Internationalising your university

10 key questions for new ventures

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Background

In 2016 there are around 24,000 degree-granting institutions of higher education recognized by the world's national accreditation and licensing authorities. At the current rate of growth, this number is expected to increase to over 35,000 by 2030.

Student numbers are forecast to double, reaching 300 million worldwide by 2030 based on the growth rates seen in the last five years. Over 90% of this growth will come from Asia and Africa.

In India, the long-awaited fulfilment of a promise by the Indian government to develop a comprehensive regulatory transnational education framework is likely to provide a huge boost to new educational ventures, branch campuses and specialist teaching institutions. And while growth in China begins to decline as its economy matures, South-East Asia, India itself and parts of Africa can be expected to see annual double-digit growth as their economies expand and demand greater skills.

These numbers make higher education one of the world's great growth industries. They put into perspective the current political and budgetary pressures on universities in more mature economies. They also show why an increasing number of universities are looking to gain a share of the exploding market of transnational education – ranging from recruiting students via local pathway or transitional programmes, to fully-fledged international branch campuses.

The race for leadership in the higher education market is still well and truly open. No region is yet a clear winner in when it comes to successfully exporting higher education although British and Australian universities have taken an early lead. A market review of North American universities indicates that less than half of institutions accredited by the seven US regional commissions have dedicated international student recruiting staff, and less than one-third have formal exchange or other partnership agreements with international institutions.

In the next decade, we expect the number of universities and colleges launching transnational higher education (TNE) ventures internationally to increase dramatically. These new ventures will include operations in emerging economies and also in more mature higher education environments such as are found in many countries and regions including North America, Europe, Australia, New Zealand, Singapore, Japan and Hong Kong.

Parents pay the piper

Classroom-based face-to-face teaching is by far the preferred choice of employers and parents in emerging markets.

While more and more institutions offer fully-online degree programmes allowing international students to study at home, emerging markets are usually very conservative when it comes to acceptance of online-only study. And, since it is generally parents and guardians who pay the fees, it is they who tend to have the final say in where a student goes to college.

Making the grade

At present numerous colleges and universities, including around 100 in the US alone, offer degree programmes taught outside their own country of origin. These programmes are delivered through a number of transnational education models. Some have adopted the 'flying faculty' model, which is especially common for MBA and other graduate degree programmes. Other offerings include programmes offered through blended learning, dual/double or joint degree programmes which are co-delivered with international partners, and full-scale branch campuses branded with the parent university's identity.

In the next decade, we expect many more institutions globally to initiate transnational delivery of their programmes. A diverse group of universities, such as Rochester Institute of Technology, Monash, Nottingham and INSEAD, successfully operate multiple campuses globally. More are taking a cautious first step in partnership with an international entity, seeking to get paid for their costs and the use of their brand and intellectual property, while maintaining control of each. Many will try to enter the newly emerging higher education markets of Asia and Africa.

Of these ventures, some will succeed; many will fail. We suggest that the institutions that succeed will be those that best answer the following ten questions.

1. What is my organization's game-plan?

Answers to this first question often vary widely even within an institution's own leadership team. Clarity and agreement about why your institution has decided to engage in educational entrepreneurship are essential, right from the start. Is your institution aiming to increase revenue? Enhance rankings? Recruit and retain high quality faculty and students? Grow international student numbers? Develop new programmes and improve learning outcomes? Or simply keep up with the competition?

Time spent on discussing, debating and agreeing your objectives is never wasted. It maximises the likelihood of unanimity in your leadership team and buy-in from your faculty and staff. It allows international investments to be compared to alternative uses of capital, and the outcomes of the new venture to be measured in time against those agreed objectives.

The justification for a transnational education venture must be more than simply 'everybody else seems to be doing it.' It is a landmark business decision which must benefit your institution academically and financially. Of course, it carries significant risks - but so does doing nothing. As with any business decision, risks can be calculated and managed, as can rewards. Fortunately, today there is a considerable body of experience of transnational education ventures, and your institution can benefit from the lessons learned.

2. Is a virtual presence sufficient?

Institutions that teach degree programmes fully online can and do operate successfully across borders. But employers in developing economies tend to be more sceptical than those in the west regarding the value of such diplomas.

There are many ways for online teaching and learning to enrich a curriculum, but we believe that in many cases you need a physical presence in a transnational education venture both for academic success and to capture sustained market share.

That said, there are a variety of ways in which you can use technology to bring home-campus programmes to international locations. Synchronous (scheduled, real-time) teaching is now available. Technologies such as telepresence can create an immersive and life-like virtual classroom in two or more locations. Lecture capture technology also allows students to access learning materials anywhere, at any time and on any device.

Constraints include local bandwidth capacity and cost. International time zones are also a challenge. For example, state-of-the-art technology enables synchronous teaching to take place from California to Dubai, where ample bandwidth is available although at a relatively high cost.

However, online delivery can present unanticipated problems. For synchronous classes and seminars in some time zones, faculty and students face the barrier of an 11- or 12-hour time difference between the campuses. Classes in the middle of the night are generally unpopular both with students and with faculty.

Unless you are already an online-only institution, we are sceptical that a strategy attempting a virtual-only presence in an international market will succeed. While attracting a few international students to fill places in existing online classes gives a short-term boost to revenue, it is not a true strategy for transnational education - or for delivering the long-term benefits of internationalization to the institution.

3. Which model is right for our organization?

Many different models work but which one will work best for you? Among the most common models are:

- **Study and teach abroad partnerships.** An international institution hosts students and/or faculty for a semester or year. Programmes are taught either by your partner alone or with your faculty in residence with the partner. There may also be exchanges involving international students and/or faculty.
- **Research partnerships.** Research in international politics or economics, history and anthropology is straightforward. But other fields like medicine, agriculture, energy and environmental sciences lend themselves naturally to international cooperation – and the international element opens up additional funding sources.
- **Delivery of programmes internationally by hybrid teaching**. This is typically carried out either by blended learning or through a ‘flying faculty’ model, usually with your partner institution providing support services

for students. Such programmes often entail joint or dual/double degrees or are on a franchise or validation basis.

- **Multi-campus programmes.** Students divide their time between more than one country earning awards and alumni privileges from your own institution and one or more others. This model is increasingly popular for Executive MBA programmes such as the top-ranked Tsinghua-INSEAD (TIEMBA) programme but is also growing for undergraduate programmes in response to student demand
- **Pathway partnerships.** Your institution accepts transfer students from an international partner after one or two years. This model ensures that such students are prepared in the required language of instruction and culture of higher education, reducing the need for a transitional year or preparatory programmes on your home campus.
- **Branch campuses.** You develop a full-service branch campus, where you award your own degrees and offer the possibility of transfers to your home campus. Some US institutions, such as New York University, have done this successfully. Others, such as George Mason University in Ras Al Khaimah (UAE), University of La Verne in Greece, and Suffolk University in Senegal, have been unable to make the model work financially.

Transnational ventures, whatever the country of origin, clearly carry significant risks as well as attractive potential rewards. Several of Australia's TNE ventures have also been abandoned or have struggled to survive. The University of Southern Queensland was forced to close its Dubai campus, the University of New South Wales was obliged to close its campus in Singapore, RMIT found itself unable to sustain its campus in Malaysia as did Bond University in South Africa. However, Wollongong continues to prosper in Dubai and Monash University has managed so far to maintain its presence in Malaysia as well as in South Africa although by some accounts the latter project at least has been faced with some significant challenges over the years.

Among the apparently more successful UK branch campuses are those of Heriot-Watt and Middlesex in Dubai, Nottingham in China, Reading in Malaysia, and the University of Central Lancashire in Cyprus. The appetite for TNE engagement still appears strong. This is exemplified by Warwick University's decision to build a full branch campus outside Sacramento, California - interestingly, Warwick apparently decided against building in Singapore because of concerns about financial sustainability and, some also say, issues of academic freedom. Another similar example is the University of Aberdeen's intent to open a base in South Korea. However, some other UK universities have had to abandon their TNE ventures. For example, University College London felt constrained to close in Australia and in Qatar as did the University of East London in Cyprus.

Our advice is generally to minimize risk by starting small and specialized. However, sometimes funding and institutional strategies suggest full-blown development of campuses abroad. Whether delivering existing programmes internationally for the first time or establishing a university 'from scratch,' identifying the best TNE model for your own institution is a vital step.

4. Is there a realistic and viable market for us?

Before initiating a transnational venture your institution must understand the market it is seeking to serve. Do you seek to be more or less selective in admissions? Will you admit only students with high levels of proficiency in the principal language of instruction or offer intensive language classes for a year or more? Are you aiming to meet local professional or business needs or to prepare students for global careers? Do you intend to target only local students for admission or to recruit regionally or globally? Is there a robust and sustainable local and regional pipeline of students for your programmes? Finally, is your brand genuinely attractive enough to the local and regional market to attract sufficient students to make your venture viable?

In much of Africa and Asia, a majority of students will be from the first generation of their families to go to university. Often, extended families will be making great sacrifices to support a student, in the expectation of a rapid return on their investment. How should your institution price its programmes? What scholarships or financial aid should your institution offer? What segments of society should your institution seek to serve – the affluent few, or a broader demographic?

In our experience, failure to understand the market and position the institution accordingly is the most common cause of failure of transnational higher education ventures.

5. What is our competitive position?

In most countries, there is already a mix of public and private universities, offering programmes through the medium of both local and second or foreign languages (often English but in some cases other languages such as French and Russian) probably over a wide spectrum of quality.

In much of Africa and Asia, the expectation of undergraduate programmes may be for a British three-year specialized model, leading to the kind of degree that would be earned at graduate school in the American system. Undergraduate programmes with a strong liberal arts and general education component are harder (though not impossible) to sell in such markets. Detailed understanding of the local and regional higher education landscape and your competitive environment locally and regionally is therefore crucial.

Most mature institutions will seek to position themselves at the higher end of the quality spectrum to justify fees that will usually need to cover an inherently higher cost structure than that of a local institution. But an international-sounding name alone is not sufficient to command a premium (for example, some relatively low-ranked for-profit operations claim American or British connections.) A new offering should be clearly differentiated and its value proposition communicated effectively to an increasingly sophisticated target market.

6. Do we fully understand the local regulatory structure?

Every country – and, in the case of some countries, every state or local jurisdiction – has its own licensing and accreditation rules. Such accreditation is usually an essential element of a marketing strategy where employment in the professions or government sector of the host country requires a locally recognized qualification.

Home country accreditation of awards is at least as important as local accreditation, and may even be more so, as it represents a passport to international job mobility. In most cases, delivery of degree programmes at an international location will require approval by the home accrediting body, which will also need to be notified of the ways in which the curriculum is adapted to international delivery.

Conditions range from the simple payment of a registration fee to compliance with standards that in the UK, the US and many other countries would be associated with full accreditation. Most accreditation bodies in developing economies value international qualifications but generally will not simply rubber stamp them if offered in country.

Expect to undergo the full, usually lengthy process required by each jurisdiction before receiving local accreditation. The universal quality needed when dealing with regulators is transparency. Most regulators are honest, helpful and supportive if new entrants are seen to be bringing something of value to their jurisdiction. Where regulators do not entirely fit this pattern, you may need an influential local partner – or avoid that market altogether.

7. Is our curriculum design appropriate?

Whether to use existing, proven curricula or develop new programmes for the local market is a decision that depends on the marketing strategy chosen for the new venture, and on the subject concerned. Math and science subjects are not likely to change with the local context. However, business, arts and social science programmes can and should take advantage of local culture and history.

If students are expected to be able to transfer seamlessly between or among international and home campuses, globally-standardized curricula will be needed. But there is generally little point in requiring a student in Kenya or India to study US accounting rules and business law, for example, beyond understanding the key differences between their own systems and those in use elsewhere.

Curriculum design and 'indigenization' is critically important. It involves hard work and too often is an afterthought in a campus startup. Curriculum should drive decisions on physical plant (especially in the natural and applied sciences) and on faculty hiring (especially in the arts and social sciences). It should therefore be addressed at a very early stage of the planning process for an international investment.

8. How will we recruit the right team?

Decisions on the mix of international and national staff and faculty will depend on the business model, the marketing strategy and the regulatory environment in which an international programme or campus will operate.

For programmes delivered to part-time students, 'flying faculty' from the home campus or elsewhere, visiting for one to three weeks at a time, is a common and low-risk strategy. This is especially common (and successful) with MBA and some other postgraduate programmes, but is a poor way to build a full-time undergraduate programme. It also does little if anything for local capacity building.

Recruiting expatriate faculty and staff is an expensive business. Many academics will see expatriate employment as a career-limiting move rather than an opportunity. Home campus faculty willing to teach for a year or even a semester at an international location are in some cases either those close to retirement, or those who have been unable to make tenure at home. An institution with an offshore presence must therefore incentivize faculty and staff to take on international assignments. However, even when top-class faculty do become involved in teaching internationally, the challenge is to get them to return on a regular basis.

When an investment is made in a major transnational venture, the local head of that venture needs skills comparable to those of a successful vice-chancellor or college president. These include diplomacy, public relations, fundraising and accreditation experience. The local head also needs excellent people skills to build a team of staff and faculty blending expatriates, who may have a high turnover rate, and local nationals, who may not be receiving the level of compensation package necessary to attract the expatriates. Building a happy core faculty with low turnover is hard but essential.

9. How patient is the capital behind our proposed venture?

The costs of starting up a new programme or campus will, of course, vary widely depending on the scale of the venture and the costs of building and operating in any given country. But regardless of location, no new programme should be expected to achieve financial sustainability in its first year. A new campus or university will take much longer. Many new campuses have failed because sponsors or investors have run out of money, patience or both.

While no two new campuses have identical cost structures, a good rule of thumb is to add two or three to the number of years' duration of the principal programme offered to give the *minimum* number of years to achieve a positive cash flow. This is very different from achieving a return on investment, a position which can be reached only after several more years. A new transnational venture offering one-year transitional programmes, or one-year diplomas, should budget for three or four years of (reducing) operating losses. An institution offering two-year pathway programmes or Masters degrees should budget for four or five years' losses, and a four-year Bachelor's degree programme for six or seven years of losses.

10. Do we have a sufficiently influential and committed home campus champion?

Along with patient capital, whole-hearted institutional commitment is another critical success factor. A transnational venture of any kind must have a highly-placed champion at home - ideally, the institution's CEO (president or vice-chancellor). In the case of an international campus, the local head should report as directly as possible to the CEO, with regular exposure to (and visits from) the institution's executive team. Pro-vice-chancellors, faculty heads, or other senior figures responsible for academic affairs play a particularly important role in ensuring that common standards are applied globally.

An international campus must have a high-placed champion at home - ideally, the institution's CEO (President or Vice Chancellor). The head of the international campus should report as directly as possible to the CEO, with regular exposure to (and visits from) the institution's executive team. Of course, presidents and vice-chancellors come and go. It is therefore essential to ensure continuity of support by successors and by other senior leaders of the institution. Regular visits by Chief Academic Officers and heads of departments help ensure that common standards are applied globally. Such visits also boost local morale and increase awareness and understanding at the home campus.

Even if a new transnational venture is limited initially to a single programme or award, institution-wide backing is important. Policies actively encouraging (and not merely tolerating) faculty and students to transfer to and from the international location are important, as is access to institutional assets such as libraries, IT support, pastoral care, careers guidance and other key support units. This will mitigate the risk of the transnational venture being perceived as an 'orphan' by its faculty and students.

In budgeting for the operating costs of a transnational venture, it is good practice to set aside funds for more travel costs than may at first appear strictly necessary. Bringing home campus staff to the new location, and newly hired local staff to the mother campus for familiarization, are essential investments.

Entering the race

While the political climate in the west may seem to be cooling on globalization, the reality of worldwide educational globalization is continuing apace. Significant transnational higher education ventures have now been established in a wide range of countries including Botswana, Cyprus, Egypt, Hong Kong, Jordan, Kuwait, Malaysia, Malta, Mauritius, Mexico, Qatar, Turkey, the United Arab Emirates, and Vietnam. Institutions must look beyond the short-term headlines and build their future on a long-term global strategy for transnational engagement.

Our experience in establishing and managing international universities shows that asking key questions in advance can mean the difference between success and failure. Although every opportunity is different, any institution embarking on a transnational education venture should have asked all these questions (and, as far as possible, answered them satisfactorily), before any investment commitment is made.

About the authors

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Based in Europe and the Middle East, Kevin Dunseath has extensive experience in education across the world, including leadership positions at London Business School, the University of Sheffield, the University of Exeter, Universiti Brunei Darussalam, Michigan State University, the University of Sharjah and King Fahd University of Petroleum and Minerals. Kevin has served as Director of Education for Cisco in Europe, the Middle East, Africa and Russia. Kevin has degrees from the Universities of Oxford, Cambridge, and Sheffield.

Chris Hall earned his M.A. and D.Phil. at Oxford, and an M.S. at Columbia University Graduate School of Business. He spent 15 years in industry and 10 in politics (as a state Senator and party chair) before returning to academia. He has served as President of the American University in Kosovo, Interim President at York County Community College in Maine, and President of International Horizons College, Dubai. He is based in Portland, Maine.