminology varies from one educational jurisdiction to another, the common theme is that it classifies TNE by the directness of the relationship between the university and student (e.g., does the university have a direct relationship with the student, as in distance learning, or only indirectly, as in the case of a validated centre that acts as an intermediary?). The first typology (hereafter, the '4F framework') comprises four forms of TNE:

1. *Distance learning*: Students study the university's award at distance, with learning materials supplied to the student via mail or internet.
2. *Franchise*: The franchisee is a foreign partner authorised to deliver the university's degree on its behalf (Yorke, 1993; Edwards *et al.*, 2010).
3. *Validation*: The validated centre is a foreign partner that develops and delivers its own programme with the degree 'validated' by the university, effectively allowing the partner to offer its programme as if it were the degree of the awarding university.

Table 1 TNE by type of delivery

	2007/ 2008	2008/ 2009	2009/ 2010	2010/ 2011	2011/ 2012	2012/ 2013
Overseas campus	7,120	9,885	11,410	12,305	15,140	17,525
Distance, flexible and distributed learning	100,345	112,345	114,985	113,065	116,520	123,635
Other students registered at HEI	59,895	68,595	74,360	86,630	96,060	103,795
Overseas partner organisation	29,240	197,185	207,790	291,575	342,910	353,375
Other students studying overseas for HEI's award	70	35	50	125	345	600

Source: HESA.

4. *IBC*: A foreign satellite campus that delivers and awards the degrees of the university (Gore, 2012; Lane and Kinser, 2012; Lawton and Katsomitros, 2012).

The alternative dominant typology, based on General Agreement on Trade in Services (GATS) categories, classifies international trade in services by the way in which a service provider can, in principle, deliver services to a foreign citizen (Tilak, 2011). In the context of higher education, the GATS categories can be broadly interpreted as:

1. *Mode 1 (programme mobility)*: Universities supplying educational services across borders directly to students in their home countries, via distance learning.
2. *Mode 2 (student mobility)*: Students consuming the education services by moving to the country of the awarding university. This is the only GATS mode that is not TNE, since in this category, the students travel to study and become classified as ‘international students’ at the home campus.
3. *Mode 3 (institutional mobility)*: Universities supplying educational services to students in their home countries through an in-country service provider. This in-country presence may range from a local college, which offers degrees on a franchised or validated basis (see above), to the university establishing an IBC in the foreign market.
4. *Mode 4 (staff mobility)*: Universities send staff abroad for short periods to deliver educational services to students in their home countries, normally in rented spaces; this is also known as ‘flying faculty’ (Seah and Edwards, 2006).

As Table 2 shows, the GATS typology can be fairly easily mapped against the 4F framework. It might be argued that it has less analytic value, since it classifies three very different forms of TNE — franchise, validation and IBC — into one mode. On the other hand, it identifies another common form of TNE, the ‘flying faculty’ model, which is absent from the 4F framework.

Typologies provide a way of making a diverse range of activities easier to understand by grouping things with the same general characteristics together and treating them as if they were the same. In the case of TNE, the 4F typology is widely used by regulatory bodies to assess the risk to the quality of provision. For example, the Chinese Ministry of Education does not recognise degrees studied by distance learning, in case quality is inferior to campus-based programmes (Dergacheva,

Table 2 Mapping GATS against the 4F framework

<i>4F forms</i>	<i>GATS Mode 1</i>	<i>GATS Mode 2</i>	<i>GATS Mode 3</i>	<i>GATS Mode 4</i>
Distance learning	✓			
Franchise			✓	
Validation			✓	
IBC			✓	



2013). Universities routinely use the 4F typology to plan their forms of market penetration, balancing reputational against financial risk. For example, an IBC may be more financially risky than a franchise, but the university is better able to guarantee the quality of student experience, lowering the risk of reputational damage. The same issues can be reframed within the GATS typology. Universities may evaluate opportunities to reach small niche markets (e.g., executive MBAs) as a strategic choice between Modes 1 and 4. From a taxation perspective, Mode 1 TNE is challenging to host governments because they cannot tax providers in the way they can with Modes 3 and 4.

Both typologies have considerable analytic value, depending upon the purpose for which they are being used. Risk-based and financial assessments are unsurprisingly widely used in order to map the challenges to the viability or reputation of the partners involved. But the value of these typologies is potentially challenged on two grounds. The first is that they are silent on the motivation of the home university and the host government in relation to the TNE activity. The reasons why universities engage in TNE and why host governments allow foreign universities into their regulatory space vary (Larsen *et al.*, 2004; McBurnie and Ziguras, 2009; Knight, 2011; Wilkins and Huisman, 2012). From an analytical perspective, viewing all franchises as being the same in terms of say, reputational risk, is unfounded given the range of motivations of both the university and partner. If the university is purely motivated by commercial considerations and the private partner has a short-term, profit-maximising objective, then the risk of quality being degraded is high. But if the university has a long-term goal to aid the development of higher education in the country, perhaps supported financially by an international aid agency, and the partner is a public college, then the risk profile is significantly different.

Second, the dominant typologies assume that the types of TNE are mutually exclusive, so that each can be neatly classified as, say, a franchise or a validation or Modes 1 or 3. Given the rapidly changing technological infrastructure within which individuals develop and share knowledge, and the responsiveness of universities and their partners to the changing pattern of student demand and shifts in the regulatory landscapes, it seems likely that new forms of TNE may be emerging that cannot be easily understood within the existing typologies.

In seeking to better understand the direction of change in the purpose and nature of current partnerships, we set out to construct an alternative lens through which TNE collaborations can be viewed. The research question is: Can we use an inductive, exploratory approach to develop an alternative conceptual framework for analysing TNE partnerships? The purpose of the conceptual framework is to better assist university decision makers in making strategic choices about the nature of the transnational partnerships with which they engage and the way these might evolve over time, by focusing on the dominant characteristics of the TNE activities rather than either the university's degree of control over the provision (4F framework) or the mode of service delivery (GATS typology).



Methodology

The problems of exception and ambiguity identified in the two existing typologies called for a methodological approach, which directly addresses these issues. We sought to depart from observational analytic descriptions in the first stage of our research design and identify the key characteristics of contemporary partnerships from the descriptions of individuals most closely involved with these arrangements.

To explore the changing shape of TNE partnerships, a number of ‘experts’ were invited to contribute short 500 word case studies of a TNE partnership with which they are directly involved. In this case study, they were asked to describe the features of the partnership arrangements. The structure of the case study was deliberately open, to avoid responses being constrained by preconceived views on the most important features of a TNE partnership. Crucially they were also restricted in word length to facilitate identification of the most important aspects as identified by each participating expert.

The participants were members of the LinkedIn community (www.linkedin.com), all of whom are employed in managing TNE partnerships and known to the authors. Individualised requests were sent to approximately 100 connections with senior roles in TNE. The response rate was approximately 80%, of whom about 40 were able to provide the case studies within the time frame. Of these, 29 were in a usable form, with some discarded because of poor English or incompleteness. These cases were analysed to see how they fitted against the two main typologies (Table 3).

In the second stage, the qualitative coding software, NVivo, was used to facilitate multiple coding strategies, recoding as new analytic categories were developed. Thematic codes were refined to create a series of categories that could describe each partnership and facilitate comparative analysis. Iterative coding of the materials resulted in 15 analytic categories being adopted in the final stage, with multiple descriptive nodes within each category to preserve the complexity of the described arrangements. The categories included: Private/Public Status; State Involvement; Initial Model; Model Change; eLearning; Staff Mobility; Language; Student Population; Student Mobility; Subject Range; Research Collaboration and categories separately identifying levels and formats of undergraduate, postgraduate taught and postgraduate research provision.

To address the research question, the selection of cases was expanded for the second stage to include a further 28 case studies derived from QAA Audits of Overseas Provision published between 2010 and 2013. These were analysed using the new adopted categories, first ensuring that the categories were inclusive enough for wider use, and second, to compare trends across all 57 cases.

Results from First Phase Survey

The analysis of the 29 LinkedIn case studies revealed the extraordinary diversity and complexity of the TNE partnerships that have developed around the world. Although

Table 3 Mapping the case studies onto the existing typologies

	<i>The 4F framework</i>				<i>The GATS modes</i>			
	<i>Distance learning</i>	<i>Franchise</i>	<i>Validation</i>	<i>IBC</i>	<i>Mode 1</i>	<i>Mode 2</i>	<i>Mode 3</i>	<i>Mode 4</i>
Al Farabi Kazakh National University					✓	✓		✓
Belarusian State University				✓	✓		✓	✓
Curtin University–Hong Kong University	✓				✓		✓	✓
University of Leicester–QDL, Ghana	✓			✓	✓	✓	✓	✓
Leeds Metropolitan University, India		✓		✓			✓	✓
MAHSA University	✓	✓			✓		✓	✓
University of Manchester–Singapore	✓			✓	✓	✓	✓	✓
Medine Education Village				✓	✓		✓	✓
Mykolas Romeris University–Middlesex University			✓		✓		✓	✓
University of Northampton, Vietnam	✓	✓			✓	✓		✓
Royal Melbourne Institute of Technology, Vietnam				✓	✓		✓	✓
University. of Salford–LiPACE Open University of Hong Kong	✓				✓	✓		✓
University of Salford–Open University of Hong Kong	✓	✓			✓			✓
Sino-British University College, Shanghai		✓		✓			✓	✓
Staffordshire University–Asia Pacific Institute of Information Technology		✓					✓	✓
Peking University School of Transnational Law								✓
Teesside University–Botho College		✓			✓		✓	✓
Teesside University–Prague College		✓			✓	✓		✓
University of Central Lancashire–GDUFS		✓			✓		✓	✓
University of Malaya	✓				✓			✓
University of Nottingham, Malaysia				✓	✓	✓	✓	✓
Universiti Teknologi Malaysia					✓	✓	✓	✓
Victoria University–National University of East Timor		✓			✓	✓	✓	✓
Venice International University				✓		✓	✓	✓
Vietnam National University International School			✓	✓	✓	✓	✓	✓
University of Warwick–Hong Kong Polytechnic University		✓			✓	✓	✓	✓
Westminster International University in Tashkent			✓	✓			✓	✓
Liverpool Xi'an Jiaotong University			✓	✓	✓		✓	✓
Yale-NUS College			✓	✓			✓	✓





about half the partnerships involved a UK university, the host countries represented included a wide range that included, using standard World Bank definitions, high-income countries (Czech Republic, Hong Kong, Italy, Singapore), upper-middle-income countries (China, Malaysia, Kazakhstan), lower-middle-income countries (Uzbekistan) and low-income countries (Botswana, Madagascar). Moreover, the landscape of higher education in these countries varied markedly, with participants citing a diverse range of strategic policies adopted by governments to attract and regulate overseas educational providers. There was also evidence of universities withdrawing from particular collaborations over time, usually because of changing regulatory or financial conditions, but also increasingly as a result of rationalisation processes emerging from institutional reviews of collaborative provision.

The diversity of these partnerships highlights the need for a conceptual framework that addresses questions of motivation and strategic alignment in a way that is useful for institutions involved in TNE. The diversity evident within contemporary TNE is not easily contained within existing typologies, because the boundaries between delivery modes and contractual arrangements are growing blurred and because contemporary TNE partnerships are very multidimensional, involving teaching, capacity building and research in diverse blends. Any new framework must have sufficient flexibility to allow for the shifts observed in TNE, while permitting the identification and comparison of different strategic positions.

The LinkedIn case studies also suggest that, while the initial aims of a partnership may drive the form of the partnership at the outset of the relationship, few partnerships remain unchanged over their lifetime. We found limited predictive power in the original drivers for creating TNE partnerships in terms of understanding their current forms. Although our analysis reflected the range of factors considered by institutions in entering into partnerships, including cost, market reach and the promotion of their global brand through wider marketing and connection to highly ranked overseas institutions, other benefits emerged as being significant in encouraging institutions to undertake partnerships. These include the possibility of internationalising the home campus (e.g., the recruitment of international staff and students and the revision of the home curricula) and the possibilities for research collaboration with academic staff overseas or access to new customers for research. Regardless of the initial aims of a TNE partnership, there is clear evidence that external context can drive significant change in the form and content of any partnership during its lifetime or restrict activity to the extent that termination is the only option.

The 29 LinkedIn case studies also highlight the need for a shift away from an Anglo-centric view of the world. The high status of several of the 'importing' public universities involved in these partnerships challenges the applicability of a paternalistic growth model, in which 'new' higher education markets depend on established providers in the United Kingdom, United States or Australia to develop their quality and capacity. It is increasingly clear that heavy investment by state and private



providers in many Asian countries has shifted this balance of power. There is also an emerging picture of secondary exports, where importing institutions are replicating their activities in other global regions without any significant additional input from their partners. Importing institutions thus become exporters of the collaborative product to third markets.

The focus of quality assurance bodies on TNE has had an impact, as has increasing attention to international ranking systems. There are increasing pressures on exporting institutions to maintain high quality in overseas programmes, in order not to damage the university's global brand, but the costs of doing so are high. Quality assurance processes additionally require constant review of curricula and student support systems, while there is a steady drive towards greater cost effectiveness as the partnership becomes embedded. Quality assurance costs may encourage institutions to extract greater value from selected existing partnerships and reduce the overall number. While institutions previously replicated popular activities at a range of sites with an importing partner at each site, the need for greater value from partnerships should predict the multiplication of activities at each site, either through the involvement of more than one faculty or discipline (replicating the institution itself rather than a single activity) or through other kinds of activity including research.

There is also evidence of centralisation of the oversight of TNE, which may explain the pattern of rationalisation in our sample. Rationalisation activities do not, however, predict the emergence of a homogenous TNE market. The establishment of branch campuses that replicate an institution in an overseas location are a stark contrast to partnerships between specialist institutions aimed at producing world-class research and teaching in a particular field; the latter partnerships are redesigned to become deeper rather than wider, adding value to the home campus through collaboration. Rationalisation calls for a greater return on resources going into the partnerships, but is not predictive of the form of return.

Results from The Second Phase

Using inductive analysis of the wider set of 57 case studies, we identified three principal dimensions upon which contemporary transnational educational partnerships can be situated. They reflect the 'regional status' of partnerships, the relative positions of teaching and research and the degree of disciplinary specialism. These three dimensions allow us to more completely conceptualise the most distinctive directions of contemporary TNE partnerships (see Figure 1). Unlike the existing typologies described above, which concentrate on the location of students and staff and the delivery channels for teaching, our framework draws instead upon the priorities identified in the LinkedIn case studies. The adoption of these spectrums allows recent change in individual partnerships, and in broader trends, to be mapped



Figure 1. The spectrums of TNE partnership.

more precisely. Further, understanding these spectrums may allow institutions to identify the position of their partnership arrangements and plan future developments with greater clarity.

Spectrum 1: Regional access partnerships and stand-alone outposts

In establishing a transnational partnership, an important consideration is the breadth of the target student market. Restrictions on recruitment can mean that universities are unable to access students with particular qualifications (e.g., China’s tier quota system precludes institutions not approved by the Ministry of Education from recruiting students through the ‘gao kao’ national entrance examination system) or unable to recruit because of citizenship or residency criteria. National policy can determine whether a transnational partnership has the potential to provide ‘regional access’, recruiting students internationally from countries across the region (e.g., East Asia), or whether it can only serve a very specific local market in a particular context. This spectrum is defined by the geographical and strategic position of the host institution rather than the number or type of partners, to reflect the multiple and overlapping nature of TNE partnerships in established TNE markets.

The clearest examples of regional access partnerships are the IBCs established by Royal Melbourne Institute of Technology, Vietnam, and University of Nottingham, Malaysia. As well as recruiting from a large domestic market, they recruit students from overseas who want to study in the region. The University of Nottingham, for example, recruits globally to its Malaysia campus; however, it is worth noting that much smaller numbers of overseas students are attracted to its Ningbo campus, where the population is 94% Chinese.

There is clear evidence reported in the case studies of Malaysian efforts to establish public universities (as well as private universities) within a state-supported hub for TNE, facilitating student recruitment from across the region and assuring quality and low-cost education relative to other locations. Malaysian universities are, for the most part, well-established institutions, providing a full range of disciplines in teaching and research, sometimes with a reputation that exceeds those of their exporting partners.

However, it is the cost comparator that draws students to Malaysia for a low-cost UK degree: students pay considerably lower costs as international students in



Malaysia than they would in the United Kingdom, for example, even for equivalent degrees. It is unsurprising then that UK partners exporting to Malaysian universities report low numbers of students following in-built degree transfer routes to the UK institution. This is true not only in Malaysian partnerships, but also in partnerships in other regions where lower cost is one of the key attractions for students seeking a UK degree.

At the opposite end of this spectrum, we find partnerships that are so restricted in their form and reach that they can only act as stand-alone outposts for exporting institutions. ‘Flying faculty’ programmes popular in Hong Kong, exemplified by the University of Salford — LiPACE Open University of Hong Kong partnership — are restricted in their recruitment because students must meet residency requirements to qualify for admission. The large potential Chinese market is therefore inaccessible.

Flexibility in recruitment is minimal in these partnerships. The structure within which these partnerships are contained, filling specific identified gaps in provision in designated partnership centres with state approval, simultaneously leaves overseas universities unable to significantly change the form of their partnerships. Growth is achieved primarily through the multiplication of programmes offered. It is common in this subset of the sample to see universities having multiple partners in the same country, as with Bolton, Anglia Ruskin, Manchester, Uclan and the University of Wales across Malaysia and Singapore, and London Metropolitan University in China. Almost all of these partnerships are discipline-specific and restricted by the host institution’s mission, status and size.

A middle ground is exemplified by the move by Wolverhampton and TEG International College in Singapore to expand an existing partnership into Vietnam, and by the arrangement allowing the Asia Pacific Institute of Information Technology to offer Staffordshire University degrees in both its Sri Lanka and India campuses. Both are notably also discipline-specific.

Spectrum 2: Subject specialism versus multidisciplinary partnerships

A significant number of the QAA reviews analysed refer to the rationalisation of TNE partnerships by UK institutions, with an observed preference to move towards smaller numbers of partnerships that involve a wider range of activities. While this may be possible and desirable in partnerships in regions where the cost of a UK, Australian or US education (or access to these countries) may be restrictive for local students, other drivers for TNE such as capacity-building or research collaboration may favour specialisation. Some universities have also sought to reduce the number of partnerships that might damage institutional reputation because of external risk or internal failure to manage a multiplicity of partnerships simultaneously. Institutional ‘root and branch’ reviews have therefore favoured concentration on particular activities that can be replicated easily with a small number of



providers with high levels of quality assurance, or smaller numbers of wide-ranging institutional partnerships in which quality processes can be replicated across disciplinary boundaries.

This spectrum ranges from partnerships with a single discipline and intensive multiplication of activities through partnerships involving several disciplines to partnerships that replicate a very wide range of the activities of the exporting institution. We expect to find at the specialist end of this spectrum institutions that prioritise research collaborations, establishing access to a particular region and building up postgraduate research training and, at the other end, a large number of institutions each offering undergraduate or taught postgraduate degrees in a range of disciplines.

Whole-institution replicability creates greater opportunities for staff secondments, development exchanges or employment of local staff trained by the exporting institution, as well as research collaboration, but reduces flexibility in the market more generally. The significant expansion of the subject areas popular in TNE across a very wide range of disciplines makes these partnerships possible and desirable, although business, finance, computing and engineering remain the most popular areas of study.

'Flying faculty' MBAs and postgraduate business education have long been popular, and continue to be so, being easily replicated in different regions. These include the 'MBA Plus' programmes taught by Northampton Business School and University of Leicester. These partnerships are easily housed within one faculty or department at the exporting institution and business schools continue to be active in pursuing these kinds of partnerships. Single discipline or single department partnerships are, however, to be found in almost every discipline in our study, including law, engineering, art business, radiography and across the liberal arts.

Specialisms also allow partnership with private providers outside the higher education sector and greater flexibility in changing labour markets. There is evidence of exporting universities maintaining partnerships with several private specialist providers in the same region simultaneously. However, the flying faculty model draws heavily on staff time at the exporting institution, as well as decreasing the likelihood of research collaborations with each partner institution as the number of sites grow.

The findings of our analysis show that specialism by discipline (or single faculty partnerships) is not necessarily related to research, postgraduate supervision or greater contact with the expert staff at the exporting institution. This is a surprising finding. Of the 28 QAA-reviewed institutional partnerships 19 concerned specialisation by discipline. However, only nine of these involved direct teaching through flying faculty or joint award arrangements, and another six offered the option to transfer to the United Kingdom during studies. Only three of the partnerships involved research collaboration and two related to government capacity-building in nominated areas (technology in Singapore and teacher training in Malaysia).



Of the 29 case studies we collected, 14 concerned specialisation, but of these only 6 involved direct teaching (all ‘flying faculty’) and 2 offered transfer options. Only two of the partnerships included postgraduate research supervision and only two demonstrated any collaboration in research. Just two of the specialist partnerships were initiated by government invitation (Westminster University in Tashkent and the Asia-Pacific Institute of Information Technology partnership with Staffordshire University). Specialisation does not therefore appear to be particularly related to the development of added value in partnerships.

Along the spectrum we note the popularity of partnerships involving business studies and another faculty of the exporting university. Teesside University’s partnership with Prague College includes management, business and finance, but also graphic design, media and computing, with research collaboration between Teesside University’s School of Art and New Media and Prague College. The Middlesex–Mykolas Romeris partnership similarly involves two distinct faculties, Business and Media.

The specialism of the importing institution can restrict the possibility for multi-disciplinary partnerships. This is the case with the Malaysian Allied Health Sciences Academy, Da Vinci Institute for Technology Management or Dongbei University of Finance and Economics. However, it is not true for all cases, as the Harper Adams–Beijing University of Agriculture partnership illustrates, involving the areas of food science, retail management and international business.

New ventures exemplify both ends of the spectrum. The DBA programme at Durham University has been the foundation for a joint research centre with Fudan University in China, but with no expansion of teaching activities from Durham. Xi’an Jiaotong-Liverpool University reflects institutional replication much more closely and already has 26 joint undergraduate awards in business, engineering, science and culture, planning to add law, public health, demography and Chinese studies by 2016.

However, these cases demonstrate that recent wider partnerships across several disciplines are much more likely to produce significant research collaborations. Non-specialist partnerships in the QAA reviews were just slightly more likely to have planned or produced research collaborations than specialist, although few partnerships in the QAA reviews involved any research at all. The LinkedIn sample, which include more recent arrangements, show that two-thirds of the non-specialist partnerships have research collaborations, compared with just 1 in 14 of the specialist partnerships.

Spectrum 3: Research-led and teaching-led partnerships

Existing typologies are silent on the role of research in TNE partnerships, although it is clear that the reputation of universities in relation to research is used to good effect in accessing overseas student markets and recruiting partners of good reputation. However, in recent years, universities have sought to demonstrate international



impact through research collaboration and dissemination. This is a significant way in which exporting universities can increase the value of their existing partnerships. There is also evidence of pressure on universities importing TNE to use those partnerships to increase their own research capacity. Either party may propose or determine the importance of research collaboration in their working arrangements, but it requires considerable investment on the part of both institutions.

In creating this spectrum, we seek to investigate the ways in which research-led partnerships and teaching-led partnerships differ in their form and content and the ways in which these serve all of the aims of the partners. This spectrum is, at one end, characterised by those partnerships that have as their main aim the creation of a sustainable research grouping, which determines all associated activities and, at the other, is characterised by partnerships in which research is not a priority.

There was little evidence of research collaboration in the 28 QAA reports. Just 6 of the 28 UK institutions stated research to be a focus of their activities, aimed for the venture to be research-led or had undertaken significant institutional research collaboration. All six were partnerships with public universities in China and only one of these was directly related to doctoral awards, with the creation of a joint Centre for Finance Research in 2010 at Fudan from Durham University's 2007 partnership on DBA provision. In contrast, the LinkedIn sample shows how important research had become by mid-2013. Thirteen of the 29 institutions referred to research collaborations in their descriptions of activity and most showed evidence of ongoing work in this area. The majority (nine) of the host institutions operate within the public sector. But there is no direct link between research collaborations and teaching arrangements. Only four of these partnerships included postgraduate research supervision and awards.

The middle ground differentiates between branch campuses, where research forms a key part of activities, but follows from the primary economic activity of teaching, and 'flying faculty' partnerships like that of the University of Salford at Open University Hong Kong, where research activities also follow teaching activities and are facilitated by staff travel. The key difference is that branch campuses such as University of Nottingham Ningbo explicitly aim to build research capacity to address the region's needs, and establish a range of research bases attracting research funding, knowledge transfer partnerships and large numbers of doctoral students. Despite the importance of teaching in both modes, they are therefore positioned separately on the spectrum since research forms a primary activity at UNNC and a secondary activity in the Salford–Open University partnership.

At the 'research-led' end of the spectrum is the partnership between the Sino-British University College Shanghai and the Northern Consortium UK, which has facilitated the establishment of joint research centres between UK partners and Chinese partners and hosts staff from UK universities at the campus. Joint research centres with high status partners are favoured at the Universiti Teknologi Malaysia (UTM), which hosts the Oxford–UTM Strategic Alliance for Industrial and Applied



Mathematics and BLOSSOMS in collaboration with the Massachusetts Institute of Technology, as well as the Malaysia-Japan International Institute of Technology, designed to stimulate travel and collaboration between 22 Japanese universities and UTM.

The research spectrum thus highlights significant changes in the relative power positions of partner institutions. Even here the paternalistic growth model that was central to thinking on TNE partnerships is disrupted as elite universities seek to match their resources with similar partners (e.g., Durham-Fudan) not just to increase their research capacity in methodological or resource terms, but to increase their capacity for dissemination and recognition.

Universities that seek to build research collaborations through teaching-led partnerships need to consider their strategy carefully. There is evidence of institutional relationships being established with no clear vision for research collaboration, despite these being clearly stated secondary aims of the partnership. Minimal investment or institutional guidance for academic staff involved in the day-to-day work of these partnerships is insufficient to create strong research relationships. The evidence from the case studies shows that research-led partnerships require careful planning and very considerable investment.

Using this spectrum to view partnership activities can highlight good practice applicable to all partnerships. Rather than seeing forms of TNE as driving requirements for sustainable planning and risk assessment, the case studies suggest that there is transferable good practice to be identified. As an example, the framing of partnerships in terms of their capacity to produce something unique is evident in those collaborations that are research-led, but less frequently in those at the other end of the spectrum. Achieving a unique product gives priority to communication, development and review processes within partnership arrangements, shifting the focus away from a risk-averse ethos, which emphasises continuity of form and function. Case descriptors from our studies suggest that such a shift could also be usefully pursued even in those partnerships that focus on or prioritise teaching where partners are seeking greater yield from their investments.

Using the spectrums

The purpose of collecting and analysing new case studies from the LinkedIn community was to facilitate the construction of a new conceptual framework for the mapping of movement in the TNE sector. Using cluster analysis, we have mapped out the indicative forms of partnerships from the LinkedIn and QAA samples, based on the spectrums outlined above. These do not constitute a quantitative measurement, but a representation of the exploration of innovation and change across the sector. Institutions involved in TNE will, nonetheless, be able to position their partnerships by considering performance and direction against the three spectrums (see Table 4).

Table 4 Mapping the case studies onto the three spectrums

	Research-led ←	→ Teaching led	
QAA Sample	University of Plymouth, Malaysia University of Surrey, China Open University, Singapore Liverpool Xi'an Jiaotong University University of Nottingham, Ningbo	University of Bolton, Malaysia University of Reading, Malaysia Anglia Ruskin University, Malaysia Harper Adams University, China	University of Central Lancashire, China University of the West of England, Malaysia University of Greenwich, China Heriot Watt University, Singapore London Metropolitan University, China University of Wolverhampton, Singapore University of Manchester–Sothebys University of Sunderland, Malaysia Abertay University, Malaysia Queen Mary, China University of Reading, China University of Warwick, Singapore Durham-Fudan, China London South Bank University, Singapore Northumbria University, Singapore University of London, Singapore University of Wales, Malaysia University of Coventry, Singapore Sheffield Hallam University, Malaysia
LinkedIn Sample	Mykolas Romeris University–Middlesex University Teesside University–Prague College University of Salford–LiPACE Open University of Hong Kong University of Malaya University of Warwick–Hong Kong Polytechnic University Peking University School of Transnational Law	Staffordshire University–Asia Pacific Institute of Information Technology University of Central Lancashire–GDUFS Medine Education Village University of Northampton, Vietnam University of Nottingham, Malaysia Westminster International University in Tashkent Belarusian State University Sino-British University College, Shanghai Universiti Teknologi Malaysia	Liverpool Xi'an Jiaotong University Yale-NUS College MAHSA University Royal Melbourne Institute of Technology, Vietnam Victoria University–National University of East Timor Teesside University–Botho College Curtin University–Hong Kong University University of Leicester–QDL, Ghana Al Farabi Kazakh National University, Venice International University University of Manchester, Singapore Leeds Metropolitan University, India Vietnam National University International School

Table 4: (Continued)

	<i>Regional access</i> ←	→ <i>Stand-alone</i>	
QAA Sample	University of Plymouth, Malaysia University of Surrey, China University of Wolverhampton, Singapore University of Manchester–Sothebys	University of Bolton, Malaysia University of Sunderland, Malaysia Abertay University, Malaysia	Open University, Singapore Liverpool Xi'an Jiaotong University University of Nottingham, Ningbo University of Reading, Malaysia Anglia Ruskin University, Malaysia Harper Adams University, China University of Central Lancashire, China University of the West of England, Malaysia University of Greenwich, China Heriot Watt University, Singapore London Metropolitan University, China Queen Mary, China University of Reading, China University of Warwick, Singapore Durham-Fudan, China London South Bank University, Singapore Northumbria University, Singapore University of London, Singapore University of Wales, Malaysia University of Coventry, Singapore Sheffield Hallam University, Malaysia
LinkedIn Sample	Liverpool Xi'an Jiaotong University Yale-NUS College MAHSA University Royal Melbourne Institute of Technology, Vietnam	Victoria University–National University of East Timor Teesside University–Botho College Curtin University Hong Kong University of Leicester–QDL, Ghana	Al Farabi Kazakh National University Venice International University University of Manchester, Singapore Leeds Metropolitan University, India Vietnam National University International School Staffordshire University–Asia Pacific Institute of Information Technology University of Central Lancashire–GDUFS Medine Education Village University of Northampton, Vietnam University of Nottingham, Malaysia Westminster International University in Tashkent Belarusian State Sino-British University College, Shanghai Universiti Teknologi Malaysia Mykolas Romeris University Middlesex Teesside University–Prague College



University of Salford–LiPACE Open University of Hong Kong
 University of Malaya
 University of Warwick–Hong Kong Polytechnic University
 Peking University School of Transnational Law

Single discipline ← → Multidisciplinary

QAA Sample	University of Wolverhampton, Singapore University of Manchester–Sothebys University of Sunderland, Malaysia Abertay University, Malaysia Liverpool Xi'an Jiaotong University University of Nottingham, Ningbo Harper Adams University, China Queen Mary, China University of Reading, China University of Warwick, Singapore Durham-Fudan, China London South Bank University, Singapore Northumbria University, Singapore University of London, Singapore University of Wales, Malaysia University of Coventry, Singapore Sheffield Hallam University, Malaysia	University of Bolton, Malaysia University of Reading, Malaysia Anglia Ruskin University, Malaysia University of Greenwich, China Heriot Watt University, Singapore London Metropolitan University, China	University of Plymouth, Malaysia University of Surrey, China Open University, Singapore University of Central Lancashire, China University of the West of England, Malaysia
LinkedIn Sample	Royal Melbourne Institute of Technology, Vietnam Teesside University–Botho College Curtin University–Hong Kong University University of Leicester–QDL, Ghana University of Manchester, Singapore–Leeds Metropolitan University, India Vietnam National University International School Staffordshire University–Asia Pacific Institute of Information Technology University of Central Lancashire–GDUFS Medicine Education Village University of Northampton, Vietnam Belarusian State University Mykolas Romeris University Middlesex Teesside University–Prague College University of Salford–LiPACE Open University of Hong Kong University of Warwick–Hong Kong Polytechnic University Peking University School of Transnational Law	Yale-NUS College MAHSA University University of Nottingham, Malaysia Westminster International University in Tashkent University of Malaya	Liverpool Xi'an Jiaotong University Victoria University–National University of East Timor Al Farabi Kazakh National University, Venice–International University Sino-British University College, Shanghai Universiti Teknologi Malaysia



The reason for adopting spectrums rather than categories was to ensure that our analysis would not limit future movement to a specific set of values, but allow them to vary infinitely; the positions are relative rather than absolute. There is also nothing normative about the positions of institutions on the spectrums, since they reflect past or present strategic directions and the speed of change at some institutions will be faster than at others depending on available resources, existing contractual obligations and overseas demand for existing products.

The proposed framework thus facilitates comparison between institutions on the basis of strategic alignment and future competition and reflects how these can emerge with different forms of activity. The shape of partnerships is likely to continue to involve different categories of activity. Scholars in this field may even choose to use the spectrums to overlay other types of classifications, with the shape of partnerships reflecting a second-order arrangement.

In setting out the directions of collaboration as we have, we argue that universities should give more weight to consideration of their position on these spectrums in relation to their disciplinary and institutional missions. We have sought to provide a more useful conceptual tool for universities as the sector increasingly experiences pressures to rationalise, centralise and innovate. The framework, unlike the typologies we discussed previously, is much better fitted to making strategic choices about how to develop partnerships, which align with the university's overall mission. It should also aid scholars in understanding and mapping changes in the direction of TNE development over time.

Conclusions

This paper explores the changing landscape of TNE, highlighting the growing complexity and multidimensionality of TNE partnerships. The blurring of forms of TNE provision is emerging as a real challenge to mapping and understanding change in this area, in particular because existing typologies focus on the specific form or mode of delivery of the provision.

Using descriptive case studies and QAA reports, we identified the most important features of a sample of approximately 60 partnerships and, from this analysis, developed three spectrums to facilitate the mapping of contemporary TNE activities. These relate to the nature of the target student population (local or regional), the degree of specialisation in the qualifications offered (single or multidisciplinary) and the relative importance of teaching vs research. These spectrums offer a new tool by which institutions and researchers can analyse and plan transnational partnership development.

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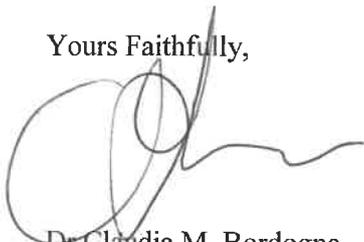
To Whom It May Concern,

I write in support of Professor Nigel Healey, who has requested the use of our co-authored manuscript: Healey, N. and Bordogna, C. (2014). From transnational to multinational education: emerging trends in international higher education. *Internationalisation of Higher Education*, 3, 34-56, for his PhD by publication.

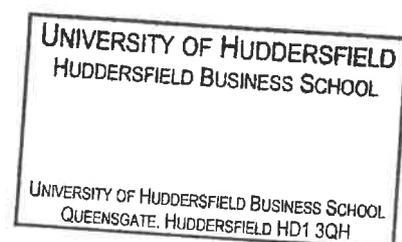
I can confirm that Nigel was the lead author on the paper, his research and insight into TNE was critical in forming the arguments on which the paper was constructed. My insight into particular case studies was used to evidence the thinking presented in the paper. I therefore have no objections in Nigel using the paper for the purposes of this PhD by publication. I wish him well in his endeavour.

Should you require further information, please feel free to contact me on c.bordogna@hud.ac.uk

Yours Faithfully,



Dr Claudia M. Bordogna
University of Huddersfield



From Transnational to *Multinational* Education: Emerging Trends in International Higher Education

Nigel Martin Healey
Claudia Bordogna



Transnational, or cross-border, education is attracting increasing interest, as universities extend their reach across borders to open up huge new markets. Based on analysis of case studies of transnational partnerships, this paper argues that the current definition of transnational education, namely that the degree-awarding university is in a different country from the students being educated, fails to do justice to the multidimensional nature of contemporary transnational partnerships. It argues that the location of the degree-awarding body is, increasingly, of peripheral interest. Of much greater interest is the multinational nature of transnational providers' stakeholders – the owners, managers, staff, students and regulatory and accrediting bodies. It concludes that it is time to retitling the leading edge in the internationalisation of higher education as 'multinational education'.

Content	Page
1. Introduction	2
2. What is transnational education?	4
3. Types of transnational education	5
3.1 The stage approach to transnational education	5
3.1.1 Distance learning	6
3.1.2 Franchising	6
3.1.3 Validation	7
3.1.4 Joint Programmes	7
3.1.5 International branch campuses	8
3.1.6 The stages approach and risk	8
3.2 The trade-based approach to transnational education	10
4. Identifying the size and scope of transnational education	10
5. New forms of transnational education	12
6. The emergence of <i>multinational</i> education	15
7. Mononational versus multinational stakeholders	17
8. Conclusions	19

The binding of this supplemental volume enables you to remove each article from the cover and file it according to your needs. Also, for your convenience, all articles have been organised by chapter and subchapter online at www.handbook-internationalisation.com. This article, D 3-1, has been assigned to:

Chapter D: Learning and teaching
Subchapter D 3: Choices in delivery

1. Introduction

Over the last decade, transnational education has become an integral part of the internationalisation of higher education (Zhuang & Tang 2012, p.218). Across the world, international branch campuses are springing up, with Lawton and Katsomitros (2012, p.4) estimating that there are around 200 in existence across the world. The Middle East hosts some of the world's leading universities. Education City in Qatar, for example, houses the satellite campuses of Cornell, Texas A&M, Carnegie Mellon and UCL. Dubai International Academic City is home to Heriot-Watt, BITS Pilani and Amity University. The University of Nottingham has campuses in Malaysia and China. The University of Liverpool has a branch campus in China (Feng 2013, p.471). Many UK and Australian universities offer their degrees in third countries through partnership arrangements with foreign colleges and universities.

Transnational education is the most advanced stage of university internationalisation

The phenomenon of transnational education is generally seen as the most advanced stage in the internationalisation of universities. Universities start to internationalise their teaching activities by recruiting foreign students to their home campuses. This is sometimes termed “export education”, as it is the educational equivalent of exporting services like tourism (where the foreign tourist has to visit the exporting country to consume the service). For universities in the most advanced export education countries like the UK and Australia, approximately one in five university students are foreign (OECD 2013, p.311).

There are, however, limits to the growth of traditional export education. Universities face capacity constraints. International students tend to be concentrated in subjects like business and engineering, which offer graduates the best prospects of a successful career. International student numbers cannot be expanded beyond a certain point without distorting the shape and academic character of a university. Perhaps more fundamentally, there is a limit to the number of students who are willing and able (financially and culturally) to study in a foreign country. While the total number of students in tertiary education has grown rapidly over the last 30 years, the percentage that study outside their own country (ie, who are “internationally-mobile”) has remained fairly constant at around 2% (see Table 1).

	1980	1985	1990	1995	2000	2005	2010
Global tertiary enrolments (m)	51.2	60.3	68.7	81.7	99.9	139.0	178.0
Internationally-mobile (m)	1.1	1.1	1.3	1.7	2.1	3.0	4.1
Internationally mobile as % total	2.1%	1.8%	1.9%	2.1%	2.1%	2.2%	2.3%

Table 1 Global and internationally-mobile tertiary enrolments

(Source: UNESCO 1998, n.d., OECD 2013)

Transnational education allows universities to increase their international enrolments by offering their qualifications in third countries, competing for the 98% of the market for higher education that is not internationally mobile. Moreover, by establishing themselves in markets where the local higher education sector is too underdeveloped to satisfy demand, universities may actually increase global participation in higher education (Vincent-Lancrin 2007, p.76).

Transnational education is currently dominated by US, UK and Australian universities (Salt & Wood 2014, p.85) which, some critics argue, are effectively using their offshore activities to reshape the higher education sectors of developing countries in their own image. One of the common criticisms of transnational education is that uniformity in delivery could lead to a form of homogenisation (Liston 1998, p.9), whereby transnational providers perpetuate one set of values, creating a “one world culture that has the potential to undermine local differences” (Egege & Kutieleh 2008, p.68).

Shattock (2007, p.19) argues that Britain’s colonial past has created an unfortunate sensitivity towards Western institutions operating in developing countries. He maintains that to overcome such criticism, Western educational institutions should develop partnerships with foreign providers, whereby negotiation and mutuality play central roles in the establishment of internal structures and strategic agendas (see also Pilsbury 2007, p.10). This implies that for transnational education to be a success in a globalising world, collaborating partners must seek to reconcile differences, formalise systems, and develop shared values as a basis for decision-making. Pyvis (2011) argues current approaches to educational quality in transnational education promote “educational imperialism” (2011, p.733). He champions an approach which enables practices and guidelines to be “altered to embrace context-sensitive measures of quality” (2011, p. 733).

Transnational education is seen by some as academic imperialism

The extent in which current forms of TNE can be characterised as representing cultural imperialism or cultural dominance is, however, contestable. China, for example, regulates foreign providers through legislation, such as the 1995 (Interim) and revised 2003 Regulations of the People's Republic of China on Chinese-Foreign Cooperation in Running Schools (Huang 2003, p.195). This suggests host countries are keen to protect their heritage and traditions and are aware of the potential negative effects of allowing foreign educational providers to operate freely.

The objective of this paper is to better understand the changing nature of transnational education. By examining a number of case studies, we argue that transnational education is gradually transforming into *multinational* education, in which the traditional “colonial models... [based on] expatriates dispatched to run overseas operations” (Salt & Wood 2014, p.85) are being replaced by more integrated and innovative modes of operation. Different aspects of the offshore venture (the ownership, the academic workforce, the student population, the curriculum, the quality assurance framework) are all steadily internationalising, creating more diverse, dynamic educational environments. In the process, bilateral relationships between exporting universities and host countries are evolving into multilateral relationships between multinational stakeholders.

2. What is transnational education?

Transnational education is defined as “any teaching or learning activity in which *the students are in a different country to that in which the institutional providing the education is based*” (Global Alliance for Transnational Education 1997, p.1). Put another way, transnational education includes “all types of higher education study programmes, sets of study courses, or educational services (including those of distance education) in which the *learners are located in a country different from the one where the awarding institution is based*” (Council of Europe 2002).

At the heart of both these definitions is the fundamental *principle of transnationality*, namely that the student is in a different country from the university awarding the degree. Transnational education is thus essentially about the means by which the educational service is provided by the university in country A to students in country B (see Figure 1).

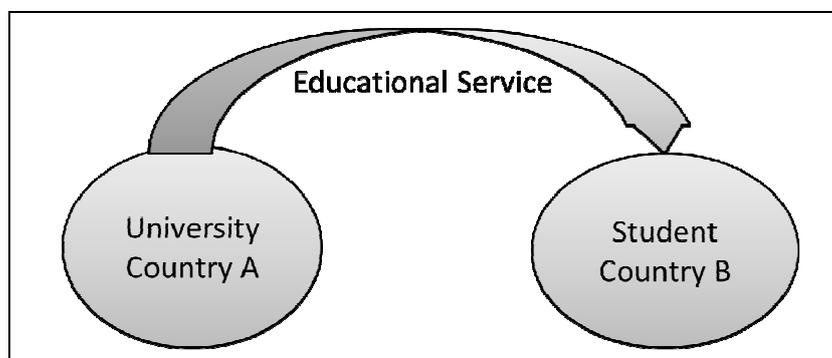


Figure 1 The principle of transnationality

3. Types of transnational education

The *principle of transnationality* begs the question of how the university in country A can provide the educational service to students in country B. There are two main ways to conceptualise the possible delivery mechanisms. One is to classify transnational education in terms of the institutional and contractual infrastructure that the university uses to deliver education; the other is by focusing on the elements of the service provision that cross the border.

Transnational education involves delivering educational services from a university in one country to students in another

3.1 The stage approach to transnational education

The first approach is derived from international business theory. The Uppsala “stages approach” to internationalisation argues that companies internationalise incrementally, by first exporting their goods, then moving to licencing production to a partner in a third country (where the financial risk is primarily borne by the partner) and finally investing directly in their own production and distribution facilities (Johanson and Vahlne 1977, p.23-32, 1990, p.11-24). The underlying principle is that each stage is riskier than the one before, so that companies only move from exporting to licencing, and from licencing to foreign direct investment, as they acquire more knowledge about the third market and gain greater confidence.

Businesses tend to internationalise in incremental stages

There are countless examples from the corporate world of the way that companies penetrate new markets in a staged way. Coca Cola, for example, is sold in every country except Cuba and North Korea, but has never moved beyond licencing, producing syrup in the United States which is used by franchisees to make and bottle (or can) the final product for distribution in their own countries. Honda, on the

other hand, has production facilities in a wide range of countries, including the UK and the US, but also licences the production of outdated models to foreign manufacturers in developing countries.

Applying the stages approach to transnational education, distance learning represents exporting, franchising and validation are variants of licencing and, finally, an IBC is equivalent to foreign direct investment by a multinational corporation (Healey 2008, p.335-341). Consider each in turn.

3.1.1 Distance learning

In higher education, the traditional equivalent of exporting has been for students to travel to the home campus to study. However, distance learning provides an alternative way of exporting education directly to students in their own countries. Students located in another country can access online programme materials, either independently or as part of an online, tutor-supported programme (QAA 2013, p.10).

Universities have engaged in distance learning education for many years. The University of London pioneered correspondence courses in the 19th century (Harte 1986, p.102-105). The UK's Open University used the medium of national television to broaden the reach of distance learning in the 1960s. The internet and the spread of smart phones have dramatically reduced the costs of providing distance-learning, allowing universities to reach increasing numbers of students around the world without leaving their home campus. The recent emergence of "Massive Open Online Courses" (MOOCs) and the huge global enrolments in popular courses have illustrated the enormous potential market for distance learning (Hoy 2014, p.85).

3.1.2 Franchising

The higher education equivalent of licencing production to a foreign partner is franchising or validation. Franchising involves entering a partnership with a foreign provider, under which the partner is *licensed* to market and teach the university's degree in its own country, with no curricular input by the host institution (British Council 2013, p.15). The precise terms of franchise agreements vary widely, but generally the partner is responsible for providing the physical infrastructure (the teaching building, library, computing facilities), employing the academic and administrative staff who teach the degree, marketing and recruiting students and teaching and assessing the students. Importantly, student contracts are with local delivery partners (Drew *et al.* 2008, p.28). The university provides the intellectual property (ie, the curriculum content, learning outcomes) and oversees the quality of the teaching and assessment (British Council 2013, p.15). The partner bears most of the financial risk and normally pays the university a royalty fee per student, although financial arrangements vary widely.

Franchising and validation are forms of academic licencing

3.1.3 Validation

Validation is a closely related form of licencing. In most respects the relationship between the university and foreign provider is the same as in a franchise. The main difference is that the curriculum (including the degree title) is developed by the partner and validated by the university (British Council 2013, p.15). If the proposed curriculum is deemed appropriate in terms of quality and meets the awarding partner's degree standards, the university licences the partner to market its qualification as an award of the university. Validation allows the curriculum to be more closely attuned to the context of the market in which it is being delivered. In some cases, the curriculum may be delivered in the local language, which makes the qualifications accessible to a much wider pool of students.

While US and Australian universities engage in franchising, validation appears to be a primarily UK practice. In the US, for example, regional accrediting bodies require franchised degrees to be identical to those taught on the home campus. One possible explanation for the difference may be that, until relatively recently, degree awarding powers in the UK were restricted to a relatively few institutions. Before 1992, only universities established by Royal Charter could award degrees. Many small colleges relied on local universities to validate their degrees. The polytechnics had their degrees validated by the Council for National Academic Awards (CNAA). The use of validation inside UK borders was thus widespread (Silver 1990, p.150-155). When the polytechnics gained university status and degree awarding powers in 1992, they already had the organisational infrastructure and experience to begin validating degrees themselves both in local colleges and, increasingly, offshore.

Validation appears to be a predominantly UK form of internationalisation

3.1.4 Joint Programmes

Joint programmes are not a separate stage of internationalisation, but a variant of franchising and validation. Although multiple definitions of the "joint programme" exist, the QAA (2013, p.10) defines it as a programme which allows offshore students to complete the university's entire degree at a partner institution or to begin the programme in the partner institution and transfer to complete the degree at the awarding university.

Joint programmes are not a separate stage of internationalisation

The programme being delivered at the partner institution could, in principle, be either a franchise or a validation. For example, in the 1990s many UK universities offered their degrees through private Malaysian colleges on a "2+1" basis, where the first two years were studied in Malaysia and the final year was completed by students coming to the UK. The Malaysia-based part of the programme was typically a franchise, to ensure a seamless transition to the UK for students as they moved onto the final year of the same degree.

As these colleges developed, they gained local degree-awarding powers, but some continued to want the academic credibility they had enjoyed by granting the degrees of UK universities. One solution was to design and award their own degrees, which were validated by the UK university, so that the students could graduate with two awards. This form of joint programme is becoming increasingly popular in Malaysia as the status of private colleges is upgraded to university colleges.

In other countries, the early years of the degree may be franchised to the foreign partner, while the final year of the degree is taught at the foreign partner's campus by faculty from the awarding university on a "fly-in fly-out" mode of delivery, which usually involves intensive block teaching (Smith, 2014, p. 117-134). This variant combines franchising and distance-learning. As with the other forms, joint programmes are not a separate stage of internationalisation, but rather a mix of the more distinct stages like franchising and validation.

3.1.5 International branch campuses

International branch campuses (IBCs) represent the final stage of internationalisation, with the university establishing a satellite campus in a third country (British Council 2013, p.15). Currently the US has the most IBCs, followed by the UK and Australia (Salt & Wood 2014, p.85). Financially, an IBC is much riskier than franchising or validation. There are a number of examples of IBCs which failed to break even and were closed at a financial loss to the university. These examples include UNSW Asia in Singapore (closed in 2007), George Mason University in the United Arab Emirates (closed in 2009) and the University of East London in Cyprus (closed in 2013).

However, when they are successful, IBCs enable universities to project themselves as "global universities". The University of Nottingham and Monash have both used their IBCs around the world to position themselves as global brands. These universities present themselves as global universities, with campuses in multiple countries, rather than as a university with its "headquarters" in, say, Nottingham and small, dependent IBCs in developing countries. Systems and academic procedures are operated on a pan-university basis, to reinforce the model of a single university, with globally distributed campuses.

3.1.6 The stages approach and risk

The governmental agencies responsible for academic quality assurance have tended to adopt the stages approach to classifying transnational education, because it segments clusters of activity by the degree of potential risk (see Figure 2). An IBC is the lowest risk in quality assurance terms, because the campus is a satellite of the home university. In principle, the university controls marketing and student re-

The risk to academic quality depends on the stage of university internationalisation

cruitment, the hiring of academic and administrative staff, the systems and processes, and the delivery and assessment of the curriculum (British Council 2013, p.15). As noted above, universities often promote the IBCs as an integral part of a “global university” and use staff and student mobility to ensure commonality of standards and learning outcomes.

Distance learning is slightly more risky than an IBC, as universities often rely on in-country agents to recruit and support local students (e.g. providing local tutors to support the students’ learning, distributing and collecting course work). Distance-learning also brings new sources of risk. For example, a US Congressional investigation highlighted the difficulties of verifying the identities of students engaged in distance-learning and the resultant risk of fraud (Senate Committee on Health, Education, Labor, and Pensions 2010).

In franchised arrangements, the risk is increased because the partner employs the academic staff who are teaching and (usually) assessing the students. Validation represents the highest potential quality assurance risk, because the partner also designs the syllabus and, in some cases, may be teaching the course in a foreign language.

The QAA (2013, p.42) reviewed the Shanghai Academy of Social Sciences (a validated centre of the University of Wales), noting that while the risk was increased because the language of instruction was Chinese, this could be managed through effective and detailed consultation and review. However, it recognised that this form of validation has considerable resource implications, in terms of finding suitable external examiners and putting in place more complex operational support mechanisms. The University of Wales has subsequently decided to terminate this programme, preferring to work in English and Welsh only.

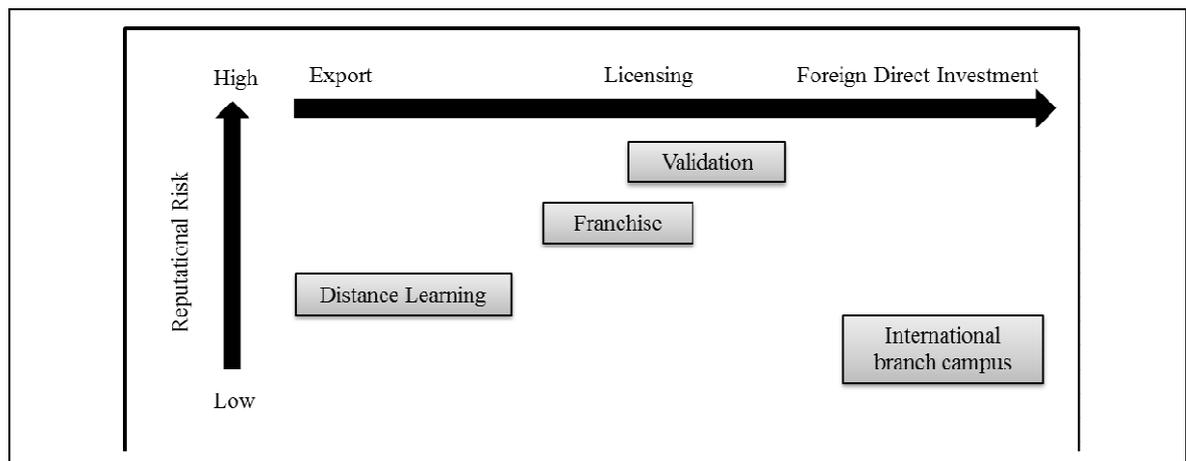


Figure 2 The stages of internationalisation versus reputational risk

3.2 The trade-based approach to transnational education

The trade-based approach classifies transnational education by the form of activity that crosses national borders

The alternative approach to classifying transnational education is based on the General Agreement on Trade in Services (GATS), which focuses on what part of the provision crosses the border (Tilak 2011, p.31-58). Table 1 illustrates the four GATS modes. In relation to higher education, the four modes depend on whether it is the programme (distance learning), the student (in conventional export education), the institution (in the form of a franchise, validated centre or an IBC) or the academic staff which cross the border. The “presence of natural persons” in Mode 4 is different from a commercial presence in Mode 3. Instead of establishing a permanent presence in the form of an IBC, some universities deliver “executive education” qualifications like MBAs on a “fly-in, fly-out” basis, renting a room in a hotel and sending their staff to deliver an intensive weekend of teaching to a group of part-time students who otherwise deal with the home university directly (Smith 2014, p.117-134).

GATS terminology	Transnational education variant
Mode 1 – Cross border supply	Programme mobility: distance or on-line education
Mode 2 – Consumption abroad	Student mobility: export education
Mode 3 – Commercial presence	Institutional mobility: <ul style="list-style-type: none"> • international branch campus • franchise • validated partner
Mode 4 – Presence of natural persons	Staff mobility: “flying faculty” programmes

Table 2 A Trade-based Approach to transnational education

4. Identifying the size and scope of transnational education

Transnational education is growing, but here are no reliable data on its global scale

It is difficult to gauge the size of the current market for transnational education (Naidoo 2009, p.327-328). Most governments require universities which are teaching students in their jurisdiction to be registered with the Ministry of Education or a national regulatory body established for the purpose. For example, universities with IBCs in Dubai are regulated by the Knowledge and Human Development

Agency (KHDA). Singapore established the Council for Private Education (CPE) to regulate private providers, including many colleges offering franchised or validated degrees from foreign universities. However, many host governments do not require providers to make statistical returns on the number of students enrolled in transnational programmes. Some forms of transnational education, like distance-learning, are impossible for host governments to monitor because the delivery is virtual.

At the other end of the pipeline, very few governments regulate and record their universities' offshore operations. The UK, Australia and Germany are the main exceptions (British Council 2013, p.16). In the UK, the data on transnational students are recorded and published by the Higher Education Statistics Agency (HESA) and universities' offshore activities are subject to audit by the Quality Assurance Agency (QAA). On a regular basis the QAA chooses a country for investigation, normally auditing around ten in-country operations at a time. In 2014, the QAA audited UK providers in the Middle-East.

Table 3 shows the data on transnational enrolments for the UK. It reveals that, despite their high profile, the total number of students enrolled in the IBCs of UK universities is less than 20,000, about the same as a medium-sized campus in the UK. Distance-learning is growing, although the growth is not steady (eg, there was a decline in 2010/11). "Other arrangement including collaborative provision" relates to franchises, where the student is registered with the home university, but studies for the degree with the franchise partner.

	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Registered at HEI:						
– overseas campus	7,120	9,885	11,410	12,305	15,140	17,525
– distance learning	100,345	112,345	114,985	113,065	116,520	123,635
– other arrangement incl. collaborative provision	59,895	68,595	74,360	86,630	96,060	103,795
Not registered at HEI but studying for HEI's award:						
– overseas partner organisation	29,240	197,185	207,790	291,575	342,910	353,375
– other	70	35	50	125	345	600
Total	196,670	388,045	408,595	503,700	570,925	598,930

Table 3 Transnational student numbers (headcount) by activity (Source HESA n.d.)

The UK data on transnational education are presently unreliable

“Overseas partner organisation” captures students who are studying for the UK university’s award, but registered with the overseas partner rather than the UK university. This category shows spectacular growth, up from less than 30,000 in 2007/08 to over 350,000 by 2012/13. This growth has confused many observers and led to an impression that transnational education is now more significant than traditional export education, because there are more transnational students (598,930 in 2012/13) than international students on campus (425,265 in 2012/13).

However, most of this growth is a reporting artefact (Healey 2013, p.16-17). Oxford Brookes University has an arrangement with the Association of Chartered and Certified Accountants (ACCA), under which any student who enrolls in the level 3 ACCA qualification is entitled to write a dissertation and obtain a “top-up” degree from Oxford Brookes within ten years of completing the ACCA award. In 2008/09, Oxford Brookes began reporting these ACCA students to HESA as students with an “overseas partner organisation”. This number amounted to 260,000 by 2012/13 (half the UK total), although only about 5,000 are actively engaged in the dissertation at any one time.

Although the UK statistics are grossly inflated by the so-called “Oxford Brookes” effect, there is an offsetting underestimate because of the way that data for students in validated centres is gathered. Until 2014, the guidance to reporting institutions was that “where your institution is validating awards for an institution outside the UK these students should not be included within the aggregate offshore record. Only students who are registered at your institution or are studying for an award of the reporting institution should be reported in this record” (HESA 2009). This means that transnational students in validated centres are not included in the data. HESA has recently altered its guidance to reporting institutions to rectify this omission. The guidance for the 2013/14 return is that the “other” category should be used to return students where “the reporting institution validates the award of an overseas institution and the student is neither registered at nor taught by the reporting institution” (HESA 2014). It is likely that when the 2013/14 data are published, the numbers in the “other” category will increase from 600 in 2012/13 to tens of thousands.

5. New forms of transnational education

Transnational education is becoming increasingly complex and multidimensional

To explore new and emerging forms of transnational education, a large number of case studies of transnational partnerships were analysed. The data set included the QAA audits in China (2012), Singapore (2011), Malaysia (2010) and India (2009), which collectively provided 40 case studies. This was supplemented by approaching approximately 80 managers of transnational partnerships around the world, who were

asked to provide written case studies summarising the dominant features of their partnership (30 written case studies were completed). The most striking feature of all 70 case studies was the difficulty of fitting them neatly into either the stage approach or the trade-based approach.

For example, “virtual learning environments” (VLEs) have been almost universally adopted by UK universities. At a minimum, VLEs serve as electronic repositories for lecture slides, reading materials, assessments, etc. More usually, they allow students to watch videos of live classes, interact with lectures and peers in discussion groups and online tutorials, and use interactive learning materials. VLEs mean that every course now has a significant distance-learning dimension. And because a VLE can be accessed as easily from Bangkok as from Bradford, almost all transnational partnerships have a strong distance-learning component.

Similarly, regardless of whether the transnational partnership is ostensibly distance-learning, franchise or validation, the awarding institution often seeks to create a bond between transnational students and faculty, which usually requires face-to-face contact. This means that transnational students are often invited to spend at least some period of time at the home campus (eg, at a summer school, of the type pioneered by the UK’s Open University in the 1960s) or receive short blocks of intensive face-to-face teaching courtesy of flying faculty (Smith 2014, p.118). For example, the University of Leicester has a major distance-learning programme in Asia, Africa and the Caribbean, where short intensive teaching blocks are delivered by flying faculty to improve retention and create a sense of identity amongst students.

Different forms of transnational arrangements are often mixed together in ways which simultaneously fulfil and transcend the existing definition of TNE. One example is the Northern Consortium UK (NCUK) and its involvement with Sino-British College (SBC), which is majority-owned by the University of Shanghai for Science and Technology (USST). NCUK is a company which is wholly owned by 11 partner UK universities and its remit is to support its members’ internationalisation. Currently, four of its member universities operate transnational programmes at SBC offering “joint programmes” (QAA 2013, p.10).

NUCK operates its own two year preparatory or foundation programme at SBC, with a specific business or engineering focus. On completion of this two-year foundation, students can choose to transfer to the UK to join an undergraduate degree at one of the participating NCUK universities (or one of its associate partners), normally entering year two of a UK honours degree programme. Alternatively, students can choose to remain in China for the whole of their undergraduate degree.

The Sino-British College blurs and fuses the different stages of internationalisation

It is at this point that the divisions between the different forms of transnational education begin to blur and fuse. If students study with the University of Sheffield, for example, they spend their third year studying alongside other students in Sheffield, after which they return to Sino-British College and their final year is studied by distance-learning. If they study with the University of Huddersfield, the third year is delivered by SBC staff on a franchised basis, while the final year is completely taught and assessed by Huddersfield staff through the VLE, supported by local tutors and flying faculty. Of all the UK partners, only one (Liverpool John Moores University) has a permanent member of staff seconded to work at SBC, paid by the UK institution. Articulation from the foundation programme can therefore merge into franchise, followed by other years being taught by intensive flying faculty, with distance and blended learning supporting each year of study.

Some forms of internationalisation do not fulfil the principle of transnationality

More striking, perhaps, is the number of case studies that, despite being apparently transnational in nature, do not fulfil the *principle of transnationality*. Some universities use international partnerships to get most of the benefits of a transnational degree (ie, foreign technology and expertise) without the loss of control. One example is Peking University's School of Transnational Law (STL) in Shenzhen, Guangdong. The STL offers a four-year postgraduate degree, which combines a Chinese Juris Master programme (taught in Chinese) with an American Juris Doctor (JD) programme (taught in English). The programme was developed by a team of international law professors, hired for the purpose from around the world, and supported by an extensive network of exchange agreements and internship opportunities with foreign partners.

Critically, however, because both the Juris Master and JD are awarded by Peking University and approved by the Chinese Ministry of Education, the arrangement does not meet the *principle of transnationality* even though the curriculum, students and teaching staff are all multinational. This is because the students are in the *same country* as the awarding university.

The SLT model is taken further by government strategy in the case of Germany. The Federal Ministry of Education and Research provides public funding to support the development of transnational education through the "German study programmes abroad" scheme, which is managed by the German Academic Exchange Service (DAAD). The most high profile activity is the creation of new German-backed universities abroad. These are legally independent private or public institutions, which award their own degrees and are part of the national higher education system in the country. DAAD funding is used to support the development costs and the new universities work with a consortium of German universities to develop the curriculum, which is modelled on the German higher education system.

Examples of the new universities include the German-Jordanian University, the German-Syrian University and the German University in Cairo. Two other German-backed universities, the Chinese-German University of Applied Sciences in Shanghai and the Swiss-German University in Indonesia, have been established outside the DAAD scheme. The German model has a strong development policy dimension (ie, to support capacity development in the host country). More importantly, because the new universities that are supported are locally-owned and licenced by the local Ministry of Education to award their own degrees, like STL they do not meet the *principle of transnationality* embedded in the conventional definitions of transnational education.

6. The emergence of *multinational* education

In the international business literature, the terms ‘multinational corporations’ and ‘transnational corporations’ are often used interchangeably to refer to global businesses which operate production and distribution in two or more countries (eg, Balasubramanyam 1994, p.83-84). The two terms are closely related but not synonymous. ‘Transnational’ means operating *across* national borders, while ‘multinational’ refers to an activity which involves *multiple* countries or individuals of different nationalities. Some organisations are clearly transnational: British Airways operates across national borders, but it is essentially flying its customers to and from its base in the UK. Others are multinational: the Anglo-Dutch conglomerate Unilever has subsidiaries and factories in over 100 countries, distributes in 190 countries and has acquired a wide range of foreign brand names, including Ben & Jerry's (ice cream), Dove (soap), Hellmann's (mayonnaise), Lipton (tea), Surf (washing powder) and TRESemmé (shampoo). Its activities take place in many countries and its management and workforce are multinational.

Multinational and transnational are overlapping concepts, but they are not synonymous

While all global businesses have both transnational and multinational dimensions, it might be argued that the real distinction is where the corporate ‘centre of gravity’ is located. British Airways is fundamentally a UK business: its headquarters, its owners, its senior managers and its identity are all British. Unilever, on the other hand, is incorporated as a company in the UK and the Netherlands, but its workforce, its production facilities, its sales and its operational decision-making are globally distributed. Unilever’s corporate centre of gravity is not national, but global.

Many global businesses that began as transnational companies have become more multinational over time. Ford, for example, was founded in Dearborn, Michigan, by Henry Ford in 1903. Ford began exporting cars to the UK and, in 1911, Ford opened a factory in Manchester to

Transnational companies typically evolve into multinational companies

assemble the Model T Ford, using imported chassis and engines. At that point, Ford was operating in the UK as a transnational company. The product, in this case the Model T Ford, was US-designed and manufactured. All the intellectual property and the value-added were in Dearborn. The locally employed workers in Manchester simply bolted together the imported parts to the manufacturer's specification.

By the early 1930s, however, the Ford Motor Company Ltd was being traded on the London stock exchange. Ford's UK subsidiary was operating Europe's largest car plant at Dagenham, producing the Model Y Ford which was especially designed for the European market. Within 20 years, Ford had become a multinational company, with its UK arm designing, manufacturing and exporting vehicles across Europe and the British Empire (Burgess-Wise 2012, p.1-294).

This analysis suggests that what began as transnational education, with being a university in country A providing – across a national border – a qualification to students in country B, may similarly be evolving into *multinational* education, in which the centre of gravity is shifting away from the home university. In many of the case studies reviewed, the facilities are owned and managed by local partners, the academics in the offshore venture are locally hired, the curriculum is localised and the qualifications are subject to local accreditation requirements.

When the partner can award its own degrees, the education is no longer transnational

In terms of the conventional definition, an arrangement under which a university in country A provides an educational qualification to students in country B ceases to be transnational when the degree is no longer awarded by the home university. This happens when the local partner (whether an IBC, franchisee or validated centre) is recognised by its Ministry of Education as having the right to award its own degrees. While some ventures like the Peking University School of Transnational Law and the German-Jordanian University are set up on this basis from the outset, others change their status over time. In Malaysia, for example, many private colleges that once franchised UK and Australia degrees are now either degree-awarding universities or university colleges, awarding the once-franchised degrees as their own. Sunway University, Taylor's University and KBU International College are prime examples of this phenomenon.

As the partnership develops towards this point, however, it is becoming increasingly *multinational*. The university that originally owned the intellectual property and provided the quality assurance is gradually ceding sovereignty to the academics and administrators in the partner institution and allowing its functions to be taken over or shared with the host regulatory authority (Fazackerley (2007, p.1-26). The influence of the university is still present, in the academic culture, the structure of the degrees and the links with the home campus, but the partnership has become multinational rather than transnational. The key

stakeholders, such as owners, investors, employees, students, regulators and accrediting authorities are multinational, working across borders in the pursuit of common education goals and objectives (Gow 2007, p.7), rather than a bilateral arrangement in which a university in one country delivers clones of its existing degrees in another.

Consider, by way of illustration, the University of Nottingham Malaysia Campus (UNMC), which is an IBC of the University of Nottingham, awarding University of Nottingham degrees. It is one of the best known examples of transnational education in practice. Viewed in another light, however, UNMC is a private education company, registered with the Malaysian Ministry of Education, in which the University of Nottingham has a minority equity stake. The majority partner, a Malaysian property company, constructed the campus at Semenyih and employs the administrative and academic staff who work there, with the exception of a small handful of senior managers seconded from Nottingham. UNMC recruits its academic staff internationally and has a diverse staff base. Its degree programmes enjoy international accreditations and are regulated by the Malaysian Quality Agency (MQA). It recruits about 25% of its students from outside Malaysia.

**Transnational education
is becoming increasingly
multinational**

UNMC could cease to be a transnational operation at the stroke of a pen, simply by issuing its degrees in its own name (recognised by the Malaysian Ministry of Education) rather than those from the home university. The University of Wollongong in Dubai ceased to be an IBC when it did precisely this, switching from registration with the KHDA to being regulated by the Federal Ministry of Education as a private United Arab Emirates university. UNMC could do the same. But no longer being an IBC would not make UNMC any less of a *multinational* educational institution. The University of Nottingham could continue to play a leading role in the management of the operation and the development of the curriculum and its ownership, staff and student base and regulatory and accrediting bodies would remain multinational.

7. Mononational versus multinational stakeholders

One way of conceptualising the changes taking place in higher education is to focus on the key stakeholders of an educational provider. These include:

1. Owners
2. Managers
3. Staff (employees)
4. Students (customers)

5. Regulators (including accreditation agencies)

6. Government

7. Employers

University stakeholders were once mononational, today they are increasingly multinational

Historically, in most European states, all of the stakeholders were mononational: universities were owned and regulated by the national government and provided education to the nation's citizens, who mostly went onto work for national employers. The increasing mobility of students and staff (Salt & Wood 2014, p.85-86) has meant that, particularly in the most open systems like the UK and Switzerland, a growing proportion of these two stakeholder groups are *multinational*. But evidently, the rise of transnational education has dramatically accelerated the internationalisation of all an institution's stakeholders.

Table 4 shows the distinction between a traditional university, in which all (or almost all) the stakeholders are mononational (marked with ✓), and a typical IBC, where all (or almost all) of the stakeholders are multinational (marked with X). The owners are multinational, employing managers and faculty from around the world. Increasingly the students are recruited from outside the host country and are likely to be globally-mobile once they join the workforce.

Whether the degree is issued by a foreign-based university (the conventional definition of transnational education) is relatively unimportant; whatever the nationality of the degree-awarding body, it is likely to be subject to regulation by two or more countries and enjoy international accreditation. Host providers of TNE often have to grapple with demanding and differing quality assurance goals (Lim 2010, p.211). Indeed it could be argued that defining transnational education by the location of the degree-awarding authority is not only flawed, because it privileges one stakeholder (the regulator) over all the others, but is subconsciously ethnocentric, since it implicitly presumes that Western regulatory bodies are superior to those in developing countries and will always be accepted by the latter. In fact, many host countries are increasingly regulating in-country transnational education providers and requiring them to award degrees recognised by the local Ministry of Education.

Multinationals reduces the risk of educational imperialism

As universities become more multinational, the criticism that transnational education promotes "educational imperialism" (Pyvis 2011, p.733) begins to weaken. While the Western influence on curriculum design and assessment is likely to continue for the foreseeable future, the increasingly multinational nature of the key stakeholders and the growing economic power of the host countries suggest that the traditional conceptualisation of transnational education as the export of educational services from the omnipotent West to dependent, subordinate developing country markets is becoming outdated.

Stakeholders	Mononational	Multinational
Owners	✓	X
Managers	✓	X
Employees	✓	X
Students (customers)	✓	X
Regulators (including accreditation agencies)	✓	X
Government	✓	X
Employers	✓	X

Table 4 **Mononational versus Multinational Higher Education Institutions**

8. Conclusions

Transnational education is attracting increasing interest, as universities extend their reach across borders in search of new markets. With 98% of higher education students geographically immobile (OECD 2013), transnational education allows universities to teach students in their own countries, opening up potentially huge new markets. Transnational education is currently defined as universities, typically in the developed, English-speaking world, delivering educational services to students in another country, normally a developing country where the higher education sector is unable to satisfy local demand.

Seen in this light, the growth of transnational education poses the risk of educational imperialism. Universities in countries like the UK and Australia offer their degrees by distance-learning, franchising or validating private colleges to teach their programmes or setting up IBCs. All these forms of internationalisation are inherently unbalanced in terms of the power relations, with the universities imposing their quality standards, curricula and academic culture on their foreign students and partners.

Based on a careful analysis of 70 case studies of transnational partnerships, this paper concludes that this conceptualisation of transnational education fails to do justice to the increasingly innovative and multi-dimensional nature of contemporary transnational partnerships. It argues that, following the trend in global business, many transnational partnerships are not only becoming much more complex and nuanced, they are also becoming increasingly *multinational* in terms of managerial decision-making processes and stakeholder interests. For many of

the leading transnational partnerships, the ownership, management, staff and students are all multinational. They are subject to multinational regulation by the quality assurance agencies and ministries of two or more countries, and strive for accreditation by multiple national and international agencies. They are subject to policymaking by the governments of both the host and the exporting countries. They seek to meet the needs of multinational employers.

In the process, the character and identity of transnational partnerships evolves and the risk of academic imperialism recedes. Ultimately, many of today's transnational partnerships may either cease to award the degrees of the home university or, at best, award degrees accredited by their local ministry of education alongside the foreign degree. This will not make the partnerships less international, but it will mean they are no longer transnational. As transnational education continues to grow and evolve, the term as conventionally defined is becoming increasingly unfit for purpose. It may now be time to retitle the leading edge in the internationalisation of higher education as *multinational* education.

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Managing International Branch Campuses: What Do We Know?

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Abstract

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. There are now over 200 IBCs across the world, mostly in the Middle East and East and South-east Asia. Despite the growing numbers of IBCs and the considerable financial and reputational risk they pose to their home universities, relatively little is known about the challenges of managing these foreign outposts. This paper reviews the growing, but still fragmented, literature in this increasingly important sector of higher education. It finds that managers of IBCs are faced with a range of challenges, which primarily stem from dealing with key stakeholder groups: students, staff, home and host country quality regulators, the home university and the host government, as well as the IBC's local joint venture partners. It concludes that further work is required to better understand the factors which influence and constrain IBC managers in balancing the competing interests of stakeholders.

Introduction

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. There are now more than 200 IBCs across the world (Lawton and Katsomitros, 2012; British Council, 2013; Cross-Border Education Research Team, 2014). East and South-east Asia is the major host region (Banks and McBurnie, 1999; Garrett and Verbik, 2003; Huang, 2003, 2007; Helms, 2008; Gu, 2009; Ilieva, 2011; Welch, 2011; Ziguas and McBurnie, 2011). The University of Nottingham has campuses in Malaysia and China (Ennew and Yang, 2009); the University of Liverpool has a branch campus in China in partnership with Xi'an Jiaotong University (Feng, 2013). The Universities of Newcastle, Southampton and Reading have all recently opened campuses in Iskandar, Malaysia. The Middle East has emerged

more recently as a host region (Donn and Al Manthri, 2010; Wilkins, 2010; Miller-Idriss and Hanauer, 2011). Education City in Qatar, for example, now houses the satellite campuses of Cornell, Texas A&M, Carnegie Mellon and UCL. Dubai International Academic City is home to Heriot-Watt, BITS Pilani and Amity University.

Despite the growing numbers of IBCs, relatively little is known about the challenges of managing them. 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 (Bhanji, 2008; Gore, 2012; Salt and Wood, 2014) and accused by their critics of amounting to ‘academic colonialism’ (e.g. Nguyen *et al.*, 2009). Much of this discourse is, however, hypothetical and based on assumptions about IBCs rather than empirical investigation. The ownership and governance structures of IBCs are often shrouded in commercial secrecy and neither enrolments nor income and expenditure are publicly available.

From the perspective of senior university managers considering an IBC, however, a deeper understanding of the issues involved in establishing, staffing and operating a satellite campus far from home is crucial—both for the success of individual initiatives and for the global reputation of the UK ‘brand’. Setting up and running an IBC exposes the home university to very considerable risk. There are a number of high-profile examples of IBCs that have failed and caused serious reputational and financial damage to the home university. Examples of closures include UNSW Asia (Singapore, 2007), De Montfort University (South Africa, 2004), University of Southern Queensland (Dubai, 2005), Carnegie Mellon (Greece, 2010), George Mason University (Ras al-Khaimah, 2009) and the University of Waterloo (Abu Dhabi, 2013).

The failure of so many IBCs suggests that many universities enter these enterprises either ignorant of the risks or with an unrealistic expectation of the enrolments they will attract and/or the costs they will incur. As Girdzijauskaitė and Radzevičienė (2014) note, ‘an international branch campus is one of the most risky and unexplored entry modes to international markets in higher education and the topic of interest around the globe, however little knowledge has been gathered about this internationalisation mode’ (p. 301). This paper sets out to review and synthesise the academic and ‘grey’ (i.e. practitioner-focused) literature that does exist on the management of IBCs, to offer some valuable insights into the challenges and pitfalls.

The structure is as follows. First, the definition of an IBC is considered and then the scale and extent of IBCs is briefly outlined. The main part of the paper reviews the literature on the management of IBCs, which is presently in its infancy. To supplement this limited literature, it also draws on cognate areas, to better understand what international business theory suggests might be the challenges of using an IBC as a mode of market entry and, in many cases, the difficulties of managing an IBC which is set up as a foreign joint venture.

What is an international branch campus?

In an influential report for the Observatory for Borderless Higher Education (OBHE), Becker (2009) defined an international branch campus as ‘an offshore operation of a higher education institution which meets the following criteria:

- The unit should be operated by the institution or through a joint venture in which the institution is a partner...in the name of the foreign institution; and
- Upon successful completion of the course programme, which is fully taken at the unit abroad, students are awarded a degree from the foreign institution’ (p. 2).

The OBHE’s American counterpart, the Cross-Border Education Research Team (C-BERT) based at the State University of New York at Albany, similarly defines an international branch campus as ‘an entity that is owned, at least in part, by a foreign education provider; operated in the name of the foreign education provider; engages in at least some face-to-face teaching; and provides access to an entire academic program that leads to a credential awarded by the foreign education provider’ (Cross-Border Education Research Team, 2014).

A closer look at the 200 or so international branch campuses being monitored by the OBHE and C-BERT reveals that, as Lane and Kinser (2012) have notably observed, getting a clear definition ‘is a fairly slippery subject’. 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), because universities are constantly repositioning their offshore activities in the light of changing regulatory and competitive environments (see also Lane and Kinser, 2013, Healey, 2014).

Table 1 shows the sensitivity of the classification system used by different organisations. A total of 30 UK universities could be judged to have one or more IBCs based on their return to the Higher Education

TABLE 1
Number of UK universities with international branch campuses

	HESA	C-BERT	OBHE
Aberystwyth University		√	
City University		√	√
De Montfort University		√	
Glasgow Caledonian University		√	√
Heriot-Watt University	√	√	√
Leeds Metropolitan University			√
London Business School	√	√	√
Middlesex University	√	√	√
Queen Margaret University		√	
University London College		√	√
University of Bolton		√	√
University of Bradford		√	
University of Central Lancashire		√	
University of Chichester	√		
University College Birmingham	√		
University College London	√	√	√
University of Exeter	√	√	
University of Kent	√		
University of Lancaster			√
University of Liverpool			√
University of London		√	
University of Manchester		√	√
University of Newcastle-upon-Tyne	√	√	√
University of Nottingham	√	√	√
University of Southampton	√		
University of Strathclyde			√
University of Surrey		√	√
University of Wales Trinity Saint David	√		
University of Westminster			√
University of Wolverhampton	√	√	
Total no. of UK universities with IBCs	13	20	17

Sources: Higher Education Information Database for Institutions (2014), Cross-Border Education Research Team (2014), Lawton and Katsomitros (2012).

Statistics Agency (HESA) for 2012/13 (Higher Education Information Database for Institutions, 2014), their classification by the OBHE in its 2012 report (Lawton and Katsomitros, 2012) or by C-BERT (Cross-Border Education Research Team, 2014). Of these, slightly over half (16 universities) were only deemed to have an IBC by one of the three approaches, eight by two approaches and only six by all three. The total number of UK universities judged to have one or more IBCs varied from 13 (HESA) to 20 (C-BERT).

Reviewing the OBHE's change of definition in 2012, Lane and Kinser (2012) argue that it is 'not clear that a single definition can ever fully address all of the parameters of IBC activity without more or less questionable use of judgment calls', but concede that working definitions are needed to operationalise research questions and consider policy implications. For the purposes of this review, an IBC is defined according to the current 'working definition' of the OBHE, so that it includes campuses operating under joint names with a foreign partner (e.g. International University of Malaya Wales).

International branch campuses: the current landscape

As noted above, the two main organisations which monitor the growth of IBCs globally are the OBHE and C-BERT. The OBHE undertakes regular surveys and has published very detailed reports every few years since 2002 (Garrett, 2002; Garrett and Verbik, 2004; Verbik and Merkley, 2006; Rumbley and Altbach, 2007; Becker, 2009; Lawton and Katsomitros, 2012); see also Naidoo (2009). C-BERT maintains an online database of IBCs which is updated every few months (Cross-Border Education Research Team, 2014). Table 2 uses data from the C-BERT list for the 201 IBCs judged to be active and meeting its criteria in November 2014. It excludes IBCs which are known to have closed and those still under development. Table 2 shows that IBCs are predominately set up by universities in the developed 'North'. The USA, UK, Australia and France are the market leaders amongst the home countries, accounting for 138 (69%) of the total. Interestingly, however, two developing countries from the 'South' (India and Malaysia) are in the top nine countries ranked by the number of IBCs set up by their universities. Nevertheless, as Table 2 shows, when shown by the home region of origin, North America and Europe dominate the global landscape.

Representing the same data by host country, Table 2 reveals that the UAE, China (excluding Hong Kong SAR) and Singapore emerge as the main locations for IBCs; taking the UAE and Qatar together, the Middle East accounts for 44 (22%) of the total. IBCs are, however, less concentrated by host than home country. The 201 IBCs are spread across a total of 66 countries, with 37 countries hosting just one IBC each. In contrast, the 201 IBCs are from only 24 different home countries.

Table 3 shows the 13 UK universities that reported enrolments to HESA for students studying wholly at an overseas campus in 2012/13. The first three have well-known IBCs in China and Malaysia

TABLE 2

International branch campuses by home and host country, March 2014

Home Country	No. of IBCs	Host Country	No. of IBCs
USA	85	UAE	34
UK	25	China	24
Australia	16	Singapore	15
France	12	Qatar	10
India	9	Canada	7
Russia	8	France	6
Germany	6	Malaysia	6
Malaysia	6	UK	5
Netherlands	6	Greece	4
Other	28	Other	90
Total	201	Total	201

Source: Cross-Border Education Research Team (2014).

TABLE 3

Enrolments at UK international branch campuses by institution, 2012/13

Higher education institution	HE aggregate offshore students at overseas campus of reporting HEI
University of Nottingham	9,220
Heriot-Watt University	3,735
Middlesex University	3,050
University College Birmingham	320
University of Kent	280
London Business School	275
University of Newcastle-upon-Tyne	250
University College London	220
University of Exeter	70
University of Wales Trinity Saint David	45
University of Wolverhampton	30
University of Southampton	20
University of Chichester	10
Total	17,525

Source: Higher Education Information Database for Institutions (2014).

(Nottingham) and Dubai (Heriot-Watt and Middlesex). The University of Liverpool does not report enrolments at its joint venture, Xi'an Jiaotong Liverpool University, to HESA because the institution has been established as a private Chinese university. This suggests that the HESA

data may understate the number of students at UK IBCs, by excluding students at offshore campuses that fall outside HESA's narrow definition. The remaining universities shown in Table 3 have limited enrolments, either because they are essentially operating their IBCs as executive education training centres (e.g. London Business School, University of Exeter) or because they are at the very early stages of development (e.g. University of Newcastle-upon-Tyne, University of Wales Trinity Saint David, University of Southampton).

To illustrate the dominance of the 'Big Three' in numerical terms, of the 17,525 students enrolled at UK IBCs in 2012/13, there were 10,950 undergraduates with 95 per cent of enrolments accounted for by Nottingham (6,235), Middlesex (2,200) and Heriot-Watt (1,970) (Higher Education Information Database for Institutions, 2014). Similarly, of the 4,350 taught postgraduate enrolments, the Big Three account for 80 per cent, with UCL (200), University of Kent (255) and London Business School (275) the most significant providers outside this group. There are only 500 postgraduate research students studying at UK IBCs, 390 of whom are based at the two Nottingham campuses.

What do we know about managing an international branch campus?

Why is the literature on managing international branch campuses so limited?

Most of the authoritative studies of IBCs that have been undertaken are classified as 'grey literature', representing work by organisations like the Quality Assurance Agency (2009, 2010, 2011, 2012, 2014), the British Council (Drew *et al.*, 2006; British Council, 2012, 2013; McNamara and Knight, 2014), the Observatory for Borderless Higher Education (Garrett, 2002, 2004; Garrett and Verbik, 2003; Garrett and Verbik, 2004; Knight, 2005; Verbik and Merkley, 2006; Becker, 2009; Lawton and Katsomitros, 2012), The UK Higher Education Unit (Fielden, 2008) and the Leadership Foundation for Higher Education (e.g. Fielden, 2011; Grant, 2013; Emery and Worton, 2014). Other studies of IBCs funded by professional bodies include McBurnie and Pollock (2000), Lane *et al.* (2004), Gow (2007), Shattock (2007), Middlehurst *et al.* (2009) and Lane (2011b).

This grey literature provides valuable insights into the world of IBCs, but has some important limitations. Because it is aimed squarely at practitioners, it is often atheoretical and descriptive in nature (Kehm and Teichler, 2007). Studies rarely review the extant literature, so that each

tends to exist in isolation, without contributing to a coherent body of knowledge that moves forward over time. Because grey literature is generally only available to subscribing members of a practitioner community of practice, publications may not be accessible to a general academic audience, so that the lessons and issues raised do not find their way into more mainstream academic discourse.

For academic researchers, there are a number of difficulties involved in researching IBCs. First, they are a relatively recent phenomenon. Indeed, many IBCs, for example the University of Reading Malaysia and Heriot-Watt University Malaysia, are still in the start-up phase. Second, the details of these operations are typically commercially sensitive and the home universities do not normally publish reports on, for example, their IBC's costs and revenues. Third, the IBCs of UK universities are mainly located in the Middle East and Asia, making access to staff for qualitative researchers difficult and expensive.

Managing staff in international branch campuses

In terms of the challenges of managing IBCs, the richest vein of enquiry has been by faculty from the home university using their own experience to explore the difficulties of working in a foreign culture (e.g. McCully *et al.*, 2009; Smith, 2009; Dobos, 2011; Chapman *et al.*, 2014). These studies explore the tensions experienced by seconded expatriate staff when 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; Ziguras, 2008; Hoare, 2013). Staff may also be exposed to an alien set of moral values where, for example, giving lavish gifts may be regarded as an acceptable way to win favourable treatment from examiners. Similarly, students may have very different attitudes to cheating and plagiarism (e.g. Shakeel *et al.*, 2013).

Smith (2014) 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. The motivations of the flying faculty are varied (e.g. 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 (Seah and Edwards, 2006).

Hughes (2011) provides a rare account of the difficulties of managing academic staff at an IBC from her own experience at the University of Nottingham. She notes that 'there is often a tension between an individual's career expectations and what his or her institution provides... [and] the branch campus environment and the nature of university teaching can exacerbate the situation' (p. 26). She discusses a number of such tensions between expatriate managers and locally-employed academic staff, stemming from inferior terms and conditions for staff employed by the IBC relative to the home campus, a perceived lack of support for professional development and limited scope for career advancement.

An exploratory study by Eldridge and Cranston (2008) used Hofstede's cultural value dimensions to explore the link between the management style employed by leaders of IBCs and national culture. They found that the greater the cultural distance between expatriate managers and locally hired staff, the greater the potential for miscommunication and distrust.

Shams and Huisman (2014) argue that for strategic reasons, IBCs tend to retain close links with their home universities in terms of identity, curriculum and processes, but seek to localise the staff base to reduce operating costs and establish legitimacy with local stakeholders. This creates a potential tension between both the locally hired academic staff, who are usually on inferior terms and conditions, and the seconded expatriate staff and senior managers. They conclude that 'staffing will continue to be the biggest strategic challenge faced by IBCs' (Shams and Huisman, 2014, p. 2).

Managing students in an international branch campus

A fruitful area of enquiry has been the study of how and why students choose to study at IBCs, rather than opting for a local higher education provider or looking offshore for their higher education (e.g. Nguyen and LeBlanc, 2001; Wilkins and 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).

Most obviously, students in IBCs are likely to have difficulty adapting their learning styles to the teaching methods promulgated by the home university (Kelly and Tak, 1998; Wang, 2008; Humfrey, 2009; Pimpa, 2009; Heffernan *et al.*, 2010; Prowse and Goddard, 2010; Marginson, 2011; O'Mahoney, 2014). Unlike an international student, who leaves his/her own country to be immersed in the culture of a foreign country

while studying, the student at an IBC remains at home. This may make it harder to adapt to the teaching environment on campus, which is effectively a small ‘bubble’ of foreign culture which the students only experience for part of each day (Pyvis and Chapman, 2005).

Walton and Guarisco (2007) undertook a qualitative research study which highlights this tension. One of their interviewees commented on the difficulties of using an ‘Anglo-American’ pedagogy to teach Russian students in a transnational partnership, observing that ‘traditionally the Russian higher education system has been based on the German one, where the teacher or lecturer is a guru who tells stupid kids what they should do... They are supposed to take notes, learn by heart, think for a while, and then present what they have learned at examination’ (p. 360).

Miliszewska and Sztendur (2012) report that students at IBCs sometimes experience low satisfaction with the physical and staff resources. This may result from the difference between the ‘brand promise’ of the home university, which as a major university is known for the quality of its campus, libraries and information technology, and the reality of a small branch campus where resources are very limited.

Managing academic quality in an international branch campus

Together with managing staff in IBCs, the management of academic quality at IBCs is the other most widely researched area (e.g. Hodson and Thomas, 2001; Coleman, 2003; Castle and Kelly, 2004; Craft, 2004; Cheung, 2006; Stella, 2006; Blackmur, 2007; Edwards *et al.*, 2010; Lim, 2010; Smith, 2010). This is because a key challenge for universities, regulators and policy makers with transnational education is quality assurance (Martin, 2007). The reputations of individual universities and national higher education systems are, in large part, based on the perceived quality of their academic awards.

Providing education across borders exposes universities to varying degrees of reputational risk. Distance-learning courses may be compromised by online fraud (Senate Committee on Health, Education, Labor, and Pensions, 2010). Franchise and validation arrangements may be undermined by the ‘principal-agent’ problem, with the partner colleges (agents) having different objectives (e.g. profit maximisation rather than academic quality) from the awarding universities (principals); see Healey (2015). This is a specific example of the more general ‘problem of inducing an “agent” to behave as if he were maximizing the “principal’s” welfare’ (Jensen and Meckling, 1976, p. 309).

While IBCs are generally regarded as towards the low risk end of the spectrum, maintaining quality control in IBCs may be more difficult

because managers and staff operate in an alien culture far from the home campus. Because so 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. The higher the proportion of local staff, the harder it may be for managers to replicate the academic culture and teaching standards of the home campus. There are well-known examples of the reputational damage to universities of failed transnational ventures.

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 (for UK-origin IBCs, the Quality Assurance Agency) and the host governmental agency (McBurnie and Ziguras, 2001). 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. A key challenge for quality assurance in transnational ventures is the extent to which the metrics should be adapted to local conditions (Pyvis, 2011).

Managing the curriculum at an international branch campus

Managing the curriculum is closely related to the issue of managing 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. The University of London, for example, uses standardised examinations to assess students in its International Programmes to guarantee uniformity of learning outcomes. For many students, the attraction of an IBC is that they can earn a qualification that is academically equivalent to the same degree studied in at the UK campus (Wilkins and Huisman, 2011; Wilkins *et al.*, 2012).

At the same time, there are legitimate pressures to adapt the content, pedagogy and assessment (Willis, 2004, 2005). 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. To maintain the relevance of the degree, it would make sense to substitute a module on English business law for one based on the legislation of the host country. Some content may be judged culturally inappropriate or insensitive (e.g., a module on feminist literature in a staunchly Islamic country).

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, warning that it leads to an inappropriate and damaging degree of homogenisation (e.g. Liston, 1998) and a ‘one world culture that has the potential to undermine local differences’ (Egege and Kutieleh, 2008, p. 68).

Pyvis (2011) argues transnational education risks promoting ‘educational imperialism’ (p. 733); see also Rhee and Sagaria (2004). In a powerful attack on the role of western education, Tikly (2004) argued that indoctrinating students in developing countries ‘into a western way of thinking based on western forms of knowledge, [is] part of a process that scholars... have described as a “colonisation of the mind”’ (p. 188). The concern about educational imperialism extends to the use of English as a medium of instruction in IBCs (Hughes, 2008), although Wilkins and Urbanovic (2014) note that some IBCs are beginning to teach in the host language. For the managers of IBCs, there is a tension between respecting the quality assurance regime of the home campus (and home country regulators) with the need to adapt content, delivery, assessment and even the language of instruction to local needs and constraints (Waterval *et al.*, 2015).

Managing an international branch campus as a mode of market entry

A number of the studies have looked at the challenge of managing an IBC by drawing on international business literature (e.g. Gore, 2012; Lane and Kinser, 2012; Wilkins and Huisman, 2012). The underlying principle has been that researchers in higher education can learn from the extensive and well-established literature on the internationalisation of corporations (e.g. Johanson and Vahlne, 1977, 1990; Agarwal, 1980; Dunning, 1980, 1981; Dunning and Lundan, 2008a, b).

The so-called ‘stages model’ views companies as approaching internationalisation in incremental stages, first exporting, then licensing production to markets which are increasingly geographically or culturally distant from their home market and finally entering into production themselves through foreign direct investment. ‘There is a loop process between the market and the firm whereby market knowledge leads to commitment decisions in the firm, the ensuing marketing activities in

their turn leading to increased market commitment and knowledge, and so on' (Solberg and Durrieu, 2006, p. 60).

Dunning (1980) offered a more 'eclectic paradigm', arguing that the choice of foreign market entry mode was not necessarily sequential, but primarily depended on three factors:

- Ownership-specific (O) advantages (e.g. trademarks, production technologies, managerial models) which give the company a competitive advantage over less efficient rivals in foreign markets.
- Location-specific (L) advantages (lower cost labour, higher demand) which make it attractive to locate production in a foreign market.
- Internalisation (I) advantages, which make it more profitable to set up a foreign production site through foreign direct investment (FDI), rather than licensing (or franchising) production to a third party. This is based on transaction cost theory, which suggests that companies will internalise activities if the internal costs are lower than the transactions costs in the external market.

The OLI Model—as described above—suggests that companies will choose FDI over licensing production if there are significant internalisation advantages. UK universities clearly possess ownership-specific (O) advantages, in terms of the global brand value of their degrees, and the high demand from foreign students who are not internationally mobile creates location-specific (L) advantages in terms of being able to satisfy this demand by in-country provision. The primary advantage of internalisation (I) is that, by setting up an IBC rather than relying on an agent to franchise its programmes, the university can retain control over the quality of both enrolments and its graduates, preserving its institutional brand value. This may explain why high-status universities like Monash and Nottingham have eschewed franchising in favour of IBCs to internalise their ownership advantages.

This broad approach has been used, either explicitly or implicitly, to study the growth of IBCs (Larsen *et al.*, 2004; Verbik and Merkle, 2006), universities' motives for establishing IBCs and the conceptual frameworks for strategies for managing them (Lane, 2011b; Shams and Huisman, 2012). An obvious limitation of this approach is that universities differ from corporations in a number of ways, notably having a wider range of stakeholders (which include government, society and alumni), unique governance structures, non-commercial missions and restrictive national regulatory environments (Baldrige, 1971; Slaughter and Leslie, 1997; Meyer *et al.*, 2007; Blackman and Kennedy, 2009; Stefenhagen, 2012).

Managing an international branch campus as a foreign joint venture

There is a closely related literature on multinational corporations which has investigated aspects of the role and behaviour of managers in foreign subsidiaries by drawing on theory from international human resource management (HRM). Banai and Reisel (1993), for example, examined the organisational commitment (i.e. loyalty to the parent corporation) of expatriate managers of foreign subsidiaries. Paik and Ando (2011) and Harzing (2001) looked at the roles, attributes and skills of parent country national managers *vis-à-vis* host country national managers in foreign subsidiaries.

These studies suggest that the expatriate managers of IBCs may face a number of tensions. Some parallel those faced by all staff working in an IBC, with split loyalty to their local colleagues and students on the one hand, and to the home university on the other (Hedlund, 1984). The international HRM literature suggests that all managers have a tendency to begin to identify more closely with their local colleagues than 'head office' over time, a tendency which multinational corporations seek to manage by rotating senior managers between posts and even countries. This tendency is also greater when the managers are locally hired; indeed, they may have no understanding of the culture of head office and identify only with the local subsidiary.

This literature suggests that managers of IBCs may find it harder to remain focused on their role as an agent of the home university the longer the period of secondment. Perhaps a more important consideration is that, unlike a more conventional joint venture, the objective functions of the university and the local partners in an IBC may be quite dissimilar. Many IBCs involve local partners drawn from the property development or financial sectors, rather than local educational institutions. These local partners may operate in a more overtly commercial way and have a much more focused profit-maximisation goal than the university partner. For the manager of the IBC, this may make liaising between the home university and the local partners increasingly challenging, especially if his/her sympathies begin to shift in favour of the latter over time.

Managing the host government

A number of studies have explored the phenomenon of the education hub, in which the host government deliberately attracts foreign universities to establish IBCs (e.g. Knight, 2007, 2011, 2012; Mok, 2008; McBurnie and Ziguras 2009; Wilkins, 2010; Lane, 2011b; Sidhu *et al.*, 2011). As Becker (2009) notes, 'international branch campus

plans do not always originate from the providing institutions anymore. Increasingly, campus proposals have been initiated by government leaders or other organisations in host countries' (p. 2).

The government's goal may be to increase the absorptive capacity of the domestic higher education and/or to improve the quality of the domestic higher education sector by increasing competition for students and providing a role model ('demonstration effect'). Alternatively, the goal may be to use the foreign IBCs to attract international students, who would not be willing to study at local institutions or, instead, to service the educational needs of local residents (e.g. the children of foreign expatriate workers) who are barred from accessing subsidised places in the public universities.

While the Singapore Government was an early mover in setting out its vision to become an education hub for South-east Asia through its 'Global Schoolhouse' project, it is some of the Middle Eastern governments that have executed the education hub concept most aggressively. Dubai, for example, built the Dubai Knowledge Village as a 'university in waiting', with student dormitories, libraries and social and catering facilities, as well as classrooms and offices. The Knowledge Village was established as a tax-free zone and foreign universities could rent offices and classrooms and set up IBCs, which were licensed not by the Federal Ministry of Education but by a new Knowledge and Human Development Agency (KHDA).

Managing an IBC in an educational hub brings with it additional challenges, because of the need to liaise closely with the relevant government senior officials (Bolton and Nie, 2010; Lane, 2011a; Farrugia and Lane, 2013). Often, these officials operate in a different cultural context and have different ways of doing business, which can challenge the expatriate managers of IBCs. There is also the risk that, without close liaison with government officials, the managers of the IBCs may be caught out by unexpected changes in host government policy or find themselves unable to fathom arcane local legislation and regulations. In both China and Malaysia, the IBCs of UK universities have set up informal networking forums to better manage their interactions with the host governments and regulatory authorities.

Discussion and conclusions

This paper opened by contrasting the growth and inherent riskiness of IBCs as a form of internationalisation with the paucity of research in this area. It noted that a number of IBCs have failed and that this can damage universities financially and reputationally. There is clearly a

need for senior university managers to be better informed about the challenges of establishing and managing IBCs, which are often set up in countries with very different cultures and legislative environments.

This paper has carried out a comprehensive review of what is currently known about the management of IBCs, drawing on an extensive but often atheoretical body of work in the grey literature and the limited but growing academic literature (often created by those working within IBCs). It also considered the implications of the much more mature academic literature on the internationalisation of business and the management of foreign subsidiaries for the management of IBCs.

These three distinct bodies of work throw new light on the challenges of managing an IBC. The academic and grey IBC literature tends to focus on the challenges of managing staff, students, academic quality and the curriculum. It is understandable that research primarily carried out by those 'inside the black box' will be preoccupied by the core day-to-day business of a university. The international business literature suggests that an IBC allows universities to internalise their ownership-specific advantages, but cautions that there may be potential tensions of working with a local joint venture partner that may have different objectives to the home university. Finally, many commentators have identified the growing importance of managing relations with host governments if IBCs are to be successful.

One way of integrating and recasting these different perspectives is to consider the fundamental challenge for the manager of an IBC in terms of localisation or adaptation. The staff and the curriculum (broadly defined to include pedagogy, assessment and internal quality control) are the two inputs that leaders of an IBC (indeed, of any higher education institution) have to manage. Both can be localised to a greater or lesser extent. The staff can be hired locally. The higher the proportion of locally-hired staff, the lower the operating costs of the IBC and the more competitive it is in the local market. On the other hand, the higher the proportion of local staff, the harder it is to maintain the academic quality and culture of the home university. Similarly, the curriculum can be localised to make it more relevant to the needs of the host market, but only at the cost of weakening the academic equivalence between the awards of the IBCs and the home university.

In other words, there are costs and benefits of localising the staff and the curriculum. Where the balance is struck is determined by the IBC's stakeholders. The literature review suggests that there are a number of stakeholders—most obviously, the home university and the IBC's

students. But the IBC may also be under pressure from the host government and its regulators which may, for example, oblige it to hold down tuition fees or adapt the curriculum to include locally required courses. The IBC manager also has to cope with the demands of a local joint venture partner, which often provides the capital and physical infrastructure. Each of these stakeholders has their own objectives and the fundamental challenge for managers of an IBC is to determine how far to localise staff and the curriculum in light of their stakeholders' (sometimes conflicting) objectives and relative power.

By synthesising these different approaches, this paper makes a contribution to understandings of IBCs, by offering a broad conceptual framework within which the managerial choices can be analysed. It is suggested that, all other things equal, the lower *per capita* gross domestic product in the host country relative to the home country and the more contestable the higher education market, the greater the pressure to localise the staff base in order to make tuition fees competitive. The more different the culture from that of the home country, and the more assertive the host government, the greater the pressure to localise the curriculum. But the manager of the IBC has to constantly balance these pressures against the demands from the home university, which has its own procedures and policies, and the requirements of the Quality Assurance Agency.

There are a number of ways in which research in this area might be developed and extended to improve our understanding of the challenges of managing an IBC. First, through an exploratory investigation with the managers of IBCs, the key dimensions of the IBC which are the focus of the localisation trade-off could be more rigorously established. Second, it would be instructive to develop a clearer understanding of the key factors which influence the choice of trade-off for a given dimension (e.g. what are the main factors that lead an IBC to localise its curriculum?) Finally, it would be interesting to develop a clearer understanding of the dynamic forces which lead to the optimal trade-offs changing over time. As Healey (2014) has argued, the 'mother-daughter' relationship is widely used in discourse by IBC managers, suggesting that there is an urge for greater autonomy that naturally builds up as the IBC matures.

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

Nigel M Healey

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.

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 & Ziguras, 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: Interview schedule

ID	Host country	Location of interview	Date of interview
A	Malaysia	UK	Mar 2014
B	Malaysia	IBC	Apr 2014
C	Malaysia	IBC	Apr 2014
D	Malaysia	IBC	Apr 2014
E	Malaysia	IBC	Apr 2014
F	Malaysia	IBC	Apr 2014
G	Malaysia	IBC	Apr 2014
H	Malaysia	IBC	Apr 2014
I	UAE	IBC	May 2014
J	UAE	UK	Jun 2014
K	UAE	IBC	May 2014
L	UAE	IBC	May 2014
M	China	IBC	Sep 2014
N	China	IBC	Sep 2014
P	China	Czech Republic	Sep 2014

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 considerably. 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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The challenges of managing transnational education partnerships: the views of ‘home-based’ managers *versus* ‘in-country’ managers

Nigel M Healey

Abstract

This paper investigates the challenges of managing transnational education (TNE) partnerships from the perspective of the home university managers. The study adopts a qualitative, ‘insider researcher’ methodology’. It uses a sample set of eight managers who operate from the home university and 13 ‘in-country’ managers who are seconded to head up the overseas TNE partnerships. The sample are all drawn from UK universities to standardise for other variables (eg, legislative framework). It finds that the managers based at the home campus report a generally negative attitude, emphasising the riskiness and the lack of scalability, sustainably and profitability, as well as the general resistance to TNE from staff on the home campus. The in-country managers, in contrast, experience the same lack of empathy from their peers at home, but this group tends to more closely associate themselves with their local colleagues and to be drawn into building relationships with local stakeholders. The limitation of this research is that it is based on a sample of managers from the same country. In practical terms, the findings suggest that universities need to do more to increase awareness and commitment to their TNE partnerships amongst staff at the home campus, while providing better professional development and more frequent rotations for their in-country managers. This paper extends the very limited literature on the management of TNE partnerships.

Introduction

Transnational education (TNE) is often portrayed as the most advanced stage of the internationalisation of higher education (Mazzarol *et al* 2003, Altbach and Knight 2007, Altbach *et al* 2009). This characterisation follows the ‘stages’ approach to the internationalisation of business pioneered by the ‘Swedish School’ (Johanson and Vahlne 1977, 1990), which argues that internationalisation occurs in incremental stages, starting with exporting, then licensing, finally followed by direct foreign investment in production and distribution facilities.

There is considerable evidence that higher education has followed a stages approach. In countries like Australia and the UK (today’s global leaders in terms of the percentage of international enrolments), universities began to recruit international students to their home campuses in volume in the early 1980s. In trade terms, this constitutes ‘export education’, equivalent to the export of tourism services. In the 1990s, universities from the same home countries started to deliver their programmes through local partners, mostly in Asia, offering their qualifications under licence. Since 2000, Australian and UK universities have begun establishing ‘international branch campuses’ (IBCs) offshore, to deliver their programmes directly (Ziguras and McBurnie 2011). The range of exporting countries with IBCs has since broadened to include the United States, Russia, France, India and Germany.

Managing TNE programmes presents unique challenges to the home universities. Unlike multinational corporations (MNCs), which have decades of experience of operating in alien markets, universities are generally conservative, inward-looking and complex organisations (Baldrige 1971) with arcane governance structures – ‘academic politics are so vicious precisely because the stakes are so small’, as the adage goes. Far from being free-wheeling, profit-maximising buccaneers roaming the globe in search of easy profits, universities are slow-moving, bureaucratic institutions with a strongly national, indeed local, identity. Their senior managers are invariably career academics, volunteering from the ranks to undertake fixed-term managerial roles out of a stolid sense of duty, rather than ‘young Turks’ eager to build a global reputation as international executives.

At the same time, TNE partnerships often operate in the rapidly-growing economies of the Middle-East and Asia, where the linguistic, cultural, political and legislative environments are very foreign to those of the exporting universities. While so-called ‘South-South’ TNE partnerships are beginning to emerge, with Indian universities like Amity, BITS Pilani, and Manipal setting up franchises and IBCs in third markets where there is a large expatriate South Asian population – notably in the Middle-East – TNE currently remains a predominantly ‘North-South’ phenomenon. For example, for IBCs where surveys are regularly carried out, the home countries are overwhelmingly from the North and the hosts from the South (see Table 1).

Table 1: International branch campuses by home and host country (January 2017)

Home Country	No. of IBCs	Host Country	No. of IBCs
USA	76	China	32
UK	39	UAE	31
France	28	Malaysia	12
Russia	21	Singapore	11
Australia	15	Qatar	11
Netherlands	9	Uzbekistan	5
India	7	Hong Kong (SAR)	5
Other	53	Other	141
Total	248	Total	248

Source: Cross-Border Educational Research Team (C-BERT), SUNY Albany

Even battle-hardened western MNCs find operating in hereditary monarchies and one-party states more demanding than their daily business in liberal market democracies. For university bureaucrats, almost all the tenets of day-to-day academic life – academic freedom, academic integrity, the separation of academia and state, the separation of religion and state, the relationship between faculty and their students – must be renegotiated in a TNE partnership.

It might be expected that, as a result, managing TNE partnerships would be uniquely challenging to the senior academics involved in management roles. This paper investigates these challenges from the perspective of UK university managers, using a qualitative, ‘insider researcher’ methodology’. By interviewing senior staff involved with the management of TNE

partnerships, both licensing arrangements with third parties and IBCs, it sheds light on the range of issues faced by managers based at the home university and those in-country. It finds that, in comparison to the internationalisation of business, the internationalisation of higher education is less inexorable and more internally contested. Whether TNE continues to develop or fades away will depend on the sector's ability to professionalise and institutionalise the management of its offshore activities.

Literature review

One of the earliest and most tractable definitions of TNE is 'any teaching or learning activity in which *the students are in a different country to that in which the institution providing the education is based*' (Global Alliance for Transnational Education 1997, p.1, italics added). There are a number of recognised delivery channels by which this educational service may be provided. Traditionally, the literature has distinguished between three broad types of TNE:

1. Distance-learning – the university in country A delivers the education to a student in country B without either party physically crossing borders. The University of London provided distance-learning degrees by correspondence for 150 years, while more recently, online or virtual education has allowed students to study remotely. With adequate security controls (to assure the identity of students submitting coursework or sitting examinations), distance-learning allows the home university to fully control delivery of the educational service, although online courses are expensive to set up.
2. Licensing – the university in country A licenses a provider in country B to deliver the education to local students. Generally, this involves UK and Australian universities franchising their degrees to private colleges in developing countries, which deliver a pre-set curriculum using local academic staff (note: franchising is also known as 'twinning' in Australia). Often the home university retains authority for setting and marking assessment and examinations. While franchising is a financially inexpensive way of penetrating a new market, problems often arise if the home university and the joint venture partner, usually a private for-profit college, have divergent objectives (eg, academic quality *versus* profit maximising). Validation is a variation of franchising, where instead of the home university developing and licensing the curriculum, the curriculum is developed by the foreign partner and, through an institutional accreditation process, is deemed to be equivalent to that of the home university, so allowing the partner to offer the university's degrees.
3. IBCs – the university in country A establishes a satellite campus in country B to deliver the education to local students. In most cases, the IBC is set up as a new private company in the host country, normally with a local joint venture partner which provides part of the capital and the local expertise to launch the enterprise. IBCs, at face value, appear to give the home university more control over academic quality than a licensing arrangement, but the financial investment may be significant and many IBCs face a similar tension between the academic goals of the university and the more overtly commercial objectives of its joint venture partner.

In practice, these three main delivery channels have become blurred and increasingly overlap (Healey and Bordogna 2014, Caruana and Montgomery 2015, Healey 2015a). In a digitally connected world, almost every TNE partnership is underpinned by a virtual learning

environment – knowledge flows freely to everyone with an wi-fi connection and a smartphone. Similarly, there is a continuum between a franchise and an IBC, rather than a dichotomy. Most franchises rely on ‘flying faculty’ to support the teaching and assessment of students, while most IBCs employ a majority of locally-hired administrative and academic staff.

Why do universities engage in transnational education?

The general view in the academic literature is that, particularly in countries like the UK and Australia where domestic tuition fees are regulated and enrolments have historically been capped, universities see TNE as a way of growing and diversifying revenue (Hatakenaka 2004, Drew *et al* 2006). Garrett (2004) concluded that ‘income generation is the dominant motivation, and other rationales remain under-articulated’ (p.6). A survey of UK universities by Drew *et al* (2008) found that ‘traditional international recruitment to the UK is seen as “fading” and TNE is a way of making up shortfalls in income’ (p.15); see also Woodfield *et al* (2009) and Woodhouse *et al* (2009). A study by Tilak (2011) concluded that ‘narrow economic considerations seem to be the main objectives of present and emerging forms of internationalization of higher education’ (p.26).

Other commentators have taken a wider view and emphasised that, apart from financial goals, there may be reputational or academic objectives for engaging in TNE (eg, Kwan 2005, McBurnie and Ziguras 2009, Sidhu 2009, Wilkins and Huisman 2012, Emery and Worton 2014). One survey reviewing the literature concludes that an important motivation for universities establishing IBCs is to raise their international profile (Shams and Huisman 2012). Other writers have been more sceptical, concluding that transnational ventures can often be ill-thought out and opportunistic rather than strategic (Shanahan and McParlane 2005, Healey 2013).

The potential reputational gain from a successful TNE partnership needs to set against the ‘need to manage reputational risk should a venture fail or disappoint expectations’ (Grant 2013, p.18). A study by Edwards *et al* (2010) of institutional audits by the Australian Universities Quality Agency (AQUA) identified a range of risks, including reputational risk, conflicts of interest and poor-quality teaching. The British Council (2012) reported numerous obstacles to TNE, including ‘security issues, legislative barriers and...corruption’ (p.45). Fear of these risks and conservative management practices may limit the responsiveness of universities to TNE opportunities.

Managing staff in transnational education partnerships

Managing academic staff involved in a TNE partnership presents novel challenges, including tensions between expatriate managers and locally-employed academic staff, with the latter resenting the inferior terms and conditions for staff employed by the partner institution relative to the home campus, the lack of support for professional development and the limited scope for career advancement (Hughes 2011). Eldridge and Cranston (2009) used Hofstede’s ‘cultural dimensions’ theory to explore the link between the management style employed by seconded managers and the culture of the host market. They found that the greater the cultural distance between expatriate managers and locally hired staff, the greater the potential for miscommunication and distrust.

'Flying faculty', who are often sent from the home campus for short periods to support teaching and quality assurance at the TNE partner, can also be difficult to manage. The motivations of the flying faculty are varied. For example, they may accept a one-off teaching assignment as a form of 'academic tourism', with no emotional commitment to the venture, and the manager of the IBC may have no formal line management authority over these staff while they are on his/her campus (McDonnell and Boyle 2012, Salt and Wood 2014, Smith 2014). Other studies have explored the difficulties of managing seconded expatriate staff who feel themselves to be 'serving two masters' and are torn between allegiance to the managers of the TNE partnership and their home university (eg, McCully, McDaniel and Roth 2009, Smith 2009, Dobos 2011, Chapman *et al* 2014).

Managing students in transnational education partnerships

For the managers of TNE partnerships, one of the challenges is the difficulty of dealing with students who have very different learning styles and cultural frames of reference (Bodycott and Walker 2000, Dunn and Wallace 2004, 2006, Hoare 2013). Students studying for TNE qualifications are likely to have difficulty adapting their learning styles to the teaching methods promulgated by the home university (Kelly and Tak 1998, Wang 2008, Egege and Kutieleh 2009, Humfrey 2009, Pimpa 2009, Heffernan *et al* 2010, Prowse and Goddard 2010, Marginson 2011, O'Mahoney 2014).

A qualitative research study by Walton and Guarisco (2007) highlights this tension. One of their interviewees commented on the difficulties of using an 'Anglo-American' pedagogy to teach Russian students in a TNE partnership, observing that 'traditionally the Russian higher education system has been based on the German one, where the teacher or lecturer is a guru who tells stupid kids what they should do... They are supposed to take notes, learn by heart, think for a while, and then present what they have learned at examination' (p.360).

Students appear to choose to study with TNE providers because they want a foreign educational experience (Nguyen and LeBlanc 2001, Wilkins and Huisman 2011, 2013, Wilkins *et al* 2012), but unlike an international student, who leaves his/her own country to be immersed in the culture of the host country while studying overseas, TNE students remain in their home country. This may make it harder for them to adapt to the teaching environment, which is effectively a transient 'bubble' of foreign culture which the students experience for only part of each day, resulting in conflicts of identity and adjustment difficulties (Chapman and Pyvis 2006, Wilkins and Balakrishnan 2013).

Managing quality in transnational education partnerships

Together with managing staff and students in TNE operations, the management of academic quality is the other most widely researched area (eg, Hodson and Thomas 2001, Coleman 2003, Castle and Kelly 2004, Craft 2004, Cheung 2006, Stella 2006, Blackmur 2007, Smith 2010, Edwards *et al* 2010, Lim 2010, Shams 2017). This is because a key challenge for universities, regulators and policymakers with TNE is quality assurance (Martin 2007). The reputations of individual universities and national higher education systems are, in large part, based on the perceived quality of their academic awards.

As noted above, providing education across borders exposes the exporting universities to varying degrees of reputational risk. Distance-learning courses may be compromised by online

fraud (eg, learners using friends to complete assessments). Franchise and validation arrangements may be undermined by the ‘principal-agent’ problem, with the partner colleges (agents) having different objectives (eg, profit maximisation rather than academic quality) from the awarding UK universities (principals); see Healey (2015a). This is a specific example of the more general ‘problem of inducing an “agent” to behave as if he were maximizing the “principal’s” welfare’ (Jensen and Meckling 1976, p.309).

While IBCs are generally regarded as being towards the low-risk end of the quality spectrum, maintaining quality control in IBCs may nevertheless be difficult because managers and staff operate in an alien culture far from the home campus. Because so 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 devised in the home university.

One of the special complexities of managing academic quality in a TNE partnership is that, in an increasing number of host markets, the managers must satisfy the regulatory requirements of both the home governmental agency (for UK-origin IBCs, the Quality Assurance Agency) and the host governmental agency (McBurnie and Ziguras 2001). In Malaysia, for example, TNE providers 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 (Mok and Yu 2011). A key challenge for quality assurance in transnational ventures is the extent to which the metrics should be adapted to local conditions (Pyvis 2011).

Managing a transnational education partnership

One of the most interesting, and least researched, issues is the challenge of actually managing a TNE partnership from the perspective of the managers involved. Typically, the managers are staff at the home university who oversee the TNE partnership remotely, supplemented by regular visits, or who are seconded to work and live in the host country. A survey by Healey (2015b) found that most studies of TNE partnerships were by expatriate academic staff teaching within the partnerships or by those involved in quality assurance, with the focus rarely being on the managers themselves.

In a later paper, Healey (2016) used a qualitative insider researcher methodology to investigate the ‘lived experience’ of in-country senior managers managing IBCs. The study revealed a range of issues, including the difficulties of operating a for-profit educational institution in an alien commercial and culture environment, strained relations with senior managers on the home campus and balancing the profit motives of a local joint venture partner with the home university’s desire to maintain academic quality.

In the world of TNE, however, IBCs are a very small part of the overall picture. The UK’s Higher Education Statistics Agency (HESA) collects data on the TNE enrolments (termed ‘students studying wholly overseas’) for UK universities. In 2015/16 (the latest data available), only 3.6% of the total TNE enrolments were studying at IBCs (Table 2). The vast majority were either studying for a UK degree through an ‘overseas partner organisation’.

Table 2: Higher education students studying wholly overseas by type of activity 2015/16

	Total	Percentage
Students registered at a UK HE provider		
Overseas campus of reporting HE provider	25335	3.6%
Distance, flexible or distributed learning	113995	16.3%
Other arrangement including collaborative provision	138110	19.7%
Total students registered at a UK HE provider	277445	
Students studying for an award of a UK HE provider		
Overseas partner organisation	416065	59.4%
Other arrangement	7500	1.1%
Total students studying for an award of a UK HE provider	423570	
Total	701010	100.0%

Source: HESA

This paper builds on Healey (2016) by broadening the focus to explore the challenges faced by the managers of different types of TNE partnership. Specifically, it addresses two interrelated research questions:

1. What do the managers of TNE partnerships based at the home university perceive to be the challenges of managing the partnership?
2. What do the seconded managers of TNE partnerships based at the partner institution, whether a franchise college or an IBC, perceive to be the challenges of managing the partnership?

The logic of looking at the perspectives of these two different groups is that the literature suggests that the latter are likely to identify more closely with their peers at the partner institution and become increasingly less detached and objective. On the other hand, the greater cultural distance suggests that the former group may find it difficult to understand the context within which the partner institution is working and more likely to be intolerant of requests for local adjustments to the curriculum and ‘standard operating procedures’.

Methodology

The research methodology adopted is insider research, using face-to-face interviews with the managers of TNE partnerships of UK universities to explore the stakeholders with whom they interface and the managerial challenges they experience. Insider research carried out by an experienced manager interviewing his/her peers has a number of advantages over other forms of qualitative research (Kanuha 2000). The interviewer brings extensive background knowledge to the conversation (Hannabus 2000), it is easier to establish trust and rapport with peers (Hockey 1993) and the power asymmetry often associated with interviewing ‘elites’ is significantly reduced (Healey 2017).

Choosing a sample of universities from a single home country was intended to standardise for other factors, like organisational culture, legislative environment and so on. The sample set is summarised in Table 3. The home-based managers were chosen to represent the four main ‘mission groups’ in the UK: Russell Group (elite universities), 1994 Group (smaller research-intensive universities, now disbanded), University Alliance (industry-focused universities) and Million+ (teaching-intensive universities). The in-country managers were also selected to represent all four mission groups, but these are not revealed in Table 3 to preserve anonymity, as there are relatively few UK universities operating in each country.

Table 3: Sample set for qualitative interviews

Managers of transnational education partnerships based at the home university		
A	Pro-Vice-Chancellor	Russell Group university 1
B	International Director	Russell Group university 1
C	Dean	Former 1994 Group university 1
D	International Manager	Former 1994 Group university 2
E	Pro-Vice-Chancellor	University Alliance university 1
F	International Director	University Alliance university 2
G	Associate Dean (International)	University Alliance university 3
H	Dean	Million+ university
Managers of transnational education partnerships based at the partner institution		
J	Former Provost	Malaysia partner 1
K	Provost	Malaysia partner 1
L	Dean	Malaysia partner 1
M	Vice-President	Malaysia partner 2
N	Vice President	Malaysia partner 2
P	Provost	Malaysia partner 3
Q	Provost	Malaysia partner 4
R	Acting Provost	Malaysia partner 5
S	Provost	United Arab Emirates partner 1
T	Provost	United Arab Emirates partner 2
U	Head of School	United Arab Emirates partner 3
V	Provost	China partner 1
W	Vice-Provost	China partner 1

The interviews were semi-structured, 90-120 minutes in length 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 a TNE partnership, with cues from the interviewer to ask them to reflect on the personal and professional challenges, their key relationships with stakeholders and the major turning points in events. This interview technique allows participants to express their subjective perspective on the way they see and interpret the world (Opie 2004). The interviews were transcribed and the qualitative data were coded to discrete conceptual ‘bins’. These bins were then organised into clusters which share a common theme (Biddle *et al* 2001).

Qualitative research of this nature provides deep insights into the way individuals interpret and construct reality and helps answer research questions like ‘What do the managers of TNE partnerships based at the home university perceive to be the challenges of managing the

partnership?'. By definition, any findings are not generalizable, in the sense that they cannot be presumed to apply to *all* managers of *all* TNE partnership in *all* host countries, but this methodology provides a richness of insight that cannot be obtained using other methodologies (Healey 2017) and provides a foundation for theory-building.

Results

The interviews were deliberately open, to avoid leading the participants. The focus of the data analysis was on identifying the managerial challenges as perceived by the managers of the TNE partnerships, but it is important to stress that participants reported many positive aspects of the partnership. Most were attracted to the roles by the prospect of working across national, cultural and linguistic borders and generally found their involvement fulfilling and worthwhile. Participant M echoed the sentiments of others when he observed that 'I find this a fascinating country to work in and to try and work out how to make things happen'; participant R added 'it's exciting to run a new project and exciting to build a university'. Reflecting on his personal growth through managing the partnership, participant S observed that 'I know I'm a different person by doing what I did. Otherwise I would have just been stuck doing what I was doing before. It's given me opportunities'.

Several also noted that the TNE partnership had the welcome effect of making staff on the UK campus more international in their outlook. A UK-based manager of a TNE partnership in India was clear about the wider benefits: 'this relationship helps us to develop our view of the world. Individual staff have had very stretching opportunities... The staff who were directly involved had amazingly enriching opportunities. We need to make sure more people are involved' (Participant G). Nevertheless, while most participants acknowledged the opportunities for personal and professional growth for the staff directly involved in the TNE partnerships, there was a widespread consensus that these benefits came at an organisational cost. The following sections summarise these challenges from the perspectives of the 'home-based' and 'in-country' managers.

The view from the home-based managers

Transnational education partnerships are risky: There was general agreement that TNE partnerships are very risky, with the participants from Russell and former 1994 Group universities (A-D) reporting that, as a matter of policy, they did not engage in franchising and validating offshore provision because of the reputational risk. Speaking for one University Alliance member, participant G noted that 'we have closed a lot of programmes... 10 years ago we had [franchised and validated] programmes in Spain, Norway Germany, Hong Kong, Italy: they were all closed'. He revealed that, after another prominent University Alliance member was 'clobbered in a collaborative audit, our VC got cold feet and ordered a lot of them to be closed. It was a knee jerk reaction to being caught by the QAA [Quality Assurance Agency]'. Most participants were not persuaded that IBCs reduced the risk of reputational damage, conceding that although the principal-agency risks were reduced, the financial failure of campuses like UNSW Asia and George Mason University (Ras al-Khaimah) had caused significant reputational damage to the home universities.

Transnational education partnerships are not scalable: The participants did not believe that the present forms of TNE are scalable, because they depend upon the willingness of academic

staff to spend their time travelling to support programme delivery and quality assurance. Participant D commented that ‘most [academics] do not understand or care... that is the general attitude to international activities, they want to concentrate on their research’. Participant C went further and claimed that ‘people see [TNE] as a pain in the ass’. Several of the participants felt their universities lacked the institutional capacity to manage quality assurance in their TNE activity.

Transnational education partnerships are not sustainable: Participant K summed up the dilemma that ‘you’ll only be in it [TNE] until the country is doing its own...degrees... [That] is not a sustainable model, you’re just plugging the gap until their own sector fills it.’ Participant C was equally forthright: ‘what we are doing is training the next cohort of university lecturers for China. That’s the equivalent of the Chinese coming over and buying the blueprints from Jaguar.’

Transnational education partnerships are not profitable: None of the participants believed that TNE was profitable. Participant B was blunt: ‘you’ll never make money in the medium term’. Participant E concurred: ‘have we made money? If we take the full costs into account, we probably don’t’. The participants all distinguished between the revenue streams from TNE, which are generally modest, and the costs, which are invariably underestimated, so making the activities unprofitable. Participant A explained why it can be so hard for IBCs to make surpluses: ‘universities take international students on a marginal cost basis, it helps them get to minimum efficient scale. If you set up overseas, the international enrolments have to cover *all* the costs. You probably need at least 6,000 students to reach minimum efficient scale and, in most cases, that’s never going to happen.’

The rest of the university is opposed to transnational education: Some of the participants observed that many staff are actively hostile to their institutions engaging in TNE, rather than simply being uninterested because of their research commitments. Participant D explained that ‘it is not our core business, we shouldn’t be doing something that takes up resources that could be used elsewhere’, adding that one powerful opponent to TNE felt that ‘the quality of students in [the TNE programme] is lower than here, non-traditional students who’re not going to get firsts, this reflects badly on the [home university]’.

The view from the in-country managers

Managers lack sufficient training: Most of the in-country managers interviewed were seconded from the home university. While they differed considerably in age, most had little previous management experience at the home university. Participant M noted that ‘I didn’t have any senior management role at the University of X...so this really is getting into the deep end’. Given the inherent riskiness of managing a TNE partnership, it is surprising that universities do not seem to second their most experienced and successful senior managers to take on these roles. One reason seems to be that these offshore roles are perceived as exotic and tenuous and so are unattractive to those trying to build a career in senior academic management.

Managers have a poor relationship with the home university: Participant Q summed up a common complaint: ‘the biggest challenge from day one has been the UK campus’. A wide range of issues were reported in terms of dysfunctional relationships between the in-country managers and their academic colleagues at the home university, ranging from ignorance and

indifference at one extreme to outright hostility at the other. A lack of empathy and understanding by colleagues at home was repeatedly highlighted. Participant U lamented that ‘a lot of people I speak to at the home campus hadn’t got a clue what was going on here’. Relationships can be strained by the home campus using processes and policies that are not fit for purpose for the TNE partner. It is not simply that the home university’s processes may not work in the context of the host country; participant J explained that the problem is also that TNE is a fundamentally different type of activity, being a for-profit enterprise, typically with a local commercial partner.

Managers find host governments overly controlling: Participant P explained that ‘universities here [in Malaysia] are not self-governing. This [independence from government] is something in British higher education we just take for granted. Here we are directly accountable to the Ministry of Education’. TNE partnerships are subject to a range of controls, including national legalisation on immigration (for both staff and students), employment rights, taxation and planning. The regulatory bodies play a crucial role in constraining or mandating the degree of customisation of the curriculum – eg, ‘patriotic’ courses must be taught by foreign universities operating in China. It is notable that all the main host markets (China, Malaysia, Hong Kong, Singapore) have highly-developed regulatory frameworks to control foreign providers.

Managers have a complicated relationship with the joint venture partner: TNE partnerships almost always involve local joint venture (JV) partners. In a franchise, the partner is a private college; in an IBC, the campus is established as a private educational company in the host country, with the home university often sharing an equity stake with one or more local joint venture partners. Participant K 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’. Participant V complained, ‘from a governance point of view, I think the issue is with the balance of power... We always struggle with it’.

There are difficulties managing staff: From a manager’s perspective, there are a range of challenges of dealing with different groups of academic staff, which include seconded staff from the home campus and locally-hired staff. As participant Q explained, ‘the secondees vary from long-term secondments like myself...to the short-term flying faculty’. Short-term assignments mean that the staff do not have enough time overseas to develop a deep cultural understanding and are often reported to have little commitment to the enterprise. Participant L reported that the generous salaries and benefits paid to seconded staff can lead to frictions with the local staff and, *in extremis*, allegations of racial discrimination.

There are difficulties managing students: The participants reported a range of issues with students, which primarily related to the difficulties of teaching students with unfamiliar learning styles and needs, as well as weak 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. 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, which is difficult when the students and most of the staff are operating in a different cultural context. Participant L 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'.

Discussion

The results highlight a predictable dichotomy, with the managers of TNE partnerships who remain at home reporting a generally negative attitude, emphasising the riskiness and the lack of scalability, sustainably and profitability, as well as the general resistance to TNE from staff on the home campus. Such managers typically regard TNE as a diversion from the core business of teaching and research and often feel themselves to be a 'lightning rod' for the similar disaffection of their colleagues on the home campus (Fielden 2011, Healey 2013).

The in-country managers, in contrast, experience the same lack of empathy from their peers at home, but this manifests itself more as frustration and conflict with those on the home campus, rather than a shared opposition to the TNE partnership. This group of managers tends to more closely associate themselves with their local colleagues and to be drawn into building relationships with the host government, the joint venture partner, local staff and students (Bolton and Nie 2010, Dobos 2011).

Although it is arguably a crude oversimplification, one conclusion is that the home-based managers 'don't care much' about TNE partnerships, while the in-country managers 'care too much'. The former lack the empathy and contextual awareness to champion the partnership, while the latter risk becoming too emotionally invested to remain objective and professional.

An obvious recommendation for building a successful TNE partnership is to ensure that the senior home-based managers are regularly and routinely sent out to the partner to take part in planning meetings, so that they build a rapport and understanding of the local context. On the other side of the coin, prospective secondees need to be given proper management training to succeed in the field and regular rotations (ie, trips back to the home campuses) to stay grounded and bonded with their peers at home.

In this investigation, there were examples of UK universities which understand these tensions and which have worked hard to make their TNE partnerships part of their core business – for example, by holding senior management team meetings at different locations across their global network and treating their offshore managers as part on an integrated central team. There were, sadly, other examples, where the TNE partnerships were clearly seen by staff at the home campus as the deluded vanity project of a vice-chancellor and the seconded managers felt themselves to have be 'out of sight, out of mind'.

Conclusion

By adopting a qualitative insider-researcher methodology, this paper investigates the challenges of managing the growing number of TNE partnerships, in their various forms, from the perspective of home-based and in-country managers. There is very little TNE research that gets 'inside the black box' and this paper builds on the earlier work of Healey (2016) to compare and contrast the challenges faced by two groups of managers in very different situations.

From the perspective of the managers of TNE partnerships who remain based at the home campus, they often face resistance and scepticism. For almost all universities engaged in TNE, the overwhelming ‘centre of gravity’, operationally and financially, is the home campus, and for those charged with championing the transnational activities, it can seem a thankless task – the educational equivalent of being assigned to ‘special projects’ in the corporate world. For those managers, often plucked from relative obscurity to be seconded to exotic overseas postings, acting as their university’s principal in a foreign partnership can seem equally unrewarding, with the added psychological stress of bonding with their local peers in a process akin to academic ‘Stockholm Syndrome’.

The internationalisation of higher education is often analysed within the ‘stages’ framework of the international business literature. While this conceptual framework has considerable attraction in providing a way of thinking about the incremental stages of internationalisation, it has the weakness of implying that internationalisation is a relentless, unstoppable process. This paper suggests that, based on the evidence from home-based and in-country managers, the development of TNE partnerships, internationalisation is contested and far from inevitable. Higher education is in the early stages of internationalisation and TNE is scarcely two decades old. Whether TNE continues to develop or fades away will depend on the sector’s ability to professionalise and institutionalise the management of its offshore activities.

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The Optimal Global Integration–Local Responsiveness Tradeoff for an International Branch Campus

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Abstract The growth in the number of international branch campuses (IBCs) has been one of the most striking developments in the internationalization of higher education in recent years. IBCs are overwhelmingly branches of universities in the developed ‘West’. The United States, the United Kingdom and Australia dominate provision. In contrast, IBCs are concentrated in the Middle-East and Asia. The cultural distance between the home and host countries of many IBCs is considerable. This distance poses a major challenge for the successful management of an IBC. Should it localize its curriculum and pedagogy to better meet the learning styles and educational needs of its students or should it provide an educational experience that is comparable to that enjoyed by students on the home campus? This paper takes as its theoretical framework the global integration–local responsiveness (I–R) paradigm. Using an exploratory research design, it finds that the I–R paradigm can be operationalized for IBCs, to predict how faculty, the curriculum and research are likely to be localized in response to pressure from an IBC’s main internal and external stakeholders.

Keywords Cross-border education · Transnational education · International branch campus · Internationalization of higher education · Global integration · Local responsiveness

Introduction

The growth in the number of international branch campuses (IBCs) has been one of the most striking developments in the internationalization of higher education since the turn of the century. The latest study by the UK’s Observatory on Borderless Higher Education (OBHE) estimates that there are 249 IBCs across the world, with over 30 more in

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development (Garrett et al. 2016). The Cross-Border Education Research Team (C-BERT) at the State University of New York at Albany regularly surveys IBCs and its 2017 report lists 248 IBCs (Cross-Border Education Research Team 2017).

As Table 1 shows, IBCs are overwhelmingly branches of universities located in the developed 'West'. The United States dominates provision, accounting for 76 (30%) of the 248 IBCs. Two of the other 'main English-speaking destination countries' are also heavily represented, with the UK in second place and Australia in fifth. In contrast, IBCs are concentrated in the Middle-East and Asia. Between them, the United Arab Emirates (UAE) and Qatar host over 40 IBCs, while China, Malaysia and Singapore have almost 60 foreign universities operating campuses in their territory.

The 'cultural distance' between the home and host countries of many IBCs is considerable. As a broad generalization, IBCs are set up by Western universities, steeped in a culture of academic freedom and critical thinking. In contradistinction, many of the host countries have very different cultures, often linked to religion and/or their political systems (e.g., hereditary monarchy or a single-party state). This distance poses a major challenge for the successful management of an IBC. Should it provide an educational experience that is comparable to that enjoyed by students on the home campus or should it localize its curriculum and pedagogy to better meet the learning styles and culture of its foreign students?

This paper takes as its theoretical framework the global integration–local responsiveness (I–R) paradigm, which is widely used in the international business literature and was developed by Prahalad and Doz (1987). The I–R paradigm highlights the fundamental tension faced by multinational corporations (MNCs). On the one hand, providing a standardized product or service globally allows them to exploit economies of scale and build a powerful global brand. For example, Coca Cola and Apple, the two most valuable manufacturing brands in the world (Interbrand 2014), sell standardized products across the world. On the other hand, if demand conditions vary between national markets, MNCs may be able to grow sales and profits by selling differentiated products tailored to local requirements. McDonalds, for example, offers a standardized core menu across its restaurants, but allows a high degree of localization at national level—for example, McDonalds substitutes chicken for beef in its 'Big Macs' in India and sells teriyaki pork and fried shrimp patties in Japan.

There are parallels between the challenges faced by the foreign subsidiaries of MNCs and the IBCs of universities. The greater the extent to which the education offered by the IBC is aligned with that provided on the home campus, the more the university can gain

Table 1 International branch campuses by home and host country *Source:* Cross-Border Education Research Team (2017)

Home country	No. of IBCs	Host country	No. of IBCs
USA	76	China	32
UK	39	UAE	31
France	28	Malaysia	12
Russia	21	Singapore	11
Australia	15	Qatar	11
Netherlands	9	Uzbekistan	5
India	7	Hong Kong (SAR)	5
Other	53	Other	141
Total	248	Total	248

economies of scale, while minimizing the costs of quality assurance. For example, if the IBC follows the same syllabus, using the same textbooks and virtual learning environment and assessing students using the same assignments and examinations, then it is relatively straightforward to demonstrate that successful graduates at both the home and branch campuses have achieved the same learning outcomes. On the other hand, the different social, religious, business and political environment within which the IBC operates may mean the educational offer needs to be adapted—for example, by having single sex classrooms in strict Muslim countries or redesigning courses in commercial and trade law to meet national conditions.

Borrowing models from the international business literature is open to the challenge that universities are fundamentally different organizations from MNCs, in terms of their mission and objectives, structure, scale and culture. It is clear that universities do not operate like MNCs. However, regardless of whether they are public, private or not-for-profit, all organizations have to choose how to adapt their products and services when they enter a foreign market. This paper will argue in more detail below that I–R paradigm provides a useful and tractable theoretical framework within which to problematize these challenges for an IBC.

The structure of the paper is as follows. The literature review briefly summarizes what is presently known about IBCs, before locating the challenges faced by IBCs within the broader international business literature and justifying the choice of theoretical framework. It then sets out the research questions that this paper addresses and the method by which primary data was gathered and analyzed. The final sections review the results of the study and discuss their implications for the localization of IBCs.

Literature Review

At the outset, it is important to be clear about the meaning and limitations of the term ‘international branch campus’. C-BERT defines an IBC as ‘an entity that is owned, at least in part, by a foreign education provider; operated in the name of the foreign education provider; engages in at least some face-to-face teaching; and provides access to an entire academic program that leads to a credential awarded by the foreign education provider’ (Kinser and Lane 2012, p. 2). In a report for the OBHE, Becker (2009) similarly defined an IBC as ‘an offshore operation of a higher education institution which meets the following criteria:

- The unit should be operated by the institution or through a joint venture in which the institution is a partner...in the name of the foreign institution and
- Upon successful completion of the course programme, which is fully taken at the unit abroad, students are awarded a degree from the foreign institution’ (p. 2).

In the subsequent report for the OBHE, Lawton and Katsomitros (2012) acknowledged the impracticality of having a ‘permanent definition’ (p. 7), because universities are constantly repositioning their offshore activities in the light of changing regulatory and competitive environments. As a result, ownership, academic governance and financial and legal structure vary between IBCs (Lane and Kinser 2013), so that any definition arbitrarily includes some IBCs and excludes others. In the 2012 report, the OBHE modified the definition of an IBC to:

- ‘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).

Reviewing the OBHE’s change of definition, Lane and Kinser (2012) argue that it is ‘not clear that a single definition can ever fully address all of the parameters of IBC activity without more or less questionable use of judgment calls’, but concede that working definitions are needed to operationalize research questions and consider policy implications. For the purposes of this paper, an IBC is defined according the current 2012 ‘working definition’ of the OBHE, so that it includes campuses operating under their own brand names (e.g., Xi’an Jiaotong Liverpool University).

Much of the research on managing IBCs appears in the so-called ‘grey literature’, which is aimed primarily at practitioners (e.g., McBurnie and Pollock 2000; Gow 2007; Shattock 2007; Fielden 2008, 2011; Lane 2011; Emery and Worton 2014). The academic literature on IBCs includes research on the difficulties for seconded faculty of teaching and living in a foreign culture (e.g., McCully et al. 2009; Smith 2009; Dobos 2011; Chapman et al. 2014; Smith 2014) and teaching students who have very different learning styles and cultural frames of reference (Bodycott and Walker 2000; Dunn and Wallace 2004, 2006; Hoare 2013).

Another line of academic enquiry has been the study of how and why students choose to study at IBCs, rather than opting for a local higher education provider or looking offshore for their university education (e.g., Nguyen and LeBlanc 2001; Wilkins and Huisman 2011, 2013; Wilkins et al. 2012). Research has shown that students in IBCs are likely to have difficulty adapting their learning styles to the teaching methods promulgated by the home university (Kelly and Tak 1998; Pyvis and Chapman 2005; Wang 2008; Humfrey 2009; Pimpa 2009; Heffernan et al. 2010; Prowse and Goddard 2010; Marginson 2011b; O’Mahoney 2014).

Together with the challenges for faculty working at IBCs, the assurance of academic quality at IBCs is the other most widely researched area (e.g., Hodson and Thomas 2001; Coleman 2003; Castle and Kelly 2004; Craft 2004; Cheung 2006; Stella 2006; Blackmur 2007; Smith 2010; Edwards et al. 2010; Lim 2010). This is because a key challenge for universities, regulators and policymakers with transnational education is quality assurance (Martin 2007).

Adapting the curriculum is closely related to the issue of managing quality assurance. There are legitimate pressures to adapt the content, pedagogy and assessment (Willis 2004, 2005; Waterval et al. 2014). Most obviously, some of the content may be inapplicable to the local context. It is also conceivable that, for social and cultural reasons, trying to force the pedagogical approach of the home campus onto locally-hired faculty and students may be sub-optimal. Pyvis (2011) argues transnational education risks promoting ‘educational imperialism’ (p. 733); see also Rhee and Sagaria (2004) and Tikly (2004).

Managing International Branch Campuses: The Perspective from the International Business Literature

A small number of the studies have looked at the challenge of managing an IBC by drawing on international business literature (e.g., Gore 2012; Lane and Kinser 2012; Wilkins and Huisman 2012). The attraction of this body of literature is that it offers a

coherent organizing framework within which to conceptualize the issues facing IBCs, whereas much of the research in international higher education focuses on one problem at a time (e.g., faculty or the curriculum). Shams and Huisman (2012) conclude their review of the literature on managing IBCs by lamenting the ‘fragmented body of the literature, which depicts a large set of managerial complexities, accompanied by a number of solutions offered for each individual issue...[S]ome of these solutions are highly dichotomous and there is no fundamental analytical tool that facilitates understanding and explaining the managerial ambidextrous concepts in the field [of transnational education]’ (p. 121). Shams and Huisman (2012) argue that the I–R paradigm provides the most promising theoretical framework within which to conceptualize these challenges for an IBC.

The I–R paradigm posits that, for an MNC, there is a tradeoff between global integration (which allows companies to exploit economies of scale and offer their products and services at a lower cost) and local responsiveness or adaptation (which enables companies to develop products and services which are more closely matched to local demand conditions) (Prahalad and Doz 1987; Roth and Morrison 1990; Taggart 1997; Bartlett and Beamish 2011). These two extremes are mutually exclusive: the product or service is either standardized or customized to local market needs. The ‘strategic paradox’ (De Wit and Meyer 2004) is that both are desirable from the point of view of the MNC, but one cannot be achieved without sacrificing the other.

Birkinshaw et al. (1995) and Luo (2001) argue that the optimal trade-off between integration and responsiveness depends both on the nature of the MNC and environmental factors. For example, if the MNC is a manufacturer of a product where consumers value the compatibility and interoperability of standardized products (like cell phones), then there will be little pull from the responsiveness side and the optimal tradeoff will be close to global integration. If the MNC is selling food products that must meet the cultural and religious requirements of consumers, then there will be strong pressure to customize the local offer (Xu and Shenkar 2002; Ghemawat 2007; Phillips et al. 2009).

Haugland (2010) suggests that ‘from a managerial point of view, [the I–R] approach can be helpful in illustrating some major decision problems that managers need to address in developing international strategies’ (p. 94). Shams and Huisman (2012) similarly argue that the I–R paradigm provides a tractable framework for problematizing the challenges faced by the managers of IBCs. On the one hand, managers face the pressure to remain globally integrated from the home campus, which has a strong incentive to operate its IBCs using standardized curricula and assessments, underpinned by common operating processes and software systems. Partly this is for economic reasons (i.e., the benefits of economies of scale) and partly because the university may be seeking to build its global brand. Students and local regulators may also have a preference for a standardized curriculum, so that they are assured that the educational experience and learning outcomes are the same for students at the IBC as those on the home campus.

On the other hand, the greater the cultural, societal and regulatory distance, the stronger the pressure for local responsiveness. In a strict Islamic country, female students may not be able to sit in classes with male students unless they are chaperoned; one-to-one tutorials between male academics and female students may be unthinkable. Societal differences may render some parts of the curriculum inappropriate or even meaningless for local students (e.g., classes on common law in a civil law jurisdiction). Most obviously, local regulations may require the IBC to adapt its curriculum and faculty policies in order to be registered and permitted to enroll students. The regulations in countries like China mandate the teaching of certain courses (e.g., political economy, physical education) and do not

recognize distance-learning. The Malaysian Qualifications Agency sets minimum contact hours for degree courses.

Shams and Huisman (2012) argue that the I–R tradeoffs are likely to be most apparent in three key areas for an IBC: faculty, the curriculum and research. The IBC manager must choose between employing seconded expatriate academic faculty from the home campus and hiring local faculty who can relate culturally and linguistically to the students. Depending on the extent of the cultural, societal and regulatory distance between the home and host countries, the IBC manager needs to strike the optimal balance between delivering a standardized curriculum and adapting it to local conditions and regulatory requirements (Li and Baalen 2007). Finally, the manager may decide to incentivize and reward research that aligns with the research programs in the home university or allow faculty to pursue research projects with a local focus.

Figure 1 illustrates the three tradeoffs diagrammatically. The origin (point 0, 0, 0) represents absolute global integration, in which the IBC is effectively a ‘clone’ of the home university, for example, using seconded faculty to deliver a standardized curriculum underpinned by a research agenda that remains integrated with research on the home campus. This is close to the model adopted by some North American universities (e.g., University of Waterloo, Texas A&M) which employ only seconded academic faculty in an effort to faithfully recreate the home academic culture at the offshore campus.

In Fig. 1, the IBC represented by points X, Y, Z is one in which the curriculum and research exhibit a high degree of global integration (but not absolute) while the faculty base is heavily localized. Many of the UK and Australian IBCs in countries like Malaysia, where well-qualified faculty are available locally at much lower costs than employing seconded faculty, adopt this model, where the curriculum remains closely aligned with the home campus and the local faculty are encouraged to pursue research which meets the requirements of the home university’s promotions criteria (e.g., by publishing only in international peer-reviewed journals).

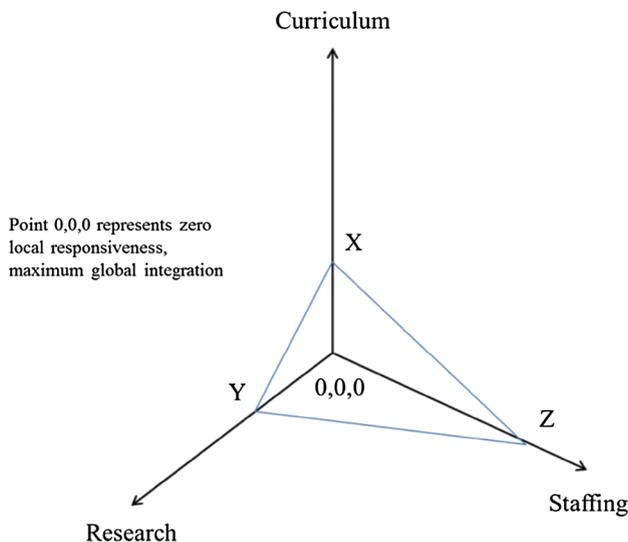


Fig. 1 The I–R paradigm and an international branch campus. Adapted from Shams and Huisman (2012)

In justifying the focus on these three dimensions, Shams and Huisman (2012) argue that ‘the model is currently built around the themes we found in the literature (faculty, curriculum) or could not find in the literature but for which we put forward arguments to include (research)’ (p. 119). A subsequent study by Healey (2016) confirmed that faculty, curriculum and research are the three main dimensions of an IBC that managers felt under most pressure to localize. In the case of research, localization was interpreted to mean adapting research agendas to the context and policy concerns of the host country or government.

Managing International Branch Campuses: A Critical Perspective

The obvious objection to using the I–R paradigm as a theoretical framework is that universities are *not* MNCs. Critical theorists like Marginson (2006, 2007, 2011a, 2013, 2016), Slaughter and Cantwell (2012), Taylor et al. (2013), and Rhoades (2016) have strongly argued that universities cannot, and should not, be problematized as if they were corporate, for-profit organizations. Universities are generally public or not-for-profit institutions with a social mission to create and disseminate knowledge—that is, to undertake research and teach (Rhoten and Calhoun 2011).

‘Academic freedom’ is a highly cherished value (Tierney 2001; Karran 2007; Aarvevaara 2010) and universities have complex management and governance structures, in which faculty and students are typically entitled to a decision-making role through bodies like the academic senate (Baldrige 1971; Fried 2006). Governance is complex and highly contested (Rhoades 2001; Steck 2003; Carnegie and Tuck 2010; Ordorika 2014). There are well-known examples of academic governance bodies rejecting the transnational expansion of their universities on ethical grounds. For example, the senate of the University of Warwick voted down the senior management’s proposal to establish an IBC in Singapore, arguing that the Singaporean government’s record on human rights conflicted with fundamental principles of academic freedom (Observatory on Borderless Higher Education 2005). George Washington University similarly pulled out of a proposed JV with the University of International Business and Economics in Beijing after strong resistance from senior faculty (Redden 2014).

Universities are also generally small organizations by corporate standards with a single local base which defines their identity (e.g., Harvard University is based in Cambridge, MA, and has a faculty of just 2400). This strongly local, bounded identity challenges the characterization of universities as ‘global corporations’. University education has strong public good characteristics (Marginson 2011a; Rhoades 2014) and so higher education is generally a politically-regulated sector, with governments intervening via legislation and public subsidies to ‘steer’ universities in the national interest (Ferlie et al. 2008; Marginson 2011b; Reale and Seeber 2011).

Although there is evidence of growing ‘corporatization’ of universities in some countries, notably the UK and Australia which have experienced considerable marketization (e.g., the deregulation of tuition fees, the replacement of government grants by tuition loans) and greater managerialism, the unique combination of mission, governance, scale and government involvement means that universities remain organized very differently from corporations, with different objectives and distinctive management structures (Gibbs 2001; Newman and Jahdi 2009; Natale and Doran 2012). They are typically led by senior academics rather than career executives and supported by bureaucracies that are shaped by the need to deal with public grant-awarding agencies (Yielder and Codling 2004; Evans et al. 2013). Their strong local identity and focus and historical dependence on public

funding means that universities lack an MNC's sophisticated finance and human resources departments to deal with moving money and personnel across borders.

A study of the management of IBCs by Healey (2016) found that '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 un-businesslike way, with decisions often driven by the personal agendas of the vice-chancellor [president]' (p. 72). The same study also concluded that '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' (Healey 2016, p. 73), in contrast to MNCs which employ highly professional technocrats to manage their international operations.

The Global Integration–Local Responsiveness Paradigm as a Theoretical Framework

The rationale for adopting the I–R paradigm as a theoretical framework is not that universities behave *as if* they were MNCs. It is clear that in almost all regards, universities are fundamentally different organizations from global corporations. Rather, the justification is that the I–R paradigm provides a conceptual framework which can be used to analyze the tradeoffs that *any* organization faces when entering a foreign market, whatever its objectives, structure and culture. If a retailer, a university or a charity sets up an operation in a foreign market, the first question they must address is how much the product or service needs to be adapted to meet the needs of the new market.

This in turn begs two further questions. What are the benefits of adaptation and to whom do they accrue? And what are the costs or disadvantages of adaptation and who bears them? The I–R paradigm offers an organizing structure within which to consider these central questions. Similarly, the use of business terminology like 'joint venture partners', 'managers', 'products', and 'brands' in the discussion that follows is not intended to imply that universities act *as if* they are corporate entities, but rather that these concepts from the business world provide a useful 'shorthand' way of characterizing the key actors in, and dimensions of, a transnational partnership like an IBC.

However, while the I–R paradigm provides a useful conceptual framework within which to capture the tradeoffs facing an IBC, it provides little predictive value in terms of the actual tradeoff that is likely to be chosen. For example, under what circumstances is the IBC likely to choose a highly localized faculty base? When will it tend to follow a highly standardized curriculum? If the three main variables that can be localized are faculty, the curriculum and research, then the position chosen along each of these three I–R dimensions will depend on the objectives and relative power of the main stakeholders.

The difficulty in operationalizing this model as a strategic tool is that each of the stakeholders may have different objectives, which are differently framed, so that there is no common 'unit of account' with which to calibrate the relative demands of each. For example, if the host government wants the IBCs to behave as private universities subject to the control of its Ministry of Education, the home university wants the IBCs to operate as a geographically separate but otherwise integral part of the home university and students want a UK degree but with content and assessment adjusted for their learning styles, it is unclear how the manager of the IBC should respond to these competing demands in terms of customizing the curriculum.

One way of recasting this paradigm is to try and understand the costs and benefits of localization for an IBC. The I–R paradigm is grounded in the international strategy literature. The implicit tradeoff as a standardized (globally integrated) product is localized is

higher cost versus increased demand/revenue. Producing a standardized product or service on a global scale (e.g., an iPad or Galaxy 8) minimizes cost by exploiting economies of scale and experience. Customizing the product for a specific national market raises production costs, but increases demand within this national market because customers' needs are better met. Conceptually, there will be an optimal point of localization, where the marginal cost of an additional unit just equals the marginal benefit (revenue) of an extra sale. The challenge is to rethink these tradeoffs for an IBC, which is a fundamentally different organization to a subsidiary of an MNC.

Costs and Benefits of Localizing Faculty

Focusing attention on the localization of faculty at an IBC reveals the tradeoff at work. In this case, from the perspective of the IBC, the tradeoff is between the cost base of the IBC and the extent to which it can faithfully replicate the academic culture of the home university. If the IBC were staffed wholly by seconded faculty on, say, 2- to 3-year contracts, it would be relatively easy to transplant the academic culture and processes from the home university and create a 'clone IBC'. As Franklin and Alzouebi (2014) argue, 'international branch campuses have utilized the message "that everything is the same" to support their growth and development' and academic faculty are at the heart of the reproducing the academic culture in the IBC.

The cost of its academic faculty base would, however, be so inflated relative to local rivals that it would need to charge tuition fees that were uncompetitive in the local market. The University of Waterloo provides a stark example of this dilemma. It opened a campus in Dubai in 2009 using only seconded faculty, charging the same tuition as at the Canadian campus, and closed in 2012 after recruiting only 140 students (Bradshaw 2012).

At the other extreme, if the IBC were wholly staffed by locally-hired faculty, it could minimize its cost base, but other than seconded managers (who could, in principle, also be replaced by local managers), the faculty would have limited first-hand knowledge of, and institutional loyalty to, the home university. There is a risk that the IBC would develop an academic and organizational culture that was quite unlike the home university. As a result, the students could have an educational experience that was so fundamentally different that it would undermine the proposition that they were earning the same university degree.

While there is not a common unit of account (e.g., money), as in the case of an MNC choosing the optimal degree of localization, making explicit the tradeoff for an IBC manager considering the localization of his/her faculty base is useful because it helps to frame the competing objectives of the different stakeholders. In principle, the tradeoffs for the other two dimensions of an IBC can be derived in a similar way.

Costs and Benefits of Localizing the Curriculum

Consider the curriculum, broadly defined to include content, pedagogy, assessment and internal quality assurance. Here the tradeoff of localization is equivalence versus relevance. Where the IBC delivers a standardized curriculum, with identical assessments and examinations that are marked (or moderated) by examiners at the home university, there is demonstrable equivalence between the learning outcomes of the same degree program at the IBC and the home university. A student with a BSc Economics from the IBC can justifiably claim to hold a degree from the home university that is equivalent to his/her counterpart who has earned the same qualification at the home campus. This is the model which the University of London International Programmes have used since 1858, with the

teaching materials and assessments being the same for every student wherever they study for a London external degree around the world.

The difficulty with absolute equivalence is that there is no allowance for the local context within which the IBC operates, or the different learning styles of students. Some academic content may be completely unsuited to local needs (Egege and Kutieleh 2009); e.g., courses on UK law may be incomprehensible to students living in a country governed by Sharia law. Engineers in hot, dry countries need to learn different techniques and models from UK students operating in a cold, wet climate. Some assessment regimes, for example, focus on group work and critical thinking and may unfairly disadvantage students from other cultural backgrounds, where scholarship is associated with the individual mastery of complex theories and texts (Bodycott and Walker 2000; Heffernan et al. 2010).

Localization improves the relevance of the IBC course to students and employers, but at the cost of reducing demonstrable equivalence. In extremis, a degree redesigned for local needs by the IBC may be regarded by potential employers not just as different, but also inferior, to a degree from the home university (Castle and Kelly 2004; Craft 2004). The most common criticism of IBCs is that they fail 'to offer a curriculum and institutional culture that is consistent with what is present at the main campuses' (Wilkins et al. 2012, p. 543).

Costs and Benefits of Localizing Research

With regard to research, the tradeoff has parallels with that of the curriculum. As long as academic faculty at the IBC engage in research aligned to the agendas of the home university, publishing in international peer-reviewed journals, they maximize their prospects of performing well in national research audits and lay the foundations for a successful academic career. It is well-documented that the leading academic journals (in terms of citations per paper) are in North America and Europe and that they are characterized by publishing papers in English that align with the research concerns of their home regions.

Man et al. (2004), for example, showed that the papers published in the leading medical journals are disproportionately written by native English speakers and focus on subject matter that is prioritized by the research funding bodies of the wealthiest countries. There is a vicious circle at work, with the developed countries with the highest research impact (measured by citations per paper) setting the global research agendas and hosting and editing the leading journals (King 2004). Success as an academic depends, in turn, upon publishing in these international peer-reviewed journals (Starbuck 2005).

Localizing research involves a tradeoff of international reputation versus local impact. As faculty refocus their research on issues of importance to the host country, their ability to publish the outcome of their studies in the leading journals is, as a general rule, degraded. It is likely to be much harder to place a paper on employee absenteeism in Malaysia in, say, *Organization Science*, than a similar study of absenteeism in US corporations. Smith et al. (2014) found evidence of multiple biases by journals against researchers based in developing countries, which resulted in them tending to publish in lower tier journals.

More importantly, many studies of relevance to developing countries may find no market at all in Western-centric academic journals. A study by Horton (2003) reported the 'widespread systematic bias in medical journals against diseases that dominate the least-developed regions of the world' (p. 712). Altbach (2007) similarly laments the dominance of English as the language of science, arguing that it has established a global community 'at the cost of other national languages and research topics of national importance' (p. 3608).

On the other hand, as research is localized, it strengthens the perceived legitimacy of the IBC in the eyes of the host government and opens up new sources of local funding. For example, the International Finance Research Center at University of Nottingham Ningbo Campus (UNNC) is a joint venture (JV) that was established in 2008 as part of a ‘Strategic Cooperation Agreement’ between UNNC, the Ningbo Municipal Government and the China Academy of Social Sciences. The Center has a number of research teams that also involve Ningbo Financial Affairs Office, Ningbo University, Zhejiang University and other Chinese institutions, enabling it to bid for Chinese research grants and undertake research projects ‘with Ningbo characteristics’ (University of Nottingham Ningbo n.d.).

The Tradeoffs of Localization

Table 2 summarizes the nature of the tradeoffs for the three dimensions. An IBC that consistently chooses a low degree of localization gains the benefit of the home academic culture, demonstrable academic equivalency of its qualifications and the academic reputation associated with its faculty publishing in international journals. These benefits are bought at the cost of offering an education which is likely to be too expensive for local students, especially in relation to its competitors, delivering a syllabus which may be unsuited to the needs of students and employers and undertaking research that is disconnected from societal needs in the host country.

Given this background and the conclusion that the degree of localization of the faculty, curriculum and research will depend on the objectives and relative power of the main stakeholders, this leads directly to the two research questions:

1. Who are the key stakeholders of an IBC?
2. What are the key stakeholders’ preferred degrees of localization of the faculty, curriculum and research?

Methodology

This study uses a qualitative research methodology, focusing on the perceptions of IBC managers of the objectives and relative power of their key stakeholders. The justification for this approach, rather than directly interviewing the stakeholders, is that it is the IBC managers’ understanding of their stakeholders’ objectives that drives their decision-making. For example, the home university may claim that its objective for the IBC is to build its international profile by focusing on high-quality teaching and research, but if the IBC manager is set performance targets which center on maximizing operating surpluses, s/he

Table 2 The localization tradeoff

Low localization	Degree of localization	High local localization
Academic culture	Faculty	Local affordability
Academic equivalence	Curriculum	Local relevance
Academic reputation	Research	Local impact

may infer that the home university is primarily concerned with net revenue rather than reputation and act accordingly.

The research focused on the IBCs of UK universities, so that all the home universities were subject to a common national legislative and quality assurance framework. C-BERT presently recognizes 39 UK IBCs. The nine IBCs were selected from this population so that the three most important host countries (China, Malaysia and the United Arab Emirates) were represented. There are significant differences between the operating environment for IBCs in each country. In China, IBCs must be set up with a local JV partner as a Sino-foreign joint institution and regulated by the national Ministry of Education. In Malaysia, foreign universities can establish wholly-owned IBCs, although most have local JV partners, and are subject to regulation by the Malaysian Qualifications Agency. In the United Arab Emirates, foreign universities can establish IBCs within special free trade zones, with or without local JV partners, and are regulated by a special Knowledge and Human Development Agency (KHDA). In both Malaysia and the United Arab Emirates, the government operates schemes to help foreign universities build campuses.

The second sampling dimension relates to the international profile of the UK university, in terms of its ranking in the 2014/15 QS World University Rankings. The rationale for the second dimension is that there is a consensus in the literature that the purpose of IBCs is related to the status of the home university (Wilkins and Huisman 2012). For high-status universities, IBCs are a way of building global profile. To do this, their IBCs are also research-intensive, allowing them to attract research funding from host governments, and there is a long-term commitment. For lower-status universities with a weaker global brand, the primary focus is presumed to be revenue-generation, by enabling them to reach new markets through their IBCs. Table 3 shows that the sample set had three universities from the QS Top 100, four from those ranked 101–850 and two from those ranked below 850.

Where possible (in five IBCs), two managers were independently interviewed to triangulate the results. In the other cases, there was only a single expatriate manager leading the IBC. In total, 14 senior managers of IBCs were interviewed over a 6-month period. The interviews took place in the managers' own offices at the IBC and were preceded by a tour of the IBC and informal conversations with faculty and students to provide background context.

The interviews were 90–120 min and semi-structured, inviting participants (on condition of confidentiality and anonymity) to 'tell their story'; that is, to provide a narrative

Table 3 The international branch campuses and the sampling frame *Source:* QS World University Rankings® 2014/15

	Host country		
	China	Malaysia	United Arab Emirates
International profile of the UK university			
High (0–100)	IBC A	IBC B IBC C	
Medium (101–850)		IBC D IBC E	IBC G IBC H
Low (850+)		IBC F	IBC I

account of their experience of managing an IBC, with cues from the interviewer (as necessary) to ask them to reflect on their interactions with the key stakeholders and their views about the various stakeholders' objectives. This interview technique allows participants to express their subjective perspective on the way they see and interpret the world (Opie 2004).

Results

The Main Stakeholders of an International Branch Campus

The interviews were transcribed and analyzed. The key points in the transcribed accounts of the participants were marked with a series of codes. Through a process of axial coding, the qualitative data was grouped into clusters that represented the key stakeholders and their views regarding localization of faculty, the curriculum and research. Consider the five most important stakeholders first.

Home University

For the managers interviewed, the home university was a key stakeholder in the IBC, because the offshore campus is trading under the home university's brand and offering its degrees. One seconded manager noted that 'it's really incumbent on us to make sure that the standards are absolutely comparable'. Another agreed that because 'we have the same program degree specification, therefore in QAA [Quality Assurance Agency] terms it is the same degree'. However, they expressed 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 far more dependent on the home campus than they are on you'. This tension manifested itself when the home university insisted on the IBC following processes and procedures designed for the home campus. For the major functional departments like HR, finance, information systems and libraries, trying to apply standard policies to an IBC based in a different country, with a different language, culture and legal system, is potentially problematic. 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 organization'.

Joint Venture Partner

The IBCs studied were all established as private educational companies in the host country, in which their home universities have an equity stake. In most cases, the IBC was co-owned by one or more local JV partners. In China, the Sino-foreign Cooperation in Running Schools Regulations 2003 requires the involve of a majority local joint partner. In cases where it is no longer mandated by law (as in Malaysia), the home university often seeks a JV partner to share start-up costs and gain access to local expertise and social capital. The interviewees identified the JV partners as critical stakeholders, with one noting that the relationship 'is complicated because we are minority shareholders in the JV. So it's not a partnership of equals'. Others stressed the risk of a misalignment in the home university's objectives and those of the JV partner. One cautioned that partnerships go

‘through a honeymoon, development, build the campus, but then they [the partners] start wanting a certain amount of, at least, control... to interfere academically in the sense they were pushing to get more backsides on seats and were pressing the university to lower its entry standards to fill the places’.

Host Government

The managers interviewed identified the host government as a key stakeholder. Higher education is a highly politicized sector and, in most host countries, it is publicly subsidized and closely regulated. IBCs can only operate within a host country with the consent of the host government and their scope to offer courses, enroll students and charge tuition fees are subject to governmental control. In the three countries covered by this study, moreover, the degree of governmental involvement in the higher education sector is more direct and explicit than in the UK. As one manager explained, ‘one of the big differences, which I still have difficulty getting my friends at home to really comprehend, is 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. For example, if we want to change our entry level requirement grades, we have to get their permission. If we want to change our fees, we have to get their permission. There are 48 different approvals we need’.

Competitors

The managers interviewed identified various competitors as stakeholders, in the technical sense that they are affected by, and can in turn affect, the behavior of the IBC. The primary source of competition comes from domestic universities and other IBCs. The former provides the more potent challenge. This group includes public universities which have a range of competitive advantages over the IBCs, some created by political fiat (e.g., free tuition). This combination of cost, access and prestige factors means that, as a generalization, 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 other IBCs. One interviewee noted: ‘Malaysia is a cut-throat competitive market. Not only are there government universities, which we cannot compete with. Out here we are private organizations in Malaysian terms, but there’s also 20 other private schools of variable quality. It is quite a cutthroat business’.

Students

The interviewees reported that students are important stakeholders. While they are attracted to the IBCs to gain a foreign educational experience, students often struggle to adjust to Western pedagogical approaches and experience language difficulties. Although they conceded that the same issues existed on UK campuses where there are large numbers of international students, 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 in Australia, taught international students and they are teaching international students here, but they say the students are different. Completely different. Completely immature...It’s a problem in the UK, but it’s huge here’.

The Competing Interests of Stakeholders

The five key stakeholders have different, potentially conflicting, objectives, sometimes in relation to those of the IBC managers (e.g., the JV partner wanting to minimize cost and extract profit) and sometimes in relation to each other (e.g., the host government wanting to treat the IBC as an autonomous private university and the home university wanting to maintain control over the branding, the curriculum and quality control). The choices that IBC managers make in relation to the localization of faculty, the curriculum and research will depend on the relative power of stakeholders with divergent goals. With this insight, the next stage is to reanalyze the interview data to explore the attitudes of each of the main stakeholders, as perceived by the IBC managers, towards localization of the three key variables.

Stakeholder Attitudes to the Optimal Localization of Faculty

Home University

The IBC managers reported that they felt under pressure to localize the faculty to meet the financial objectives set by the home university. Employing seconded academic faculty from the home campus is much costlier for the IBC than hiring faculty on local terms and conditions. As one manager noted 'if you are on a [seconded] contract you get a housing allowance, you get flights home, you get your children's school fees...So not only have you got salary differentials, you've got benefit differentials'. At the same time, managers felt that home university management expected them to have seconded faculty in key roles to ensure the quality of teaching and research.

Joint Venture Partner

Because JV partners are commercially oriented, they have a strong preference for a highly localized faculty base to minimize costs and increase the IBC's operating profits. The IBC managers recounted being pressurized to localize faculty at the JV board meetings. In some cases, the JV partner actually sets the terms and conditions of the IBC's faculty by providing the IBC's human resources function, and tended to try and employ local faculty on part-time or fixed-term contracts.

Host Government

The interviewees regarded the host government's primary policy goal for allowing IBCs to operate to be building the *capacity* of their national higher education system; that is, the quantity and quality of provision. Managers felt that the host government expected them to localize the faculty for two reasons. The first is that localization reduces the cost of tuition and makes studying at the IBC accessible to a wider group of students. The second is that localization involves hiring and training indigenous academic faculty, adding to the pool of academic talent from which local universities can benefit in the future.

Competitors

Local competitor institutions impact the localization of faculty at an IBC by competing for students. Public universities typically have a major cost advantage over IBCs, insofar as their tuition fees are publicly subsidized; private universities also have a cost advantage, since their entire cost base is localized and they do not rely on seconded faculty and flying faculty to supplement their labor force. IBC managers explained that they were pushed to localize faculty, in order to minimize staff costs and make tuition fees competitive with local rivals.

Students

IBC managers believed that their students like local faculty but that they expect to be taught, at least part of the time, by UK faculty. There was a general consensus that students expect the senior faculty (provosts, vice-provosts, deans and possibly heads of department) to be British. In Malaysia, and to a lesser extent in the UAE and China, there was also a reluctant admission that, reflecting the UK's imperial/colonial past, some local students complain about being taught by locally-hired faculty because they believe them to be less academically competent than seconded UK faculty. All the IBC managers went to great lengths to ensure that induction programs, examination boards and graduation ceremonies were well-supported by UK-based faculty, to reassure students of the 'Britishness' of their education.

Stakeholder Attitudes to the Optimal Localization of the Curriculum

Home University

IBC managers reported an array of forces in the home university that discourage the localization of the curriculum. In part, there is an institutional fear of losing control of quality and being embarrassed by a QAA audit. But there are also a range of institutional factors, which include the way that senior faculty in the UK negatively regard attempts to adapt the curriculum in the IBC, systems and processes like course review, the moderation of assessments and the management of examination boards and external examiners which all tend to prevent faculty at the IBC from customizing content and delivery. One interviewee bitterly complained: 'I think sometimes people still think probably that [the host country] is still backward and we're living in mud huts'. Another revealed that even the PowerPoint slides that lecturers at the IBC use to teach students are prepared and sent to them by faculty in the UK.

Joint Venture Partner

Because the JV partner press the IBC managers to localize faculty, sometimes forcing them to hire local faculty on part-time and fixed-term contracts, interviewees explained that this militated against the localization of the curriculum, since the local faculty are less likely to have the technical expertise and personal motivation to spend time on adapting and developing the curriculum. The managers felt that it served the JV partner's interests for local faculty to passively transmit the home university's curriculum to students.

Host Government

Although some of the IBC managers could cite examples of the host government using its regulatory authority to influence the curriculum, mostly notably the mandatory teaching of cultural courses and physical education in China, they generally felt that the host government's objective of capacity building encouraged the IBCs to preserve the pedagogies and teaching materials from their home universities. They also felt the host government was worried that localization of the curriculum might lead to a deterioration in quality. One interviewee stated: 'we are not permitted under the terms of our license to offer awards that we don't offer in [the home university]. ...They [host regulator] have been burnt by these sorts of things. They don't want us to come in here and run some sort of "Noddy" qualification that we don't offer to the students at home'.

Competitors

IBC managers were unequivocal that the competitive advantage of their IBCs vis-à-vis local competitors is that they offered a high-quality UK education. They felt that IBCs trade on the promise of being part of a UK university and the UK 'branding' is critical to their commercial success. The managers feared that to try to localize their curriculum would undermine their ability to compete effectively with local rivals for students.

Students

IBC managers reported that their students are very concerned that the degrees they earn are seen to be equivalent to the degrees of the home university and tend to be suspicious of adaptations that might dilute the perceived integrity of the qualifications. As one interviewee summed it up, 'the students want to be global'.

Stakeholder Attitudes to the Optimal Localization of Research

Home University

IBC managers generally felt that the systems and processes of the home university effectively discourage faculty from engaging in localized research. This was primarily attributed to the importance of international, peer-reviewed journal papers for academic promotion and career progression. They noted that the seconded faculty are only based at the IBC for a limited period and know that they will return to the UK, where they will be judged by their research productivity and, specifically, by their publications in leading journals. Accordingly, they have no incentive to engage in local research that may be difficult or impossible to publish in mainstream Western journals. For the locally-hired faculty, their aspiration is to make their career in higher education and they invariably follow the example of the seconded faculty, seeking to publish 'international' research.

Joint Venture Partner

The IBC managers generally felt the JV partners have little interest in research at all, given that the IBC's revenue is almost all wholly generated by tuition fees. To the extent that the

JV partners could see a role for research at the IBC, the interviewees speculated that this would be highly localized and applied research, probably funded by local business.

Host Government

There was a general consensus among the interviewees that the host government has an interest in the IBC localizing its research agenda to address the needs of the host country. Several IBC managers noted that both the Malaysian and Chinese governments fund research in the IBCs, actively encouraging faculty to bid for grants. They also pointed to the fact that some employers and local governments have entered into agreements with IBCs to financially support research of direct interest to the country.

Competitors

IBC managers argued that the pressure to differentiate their IBCs from local competitors meant that they needed to retain a recognizable research ethos. While competition also forced them to localize faculty to minimize staff costs, they claimed that having some seconded or internationally-hired faculty was important to maintain pockets of international research excellence.

Students

There was a strong feeling from the interviewees that students were attracted to the IBC by the promise of a traditional, research-informed UK degree and that, if there were not some research of international quality taking place at the IBC, students might feel they had been 'duped' into studying at a second-rate 'teaching only' institution. For this reason, they felt that students expected at least a minimal level of visible research activity at the IBC.

Table 4 Preferred degree of localization by stakeholder

	Faculty	Curriculum	Research
Host country			
Competitors			
Students			
Joint venture partner			
Home university			

Discussion

The perspectives on the preferred degree of localization of faculty, curriculum and research from the five stakeholder clusters are brought together in Table 4 (key: red is low localization, orange is moderate localization, green is high localization). Without making any judgment on the relative power of the different stakeholder groups, it is immediately apparent from the findings that a significant degree of localization of the faculty is required to satisfy all the stakeholders. Indeed, one conclusion might be that the optimal degree of localization of faculty occurs where the proportion of seconded faculty is driven down to the lowest point which still satisfies the students that they are getting a UK experience and assures the home university that they still have control of the IBC. In practice, this may be as low as a single secondee—the provost—supported by flying faculty from the UK at key times of the year (e.g., enrollment, examination boards, graduation).

Table 4 shows that the alignment of preferences in relation to the curriculum is even more stark, with none of the stakeholders having a preference for any significant localization of the curriculum which moves it out of alignment with the home university. This is a relatively striking finding, given that the interview data was gathered in host countries with very different legal, cultural and political environments from the UK (e.g., two Islamic countries, one country ruled by a royal family, another by the Communist Party). Yet there seems to be a general consensus that to adapt the curriculum in a way which either destroys the demonstrable equivalence of standards with the UK degree or fundamentally moves away from the pedagogy and teaching style associated with UK universities, would fatally damage the appeal of the IBC to host governments and students, while undermining its market position vis-à-vis domestic competitors.

Finally, the picture in relation to research is the only one that is mixed. The host country clearly has an interest in the IBC focusing on research which is of national relevance, while the JV partners have little interest in supporting research at all (as it raises operating costs without contributing to the core business of teaching); to the extent that the latter tolerates research, it is likely to be limited to research which can be undertaken locally at little or no cost. On the other hand, the IBC needs faculty to focus on research of international standing, partly to set it apart from the local competition in the eyes of its students, but also because its organizational culture and processes are geared towards incentivizing and rewarding publications in major international journals.

In the case of research, such activity is undertaken by individual academics, not mandated by host governments, and undoubtedly the self-interest of the academics trumps all other considerations. For this reason, there is unlikely to be a strong tendency to localize research in practice, unless issues of national interest to the host government (like sustainable energy in China) happen to align with the preoccupations of the global academic community. In this instance, research is not really being localized, but rather funding from the host government is being accepted to allow faculty to pursue international research.

Analysis of the stakeholder clusters and their preferred degree of localization helpfully moves the I-R paradigm from being a conceptual framework within which to think about the way the conflicting objectives of external and internal stakeholders are balanced by IBC managers to becoming a more strategic management tool. Figure 2 reintroduces the diagrammatic representation of the I-R paradigm. In principle, depending on the objectives of external and internal stakeholders and the relative balance of power between them, the optimal degree of localization of faculty, curriculum and research could result in an IBC with any triangular shape: e.g., no localized faculty, a fully localized curriculum and

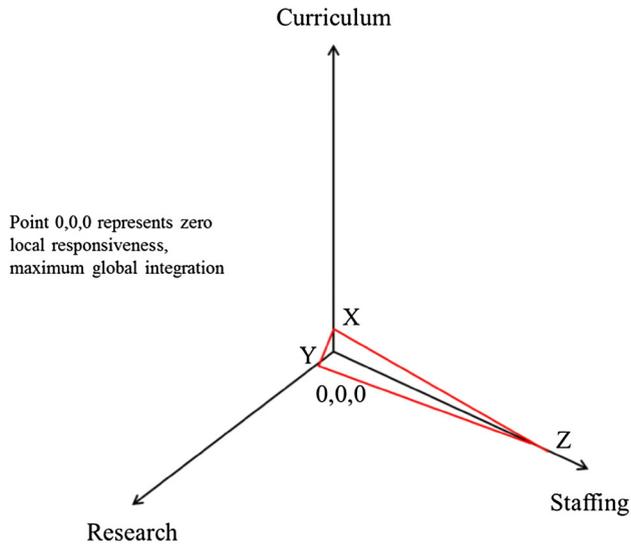


Fig. 2 The I–R paradigm and an international branch campus. Adapted from Shams and Huisman (2012)

partially localized research. While some permutations are more plausible than others (e.g., highly localized faculty teaching a localized curriculum), the model itself is silent on the likely outcome of the interaction between the various stakeholders and the IBC managers.

However, the analysis above argues that, while there will undoubtedly be differences that reflect the stakeholders and their interests in different host markets, IBCs will tend to be characterized by a relatively high degree of localization of the faculty base, but relatively low degrees of localization of the curriculum and research. In other words, rather than being *any* triangular shape, IBCs will tend to be narrow isosceles triangles with the only significant movement towards localization being in the faculty base, largely driven by the competitive need to minimize operating costs.

It is notable that in the nine case studies, eight had very high degrees of localization of faculty. In two cases, the localization was 100% with provosts who were locally-hired and, although they reported to senior managers in the UK on a regular basis, they had a considerable amount of operational autonomy. Not one IBC had more than a few handfuls of seconded faculty and some were actively seeking to reduce their dependence on these individuals by finding locally-hired replacements. As one manager explained ‘the HR approach we’ve got is ideally we would look to recruit locally’. In one case, localizing the faculty base included hiring academics internationally, on terms and conditions which were more generous than paid to employees in local competitor universities, but this was justified as expediency because qualified applicants were not available locally.

Similarly, none of the managers in the IBC case studies reported any serious attempt to customize or adapt the curriculum, citing resistance from all the major stakeholders. Most agreed that it was the equivalence of the qualifications with those at the home university that was key to their competitive advantage. Finally, while there was occasional reference to research being redirected to deal with issues of relevance to the host country, deeper inspection of the research programs which were being funded by the host government revealed that they all played to international research agendas like climate change and environmental sustainability.

In terms of the I–R paradigm, the most important findings of this study are the need to understand what dimensions of the organization can be localized, the pros and cons of localization and the objectives and relative power of the internal and external stakeholders. The I–R paradigm is a valuable conceptual framework, but without understanding those aspects of the industry or sector being studied, the model has limited operational value. In this sense, the main contribution of this study to international strategy is to highlight the importance of properly contextualizing the I–R paradigm for the specific sector being analyzed, which can only be done by understanding the nature of the business and the objectives of the stakeholders.

Figure 3 provides a diagrammatic representation of the I–R paradigm in the case of IBCs. At the heart of the diagram is the IBC itself, with the three arrows radiating from the center of the circle representing the degree of localization. An IBC which is a clone of the home campus (i.e., has zero localization on any dimension) is a singular dot at the center of the circle. Around the IBC are the two internal and three external clusters of stakeholders, which exert, to a greater or less extent, a ‘gravitational pull’ on the IBC, dragging it away from the center of the circle along one or more of the three arrows. As the discussion has shown, IBCs generally tend to localize the faculty base more than the curriculum and research, resulting in the red triangular shape.

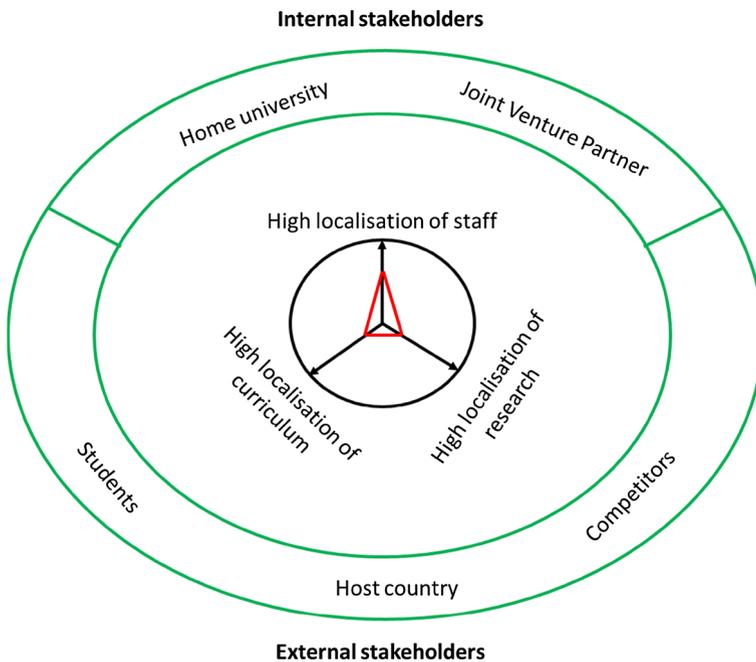


Fig. 3 The I–R paradigm and international branch campuses

Conclusions

This qualitative study borrows the I–R paradigm from the international business literature to analyze the choices facing the manager of an IBC in terms of adapting the educational service to the needs of the host market. This theoretical framework is justified on the grounds that any organization setting up an operation in a foreign market must decide how much to adapt its product or service, regardless of mission, scale, structure and culture. The study concludes that managers seek to localize the faculty, curriculum and research of their IBC in order to balance the competing demands of external and internal stakeholders, with the main external stakeholders being the host government, competitors and students and the main internal stakeholders being the home university and the JV partner.

The chosen position along the global integration (I)–local responsiveness (R) spectrum for faculty, curriculum and research will depend upon the objectives and relative power of the stakeholders, which will each vary over time. Occasionally, there will be discontinuities, for example, when there is a change of host government or leadership at the home university. There is also an underlying dynamic, which changes relationships between the managers and the internal stakeholders as the IBC matures.

The I–R paradigm provides a useful conceptual framework for problematizing the challenges facing the manager of an IBC, but provides little insight per se into where the optimal degree of localization will be for a given IBC and how this may change over time. This paper has sought to understand the costs and benefits of localization along the faculty, curriculum and research dimensions. These are academic culture–local affordability (faculty), academic equivalence–local relevance (curriculum) and academic reputation–local impact (research). By analyzing the attitudes of the main stakeholders (as reported by IBC managers) to these costs and benefits, it is argued that there is, in fact, a strong alignment of the stakeholders in favor of a high degree of localization for faculty and a low degree of localization for the curriculum. In practice, the IBC case studies all appear to be consistent with this analysis, with highly localized faculty and a standardized curriculum.

It is only in the research dimension where the stakeholders have divergent interests, with the home university, competitors and students tending to encourage the IBC to focus on international research themes and the host government (and to a limited extent, the JV partner) having an interest in the IBC focusing on local research topics. The host government can influence the degree of localization by funding research in the IBC, but the evidence suggests that this will be most successful where there is an alignment of national and international research interests (e.g., as in the case of China, where the government has financially supported research on sustainable energy) or the local topics are of international interest (e.g., Chinese management).

One limitation of this study is that it is based on a sample of UK IBCs. This was part of the research design, in order to place the focus on the internal and external stakeholders of the IBC and abstract from the influence of different national policy frameworks. For example, German public universities are forbidden by law to charge tuition fees in their offshore campuses, so that they engage very differently with IBCs from their UK counterparts. In the United States, the system of regional accreditation requires that the learning outcomes of degrees offered by IBCs are identical to that of the home campus, ruling out various forms of localization of the curriculum. Nonetheless, this UK-centric feature of the research design may mean that some of the findings reflect the particular culture and history of UK higher education.

In terms of directions for future research, the literature review highlighted the relative paucity of research on IBCs. There are probably at least three reasons for this. First, the phenomenon of the IBC is relatively new; most IBCs have been in existence for less than a decade. 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. This paper suggests that using some of the theoretical models and frameworks from the international business literature, suitably repurposed for the context of international higher education, may open up new directions for investigating the phenomenon of IBCs in a more coherent and rigorous way.

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**Reflections on the Value of Insider Research as a
Qualitative Research Methodology**

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Abstract

This case study reflects on the lessons learned during a 15-month "insider research" project on the management of international branch campuses. The research project was a qualitative investigation into the "lived experience" of senior managers running international branch campuses of UK universities. The UK universities presently operating international branch campuses are all public universities with a history of being state-funded and politically regulated. The international branch campuses are, in contrast, private for-profit subsidiaries of the UK university, often jointly owned by local partners, which function within an alien cultural, legislative, and political environment—for example, the United Arab Emirates, China, and Malaysia are the most important host countries for branch campuses. While the challenges of managing such campuses are clearly manifold, insider research offers a unique insight into the way these challenges are seen through the eyes of the senior managers involved. This case study explores the strengths and weaknesses of insider research as a qualitative methodology and highlights some of the practical lessons learned during the course of the project.

Learning Outcomes

By the end of this case, students should be able to

- Understand the purpose and nature of insider research as a research method
 - Appreciate the methodological strengths and weaknesses of this approach and the ways that the weaknesses can be mitigated
 - Be aware of the importance of planning ahead and being flexible and opportunistic when conducting insider research
 - Understand the importance of building rapport, confidence, and trust with interviewees to get the most from an interview
-

Project Overview and Context

The project was a study of the challenges of managing an international branch campus (IBC) of a UK university, as seen through the eyes of the senior managers of the IBC. There has been an increase in the number of IBCs being established by UK universities in recent years. The Universities of Nottingham, Liverpool, Southampton, Reading, Newcastle, Middlesex, and Heriot-Watt are the best-known examples, with campuses in the United Arab Emirates, China, Malaysia, and Mauritius.

The international strategy literature provides a valuable conceptual framework within which to organize these challenges. The globalization of business is far more advanced than that of

higher education, and the management models are much better understood. Multinational corporations (MNCs) have developed sophisticated techniques for managing extensive networks of overseas subsidiaries and have dedicated functional departments to oversee the movement of labor, goods, services, and capital across national borders.

A fundamental challenge for MNCs is to determine how much to localize their product or service to meet the needs of each national market. Universities face the same dilemma with their IBCs. Should IBCs be “clones” of the home campus, providing an educational experience which is identical to that on the home campus? Or should IBCs localize the curriculum and pedagogy to adapt to the learning styles and context of the host market?

Unlike MNCs, however, UK universities are not huge corporations with human resource (HR) and finance departments accustomed to dealing with transfer pricing, international tax issues, and managing internationally mobile staff. They are stolid, UK-based organizations with a public sector ethos and a tradition of being managed by academics, rather than professional career managers. They are characterized by arcane governance structures, discordant internal politics, and glacial decision-making. More than half the UK universities (i.e., the former polytechnics and colleges of higher education) have been independent of local government control for less than 25 years, and many still operate on the basis of employment contracts and working practices from this era. The scale of the IBCs relative to their UK campuses is, moreover, generally so small that the organizational “center of gravity” is overwhelmingly the UK-based operation.

A second difference between MNCs’ subsidiaries and IBCs is that, despite the advent of the General Agreement on Trade in Services (GATS), higher education remains a highly regulated and politicized sector. UK universities are presently subject to oversight by the national Higher Education Funding Councils, the Office for Fair Access (OFFA), and the Quality Assurance Agency (QAA). When they establish IBCs which provide UK degrees, their IBCs are subject to the same scrutiny by the QAA.

At the same time, IBCs are regulated by the equivalent bodies in the host country, either arms-length organizations like the Malaysian Qualifications Agency (MQA) or the host Ministry of Education. Governments in many countries subsidize higher education or operate universities as part of the public sector. To control the cost to the taxpayer, they often impose enrollment caps; to meet public good objectives, governments may use a range of levers from moral suasion to purpose-specific grants to “steer” universities. At the very least, IBCs must compete with subsidized, regulated local universities, but often they themselves are subject to local regulation and control.

Because of these two important differences between MNCs and universities, the focus of the project was on the challenges of managing an IBC *as perceived by the IBC managers*. While there is a well-developed literature on principal-agent theory, much of the international strategy literature on localization approaches the problem from an organizational perspective; that is, it couches the challenge to the MNC *as an entity* of determining the optimal degree of localization. In the case of an IBC, the senior management of the home university may similarly take a view, in principle, of the optimal degree of localization of the curriculum. But because the management systems of a UK university are so underdeveloped in terms of controlling a small IBC thousands of kilometers away and because there are other powerful stakeholders in the host country involved, it is the IBC manager in situ who has to balance these competing demands.

The study used critical realism as the conceptual framework. This is because IBC managers are operating in the context of hard objective, external facts (government regulations, enrollment targets, financial budgets), but they nevertheless have to construct their own understanding of stakeholders' objectives within the context of the wider social structures and power relations. For IBC managers, they are working in an alien culture where they may not speak the local language or fully comprehend the social norms and conventions. They have to work out what they think are the agendas of the host government, their joint venture partner, and their competitors and what they believe their students want. They also have to interpret the home university's objectives, which may be vague or ambiguous given the differing objectives of the most senior leaders (e.g., the pro-vice-chancellor [teaching and learning] is likely to take a radically different view about the objectives of the IBC from the chief financial officer) and the shifting political alliances in the senior management team.

The study had three central research questions, which in turn shaped the choice of research method, namely:

1. What are the key dimensions of the IBC that managers feel under pressure to localize?
2. What are the main factors that influence their chosen degree of localization for each dimension?
3. How do these factors, and so the optimal degree of localization, change over time?

Research Practicalities

The nature of the research questions calls for a qualitative, interview-based research methodology. The original plan was to gather data from in-depth, semi-structured interviews with senior managers of UK IBCs, undertaking the interviews and background data collection at

the overseas location of the branch campus. The research practicalities were daunting at first sight. They involved scheduling 90-120 min interviews with senior managers (provosts and vice-provosts) in four host countries. The interviewees are not only very busy executives with full calendars, but they are often traveling on business. On the other side of the coin, as a pro-vice-chancellor (international), I had the advantage of traveling for work to the countries involved, albeit operating on the basis of a similarly constrained time frame to the intended participants. This meant I had to plan the interviews far ahead of time, but ensure that I had enough additional (uncommitted) time in country that I could accommodate any last-minute changes of schedule by the interviewees.

Research Design

The research design used a qualitative research methodology, adopting an “insider researcher” approach. I have been a senior university manager for almost 20 years, as a business school dean in two universities (one in the United Kingdom and one in New Zealand) and a pro-vice-chancellor (international). This experience has two crucial advantages for this type of qualitative research: first, I have a good understanding of the politics and economics of managing a large organizational unit within a university, and second, I have the credibility and the extensive personal networks, developed over a career in higher education, to help me gain access to senior managers in IBCs.

Hannabus (2000) explains the benefits of insider research in terms of the researcher’s implicit knowledge in the following terms:

The [insider] researcher knows his/her environment well, knows by instinct what can be done and how far old friendships and favors can be pressed, just when and where to meet up for interviews, what the power structures and the moral mazes and subtexts of the company are and so what taboos to avoid, what shibboleths to mumble and bureaucrats to placate. They are familiar with the organizational culture, the routines and the scripts of the workplaces. (p. 103)

Hockey (1993) notes the additional benefits for an insider researcher in terms of credibility and peer respect:

In effect, because the wider social structure classifies the researcher and informants in a similar or identical fashion, this creates greater confidence between the parties ... One of the results of this trust and exposure to the most intimate of details is that the insider researcher is able to appreciate the full complexity of the social world at hand. The result is a potentially accurate portrayal, rather than a simplistic caricature. (pp.

204-205)

Insider research overcomes many of the challenges normally associated with interviewing “elites.” There is an extensive literature on interviewing elites (e.g., Laurila, 1997; Mikecz, 2012; Ostrander, 1995; Sabot, 1999; Thuesen, 2011; Welch, Marschan-Piekkari, Penttinen, & Tahvanainen, 2002), with most of the reported difficulties stemming from the fact that researchers are usually dealing with interviewees who are more senior, powerful, and authoritative than they are. The researchers may find it hard to gain access to elite interviewees and difficult to build trust and report, given the power imbalance between them. Researchers may also struggle to maintain a critical distance from their interviewees, either being intimidated by the latter’s greater knowledge and status or feeling overly grateful for being allowed to carry out the interview. Insider researchers “level the playing field” by interviewing their own peers, reducing or eliminating the power imbalance that otherwise makes interviewing elites so difficult.

My original plan was to gather data from 18 in-depth, semi-structured interviews with senior managers in the IBCs of UK universities. Despite the recent growth in IBCs, there are still relatively few UK universities with fully functioning satellite campuses abroad. To make the study as representative as possible, I planned to use “purposive sampling” to identify six IBCs (case studies) on which to focus. As Sarantakos (2005) argues, qualitative research uses such small samples that random sampling, a common approach in large-scale quantitative studies, is meaningless. Rather, the researcher should purposefully select a sample that makes the findings as representative (and so as robust) as possible. In this case, my “sampling frame” had two main dimensions:

1. The host environment (inward focus—outward focus);
2. International ranking of UK university (high—medium—low).

The first sampling dimension relates to the host environment and whether the IBCs are primarily “capacity absorbing” (inward focus), in the sense of supplementing supply in the face of excess demand for university places in the host country, or export-oriented (outward focus), in the sense of being located in a “education hub” intended to attract foreign students from the surrounding geographic region (Knight, 2011; Verbik & Merkle, 2006). The rationale for this sampling dimension is that the regulatory environment is likely to be fundamentally different if the host country is seeking foreign IBCs to strengthen and broaden its domestic higher education sector (capacity absorbing) as opposed to attracting foreign students and export revenues (export-oriented).

Some countries like Hong Kong SAR, China, India, and Uzbekistan have considerable unsatisfied demand for university places, and the IBCs they host can be seen as primarily capacity absorbing. In contrast, Singapore, the United Arab Emirates, and, more recently, Malaysia, Sri Lanka, and Mauritius have encouraged foreign universities to establish IBCs to attract foreign students and promote their countries as regional education hubs.

The second sampling dimension relates to the international profile of the UK university, in terms of its ranking in the 2014/2015 QS World University Rankings (WUR). The rationale for the second dimension is that there is a consensus in the literature that the purpose of IBCs is related to the status of the home university (Wilkins & Huisman, 2012). For high-status universities, IBCs are a way of building global profile. To do this, their IBCs are also research-intensive, allowing them to attract research funding from host governments, and there is long-term institutional commitment. For lower status universities with a weaker global brand, the primary focus is revenue-generation, by enabling them to reach new untapped markets through their IBCs.

For present purposes, “high” relates to universities in the top 100 of the QS WUR, “medium” to universities ranked between 101 and 850, and “low” to universities ranked 850+. The QS WUR use a range of indicators, including academic and employer peer review, research productivity, student–staff ratios, and the proportion of international students and staff, to rank the world’s “top” 850 universities. [Table 1](#) shows the planned sampling frame, using the QS ranking of the home university and the perceived inward/outward focus of the host country.

Table 1. The planned IBCs and the sampling frame.

		Host environment	
		Inward focus	Outward focus
International profile of the UK university	High	IBC A	IBC B
	Medium	IBC C	IBC D
	Low	IBC E	IBC F

Source: QS World University Rankings® 2014/2015.

For each IBC, my original research design was to interview two current senior managers and one former manager (the later section “Method in Action” discusses the changes that were

made in light of circumstances). The interviews were semi-structured and I invited participants (on condition of confidentiality and anonymity) to “tell their own story,” that is, to provide a narrative of their experience of managing an IBC, prompting them with cues (as necessary) to encourage them to reflect on the personal and professional challenges, the strategies they used (successfully and unsuccessfully), and the key turning points in events.

This interview technique allows participants to express their subjective perspective on the way they see and interpret the world (Opie, 2004). Semi-structured interviews “provide the opportunity to gain an account of the values and experiences of the respondent in terms meaningful to them” (Stephens, 2007, p. 205). My role as interviewer was to provide a broad framework to help structure the conversation and to provide a supportive and confidential environment which encouraged participants to be as relaxed and reflective as possible. The choice of semi-structured interviews was justified by the conceptual framework adopted and the inductive (theory-building) approach (Sarantakos, 2005), as well as by the fact that interviews are face-to-face (Lofland, Snow, Anderson, & Lofland, 2005).

Face-to-face interviews allowed me to respond to a range of cues (facial or bodily movements, changes of tone, etc.) and adapt the questioning to explore issues of particular interest to one participant more deeply than others. In this way, a semi-structured, face-to-face interview may reveal new lines of enquiry not considered at the design stage. Rubin and Rubin (1995) describe this approach as an in-depth responsive interviewing technique to “hear data.”

Although the semi-structured format allows the interviews to develop dynamically, it is nevertheless important to keep the interviews within broad boundaries to ensure that data are captured for each of the research sub-questions. Yin (2013) stresses the importance of carrying out pilot case studies to develop the semi-structured framework. For this study, I carried out pilot interviews with former managers of two IBCs of other UK universities to help refine the broad questions and determine the general structure of the interviews.

The interviews were transcribed and analyzed (see the below section “Practical Lessons Learned” for some of the logistical challenges in practice). The key points in the transcribed accounts of the participants were then marked with a series of codes. In a series of iterations, these codes were grouped into broad categories to provide the basis for the creation of a theory (sometimes termed a “reverse engineered” hypothesis):

The intent is to develop an account of a phenomenon that identifies the major constructs or categories in grounded theory terms, their relationships, and the context and process, thus providing a theory of the phenomenon that is much more than a

descriptive account. (Ovaska et al., 2007, p. 1402)

Reliability

Reliability relates to the extent to which the data collection and analysis give results that are replicable in a broadly consistent fashion, that is, if the study were undertaken at a different time (stability), using a different sample (internal reliability), or studied by another researcher (inter-observer consistency). Because this study used a small sample to ensure richness of detail rather than statistical confidence, it clearly cannot claim the reliability of a large-scale quantitative survey.

In qualitative studies like this, reliability may be compromised if the nature of the investigation is such that participants feel they need to misrepresent information. Some participants may, consciously or subconsciously, “self-edit” their responses to “present themselves in a good light” (Ball, 1994, p. 97). They may also suppress information about mistakes they feel they have made or decisions they took which seem foolish in retrospect (Morris, 2009).

My planned research design militated against this in three ways:

1. The data collections for each IBC were “triangulated,” by interviewing three participants associated with the IBC, with each interview carried out on the basis of confidentiality.
2. Each set of three interviews included a former manager who was no longer directly involved with the IBC and might reasonably be expected to be more detached and reflective.
3. I am an “insider researcher,” working in the same field as the interviewees. This “emic” dimension of the study means that a greater bond of trust will exist between researcher and interviewee than in a more conventional interview-based project.

While insider research may reduce instability and internal instability, it may increase the risk of inter-observer inconsistency. In other words, if these senior managers were interviewed by an independent researcher instead of an insider, the results are unlikely to be replicated. This is because replacing the insider researcher with an (probably more junior) outsider researcher introduces all the challenges associated with interviewing elites. As noted above, the perceived power asymmetry between elite interviewee and a more junior interviewer gives rise to a number of distortions, with the latter feeling grateful for having been granted an interview, intimidated by the interviewee’s high status and predisposed to accept, rather than critically challenge, the views of an apparent expert.

In this sense, while using an insider researcher and ensuring confidentiality and anonymity minimize two sources of unreliability (stability and internal reliability), insider research

necessarily suffers from inter-observer inconsistency because the results cannot be replicated by a more junior or independent researcher. Paradoxically, one of the greatest advantages of insider research for the purposes of this study, in terms of gaining access to a group of senior academic managers involved in a niche activity (managing IBCs), means that it is inevitably subject to a degree of inter-observer inconsistency.

Validity

Validity refers to whether the data measure what they are intended to measure (Bryman & Bell, 2007). The source of invalidity in this study could result from either wrongly transcribing the data provided by interviewees or misinterpreting, and so misanalyzing, data that have been correctly transcribed. For example, the transcript might show that the interviewee reported her university as having “10 international students,” but in fact she actually said “10% international students.” Alternatively, the correct transcription of “10% international students” might be misinterpreted as meaning the institution had 10% non-UK students because the researcher did not understand that “international students” in the United Kingdom refers to fee status (i.e., students from the European Economic Area are not classified as international students for fee purposes), not country of residence.

While “insider research” helps to minimize this second source of invalidity, it may lead to biased results for another reason. Because I share a common professional background and similar life experiences with the participants, there is a risk we bring what Cohen, Manion, and Morrison (2007) call our common “biographical baggage” to the interview. For example, given the focus on understanding the perceptions of the managers of IBCs about the challenges they face, there is a risk that, as an insider researcher, I use my biographical baggage (sometimes called “tacit insider knowledge”) to wrongly “fill in the blanks,” misinterpreting the answers given by participants. To manage this risk, I tried to be constantly reflexive during the interviews, clarifying the meaning of responses which could be ambiguous, rather than presume as an insider that both I and the participant always had a common understanding of an issue.

To further minimize errors of commission or omission that result from poor data gathering and interpretation, I tested the validity of the data by sending each participant a full copy of the transcript of the interview for comment and correction (Kvale, 1996).

Ethical Considerations

Ethics are commonly defined as “norms” that distinguish between acceptable and unacceptable conduct. In relation to research ethics, Shamoo and Resnik (2009) reviewed the ethical policies of a range of funding and professional bodies and argue that the following

norms are common:

1. Honesty and integrity—do not misrepresent data or deceive people, act with sincerity;
2. Objectivity—avoid bias;
3. Carefulness—be diligent;
4. Openness—be willing to share research outputs and accept criticism;
5. Respect the intellectual property of others;
6. Confidentiality—protect confidential data and the interests of human participants.

For this study, the main ethical issue related to confidentiality. I asked participants to sign a form giving their permission to use the data obtained through interviews for the purposes of the research, on condition that the data would be anonymized and the transcripts themselves would be confidential. However, because there are relatively few UK universities with IBCs, there is a risk that readers might be able to guess the identity of the IBC and so the participants. To mitigate this ethical risk, I carefully edited any results that were intended for the public domain to ensure that anonymity is guaranteed, for example, by eliminating references to country or location.

Method in Action

The semi-structured interviews took place between March and September 2014. The original ambition of interviewing two current managers and one retired manager from each of six target IBCs had to be modified over time, on the grounds of access, availability, and affordability. My intention had been to interview all the managers in their own offices; in the case of the incumbent IBC managers, this meant interviewing them at the IBCs. The aim was to undertake the interviews with the managers on “their own turf,” in order to set them at ease and to signal my commitment to learning as much as possible about both the IBC and the challenges they faced. I ensured that I spent some time at each IBC, including an organized tour of the facilities and buildings in opportunities to talk informally with staff and students to get the fullest impression.

In the absence of a dedicated research fund to support this investigation, I had to combine the interviews at the IBCs with scheduled visits to the host countries for other purposes. This minimized the travel and accommodation costs of the research. Although I built additional uncommitted time into my visits to accommodate last-minute changes of the interviewees’ schedules, I had no room for maneuver if the senior managers were away from the IBC during the dates that I was in country. As noted above, the original research design was to visit six IBCs (IBCs A through F).

I experienced three early setbacks to my original plan. First, the home university of one of the IBCs declined to allow its senior staff to take part in the study on the grounds of commercial sensitivity. Second, the senior managers at another IBC were not available during my scheduled visit to the country. Third, not all the IBCs had two incumbent senior managers (in some cases, there was only a single seconded provost from the home campus), and several had been in existence for too short a period to have a former senior manager who had finished his or her term.

In order to maintain the size of the sample, I increased the number of IBCs from six to nine, which allowed me to interview 14 senior managers. In addition, a number of local experts and officials agreed to take part in face-to-face meetings to provide background information on the three national markets in which the nine IBCs were located. They agreed to my taking extensive notes to assist the interpretation of the primary data gathered in the formal interviews. In terms of the original research plan to select two high, two medium, and two low “profile” UK universities, the final selection showed a broader range, with three high, four medium, and two low profile universities across the three host countries (see [Table 2](#)).

Table 2. Sample IBCs by 2014/2015 QS World University Ranking.

International profile of the UK university	Country X	Country Y	Country Z
High (0-100)		IBC B	IBC A
		IBC G	
Medium (101-850)	IBC D	IBC H	
	IBC L	IBC J	
Low (850+)	IBC F	IBC K	

Source: QS World University Rankings® 2014/2015.

In terms of the other dimension of the sampling frame, the inward–outward focus of the host market, one of the host countries was reclassified as having an inward, rather than outward, focus after in-country interviews with local experts. Despite its positioning as an educational hub, its IBCs overwhelmingly recruit the children of expatriate workers who are barred from the domestic higher education system. On this revised basis, the sample remains relatively balanced (see [Table 3](#)).

Table 3. Actual IBCs and the sampling frame.

		Host environment	
		Inward focus	Outward focus
International profile of the UK university	High	IBC A	IBC B
			IBC G
	Medium	IBC D	IBC H
			IBC L
	Low	IBC F	IBC K

Source: QS World University Rankings® 2014/2015.

Practical Lessons Learned

A number of changes were made to the original research design for pragmatic reasons. Access to senior managers in the IBCs depended upon approval by the home university (which was declined in one case) and their availability at times that coincided with the researcher’s travel schedule. In the end, 14 rather than the planned 18 interviews were conducted (all but 2 in the host country), with nine rather than six IBCs. This meant that the triangulation was more limited than planned for each IBC (in fact, it proved possible to interview two current managers and one past manager for only one IBC), but the range of the case studies turned out to be much broader. Arguably, this trade-off resulted in a more robust set of results than the original research design, but the adjustments were forced by circumstance rather than planned in advance, highlighting the importance of being flexible when carrying out qualitative research in the field.

The key feature of insider research is that the researcher is interviewing his or her peers. Although some of the interviewees were personally known to me before the study, the majority were not. To make the most of the limited interview time, I prepared for each interview in considerable detail, researching the interviewee’s background and experience using their university biographies and www.linkedin.com profiles. I also carried out detailed research on the IBC itself and tried to ensure that I had briefing meetings with local experts to understand the

national higher education landscape and the legislation relating to IBCs before the interviews with the IBC managers. This not only made it easier to establish a rapport with the interviewees, but it also signaled to them my commitment to understanding their lived experience and trying to see the challenges they faced through their eyes.

The extended interview times (90-120 min) meant that there was time for initial social pleasantries to create a relaxed atmosphere. One consequence of the length of the interviews was that the transcripts were unexpectedly long, typically 10,000-15,000 words. I employed an accomplished transcriber who quickly realized that some of the introductory social interactions were not relevant to the analysis and used “social conversation here” instead of transcribing this part of the interview. One of the most important lessons was that, provided the parameters of the interview are reasonably clear, almost all the interviewees required few cues or interventions to keep the conversation on track. On the contrary, because the focus was on the challenges they faced, from their own perspective, they enthusiastically shared information and reflected on the events that had shaped their time leading the IBC.

The relatively low power asymmetry between me as an insider researcher and the interviewees genuinely appeared to minimize or eliminate the standard risk with interview-based studies, which is that the participants consciously or subconsciously self-edit their accounts to exaggerate their reported achievements and underplay their failures. Because the number of senior managers working in UK IBCs is so small, everyone is well-known to each other and participants in the study were extremely candid, with one person’s account of a particular event invariably being confirmed by other interviewees.

Conclusion

This case study explores the strengths and weaknesses of insider research as a qualitative research methodology, as well as discussing some of the strategies for mitigating the weaknesses. It argues that insider research provides a way of gaining unique insights into senior managerial challenges, which could not be achieved by more traditional research methodologies like interviewing elites. In the project under review, insider research allowed me to access senior managers in IBCs who are normally beyond the reach of qualitative investigators because of their geographical location, their seniority, and pressures on their calendars. Moreover, many years of management experience in transnational education allowed me to more effectively build rapport with interviewees and to understand the meaning behind the responses given.

There are undoubtedly weaknesses and potential pitfalls with this methodology. By being so

professionally (and personally) close to the interviewees, there is a risk that the insider researcher lacks objectivity and seeks confirmatory evidence for views and opinions already widely shared by insiders. There is also a risk that the insider researcher subconsciously “fills in the blanks” with his or her prior experience and knowledge so that the data are unintentionally contaminated. It is crucially important to guard against these possible sources of bias, by constantly being reflexive, asking participants to confirm and clarify their responses and repeatedly testing emerging conclusions. On balance, however, insider research provides a valuable way of answering research questions that defy other, more conventional quantitative and qualitative research methodologies.

Exercises and Discussion Questions

1. How does insider research differ from other forms of interview-based qualitative investigation?
2. Give an example of a research question that could be most meaningfully answered using an insider researcher approach.
3. What would you consider to be the major methodological or practical weaknesses of insider research?
4. What strategies might you use to mitigate these weaknesses?
5. What strategies could you use in an insider research project to build trust and rapport with your interviewees?

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