

**School of Management  
Faculty of Business and Law**

**Australian University Transnational Education Programs :  
An Empirical Investigation of the Business Models**

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**This thesis is presented for the Degree of  
Doctor of Philosophy  
of  
Curtin University**

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## DECLARATION

To the best of my knowledge and belief, this thesis contains no material previously published by any other person except where due acknowledgment has been made.

This thesis contains no material which has been accepted for the award of any other degree or diploma in any university.

Signature : .....

Date : October 31, 2019

## DEDICATION

This thesis is dedicated to my wife, Annie who has been my constant support and love. She has sacrificed much for the children and myself. This doctoral study has particularly been a long journey which would have been abandoned (on many occasions) if not for her encouragement. My children Raphael, Chloe, Daphne and Joey were also my cheer leaders – Joey especially, always asking what proportion of the PhD is finished.

And grateful thanks to Adonai Tzevaot for His strength and Spirit ...

Z'kharyah 4:6

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## **ABSTRACT**

The push of funding restrictions and national competitive environments of provider institutions, coupled by the pull of host nation demands for higher education led to the proliferation of various forms of transnational education (TNE). The growth of TNEs has been phenomenal over the past three decades. In response to the ubiquity of TNE programs, a large body of literature and research has been devoted to this phenomenon. A survey of extant literature however, indicates that the majority of these studies are normative in approach, and mostly focused on the academic aspects of TNE. There is a dearth of studies focused on the commercial aspects of TNE, and much less that are empirical.

This study argues that TNE has a commercial dimension that is critical to its success but that has not been sufficiently investigated. The lack of attention to the commercial aspect of TNE may have been influenced by the traditional paradigm of education as a public good. Recent literature suggests that TNE success is linked to commercial sustainability. This study aims to take the argument further through an empirical investigation of the Australian public university TNE phenomenon through the lenses of three leading theories of the firm, viz., transaction cost economics (TCE), property rights theory (PRT) and agency theory (AT). More specifically, this study will explore the criteria Australian public universities use in the selection between the Direct (DM) and Outsourced Models (OM) of TNE business delivery, and the explanatory power of these theories in explicating these criteria and the longevity of the models.

The phenomenon is investigated via a constructivist qualitative methodology, starting with a focus group study to ascertain the appropriateness of the theoretical construct, and of each of these theories to the research questions. The research culminates in an in-

depth dual case study to test the veracity of the identified theories in explaining the choice between the OM and DM.

In the course of the focus group study, significant tipping points were identified along the TNE journeys of each university. These tipping points indicated the period when heightened quality expectations brought about significant changes in TNE strategy and delivery at both universities. The in-depth case studies that followed established the commercial orientation of the two universities.

The Decision Model construct which is based on the Porter value chain provided the framework for unpacking and analysing the two universities' TNE business delivery models, leading to the discovery of three variants of the hybrid governance models, viz., the *in situ*-monitored collaborative international branch campus (ic-IBC), the *in situ*-monitored franchised program (i-FP) and the remotely-monitored franchised program (r-FP). While the r-FP is an OM, the other two are DMs. The case study found that TCE was the driving consideration for the DM, a model of choice for full-suite (teaching, research and community engagement) operations, while AT for the OM which usually cater to teaching-only operations. A survey of industry practice provided *prima facie* evidence for this finding among TNE-active Australian public universities. PRT was postulated to possibly apply in certain DM selections with broader stakeholder interests.

This study developed a fine-grained categorisation of TNE business delivery models and constructed a value chain to reflect TNE delivery. It also established the industry preference for hybrid governance models that were asset-light investments, providing good financial returns.

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## LIST OF ABBREVIATIONS

AIEC	Australian International Education Conference
ARWU	Academic ranking of world universities
AT	Agency theory
ATN	Australian Technology Network universities
AUQA	Australian Universities Quality Agency
BSA	University A's international Business school accreditation
CA	Conversation analysis
CAQDAS	Computer-assisted Qualitative Data Analysis System
CBD	Central business district
CBE	Cross-border education
CCS	Cross-case synthesis technique
c-IBC	Collaborative international branch campus
CM	Conditional Matrix
DAT	Display and Analytic Text
DM	Direct Model
DPVC	Deputy Pro Vice-Chancellor
DVC	Deputy Vice-Chancellor
DVCA	Deputy Vice-Chancellor (Advancement)
DVCI	Deputy Vice-Chancellor (International)
DVCR	Deputy Vice-Chancellor (Research)
EEM	Explanatory Effects Matrices
FDI	Foreign direct investment
FG	Focus Group
FP	Franchised program
G8	Group of Eight research intensive universities
GATS	General Agreement on Trade and Services
HCO	University C's host country office
HE	Higher education
HEI	Higher education institution
HEP	Higher education program
IAO	University A International Administration Office
IBC	International branch campus

ic-IBC	<i>in situ</i> -monitored collaborative branch campus
i-FP	<i>in-situ</i> -monitored franchised program
IP	Intellectual property
IRU	Innovative Research Universities
JDM	Joint/dual/multiple degrees
KM	Knight and McNamara
KPI	Key performance indicator
LGBT	Lesbian, gay, bisexual and transgender
MOOC	Massive Open Online Courses
OGI	Oil and gas industry
OM	Outsourced Model
OP	Offshore partner
Other	Other Australian universities
PM	Pattern matching
POM	Process/Outcomes Matrix
PRT	Property Rights Theory
PVC	Pro Vice-Chancellor
QAA	Quality assurance and accreditation
QS	Quacquarelli Symonds World University Rankings
RBV	Resource-based view
RUN	Regional Universities Network
r-FP	remote-monitored franchised program
TA	Text analysis
TEQSA	Tertiary Education Quality and Standards Agency
TCE	Transaction cost economics
THE	Times Higher Education
TNE	Transnational education
UBS	University A Business school
UBSI	University A Business school International Office
UP	University partner
UTO	University C Transnational Office
VC	Vice-Chancellor
VRIN	Valuable, rare, imperfectly imitable, non-substitutable
w-IBC	wholly controlled international branch campus

WTO World Trade Organisation

# Chapter 1 Introduction to the Research

This chapter introduces the objectives of the current research study, and delimits the scope of the study. It also identifies the significance of the research to both the research community as well as practitioners of transnational education.

## 1.1 Objectives of the Study

This study is an empirical investigation into the phenomenon of Australian university transnational education (TNE) programs. It is designed to investigate Australian universities' rationale for their selection of business delivery models for these programs, and their attendant outcomes.

The primary aim of the study is to determine if the phenomenon can be explained by the leading theories of the firm (Kim and Mahoney 2005). Through the lenses afforded by these theories, the study seeks to understand the criteria Australian universities use in selecting TNE business delivery models, and the impact of these decisions on the longevity of the institutions' TNE programs.

In the course of the investigations, the study is expected to contribute to the literature on Australian university transnational education, to the extension of the theories of the firm to this phenomenon, and to policy development in higher education, particularly in TNE.

## 1.2 Scope of Research

The present study had been initially confined to Australian public universities currently engaged in TNE, or have been engaged in TNE in the last five years prior to 2017. This sampling frame was designed to enable the study of both current TNE operations as well as terminated

ventures. In-depth semi-structured interviews of the two selected universities indicate a large number of TNE operations dating back to 2005 for University A, and to 2011 for University C. The interview analyses thus expanded the scope of TNE cases to include cases that started or terminated in 2005.

From 2011 statistics, there were 33 Australian public universities engaged in TNE (DEEWR 2011). Self-study distance education, and its online variants have been excluded from this study because of the absence of any face-to-face contact between faculty and student (DEEWR 2008, 11).

The phenomenon has been examined as commercial activities primarily through the lenses of the three theories of the firm, viz., transaction cost economics, property rights theory and agency theory.

### 1.3 Significance of Research

This empirical study is aimed at testing the veracity of the three theories in explaining the selection of TNE business delivery models and TNE outcomes. It is aimed at enhancing empirical understanding of the TNE phenomenon, and contribute to organisational economics literature by extending the application of these theories to TNE research; in other words, 'to expand and generalise theories' (Yin 2014, 21).

At the practical level, the study is framed to enrich TNE professionals' understanding of key strategic planning processes as well as the TNE value chain, and the consequent impact on TNE sustainability and outcomes. It is hoped that this enriched understanding will contribute to higher success rates and the realisation of university mission for TNE operations, not just merely surviving, quoting Bartlett and Ghoshal, '... in the future, a company's ability to develop a transnational organisational capability will be the key factor that separates the winners from the mere

survivors in the international competitive environment' (1998, 212). Conversely, it is also hoped that the study will help universities avoid or prevent TNE failures.

A British Council report argues that since TNE is at an 'important juncture, ... national governments would benefit greatly from a better understanding of this important dimension of internationalisation, so that the challenges and opportunities it presents can be effectively managed, and its potential evenly shared across societies, HE (higher education) systems and the broad student body' (Garrett et al. 2017, 5). The study is therefore also expected to contribute to policy development and governance in the TNE sector for Australia as well as other countries.

The study will also investigate the impact of business decisions on the longevity of TNE operations. Most management literature on business longevity are based on quantitative studies of organisations within their respective national systems. These quantitative investigations limit the possibility for in-depth analysis of the organisation, and cross-border business perspectives of business longevity (Riviezzo, Skippari and Garofano 2015, 982). The current study aims to use qualitative inquiry to extract rich data on both internal organisational characteristics and external environmental conditions impacting TNE business longevity, and thereby contribute to the business longevity corpus of knowledge.



## **Chapter 2                      Transnational Education : Commercial Drivers, Theoretical Framework and Research Construct (A Literature Review)**

This chapter explores how TNE has emerged and evolved within the past four decades, its impact on nations and participating institutions, and the scope of extant empirical research into the phenomenon. A commercial view of TNE is argued, based on a well-documented, broad-based consensus amongst both practitioners and researchers. This commercial perspective is identified as an important gap in the research literature that requires investigation.

Before developing theoretical constructs, the TNE operation is examined and various taxonomies explored to better understand the core processes within the operation. The modularisation of the TNE operation provides a framework for the application of the three theories of the firm. The chapter concludes with a research construct informed by core industry processes, to be tested by the identified theories of the firm.

### **2.1                      The Emergence and Development of Transnational Education**

This section recounts the emergence and the development of the phenomenon of TNE globally, and more specifically for Australian higher education institutions (HEI). It emphasises the commercial impact that TNE has on the HEIs.

#### **2.1.1                      Cross-border Education**

Cross-border education (CBE) is not a new phenomenon. The University of London had made available its degree programs externally from 1858, and now has about 50,000 students worldwide in more than 100 different programs. Under the Colombo Plan, Australian universities have

educated thousands of international students from the early 1950s till about the 1980s. Today, CBE is delivered by both traditional education providers as well as various other organisations. The traditional education providers also include private institutions like Laureate International Universities (formerly the Sylvan Group which started as a network of American remedial tuition schools) and Phoenix University, the largest private US university operated by the Apollo Group. Prominent among non-traditional providers are media groups like Thomson and Pearson.

Originally conceived as aid flowing from the developed world to the less developed countries, the provision of CBE has gradually shifted towards a more commercial orientation (Smart and Ang 1993). The burgeoning demand from a multiplicity of market niches worldwide has triggered rapid growth in the provision of CBE. In its various forms, CBE is now a ubiquitous phenomenon worldwide (Centre for International Economics 2008).

Its ubiquity, and impact on national education systems as well as balance of payments have triggered national and international attention. It is now formally recognised and defined by the UNESCO and OECD in a joint publication (UNESCO and OECD 2005) as 'higher education that takes place in situations where the teacher, student, program, institution/provider or course materials cross national jurisdictional borders. Cross-border education may include higher education by public/private and not-for-profit/for-profit providers. It encompasses a wide range of modalities in a continuum from face-to-face (taking various forms from students travelling abroad and campuses abroad) to distance learning (using a range of technologies and including e-learning).'

The growth in demand for international education over the past three-and-a-half decades has been phenomenal. Globally, international student numbers grew from a mere 800,000 in 1975 to 3.7 million in

2009 (IIE 2011). IDP, the global student recruitment company, forecasts that global demand for international higher education will increase from 1.8 million students in 2000 to a staggering 7.2 million students in 2025 (Bohm et al. 2002). Choudaha and van Rest similarly projected 6.9 million international students by 2030 (Choudaha and van Rest 2018, 4).

In the USA, international education accounts for more than USD21 billion of the 2010 US economy, an increase of about USD10 billion over a ten year period (IIE 2011). As a service export, international education was the USA's sixth, and New Zealand's fifth national service export delivering NZ\$2.85 billion in revenue (Jones 2015). More recently, Australia's international education industry has been acknowledged as the nation's top service export earner at A\$32.2 billion in 2017 (International Consultants for Education and Fairs (ICEF) 2018). The UK has similarly set an ambitious target of generating GBP35 billion per year through 600,000 international students by 2030; this is from a 2016 base of GBP19.9 billion per year from 460,000 international students in 2018 (Stern 2018).

The size of these services has necessitated the introduction of international regulation. The provision of these services is now regulated internationally through the World Trade Organisation's (WTO) General Agreement on Trade and Services (GATS). The various delivery modes are categorised under one of the four GATS modes of supply described in the table below.

In CBE, these modes are not mutually exclusive. Some students enroll under two or more different modes in the course of their studies.

Students studying away from their home country, Mode 2, comprise the largest of the four modes of supply (Naidoo 2009). This is followed respectively by international branch campuses (Mode 3), and franchised

and distance-delivered (including online) programs (Mode 1). Mode 4 services are negligible.

<b>Mode</b>	<b>Mode Title</b>	<b>Mode Description</b>
1	Cross-border supply	Services flows from the territory of one member state into the territory of another member state (viz., distance education, online learning and franchised programs)
2	Consumption abroad	Refers to situations where a service consumer (e.g. international student) moves into another member state's territory to obtain a service.
3	Commercial presence	Implies that a service supplier of one member state establishes a territorial presence, including through ownership or lease of premises, in another member state's territory to provide a service (viz., international branch campuses).
4	Presence of natural persons	Consists of persons of one member state entering the territory of another member state to supply a service (e.g. teachers). The Annex on Movement of Natural Persons specifies, however, that member states remain free to operate measures regarding citizenship, residence or access to the employment market on a permanent basis.

**Table 2.1 GATS Modes of Supply**

## 2.1.2 Transnational Education

More recently, another term has been coined to describe the provision of higher education by institutions in foreign jurisdictions, viz., transnational education.

### 2.1.2.1 Defining Transnational Education

In early TNE literature, TNE was used interchangeably with CBE. Adams uses TNE to describe twinning, distance learning, franchised programs, moderated delivery, offshore campus, joint awards and online delivery (1998). Broadly, transnational education refers to the provision of higher education, usually for-profit higher education, across national boundaries. Later research and literature tightened the TNE definition further.

While some countries viewed TNE as a capacity-building opportunity, other countries harbored fears of neo-colonialism and loss of foreign exchange, manifestations of globalisation in education. The increasing influence and impact of TNE at local, national, regional and international levels have led governments and regional intergovernmental organisations like the Council of Europe and the Association of African Universities, to develop frameworks to understand, regulate and promote TNE in their respective regions. In fact, McBurnie and Ziguras (2009) concluded that ‘... transnational education is at the leading edge of the most fundamental changes taking place in higher education today’.

In developing a Code of Practice in the Provision of Transnational Education, UNESCO and the Council of Europe used a working definition of TNE which includes ‘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. Such

programmes may belong to the educational system of a State different from the State in which it operates, or may operate independently of any national system.’(UNESCO/CoE 2000)

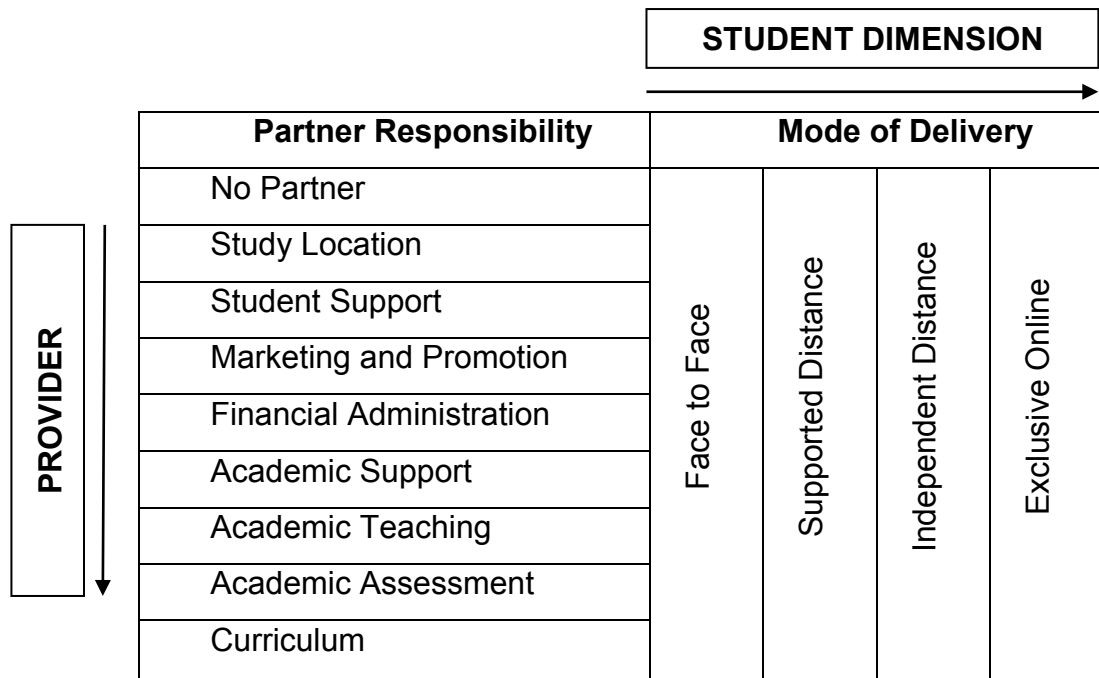
Banks et. al. in their report *The Changing Fortunes of Australian Transnational Higher Education*, categorises transnational education as Modes 1, 3 and 4 of the WTO GATS typology (2000). They have therefore excluded the provision of education services to international students in the home country of the providers. Most TNE researchers now use this definition of TNE. This classification will be followed in the present study of TNE. Further, in view of the low occurrence of Mode 4 provision, the present study will focus solely on Modes 1 and 3 provisions in TNE.

#### 2.1.2.2 Typology of Transnational Education

What started as aid-inspired cross-border education provision, has now morphed into a multiplicity of business models, comprising various levels of involvement of the awarding institution and local partner institution. Countries with less developed higher education systems and new to TNE would usually feature franchised programs. This is driven by local need for capacity-building and technology transfer, as well as opportunity for profit-making. In some countries, e.g., Malaysia and Singapore, TNE has achieved an advanced level of maturity where the preferred mode is the international branch campus. Anecdotal evidence suggests that this shift may be due to the maturity of local providers, and quality issues arising from the complexity of cross-border organisational collaborations.

Within the WTO GATS Modes 1 and 3 service provisions, there is a wide range of TNE business models based on the amount of student-faculty contact and the share of responsibilities between provider partners. The Two-dimensional Typology of transnational education developed by Davis, Olsen and Bohm (2000) classifies transnational education along

the provider and student dimensions. This classification was drawn from an IDP survey of Australian university offshore programs in 1999. The student dimension ranges from full face-to-face to online study experiences, while the provider dimension is a measure of the partners' level of involvement in the delivery.



**Fig. 2.1 Two-dimensional Typology of transnational education developed by Davis, Olsen and Bohm (Davies, Olsen and Bohm 2000)**

On closer analysis using multiple regression, Davis et. al. (2000) classified the TNE programs into three distinct models, viz.,

a) Program Type A

Also labelled as the **Direct Model**, these programs are characterised by the University having full responsibility for the academic functions of the program.

b) Program Type B

These programs feature the sharing of some or most of the academic functions between the university and its offshore partner. This shared responsibility is also known as the **Joint Model**.

c) Program Type C

When the offshore partner assumes some or complete responsibility for all academic functions of the program, they were known as the **Partner Model**.

2.1.2.3 Global Demand for Transnational Education

Recent trends point to a rapidly growing sector. The highest number of providers comes from the UK, Australia and the USA, with emerging numbers from Canada, New Zealand, Europe and even non-traditional TNE provider countries like China, India, Malaysia and Singapore.

Out of an estimated 2,000 programs catering to 500,000 students worldwide on GATS Mode 1 in 2006, about 300,000 students were enrolled in British TNE programs (Bashir 2007). In 2017, the UK enrolled more than 700,000 offshore students; a compound growth of about 8% per annum (Stern 2018).

In 2017, the total number of international students commencing in Australian public universities stood at 202,713 students (Department of Education and Training 2017a). Thirty-five Australian public universities enrolled 51,044 commencing students offshore in that year. This TNE cohort makes up about 25% of total international commencing students enrolled by these Australian institutions in 2017. IDP projected that Australian TNE programs will enroll more than 438,000 international students offshore by 2025 (Bohm et al. 2002). In the vocational education and training (VET) sector, 242 Australian VET providers



operated TNE programs for 39,526 offshore students in 2016 (Department of Education and Training 2017b).

According to the Council on Higher Education Accreditation (CHEA) of the USA, there were 236 U.S.-accredited offshore programs (Naidoo 2009). Naidoo remarks that this is most likely an understatement due to the existence of non-accredited or foreign-accredited programs. In quoting an Observatory of Borderless Higher Education article of 2003, Naidoo also reports that 'offshore education enrolments (delivered via programme mobility) are growing three times as fast as the U.S. domestic level' (2009, 324). The USA now leads the international branch campus (IBC) space with 771 IBCs delivering more than 2,500 program initiatives in 130 countries (SIG-TNE 2018).

Other emerging provider countries include Canada and New Zealand. Knight (2000) reports that a survey conducted in 2000 by the Association of Universities and Colleges of Canada (AUCC) revealed that 42% of institutions operated Mode 3 TNE programs. In New Zealand, twenty-nine institutions were known to be involved in teaching 2,200 students through 63 offshore programs in 2007 (Bashir 2007).

The number of international branch campuses worldwide grew from 113 in 2006 to 162 in 2009, a growth of about 43% over the three-year period (Murray et al. 2011, 25). The Observatory on Borderless Higher Education reports that the majority of the 162 international branch campuses were located in the Asia-Pacific and the Middle East (Becker 2009). Murray further reports that the number of host countries increased from 36 in 2006 to 51 in 2009. There are now 263 international branch campuses operating in 77 countries as at the end of 2017 (Garrett et al. 2017, 2016).

Some of the earliest host countries for TNE programs have been in Asia, e.g., Malaysia, Singapore, Hong Kong, China, and India. It is now

ubiquitous in many regions of the world, including Europe, the Middle East, Africa and Latin America. McBurnie and Ziguras (2009) reports that one-third of Singapore's higher education students comprise of TNE students. There were 126 officially-approved Chinese institutions operating 705 collaborative TNE programs in China in 2007 (Dong 2008).

#### 2.1.2.4 Australian University Transnational Education

In the Australian context, the transition from 'aid' to 'trade' was a consequence of deliberate government policy initiated in the 1980s by John Dawkins, the then Minister for Employment, Education and Training, who identified education as an export that can help improve the current account deficit (Marginson and Considine 2000, 30). By 1985, full-fee international student places were created, and by 1988, foreign aid scholarships for international students were eliminated, save for a relatively small number of mission-related scholarship schemes. 'In 1986, there were 20,000 foreign 'aid' students subsidised by the Australian government and only 2,000 full-fee foreign 'trade' students who fully paid their own way. Yet, by 1991, there were only 6,000 'aid' students and a burgeoning 48,000 full-fee students.'(Beazley 1992)

Coincidentally, the dovetailing of curtailed funding, the national shift towards a corporatised and commercially-inclined higher education sector, pent-up demand for higher education in Southeast Asia, and the globalisation of higher education in the 1980s, led to the first Australian TNE programs in the region. Australian institutions have since then, grown their TNE offerings significantly, becoming a major provider worldwide. In 2003, 37 of the 38 Australian universities enrolled international students through 1,569 TNE programs (Universities Australia 2003). More than 70% of these programs were delivered in Malaysia, Singapore and China (including Hong Kong). By 2015, approximately '110,000 international students were undertaking all or

part of their Australian degree offshore' (Bentley, Henderson and Lim 2017, 339).

Among Australian universities, TNE is a growing portfolio with increasingly critical financial importance. It is now the top services export for the nation. Even the Australian Universities Quality Agency (AUQA) reports that 'Australia has become a leading exporter of (higher) education, and Australian institutions rely heavily on the income from foreign students.' (Stella and Liston 2008, 10)

The tightening of the Australian visa regulations since 2009 and the stubbornly high Australian dollar have led to a softening of onshore international student enrolments. These lingering factors, together with the currently weak global economic environment, are expected to provide strong impetus for TNE program growth in the future (Murray et al. 2011). Forecasting by IDP indicates that 47% of all Australian enrolments of international students will be through TNE programs by 2025. (Bohm et al. 2002).

## 2.2 Scope of Research in Transnational Education

The ubiquity of TNE has generated immense interest among researchers the world over. It has generated research from many different perspectives, including pedagogy, medium of instruction, quality assurance, education psychology, political economy, management, policy, and regulatory frameworks. AUQA identified nine internationalisation sub-themes for audit investigation, viz., quality assurance systems for international programs, standard and quality of offshore teaching, services to international students, use of agents, problems with international programs, English language issues, professional development for internationalisation, pedagogy of offshore teaching, and internationalisation strategy (Stella and Liston 2008). The following will outline briefly, some examples of research in TNE.

The phenomenon of TNE itself has been investigated through various lenses, e.g., Leask's discursive constructions of internationalisation at an Australian university for professional practice (2004), Kehm and Teichler's survey of research on internationalisation in higher education (2007), the glonacal agency heuristic analytical framework for TNE (Marginson and Rhoades 2002), the impact of globalisation on higher education (Armstrong 2007), and TNE as an export (Douglass, Edelstein and Hoareau 2011).

Offering a foreign curriculum in a different jurisdiction, TNE programs have attracted its fair share of criticism as the tools of cultural imperialism and hegemony in the developing world (Garrett 2005). But, it has also been held up as an affordable solution to national capacity building (Librero 2005). These are two of a number of studies exploring the political economy of TNE. More fundamentally, the notion of the *Enterprise University* (Marginson and Considine 2000) or *Entrepreneurial University* (Clark 1998), as well as the conceptualisation of *academic capitalism* (Slaughter and Rhoades 2004) questions the long cherished *raison d'être* of the university of western civilisation.

The quality of provision of TNE programs is perceived to be highly variable across providers and host countries. This has generated a number of studies on the quality assurance of TNE, and the regulatory environment within which these programs are delivered. They include studies on regulation and quality assurance (Martin 2007), legislative changes impacting TNE (Tan 2001), a transaction cost approach to quality control in TNE (Edwards, Crosling and Edwards 2010), policy considerations for TNE in China (Gu 2007), quality of engineering TNE programs (Chong 2005), and an Australian Learning and Teaching Council grant study to develop a framework to assure quality of TNE programs (O'Donoghue et al. 2010). In Australia, TNE was initially governed under the Australian Universities Quality Agency (AUQA) in a

light-touch manner, but later closely regulated under the Tertiary Education Quality and Standards Agency (TEQSA), which took over from AUQA in 2011. TEQSA distinguished between TNE operating in Australia by a non-Australian institution (Tertiary Education Quality and Standards Agency 2017) and third-party arrangements which covers collaborative program deliveries both within Australia and offshore (Tertiary Education Quality and Standards Agency 2019).

Closely related to quality assurance (QA) is the academic dimension of TNE, including teaching and learning strategies, as well as language issues. Some of these studies focus on academic work in TNE (Dobos 2011), transnational computing education (Miliszewska 2006), QA framework for offshore programs in non-English media (Scarino, Crichton and Papademetre 2006), ethnographic evaluation of cultural difference in TNE (Hoare 2006), transcultural teaching (Witsel 2008), and teaching and learning quality in TNE (O'Donoghue et al. 2010).

TNE programs have often been described as high risk ventures with high failure rates. This perception has been demonstrated in AUQA's selection of Internationalisation as one of the two themes of its Cycle 2 audits for institutions with significant TNE exposure. This follows AUQA's view that '... Australian universities' offshore programs ... are categorised as high risk because of the difficulty of managing these programs effectively' (Stella and Liston 2008, 10). The area of risk management of TNE programs has therefore also attracted strong research interest, e.g., key factors in the deterioration of offshore education partnerships (Heffernan and Poole 2004), and entrepreneurial TNE and risk management (Shanahan and McParlane 2005b).

With the proliferation of TNE, and especially in light of a number of TNE program failures, host countries are increasingly stringent in their regulatory monitoring and control of such programs. Keen governmental interest in TNE regulatory and policy issues has spawned a number of

publications, e.g., TNE policy (Moutsios 2009), knowledge of, and compliance with, the educational, taxation, cultural and other requirements of the host government and country (Adams 1998), TNE regulations in Southeast Asia (McBurnie and Ziguras 2001) and an adapted Porter Diamond approach to TNE host countries (Tsiligiris 2017). Healey recently contends that TNE is on a downward trajectory as a result of weaknesses in the industry's supply-side and demand conditions (Healey 2019).

In view of the high risks involved in TNE operations, it follows that interest in institutional strategies and the management of such programs would be high. This body of research is large, and encompasses a wide field of aspects and perspectives. Some of these investigations include the delivery of transnational programs (Adams 1998), the sustainability of TNE programs in Vietnam (Vinen 2007), leadership and management of international partnerships between institutions (Fielden 2011), the development of international branch campuses (Cao 2011), TNE franchising (Chin 2008), TNE marketing strategies (Hsiao 2003), TNE sustainability (Thompson, Baron and Newton-Smith 2003), key success factors in delivering TNE programs (Pidgeon 1995) (Garrett et al. 2017), the classification of TNE delivery models (Knight and McNamara 2017) and branding challenges for TNE franchisees (Juusola and Rensimer 2018).

### 2.3 Gaps in Transnational Education Research

The extant literature indicates a gap in research on the commercial aspects of TNE operation. This is reflected in the stark absence of business and finance monitoring within AUQA audits of Australian universities. This may be due to the perception that education, including TNE, is a public good. Academics generally consider TNE as primarily 'education', and 'hence, TNE is subject to the same principles of public good and public responsibility ...' (Australian Universities Quality Agency

2009, 5). However, in 2008, Dr David Woodhouse, Executive Director, AUQA, recognizing the lack of monitoring in the financial dimension of TNE, indicated in an AIEC (Australian International Education Conference) pre-conference workshop that AUQA was considering the inclusion of financial queries within future AUQA audits (personal communication, October 7, 2008).

In contrast to the perception of TNE as an altruistic public good, TNE is commonly described in commercial terms within industry literature. Miller and Pincus in their series on higher education funding in Australia, noted the shift from a public good to one with public and private elements (1997). It has also been noted that John Dawkins, the former minister responsible for the expansion of the Australian higher education system in the late 1980s, was of the view that education could be an export to help improve the current account deficit (Marginson and Considine 2000).

While reviewing institutional strategies for internationalisation, Kehm and Teichler (2007, 265) conclude that 'there is a strong indication that high-quality educational provisions have become a business that—at least in some countries—is a factor in the generation of institutional income.' Ziguras, in developing a TNE good practice guide for New Zealand institutions, remarks that 'transnational operations have the capacity to generate additional revenue for the New Zealand provider' (2007, 5).

Australia's former Minister for Trade and Investment, Andrew Robb was quoted in The Australian news article 'Asian Demand Needs Business Solution' as saying, 'The sheer numbers of potential students presented a market opportunity that needed to be seen as 'a business problem that requires a business solution, not an academic solution' (Ross and Hare 2012).

These observations of a commercial orientation for TNE therefore provide a clear indication of the need for an investigation of the commercial operation of TNE ventures.

TNE is recognised as a risky venture, amply demonstrated by a number of failures, e.g., the failure of RMIT University to commence branch campus operation in Penang, Malaysia, the ending of the University of Southern Queensland franchise arrangement with the Informatics Group in Malaysia, and the pull-out of the University of New South Wales from Singapore. In contrast, there are also a number of clearly continuing TNE ventures, e.g., the Wollongong University franchise partnership with the Laureate International Universities Group in Subang Jaya, Malaysia, Curtin University branch campus in Sarawak, Malaysia, and RMIT University branch campuses in Hanoi and Ho Chi Minh City in Vietnam.

How do some TNE ventures find longevity, while others fail? While there are a number of normative studies on recommended structures and processes to meet compliance requirements and ostensibly to succeed, there are very few empirical investigations into TNE business delivery models and how these models contribute to the longevity of the ventures.

## 2.4 Researching Transnational Education as Commercial Venture

It was earlier noted that there was a dearth of research on the commercial aspects of TNE, amidst a large number of TNE studies which are mostly set within academic contexts. This prevailing orientation is a consequence of the reluctance of academic researchers to embrace commercial paradigms.

### 2.4.1 A Changing Conceptualisation of the University

The global growth of TNE has occurred amidst a shift in the conceptualisation of the university. The University as an institution can



be traced to the Socratic and Aristotelian academies of Athens, early experiments in enquiry rooted in debates and discourses. In time, the modern Western University was birthed by students in 1088 as Universitas di Studorum, Bologna, a community of scholars where professors were employed by the student guilds. The early universities were characterised by the free pursuit of knowledge as an end in itself, unfettered by industry, the religious community or politics – where *the gown takes precedence over the town*.

Over time, the University has evolved in its purpose, internal structure and external relations. Thorstein Veblen, writing *Higher Learning in America* (Veblen 1918), was one of the first academics to decry the invasion of commerce into the sacred precincts of the University. He argues that with the infusion of corporatism, the University has gradually lost its participatory decision-making culture, and subject to the pursuit of market-oriented production functions. Although his thoughts and writings were well received, this particular thesis did not find friendly reception then.

The present-day University has been described by academics variously as a *Dereferentialised University* (Readings 1996), the *Enterprise University* (Marginson and Considine 2000), and the *Entrepreneurial University* (Clark 1998). They all share a common characteristic : that the University has sold its soul to commerce, and in the process, lost its long-cherished raison d'etre of the free pursuit of knowledge. Readings interprets the loss of referents in the 'primary institution of national culture in the modern nation state' (1996, 12) as a result of globalisation, the alignment of national productive capacity to capitalistic objectives, the pursuit of economic efficiency (read 'excellence') and the reduction of government funding. Similarly, Slaughter and Leslie, through the lens of resource dependence theory, describes how the global political economy is inducing *academic capitalism* in the US higher education sector

(1997). They define academic capitalism as 'the involvement of colleges and faculty in market-like behaviours' (Slaughter and Rhoades 2004, 37).

Marginson and Considine (2000) trace the evolution of the Australian university from the inception of the University of Sydney, the first Australian university in 1850 through the many sector reforms. They describe the shift towards the deployment of universities as public policy tools, the introduction of economic criteria in the assessment of public interest within higher education, the export of education to improve the current account deficit, and the ascendance of management over faculty.

It is important to bear in mind these shifts in the conceptualisation of the university, the impact of globalisation, and the reconfiguration of governmental funding, as well as the consequent structural transformation of the university, in any study of TNE. TNE cannot be fully explicated without reference to these ongoing tensions. An example of this tension is the possible conflict between the university's mission and its funding obligations, highlighted by Weisbrod, Ballou and Asch (2008) as the two-good perspective. They argue that the western university now has to ensure it has sufficient *revenue goods*, i.e., revenue-generating activities, to pay for its *mission goods*, viz., its teaching, research and public service. While the parsimony of an investigation that assumes either a purely mission-driven university or a purely profit-focused university is welcome, the underlying tensions would render the analysis invalid.

Many researchers have railed against the market-driven shifts in the purpose and structure of the University, but Readings advises against an attitude of denunciation, and proposes that 'an engagement with and transvaluation of this shift can allow innovative and creative thinking to occur' (1996, 167). It is with this perspective that the current research program has been framed to analyse Australian university transnational education.

#### 2.4.2 The Business of Transnational Education

Fundamental to this study is the question of why universities engage in TNE. Among some of the key reasons for this involvement are to internationalise student and staff experiences, internationalise curriculum and pedagogy, provide access to students who do not have the opportunity to study in Australia, generate new revenue streams, improve regional and international visibility, and brand profile for the promotion of onshore enrolment. However, some universities do not have a clear internationalisation agenda and are unable to articulate a reason for their TNE involvement (Armstrong 2007, 135; Adams 1998).

In addressing the viability of TNE operations, Adams (1998) recommends that 'commercial considerations must be foremost in the sense that unless the program is financially sustainable without subsidy from domestic programs, it is unlikely to survive'. It thus follows that the primary success factor for TNE is financial sustainability – the TNE program being a *revenue good*, which should pay for all the other *mission goods*. Naidoo also similarly conclude that '... the perceptions of higher education ... as a lucrative service that can be sold in the global marketplace has begun to eclipse the social and cultural objectives of higher education generally encompassed in the conception of higher education as a 'public good'' (2008, 45).

The political economy within which the western university finds itself in is marked by a highly connected network of country states vying for economic dominance, an expectation that the university's primary role is one of human capital production for the state's economic prosperity, reduced but competitive government grants, and consequently entrepreneurial university instincts. Globally, there is a clearly discernible conceptualisation that education's role is to drive productivity which feeds into economic growth (Centre for International Economics 2008).

Amidst the shift in expectations of the role of universities and other higher education institutions, the funding of these institutions have often been dramatically reduced. The UK government for example, cut more than three quarters of university funding for teaching, and replaced it with a student loan system (Green 2011). To balance the books, programs that are deemed low in employability have been culled. The USA has explored the ‘ability to benefit’ criteria to favour institutions that can demonstrate commitment to student success. Even China is not immune to this trend – in responding to increasing unemployment, its Ministry of Education announced plans to phase out or downsize programs that have employment rates below 60% for two consecutive years (The Chronicle of Higher Education 2011).

Like any other organisation, universities also face increasing budgetary pressures of growing operational costs, and asset investments and renewals. With reducing state funding and regulated fee regimes, they find themselves in a tightening cost-price squeeze. For many, globalisation provided the relief (Armstrong 2007). This fits well with the observation by McBurnie and Ziguras (2009) that ‘... the vast majority of transnational programs are funded wholly by students’ tuition fees, which places them alongside nationally based for-profit higher education as the most consumer-driven form of education delivery in the world today’. It is noteworthy that recent studies however, report that TNE surpluses might not be as worthwhile as traditionally conceived (Healey 2019).

Australia responded to this cost-price tension by legislating a commercial approach to university funding. This was initiated in the mid-1980s through the ‘education as export’ strategy. Back then, Australian institutions were some of the first to export, and today, are still considered some of the most experienced in TNE. Marginson and Considine remarks that ‘almost every policy move from the mid 1980s, ... was powered by faith in markets and the business model of higher

education ... this was a faith that the three 'Cs' of competition, corporatism and consumerism would lift efficiency, performance and rates of innovation; strengthen accountability to government, students and business; and provide fiscal relief' (2000, 3)

While there is a need to acknowledge and take account of Weisbrod et al.'s '*mission good-revenue good*' tension, there is an equally potent argument for universities to operate commercial activities using commercial strategies and tactics. The imposition of an inevitable capitalistic paradigm onto universities requires a new, bold and innovative approach to university management and governance – as is suggested by Readings (1996). The increasing adoption of commercial principles has translated to the emergence of an interest in various TNE business delivery models.

## 2.5 Transnational Education Business Delivery Models

Universities engaging in TNE have been known to deploy an assortment of business delivery models. They gradually gravitated to a handful of proven models. This gravitation towards certain preferred models may be attributed to isomorphism, the move by organisations towards similar processes and organisational structure. DiMaggio and Powell noted three types of isomorphism, viz., coercive isomorphism due to regulatory pressure (e.g., the shift from twinning programs to franchised models), normative isomorphism resulting from the perception of proven models (e.g., the phenomenon of international branch campuses), and mimetic isomorphism arising from uncertainty (such as the strategic move by the University of South Australia to unwind from their wide network of TNE operations in 2008) (1983).

### 2.5.1 TNE Models and their Commercial Equivalents

TNE has traditionally been delivered through distance learning including online learning and their hybrid variants, twinning arrangements, licensing, franchising, and international branch campuses. These delivery models mirror, and are derived from some of the commercial sector's more common cross-border business delivery models.

Within the commercial sector, strategic alliances can be seen as 'non-trivial, bilateral cooperation between autonomous firms' (Adobor 2011, 67). They span across the range from equity joint-ventures to loosely-bound business relationships. Commercial entities engage in such alliances for a number of reasons, viz., resource leveraging, technology transfer, rapid market penetration and accelerated market expansion.

Dussauge and Garrette (1999) categorise strategic alliances into two broad types, viz., non-competing partners and competing partners. The former includes equity joint-ventures, vertical partnerships of supplier-customer relationships at various points of the value chain, and cross-industry agreements for new market penetration. Competing partner alliances comprise shared supply alliances for economies of scale in supplies, quasi concentration alliances which produce joint products and complimentary alliances where partners contribute different skills sets. In this context, it appears that the more common strategic alliances employed by Australian universities include vertical partnerships, quasi concentration alliances and complimentary alliances.

In the early years of TNE, the preferred business delivery model was distance learning (and their hybrid and online variants) and franchised programs. Later providers used franchised delivery models almost exclusively. In the last decade, the international branch campus grew in popularity among universities with a higher risk appetite. Verbik and Merkley (2006) surveyed 21 wholly-controlled TNE operations in 18

countries from 4 source countries, and 42 franchised operations in 15 countries from 11 source countries. They established that the international branch campus holds the stature of an ultimate aspiration amongst TNE providers. However, despite its prestige and desirability, the international branch campus is an aspiration only for universities which have robust internationalisation agendas, strong financial standing, access to external funding, and are less risk averse. Not all universities can or should aspire to operate an international branch campus. In fact, Verbik and Merkley observed that franchised programs are much more established than international branch campuses (2006).

The launch of TNE operations can be likened to multinational corporations 'expanding abroad in search of revenues and markets' (Ahmed and Rao 2011, 119). Using the Robbin and Coulter (2001) conceptualisation, Ahmed and Rao postulates that universities expand overseas by going through the same 'classic' sequence of Exports, Initial Overt Market Entry, and Establish International Operations. He referred to exports as the universities' enrolment of international students onshore; initial overt market entry as light-touch offshore involvement with no or minimum involvement (e.g., examination centres and student mobility); and international operations as the various TNE operations.

Ahmed and Rao further applies the parallel EPRG framework of Bartlett and Ghoshal (1989) to classify university TNE strategies according to whether the university 'adjusts and adapts its policies and operations to suit its target markets' (2011, 132), EPRG referring to Ethnocentric (International), Polycentric (Multidomestic), Regio and Geocentric (Global), or Transnational.

Guimon (2016) researched branch campuses using an eclectic paradigm which focused on ownership of the operation, location of delivery and extent of internalisation. His framework is based on TCE, PRT and RBV, and provides the basis for studying TNE as an international business.

## 2.5.2 Reflecting on TNE Complexity

A survey of Knight's taxonomy of TNE operations indicates that newer forms of TNE business delivery models have emerged, e.g., the dual/multiple degree, the co-founded university, the foreign private university and the franchised university (2015). She also flags that the phenomenon of dual/multiple degrees might not strictly be a TNE business delivery model because of the use of validation as the basis of awards; a basis that is generally questionable in academia. Her classification of twinning and franchised programs as one and the same might be misinterpreted in certain host countries such as Malaysia, where twinning refers to the completion of a degree in two or more countries (see Section 4.3.4.2.2 for case evidence). These twinning programs may be based on a franchised arrangement or articulation between the participating higher education institutions (HEI) (Education Marketing Division 2010), the latter not considered TNE.

Her taxonomy has been updated in the joint publication by the British Council and the German Academic Exchange Service (DAAD) *Transnational Education : A Classification Framework and Data Collection Guidelines for International Programme and Provider Mobility (IPPM)* reproduced below (Knight and McNamara 2017).



Independent TNE Provision	Collaborative TNE Provision
1) Franchised Programmes (import/export; validation; foreign; non-local; international private programs)	4) Partnership Programmes (joint/double/multiple degrees; twinning programs)
2) International Branch Campus (IBC) (satellite; private international; offshore campus; portal campus)	5) Joint University (co-developed; bi-national; co- founded; multinational; joint venture universities)
3) Self-study Distance Education (fully online education; open university; MOOCs; pure distance education)	6) Distance Education with Local Academic Partner (online or distance education with reference to local academic partner)

**Table 2.2 Common TNE Classification Framework for IPPM (Knight and McNamara 2017, 16)**

This Knight and McNamara (KM) framework is one of the latest attempts at classifying the myriad TNE models, and is driven by the need for better understanding and measurement of the TNE phenomenon, planning and policy development, quality assurance and accreditation, and assisting higher education institutions (HEIs) in strategic planning. The basis of classification lies in three key questions, viz., who awards the qualification, who is primarily responsible for curriculum design and delivery, and who is primarily responsible for external quality assurance and accreditation (QAA). The authors present the framework as a work-in-progress to be updated with the discovery of new information and knowledge.

### 2.5.3 Interpreting TNE Complexity for Empirical Analysis

For the purposes of the current study, the KM framework cannot accurately or sufficiently capture the key characteristics of organisations/delivery models (by being based merely on the three key questions). This is especially relevant when the TNE phenomenon is studied using the theories of the firm, where the boundaries of the firm

are circumscribed by production functions as well as transaction costs, residual control rights influence the choice of organisational structure, and firms respond to governance environments. The KM framework needs to be modified to accurately and sufficiently capture TNE processes for analysis.

First, the KM framework classifies franchised programs as independent TNE provision (i.e., controlled entirely by the sending HEI) based on the three key questions. However, apart from the three processes considered, TNE also encompass a number of other core processes as outlined and adapted from Hutaibat's higher education value chain (as discussed in Section 2.7.3). Further, a commercial definition of business format franchises (Garg, Rasheed and Priem 2005, 185) clearly point to a collaborative venture between a franchisor and its franchisees, evidencing a collaborative relationship. The business format franchise refers to a firm licensing the production of goods or services to another firm under the former's brand and delivery systems (Castrogiovanni, Combs and Justis 2006).

Second, the inclusion of joint/dual/multiple degrees (JDMs) and twinning programs in the collaborative category is not well supported for the following reasons. Dual/multiple degrees are usually based on either an articulation or a validation agreement (Uroda 2010, 231-261). Articulation cannot be said to be a TNE operation, while we have argued earlier that validation is generally not a favoured arrangement due to its weak academic basis. Twinning programs, as also argued previously, are either based on franchised arrangements or articulation (Edwards, Crosling and Edwards 2010, 303). This leaves joint degrees as the only model under Partnership Program.

Third, as argued by Knight and intimated in the KM report, distance education, and its online variant can be considered pedagogical alternatives and not true TNE models of delivery. If accompanied by local

host support, it can be subsumed under Partnership Programs (if the collaboration involves host HEI/partner providing non-academic inputs) or Franchised Programs (if the host HEI/partner provides the key inputs of curriculum design and/or delivery). Hence, Partnership Program now has two variants, viz., the distance education with local host support and the joint degree.

Fourth, the KM framework may have mis-positioned the multinational university as a Joint University. These can also be stand-alone networks of autonomous universities in different countries, an example being the Laureat group of universities (Garrett et al. 2016, 45).

Finally, there is a need to clarify the definition of an international branch campus (IBC). According to the second part of the fifth report on international branch campuses from the Observatory on Borderless Education (Observatory), an IBC is ‘an entity that is owned, at least in part, by a foreign education provider; operated in the name of the foreign education provider; and provides an entire academic program, substantially on site, leading to a degree awarded by the foreign education provider’ (Garrett et al. 2017). The Observatory lists the following IBCs as carrying Australian university badges.

No.	International Branch Campus	Country	Year Started	No. of Programs	Student Population
1	Curtin University, Malaysia	Malaysia	1999	34	4,100
2	Curtin Singapore	Singapore	2008	11	2,000
3	JCU Singapore	Singapore	2003	22	3,000
4	Monash University, Malaysia	Malaysia	1998	14	6,000
5	Monash South Africa	South Africa	2001	8	2,617
6	Murdoch University in Dubai	UAE	2007	11	600
7	University of Newcastle International Singapore	Singapore	2002	9	2,000
8	RMIT Vietnam (HCMC)	Vietnam	2001	23	5,755
9	RMIT Vietnam (Hanoi)	Vietnam	2004	10	1,200
10	Swinburne University of Technology, Sarawak Campus	Malaysia	2000	12	2,390
11	University of Wollongong in Dubai	UAE	1993	24	4,163

**Table 2.3 List of Australian University IBCs as at 2017 (Garrett et al. 2017, 74-90)**

The KM framework places IBCs in the independent TNE provision category, arguing that IBCs do not collaborate with partners in the provision of TNE. While there are wholly controlled and operated IBCs (such as James Cook University Singapore), there are clearly cases where the sending HEIs are constrained by contracts with host HEIs/partners, e.g., the involvement of the Sarawak state government in the governance of Curtin University Sarawak through the chairs of the Board and Council in return for the provision of land, buildings and funding (Garrett et al. 2017, 14).

Further, evidence from in-depth interviews (Sections 5.3 and 5.4) however, indicate that some of the listed IBCs in the Observatory's report might have been mis-classified because at least one Australian 'IBC' was found to be wholly owned by the university's offshore partner (OP). This type of IBC, together with the Curtin-Sarawak IBC (discussed previously) are distinguished from the wholly-controlled IBC, as collaborative IBCs. This important distinction has been accounted for in the development of the TNE Framework for Organisational Economics Research at Section 2.5.5.

#### 2.5.4 The TNE Direct-Outsourced Dichotomy

To be able to deploy cross-border strategic alliances effectively, commercial entities must be able to modularise their delivery process. Some of the resulting component processes of the modularised value chain can then be outsourced to strategic partners with the expertise and/or capacity to optimise the value chain. This attempt at optimisation through outsourcing can be observed in many TNE operations (Armstrong 2007), and has been studied by Davies et. al. (2000). The categorisation of TNE business delivery models into Direct Model, Joint Model and Partner Model by Davies et. al. is a useful framework to

examine institutional motivations and the attendant success or failure of their TNE operation.

For the purposes of the present study where a comparison will be made between University-managed, and outsourced business delivery models, the typology of Davies et. al. will be modified and regrouped as

- a) Direct Model – where the university is responsible for all core TNE functions; and
- b) Joint/Partner Model – where part or all of the program’s core TNE functions have been outsourced to the offshore partner (to be re-labelled the Outsourced Model).

The dichotomy between the Direct Model and the Outsourced Model provides the framework for exploring the decision-making processes in explicating the Australian university TNE program phenomenon. This dichotomy can also be compared to the GATS mode 1-mode 3 distinction which distinguishes between cross-border supply and commercial presence respectively.

#### 2.5.5 TNE Framework for Organisational Economics Research

Noting the need for additional enhancements for a more complete analysis of complex TNE business delivery models in Section 2.5.3, the KM framework is proposed to be adapted in this Section. The KM framework requires the incorporation of the provision of teaching and learning (T and L) infrastructure, the deployment of staff and student support, post-graduation career placement and alumni relations (Hutaibat 2011, 218), and the impact of online education and multinational universities (Hare 2012, 17) on the TNE landscape. Following discussion in Section 2.5.3 on the classification of IBCs, there is a need to separate wholly-controlled IBCs (w-IBCs) from collaborative IBCs (c-IBCs), where w-IBCs fully satisfy the IBC definition of the Observatory on Borderless

Education (Observatory), while c-IBCs are IBCs which are not owned by the foreign education provider, but satisfies the other three Observatory IBC requirements and are operated by an OP (Edwards, Crosling and Edwards 2010, 314). Finally, as scoped out in Section 3.2 Focus of Research, self-study distance education and online education are excluded from the current investigation due to the absence of physical faculty-student engagement.

This adapted framework elaborates on the core processes involved in TNE, and indicates the possible entity/ies responsible for each process. In the spirit of the KM framework, this adapted framework is also proffered as a work-in-progress TNE framework variation.

No	TNE Processes		Direct Models			Outsourced Models		
			w-IBC	Multina- tional University	c-IBC	Franchised Program	Partner- ship Program	Joint HEI/ provider
<b>A</b>		<b>Primary Activities</b>						
1	Academic recruitment	Curriculum design	S	S or A	S	S	S or SandH	SandH
2		Curriculum delivery	S	A	H	H or SandH	H or SandH	A
3	Student recruitment		S	A	H	H	H	A
4	Teaching management	Awarded by	S	S or A	S	S	S or SandH	SandH
5		Curriculum designed by	S	S or A	S	S	S or SandH	SandH
6		Curriculum delivered by	S	A	H	H or SandH	H or SandH	A
7	Career placement and alumni relations		S	A	SandH	SandH	SandH	A
<b>B</b>		<b>Support Activities</b>						
1	TandL physical infrastructure provision		S	A	H	H	H	A
2	Student support	Academic	S	A	H	H	H or SandH	A
3		Admin/Pro- fessional	S	A	H	H	H or SandH	A
4	Academic staff support		S	A	SandH	SandH	H or SandH	A
5	Divisional management		S	A	SandH	SandH	SandH	A

Abbreviations : 1) S – Sending Higher Education Institution/Provider  
2) H – Host Higher Education Institution/Provider  
3) A – Autonomous/semi-autonomous management

**Table 2.4 TNE Framework for Organisational Economics Research adapted from KM Framework (Knight and McNamara 2017, 16) and Hutaibat Value Chain (Hutaibat 2011, 218)**

The TNE delivery framework tabulated above builds upon work done by Hutaibat on the modularisation of higher education delivery, as discussed in Section 2.7.3, and incorporates the Direct-Outsourced dichotomy of TNE delivery adapted from Davies et. al.'s typology.

## 2.6 Theoretical Bases for the Study of Business Delivery Models

In this section, three theories of the firm are explored as lenses to investigate TNE decision-making. The universities being studied are

postulated to have undertaken TNE model selection decisions based on various commercial and related motivations underpinned by one or more of these theories.

### 2.6.1 Theoretical Framework of Study

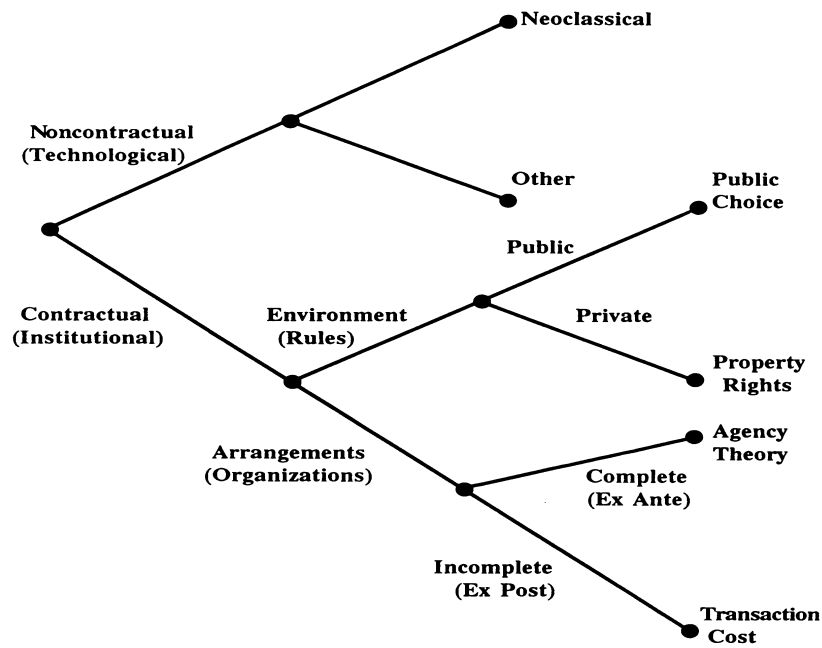
Most of the TNE research to date have been normative studies. There are very few empirically grounded investigations. The present study aims to contribute to this small body of empirical work through an investigation of institutional motivations for different types of business delivery models.

The present study aims to investigate institutional motivations for different types of business delivery models. The assumption is that the university has had to adopt corporate/commercial paradigms and practices to navigate the new industry environment that is characterised by intense domestic and international competition for students, staff and resources. This has been observed by many researchers, including Marginson, who noted that ‘... universities have always borrowed from the organisations outside them, ...’ (1998, 43).

A survey of the literature indicates face validity for several theories of organisational economics in explaining these business delivery models empirically. Three theoretical perspectives in particular, can be used as lenses for an empirical study of TNE business delivery models (Zhang 2006). These are transaction cost economics, property rights theory and agency theory, constituent branches of organisational economics (Kim and Mahoney 2005).

Seminal works by Coase (1960, 1937), Alchian (Alchian 1969, 1965a) and Demsetz (1964, 1966, 1967) laid the foundation for the development of transaction cost economics, agency theory and property rights theory.





**Fig. 2.2 Economic Theories of Organisations (Williamson 1990, 62)**

Drawing from Williamson's schema (see Fig. 2.2 above), the development of transaction cost economics, property rights theory and agency theory was a result of dissatisfaction with neoclassical economics in explaining economic institutions using price and production output (Williamson 1990, 62). His schema introduced a differentiation between the neoclassical focus on the technological (non-contractual) approach concerned with output and pricing, and the contractual approach of institutions. These latter institutions are broadly described as either the rules-based institutional environment (where property rights theory is located) or the hierarchical institutional arrangements within firms (where agency theory and transaction cost economics are located).

The new institutional economists argue that comparative contractual issues must be addressed because firm boundaries are not clear, property rights are not well-defined, and contractual disputes are not costlessly settled by the courts (Gibbons and Roberts 2013, 2).

Property rights theory assumes that when transacting parties can agree on their respective property rights, the markets through its governance

rules will 'reliably assign resources to high valued uses' (Williamson 1990, 66). Transaction cost economics, while similarly assuming the incompleteness of contracts, focuses on *ex post* governance structures to minimise transaction costs. Agency theory, on the other hand, assumes that property rights are a given, and that *ex ante* agreement on incentives can form sufficiently effective contracts to effect cost minimisation.

At the onset of this research, a resource-based view was also considered, viz., the 'resource scarcity theory' (Castrogiovanni, Combs and Justis 2006). While considering agency theory in the investigation of the Direct-Outsourced dichotomy in TNE, 'resource scarcity theory' also comes to fore as a rival explanation to this choice of business delivery model. Interestingly, the first three theories focused on minimizing transaction costs, while resource-based views focused on maximising benefits or returns (Kim and Mahoney 2005, 224).

On closer scrutiny, the 'resource scarcity theory' and the resource-based view were not selected to complement the three other theories of the firm for three reasons. First, the 'resource scarcity theory' has had a very short-lived appearance in the empirical scene. While it was mentioned in the Castrogiovanni et. al. journal article and based on a much quoted journal paper by Combs and Ketchen (2003), there were very few other empirical studies that followed through with this line of research. In fact, Combs and Ketchen merely mentioned resource scarcity, but not 'resource scarcity theory' in their 2003 paper. More importantly, Barney et al.'s review of the development of the resource-based view/theory did not feature 'resource scarcity theory' at all (Barney, Jr and Wright 2011).

Second, the resource-based view is grounded on the assumption of sustained firm performance (Bromiley and Rau 2016), a condition which is not met in every TNE operation. And finally, Barney et al.

acknowledged that some sections of the research community does not yet recognise it as a theory (2011).

The present study will thus be anchored empirically by the three theories of the firm. These theories will form the lenses to explore the dichotomy between the Direct Model and the Outsourced Model.

### 2.6.2 Transaction Cost Economics (TCE)

Made known mainly by Williamson (1979, 1985), transaction cost economics (TCE) posits that the firm exists to reduce transaction costs (e.g., negotiation, monitoring and enforcement of contracts) through the buy-or-make boundary decision, executed using the different governance structures of the market or the organisation, respectively. This buy-or-make decision is derived originally from Coase's work which can be summarised as 'what factors affect the relative costs of internal coordination and market transactions that determine whether a firm will internalise resource allocations or use the price (market) mechanism?' (Klein and Sykuta 2010, 153).

A transaction is one that 'occurs when a good or service is transferred across a technologically separable interface' (Williamson 1981, 552). In TCE, the basic unit of analysis is the transaction, which necessarily addresses conflict of interests of the parties to the transaction, requiring some form of order (viz., the governance structures of the market or hierarchy) in the transaction towards generating mutually beneficial outcomes for the parties (Rindfleisch and Heide 1997, 46). This concept was attributed to John R. Commons who defined the transaction as the ultimate 'unit of investigation' which includes the 'three constituents of conflict, (mutual) dependence and order' (1932, 265). He started off 'with scarcity ... to show that out of scarcity proceeds not only conflict, but also the collective action that sets up order on account of mutual dependence' (Commons 1932, 265). The unit of analysis in TNE is represented by the

individual activities of the TNE value chain, as developed in Section 2.7.3.

Williamson theorises that the total cost of governance is the sum of production costs and transaction costs, where the transaction costs are the costs incurred in organizing the exchange (1990). He likens transaction costs to frictions in mechanical systems, and asks ‘do the parties to the exchange operate harmoniously, or are there frequent misunderstandings and conflicts that lead to delays, breakdowns and other malfunctions?’ (Williamson 1981, 552). Building on Williamson’s *ex ante* and *ex post* transaction costs, Rindfleisch and Heide (1997, 46) summarised transaction costs by sources and types as follows.

No.	Nature of Transaction Costs	Asset Specificity	Environmental Uncertainty	Behavioural Uncertainty
<b>A</b>	<b>Source of Transaction Costs</b> Nature of Governance Problem	Safeguarding	Adaptation	Performance Evaluation
<b>B</b>	<b>Type of Transaction Costs</b> Direct Costs	Costs of crafting safeguards	Communication, negotiation and coordination costs	Screening and selection costs ( <i>ex ante</i> ) Measurement costs ( <i>ex post</i> )
	Opportunity Costs	Failure to invest in productive assets	Maladaptation; Failure to adapt	Failure to identify appropriate partners ( <i>ex ante</i> ) Productivity losses through effort adjustments ( <i>ex post</i> )

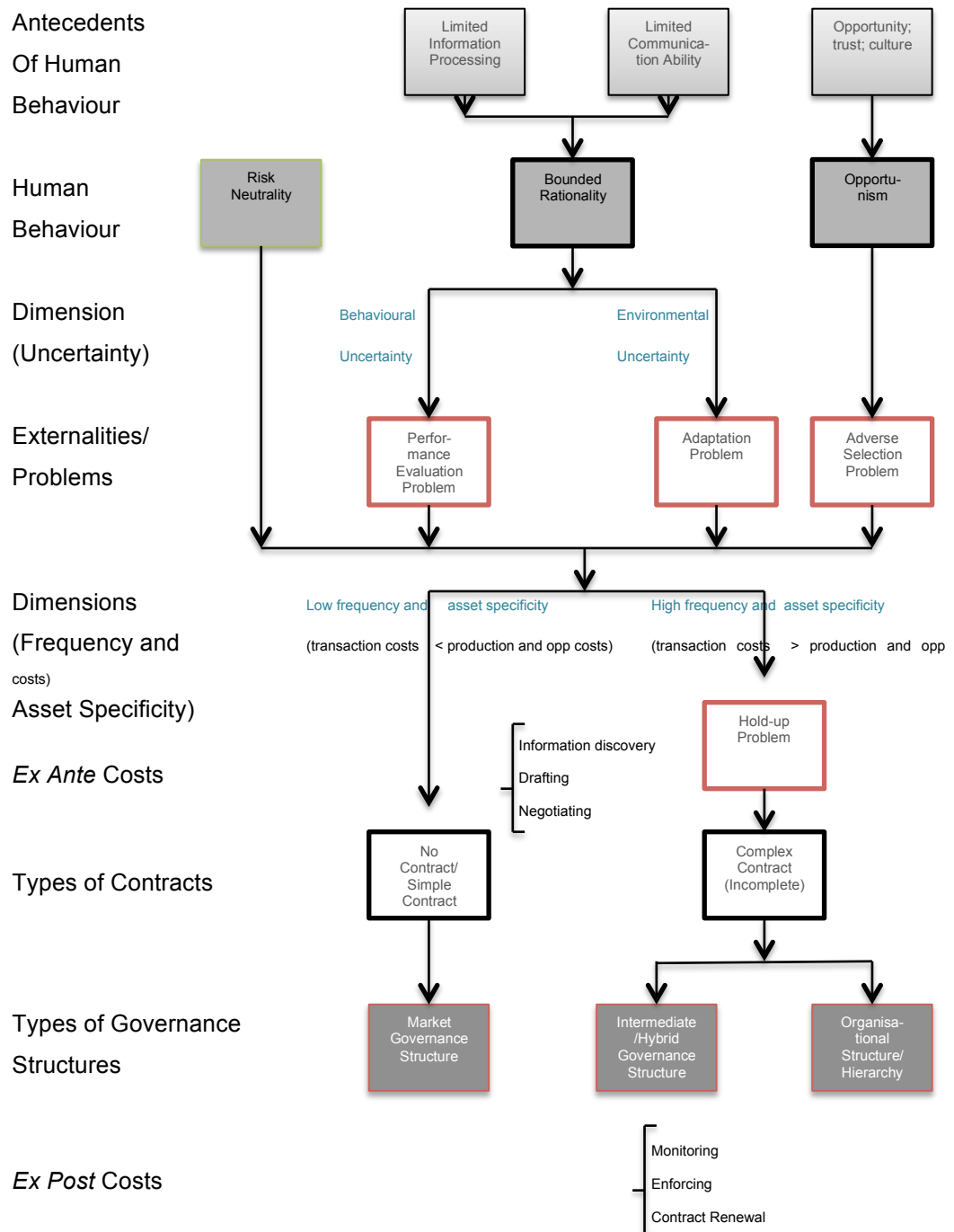
**Table 2.5 Sources and Types of Transaction Costs (Rindfleisch and Heide 1997, 46)**

The buy-or-make polar schema later evolved into a buy-make continuum, covering the market governance structure on one end, the hierarchy on the other end, and various hybrid structures in between (Zhang 2006, 60). This construct seems a good fit to TNE with its similar outsource-or-manage business delivery choice, comprising variations of business delivery models.

TCE assumes that it is not possible to have complete contracts due to the assumed human frailties of bounded rationality and opportunism, and

therefore assumes an *ex post* focus on governance structures for economizing outcomes (Williamson 1990). Bounded rationality refers to the limited ability of human actors to account for all contingencies while contracting, and has its antecedents in the human limitation for information processing and communication; opportunism refers to Williamson's 'self-interest seeking with guile' which may arise from an environment lacking in trust and the presence of an opportunity for profitable exploitation (John 1984, 278). Bounded rationality results in performance evaluation problems due to uncertainties from difficulties in measuring performance, while opportunism gives rise to adaptation externalities due to uncertainties in the contracting environment. A less-researched human behaviour that Williamson assumed as a basis for TCE is risk neutrality (Chiles and McMackin 1996).

Williamson's discriminating alignment hypothesis asserts that 'transactions which differ in their attributes are aligned with governance structures, which differ in their costs and competencies', so as to reduce transaction costs (1991). Drawing from this hypothesis, he identified three key dimensions of TCE, viz., uncertainties affecting the transaction, the specificity of relational assets, and the frequency of transactions. The higher these are, the more the transaction will be undertaken within the organisation/hierarchy (Whinston 2003). This is due to the increased transaction costs compared to the total of production cost and the opportunity cost of making a less optimal governance decision (Williamson 1998).



**Fig. 2.3 Transaction Cost Economics Framework**

High asset specificity can result in the hold-up problem where one party to the contract may appropriate rent arising from transaction efficiencies provided by the other party's investment in a relationship-specific asset. The solution to the hold-up problem is the classic paradigm case of vertical integration. Williamson originally identified four types of asset specificities, viz., physical asset, site, dedicated asset, and human asset

specificities, but expanded that to include brand name capital, and temporal specificities (1998). The focus group analysis identified possible asset specificity in investments towards physical infrastructure and facilities (e.g., engineering laboratories), international branch campus sites (e.g., central business district vs suburbia), organisational entities (e.g., host country office), University and OP brand equity, various dedicated training and quality assurance infrastructures, and time-bound operating licences.

The externalities presented by performance evaluation difficulties, mal-adaptation and holdup problems result in positive *ex post* transactions costs (viz., the costs of monitoring, enforcing and renewing contracts) (Zhang 2006) which will then determine the selection of governance structure which minimises these externalities.

Figure 2.3 above summarises the TCE framework for analyzing the transaction cost minimizing behaviour of economic actors.

In TNE parlance, the market represents a university's direct engagement with partners across borders (as in the reliance on offshore partners in the marketing of the university's programs), while the hierarchy represents the university's direct engagement with students using its own infrastructure within the host country (best reflected in the international branch campus). Based on Williamson's discriminating alignment hypothesis (1990), the choice of governance structure is essentially determined by three TCE dimensions, viz., the frequency of the transaction, the uncertainty of the transaction, and related asset specificity. The lower these dimensions, the more inclined firms will be towards the market governance structure (e.g., partner-marketed distance education and online education), and vice versa for the hierarchy structure (e.g., wholly-controlled international branch campuses). The emergence and longevity of international branch campuses might have their fundamentals in these key TCE dimensions,

especially relational asset specificity and uncertainties (in both performance and regulatory environments) associated with the governance environment of the IBC operations (McNamara and Doyle 2014; Santos 2002). Straddling between the market and hierarchy are hybrid governance structures, organisational forms ‘that involve multiple partners pooling some strategic decision rights and even some property rights while keeping distinct ownership over key assets, so that they require governance to monitor and discipline their interactions’ (Klein and Sykuta 2010, 176), represented by various collaborative arrangements, e.g., franchised programs, licensed programs and collaborative IBCs (Knight and McNamara 2017).

### 2.6.3 Property Rights Theory (PRT)

Some scholars argue against the simplistic and discrete buy-or-make decision model of TCE. As an alternative to TCE, they suggest focusing on the details of the contract, an approach known as property rights theory (PRT). The works of Alchian (1965, 1969), Demsetz (1964, 1966; Demsetz 1967), Grossman and Hart (1986), and Hart and Moore (1990) formed the base from which PRT developed. The current study does not distinguish between classical PRT promulgated by Alchian and Demsetz, and modern PRT by Grossman, Hart and Moore. Like TCE, PRT is also premised on the assumption of incomplete contracting. While governance structures matter in TCE, legal rules are the focus of PRT for efficiency outcomes in a world of positive transaction costs (Kim and Mahoney 2005). It makes sense to internalise these externalities (due to positive transaction costs) through spelling out resource ownership rights if the resulting gains exceed the costs of internalisation (Demsetz 1967, 350).

Established on the concept that firms are a ‘nexus of contracts’ or a ‘bundle of asset ownerships’ (He 2016b, 261), PRT is focused on *ex ante* incentives alignment and hence, institutional arrangements (Williamson



1990), where ownership configurations emerge to manage different transaction costs. This is in contrast to the predominant focus of TCE on *ex post* costs to explain the paradigm case (i.e., vertical integration). PRT ‘focuses explicitly on distortions in *ex ante* investments, in contrast to the *ex post* cost’ (Whinston 2003, 4, quoted in Zhang 2006, 61), and thus, Zhang proceeds to argue that ‘according to the PRT, a reason for integration is that *ex ante* allocation of ownership may not maximise *ex post* surplus’ (2006).

Property rights can refer merely to legal rights to access and ownership; but in the context of organisational economics, it refers to sanctioned behaviours of economic actors in deploying valuable resources for productive endeavours; these behaviors circumscribed by both formal legal institutions and non-formal social conventions (Alchian 1965b). Williamson argues that the ‘basic need is to get the property rights straight, after which, markets will reliably assign resources to high valued uses’ (1990).

Property rights confer on the owner rights to use, to earn income, or otherwise to transfer assets and resources (Kim and Mahoney 2005). Under greater scrutiny, these rights are actually made up of bundles of partitions of residual control rights over various assets and resources, and not merely ownership of resources. Some examples would be rights to fishing in certain territorial waters, concession rights to oil and gas under those waters, and the rights to sail over those same waters. The firm’s boundary is thus defined by the combination of assets or resources that the firm exercises residual control rights over; it has the right to decide on how these assets/resources are deployed, and who to provide access to these assets/resources, subject to any restriction imposed by legally-enforced agreements entered into (i.e., obligation of specific rights). The TNE value chain activities make up bundles of property rights that are either specified within contracts or part of residual control rights. These features describe PRT’s broad stakeholder view of the

exercise of property rights, a view which is consistent with the 'education as public good' perspective, one of several perspectives of TNE (Naidoo 2008, 45).

An important distinction must be made between specific rights of control and residual rights of control; where the former are constrained by contract, while the latter are ownership rights that are not specified in contracts (Klein and Sykuta 2010, 100). Specific rights of control are the result of an exchange of property rights between contracting parties. Within mature regulatory environments, and in the absence of information asymmetry and opportunism, specific rights of control can be effective in producing efficient economic outcomes. However, the real world exhibits these externalities, and thus the exercise of residual rights of control becomes an important factor in organizing governance models.

From the perspective of firm boundaries, PRT is better able (than TCE or agency theory especially) to explain shared ownerships which are neither market nor hierarchy, e.g., partnerships and joint-ventures, compared to other theories of the firm. TNE presents a unique business environment for PRT research, where ownership of both tangible and intangible assets, but more so, the intangible assets of education and intellectual property, within partnerships, form the basis of the commercial transaction (Kim and Mahoney 2005, 224).

Property rights influence economic behaviour through the medium of incentives. They 'delineate decision-making, specify permitted asset uses, define transferability, and direct the assignment of net benefits' (Libecap 1986, 228). In fact, the higher the value of assets/resources (including human capital), the tighter the definition these property rights will be. *Prima facie*, the differences in asset investments and contractual complexity between franchised programs and the international branch campus seem to lend support to this argument.

Similarly, a more efficient TNE governance structure may emerge when transaction costs can be lowered, such as in more mature regulatory jurisdictions like Singapore and Malaysia. It would be insightful to explore if and why universities increase their offshore commitments over time as they gain experience (as with Monash University in Kuala Lumpur, Malaysia) (Lane and Johnstone 2012), or if and why they would commit to large initial investments (as with Curtin University in Sarawak, Malaysia) (Murray 2011b). A comparative investigation of TNE across regulatory jurisdictions will contribute to the scarce number of PRT research on applications to internationalisation (He 2016b, 966).

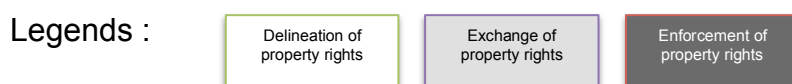
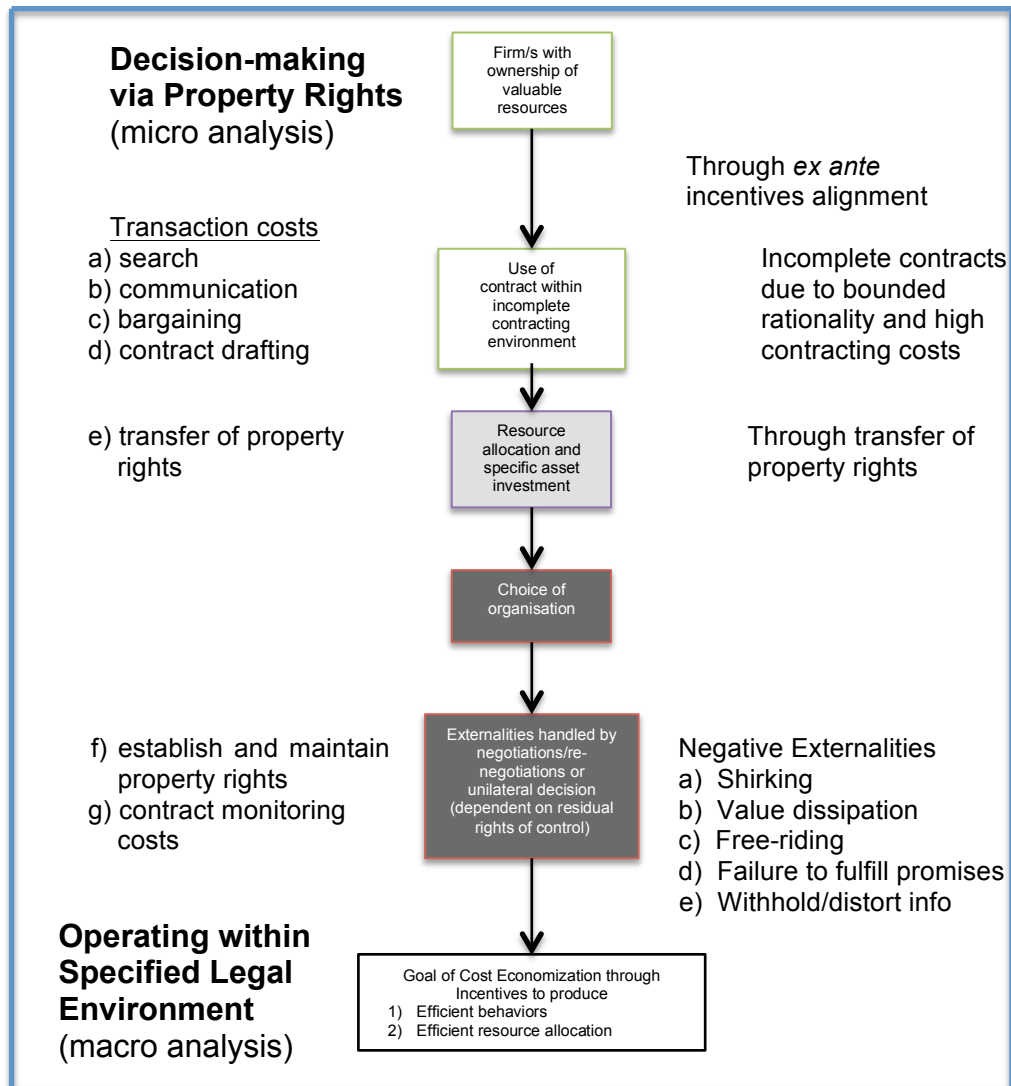
The observable switches between TNE business delivery models by active TNE operators over the span of their TNE involvement (Knight and McNamara 2017) seem to indicate the contracting parties' willingness to give away or exchange certain residual rights, leading to a re-allocation of rights to meet market conditions and jurisdictional developments – what Barzel defines as the *transaction* in PRT (2005). Some of these switches may have been designed to address shirking on the part of the Offshore Partner (Al-Sindi et al. 2016), and rent-seeking behaviour (e.g., cross-selling of programs, knowledge transfer and reputational advantage from brand association) (Shanahan and McParlane 2005b). Further, the incentive for firm managers to invest in relationship-specific assets (which generate quasi rents) can be influenced by the allocation of residual control rights (Mahoney, Asher and Mahoney 2004, 7), as may be observed in international branch campuses formed as collaborative ventures between universities and the host country partners (Knight 2015).

Klein and Leffler developed a PRT model that explored the ownership of brand name and organisational reputation as influential implicit *ex ante* arrangements to complement explicit contracts (1981). These considerations can find useful application in TNE operations which are by nature cross jurisdictional, and for which explicit legal arrangements may

not be sufficient constraints for opportunism and free-riding by the partners. Could these considerations have contributed to the longevity of some of the more established TNE operations?

PRT decision-making can be analysed at two levels, viz., micro level or the macro (environment) level, as summarised in Fig. 2.4 below.

The numerous business delivery models in TNE, where the partners choose to control various combinations of resources (e.g., branding, curriculum, the right to confer degrees, ownership of physical infrastructure, licensing, teaching, and assessment) in specific industry environments characterised by different institutions of governance provide rich ground for exploring hybrid governance arrangements under PRT (Ling, Mazzolini and Giridharan 2014). It is also increasingly becoming more relevant as a lens to investigate new types of firms and collaborations, in view of the growing knowledge industry, and the focus on human capital and intellectual property (in contrast to earlier focus on tangible resources). These new models of collaboration can present new forms of *ex post* distributional conflicts, e.g., infringement of copyrights (Section 4.3.4.2.5).



**Fig. 2.4 Analysis of PRT Decision-making**

#### 2.6.4 Agency Theory (AT)

Many TNE programs are characterised by a business relationship between two partners. The two key issues in such business relationships are the difficulty the University experiences in selecting the right offshore business partner, and the ongoing difficulty in ensuring that the partner fulfills the University's business objectives. These agency problems are the substance of agency theory (AT), a theory with origins in information

economics, pioneered by Ross (1973), Jensen and Meckling (1976) and Arrow (Zeckhauser and Pratt 1985). It has since then also been applied in management accounting, strategic management and even psychology. The majority of early agency research studies are focused on the ownership structure of firms and the influence of capital markets on firms.

AT has more recently been employed in research into typical business operational issues like strategic alignment (Robinson and Kuang 2007), disclosure (Spencer 2008b), managerial accounting (Baiman 1990), governance and decision-making (Dimitratos et al. 2009), corporate restructure (Conlon and Parks 1988), trust (Seal and Vincent-Jones 1997) and bargaining power (Gomez-Mejia and Balkin 1992; Spencer 2008) between partners, performance-based funding (Kivisto 2005, 350), incentives in management accounting (Ronen and Balachandran 1995), control of multinational subsidiaries (Chang and Taylor 1999), and cost structures (Lamminmaki 2003). In TNE, AT has been applied in examining government-university relationships (Kivisto 2011), and decision-making in the boards of independent for-profit colleges (Olson 2000).

One critique of TCE is its focus on governance structures which relegate production functions to a black box approach. Opening this black box reveals key organisational issues such as trust levels, risk aversion, adverse selection, moral hazard and incentives – issues that are largely addressed by AT (Zhang 2006).

Agency relationships can be argued to be present in all cooperative efforts. AT is deployed in studies of business models involving a principal hiring an agent with the appropriate specialised knowledge and skills to fulfill the principal's business objectives for an agreed consideration. It requires the fulfillment of two necessary conditions, viz., that there is a potential for divergence of interests between the principal and agent, and for difficulties in ascertaining the capability and actions of the agent.

Agency problems arise from information asymmetry and differences in risk aversion between principal and agent, and are premised upon the assumption that the parties' actions arise out of self interest (Kivisto 2005). These conditions seem to mirror the management and structure of some TNE operations like franchised programs, and provide strong indicative face validity for AT as a theoretical base to study the performance of TNE business delivery models.

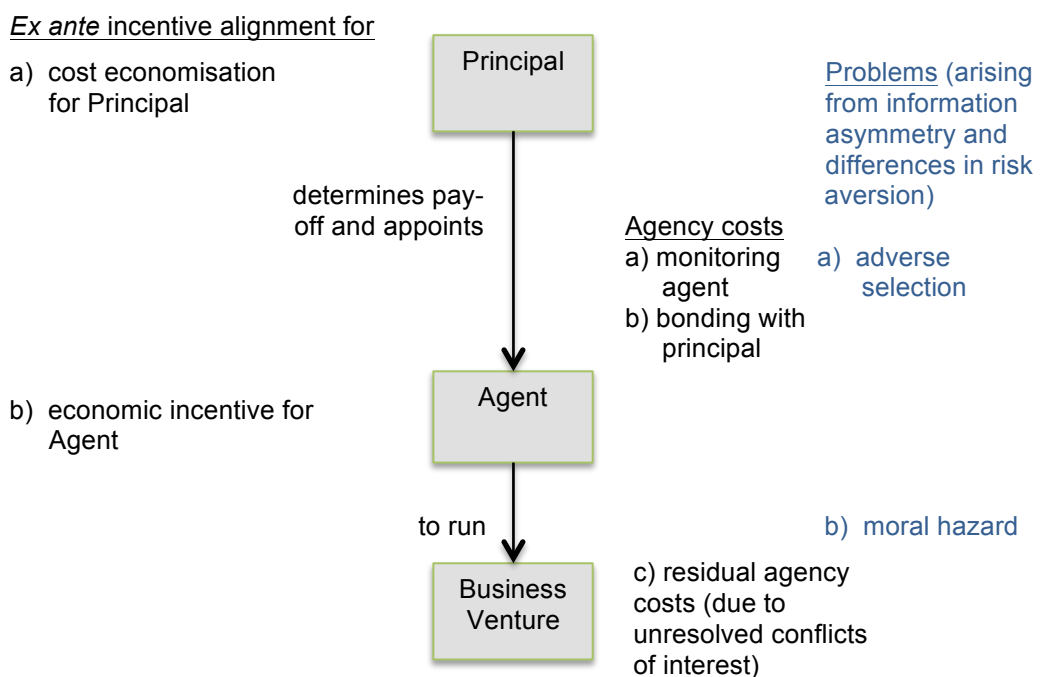
During 1996, the former British Higher Education Quality Council found that many offshore partnerships had been established without sufficient information and due diligence (Tysome 1996). This finding mirrored observations made by AUQA on Australian universities involved in TNE (Australian Universities Quality Agency 2009). In Heffernan's (Heffernan and Poole 2004) ten TNE case studies, he found that the early interactions between partners were critical to the TNE operations' success. In particular, he identified effective communication, trust and commitment as key elements to be established in the initial phases of the TNE operations. These observations point to information asymmetry issues, i.e., the difficulty in ascertaining the capability of the offshore partner in the delivery of TNE.

TNE operations, being cooperative efforts, have no lack of moral hazard issues, i.e., the difficulty in monitoring the actions of offshore partners to ensure alignment of strategic interests between the University and the Offshore Partner. Adams (Davies, Olsen and Bohm 2000) concluded that effective TNE operations feature win-win relationships based on trust and mutual respect, key elements considered in monitoring moral hazard. Perhaps this is the basis of the longevity of the Sunway-Monash relationship in Malaysia, where Sunway owns 76% of the Monash University Malaysia branch campus (Lane and Johnstone 2012).

Agency relationships are usually compared with stylised models where the sharing of information and the reconciliation of principal and agent

interests are costlessly effected. The resulting difference is called agency costs or agency loss. The aim of course is the reduction of this cost, for example through matching principals and agents whose economic interests do not diverge substantially and where the cost of monitoring performance is low. These costs come in the form of the principal's efforts in monitoring the agent's performance (e.g., TNE business and QA reviews), the agent's efforts in bonding with the principal, and any residual costs attributed to conflicts that are not resolved (e.g., reputational damage from poor quality TNE delivery) (Mahoney 2005, 210).

Finally, AT assumes an *ex ante* approach aimed at establishing incentive agreements to balance between incentives and risk; as opposed to TCE, which focuses on *ex post* governance structures (Parthasarathy 2010). The strategic intent of the TNE collaboration is the maximisation of the University's payoffs, while ensuring maximisation of returns for the Offshore Partner. Similar to AT, PRT emphasises *ex ante* incentives alignment. All three focus on ensuring economizing outcomes. The AT framework for analysis is summarised below.



**Fig. 2.5 Agency Theory Analysis Framework**

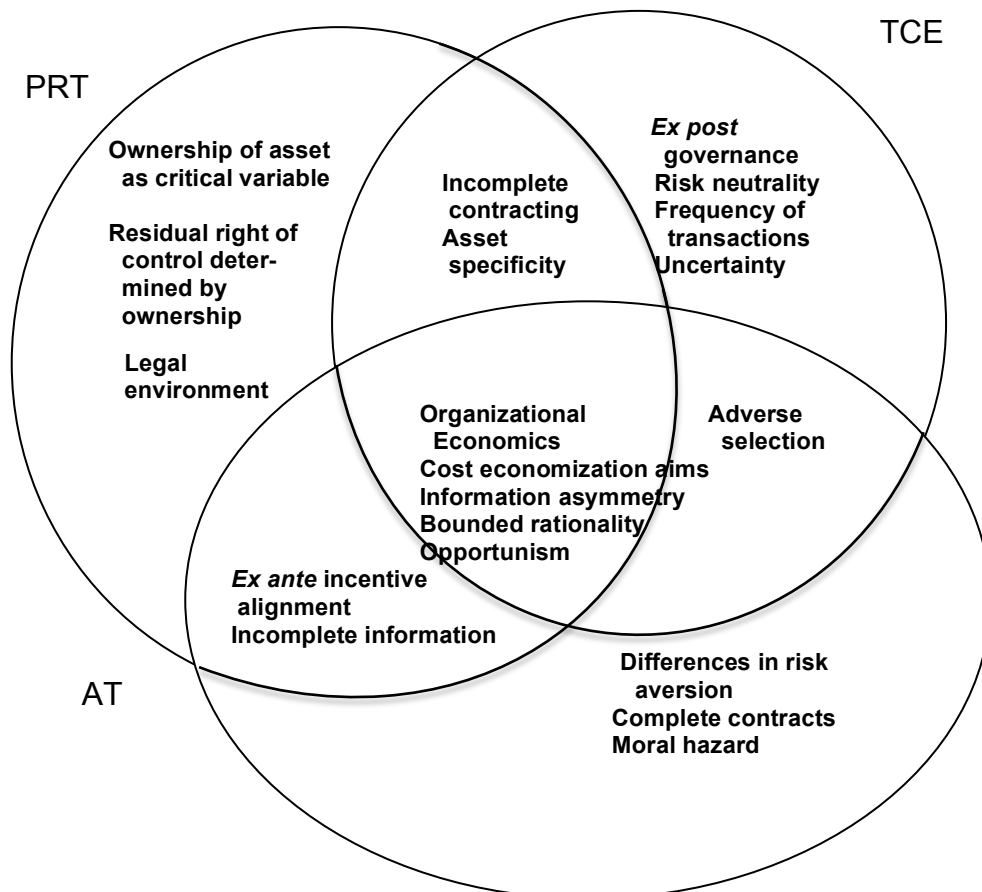


## 2.6.5 Applying the Theories of the Firm to TNE Research

The foregoing discussion on individual theories of the firm are now brought together to develop a framework for the analysis of TNE decision-making.

### 2.6.5.1 Commonalities and Differences Among the Three Theories of the Firm

The foregoing theories of the firm have common ancestry in organisational economics, and share some commonality of features, as depicted below.



**Fig. 2.6 Commonalities Amongst the Three Theories of the Firm**

The above Venn diagram illustrating commonalities and differences between the three theories of the firm provides a clearly defined

description of reflectors for the analysis of TNE operations. This clarity is necessary to ensure that the respective theories are not mis-identified in the current investigations – a measure to contribute towards internal validity.

#### 2.6.5.2 Parameterizing the Theories to Identify Reflectors

Quoting dissatisfaction with neo-classical theories to address inefficient economic outcomes, Kim and Mahoney deployed the theories of the firm to the business case of oil field unitisation (2005). Their systematic parameterizing of each of the three theories provided a framework to identify reflectors of these theories within TNE operations.

Based on an adaptation of their comparisons (Appendix A), a tabulation (Table 2.6) of the features and applications of the theories of the firm, as discussed above, has been developed to guide the current TNE investigations.

It is worth noting that there is a possibility of having each theory hold during different stages of the growth cycle of a TNE operation. This is borne out through the focus group study which identified unique tipping points in the TNE experience of three universities.

Table 2.6 is the basis for the development of case study propositions, as well as the generation of codes for the analyses of the focus group discussions and the in-depth semi-structured interviews.

No	Perspectives	Theories of the Firm		
		Transaction Cost Economics	Property Rights Theory	Agency Theory
1	Unit of analysis	<u>Transaction</u> TNE processes (as contractual transactions)	<u>Institution</u> Collaboration types (as alternative institutions)	<u>Principal-agent contract</u> University-Offshore Partner (representing principal-agent relationship)
2	Focal dimension	<u>Types of asset specificity</u> a) Accreditation b) Local licensing/ approvals c) Intellectual property d) Local brand equity (including negative brand equity) e) Physical facilities	<u>Security of specific property rights</u> a) Degree awards b) Intellectual property c) Individual brands d) Local brand equity e) Learning resources f) Teaching resources g) Managerial resources h) Marketing channels i) Equity capital	<u>Incentives</u> a) Cost minimisation for UP (principal) b) Maximisation of financial returns for OP (agent) c) Reputational benefits for OP (agent)
3	Focal cost concern	a) Mal-adaptation due to changes in environment b) Underinvestment (holdup) in mission critical assets	a) Shirking b) Rent-seeking loss from cross-selling (free-riding), knowledge transfer and brand endorsement (value dissipation) c) Withholding/ distorting information	a) Monitoring costs, viz., business review, QA (internal and external) b) Residual loss from imperfect incentive alignment (e.g., reputational damage from poor quality delivery)
4	Contractual focus	a) <i>Ex post</i> choice of Direct or Outsourced model	a) Maximise <i>ex ante</i> incentives b) <i>Ex post</i> distributional conflicts (e.g., copyrights)	a) <i>Ex ante</i> incentive alignment to mitigate agency costs b) Monitoring of academic and business processes
5	Strategic intent	Minimisation of transaction costs to create shareholder value	Stakeholder view (representing 'education as public good')	Maximising University's payoffs
6	Sources of market frictions	a) Performance uncertainty b) Regulatory uncertainty c) Relational asset specificities	a) Unclearly defined rights, roles, responsibilities and entitlements b) Vested interests in similar or related ventures	a) Imperfect observability of OP performance b) Risk aversion by the OP

**Table 2.6 Comparative Perspectives Chart Of Theories Of The Firm As Applied To Transnational Education**

### 2.6.5.3 TNE Motivation and the Impact of Ownership, Location and Internalisation

The theories of the firm also find similar application in the works of several other researchers, and provide useful perspectives to guide the current study. Guimon (2016) used the eclectic paradigm as a lens to analyse what he calls multinational universities (effectively international branch campuses), and thereby connect the TNE phenomena to international business research. He differentiates the multinational

university from distance education/online learning, and franchising, using the concepts of FDI (foreign direct investment), exporting and licensing respectively. The eclectic paradigm comprises the OLI framework applied to organisational motivations for the different modes of internationalisation. Ownership (O) can be mapped to property rights and decision rights in PRT, and in some cases, relation-specific assets in TCE and PRT (and VRIN in RBV). Location (L) relates to environmental conditions and resources affecting TNE operations, and may contribute to environmental uncertainties in TCE. Location (L) also invariably introduces the need to consider the stability of the governance environment impacting PRT decisions. Internalisation (I) of course refers to the classic vertical integration in TCE. He argues that a selection of various OLI combinations may bring about 'sustainable advantage over other firms in the foreign markets it plans to enter' (Guimon 2016, 220).

He recognises that universities are not just into TNE for the money, but to further their three-fold objectives of teaching, research and community engagement. These missions correspond to a traditional firm's core business, research and development, and corporate social responsibilities respectively.

He maps these three missions against three motives for going offshore, viz., market-seeking, resource-seeking and efficiency-seeking (see Table below).

The focus groups have been able to identify all three motives. In-depth interviews will explore if these concepts hold for the TNE operations investigated, and thus expand on the universities' motives in addressing the first research question.

Mission	Market-seeking	Resource-seeking	Efficiency-seeking
First mission	Expanding teaching programs to attract more students and raise more money	Hiring foreign professors and collaborating in teaching with foreign institutions to reach more students at lower costs	Achieving economies of scale and scope through the common governance of geographically dispersed campuses
Second mission	Gaining access to research funding and public subsidies from foreign countries	Hiring foreign researchers, collaborating in research with foreign institutions and conducting research in relevant territories	Building a more efficient global research network
Third mission	Expanding technology commercialization abroad and engaging in contract research with foreign firms	Collaborating more closely with foreign firms and contributing to the education and research agenda of developing countries	Contributing more efficiently to addressing global societal challenges

**Table 2.7 Motives for the Multinational University Across the Three Missions of Universities (Guimon 2016, 222)**

#### 2.6.5.4 The Study of TNE on the Hybrid-Hierarchy Governance Continuum

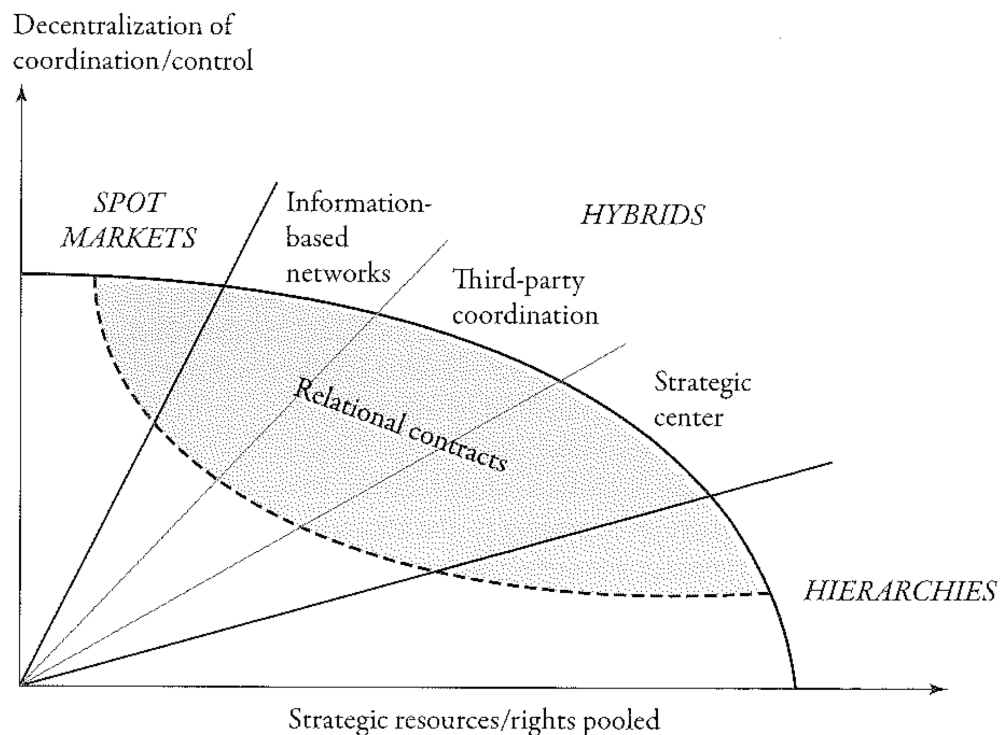
Claude Menard argues that hybrids are ubiquitous because they are considered ‘efficient in dealing with knowledge-based activities, solving hold-up problems and reducing contractual hazards’ (2013, 1066). Among his examples, the supplier park has a resemblance to TNE OPs that deliver degree programs awarded by multiple UPs; the franchise of course matches the TNE franchised arrangement; and joint-ventures mirror the IBCs.

He defines hybrids as an ‘arrangement in which two or more partners pool strategic decision rights, as well as some property rights while simultaneously keeping distinct ownership over key assets, so that they require specific devices to coordinate their joint activities and arbitrate the allocation of payoffs’ (Menard 2013, 1066). This definition fits well with the many collaborative TNE business delivery models currently in vogue.

In fact, the focus group analyses showed quite clearly that TNE business delivery models are mostly hybrid governance models. There are relatively fewer true hierarchy governance models, represented by the wholly-controlled international branch campuses. Although there is a growing number of online learning operations (as contrasted to non-credit-granting MOOCs), which represent the market governance model, these operations are not considered TNE for the purposes of the current study. The focus group (Section 4.5) and case study analyses (Chapter 5) showed that the boundary between hybrids and hierarchy is not necessarily the same as the boundary between the Outsourced and Direct models respectively. Certainly, all wholly-controlled international branch campuses (w-IBCs) which are clearly hierarchies, can be considered Direct models. However, some hybrids are considered by the host university as Direct models because of the high levels of control and codification of the core TNE activities. These are represented by University A's collaborative international branch campuses (c-IBCs).

While Menard explored TCE, relational contracts, AT and RBV as possible theoretical bases of hybrids, he argues that TCE and AT stands out as the better alternatives; with TCE having some edge over AT in terms of predictability (2013, 1077). His typology comprises information-based networks (closest to spot markets on one end of the TCE governance continuum), the strategic centre (closest to the hierarchies), and third-party coordination right in the middle (see Fig. 2.7 below). This typology arose out of the nagging question of why business entities are willing to trade off significant rights without certainties in the rewards. He argues that three determinants can be observed from hybrids, viz., 'improved capacity to face uncertainty', 'the creation of value through mutually-accepted dependence', and 'expected spillovers if adequate sharing rules are implemented' (Menard 2013, 1078). All three determinants have been observed in the focus groups as well as the in-depth interviews. The empirical evidence seem to point to a preference

for a variation of Menard's 'strategic center' mode of governance for Direct Models and 'third-party coordination' for Outsourced Models.



**Fig. 2.7 Menard's Typology of Hybrids (Menard 2013, 1096)**

(The lens-shaped shaded area delineates the tolerance or acceptance zone)

#### 2.6.5.5 The Study of TNE as a Global Value Chain

Building on TCE, production networks, and technological capability and firm-level learning, Gereffi, Humphrey and Sturgeon (2005), developed a typology of global value chain governance models based on the complexity of transactions, codifiability of transactions, and capabilities of the supply-base. The models include the Market and Hierarchy at the two ends of the typology, and three other hybrid models in between, viz., the Modular, Relational and Captive models. This typology was designed to address three key issues in global value chains, viz., 'which activities and technologies a firm keeps in-house and which to outsourced to other firms, and where the various activities should be located' (Gereffi,

Humphrey and Sturgeon 2005, 79), key questions that the current research is interested to answer.

Governance type	Complexity of transactions	Ability to codify transactions	Capabilities in the supply-base	Degree of explicit coordination and power asymmetry
Market	Low	High	High	Low
Modular	High	High	High	↕
Relational	High	Low	High	
Captive	High	High	Low	↕
Hierarchy	High	Low	Low	

There are eight possible combinations of the three variables. Five of them generate global value chain types. The combination of low complexity of transactions and low ability to codify is unlikely to occur. This excludes two combinations. Further, if the complexity of the transaction is low and the ability to codify is high, then low supplier capability would lead to exclusion from the value chain. While this is an important outcome, it does not generate a governance type *per se*.

**Table 2.8 Key Determinants of Global Value Chain Governance (Gereffi, Humphrey and Sturgeon 2005, 87)**

While some TNE business delivery models can be classified as Market (e.g., distance education and online learning, but which are out of the scope of the current study), and Hierarchy (e.g., w-IBCs), most TNE business delivery models, as observed from the focus groups and the in-depth semi-structured interviews, demonstrate hybrid models of governance. Using the Gereffi et al. set of determinants will enable the classification of TNE into either the modular governance model (viz., high transaction complexity, high codifiability, and high supply-base capabilities), or the captive governance model (viz., high transaction complexity, high codifiability, and low supply-base capabilities).

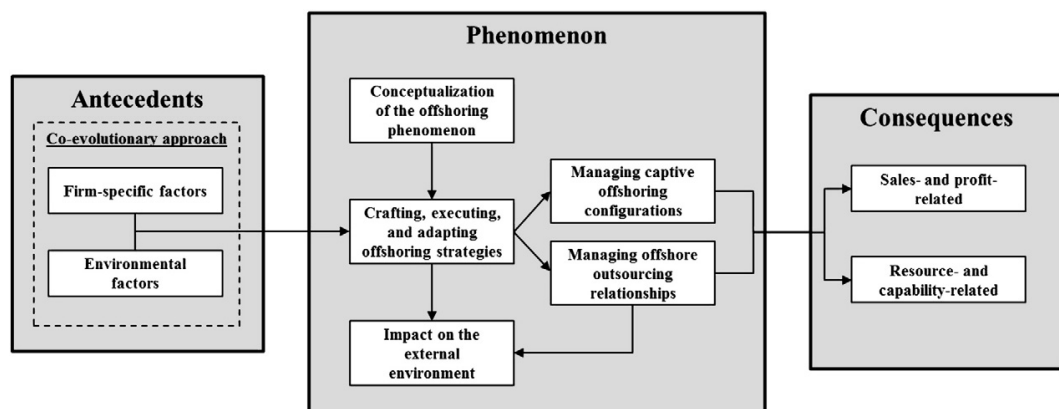
## 2.7 Transnational Education Business Delivery Decision Model Construct

In this section, a theoretical construct is conceptualised for the present study. This forms the basis for the development of a set of propositions to be validated through a robust series of research methods.



### 2.7.1 Developing the Basic Decision Model Construct

In order to test the veracity of the three theories of the firm within TNE arrangements, a decision model construct needs to be developed. Guidance is drawn from the parallel concept of offshoring, which is defined as ‘... the cross-border (re)location of the firm’s value chain activities ... that were once performed somewhere collocated (e.g., in the firm’s country of origin) to distant locations to serve global rather than local demand’ (Schmeisser 2013). This conceptualisation provides a highly accurate description of TNE operations. In his study of offshoring, Schmeisser used the Antecedents-Phenomenon-Consequences logic to develop an integrating framework for his offshoring construct, which fits very well with the research questions of the present study.



**Fig. 2.8 Schmeisser’s Integrating Framework for Literature on Offshoring of Value Chain Activities (Schmeisser 2013, 403)**

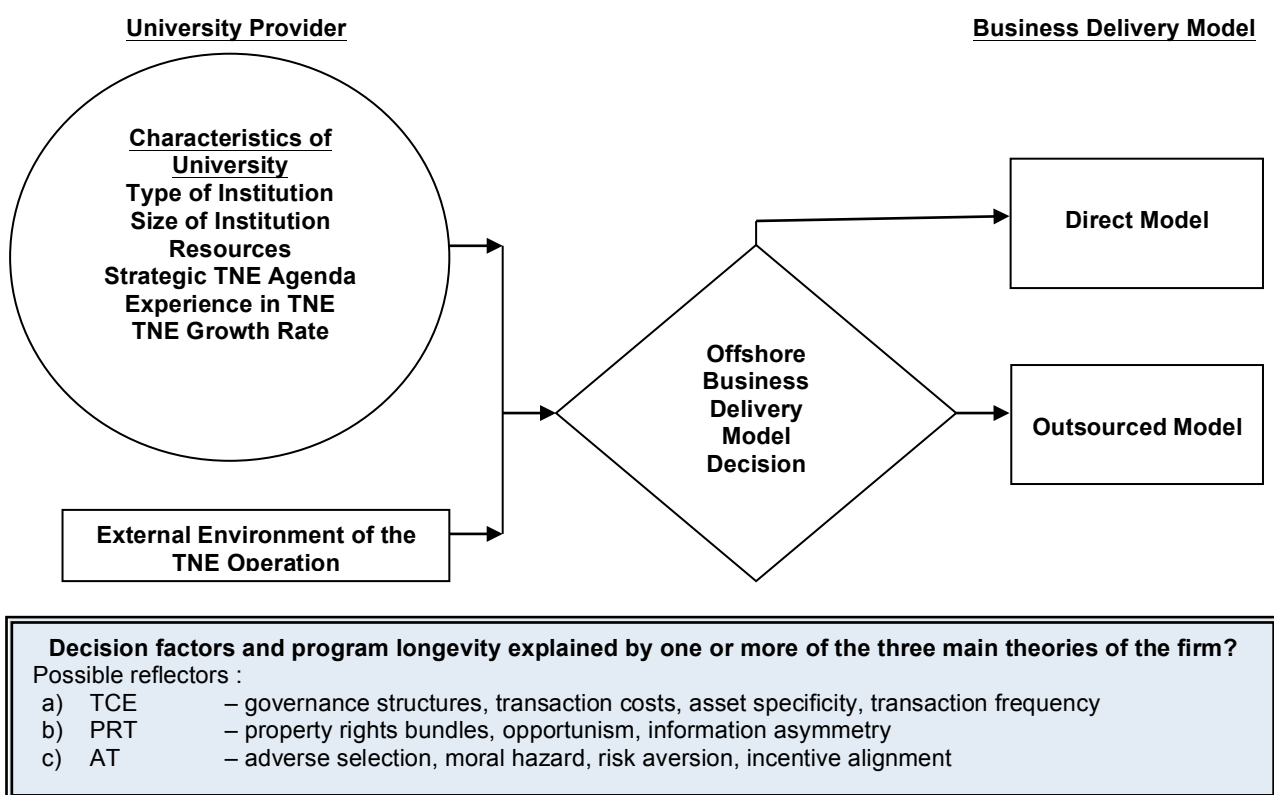
Based on the three theories, and the observed characteristics of Australian university TNE operations (Davies, Olsen and Bohm 2000), a preliminary theoretical construct has been developed to represent the decision pathways for the selection of business delivery models.

Schmeisser’s Antecedents of firm specific factors and environmental factors corresponds to the University Partner’s characteristics and TNE operating environment respectively (see preliminary construct below).

His conceptualisation and operationalisation of offshoring within the Phenomenon section can be adapted to correspond to the TNE decision-making process. For the purposes of the present investigations, the impact of the decision-making process on the external environment will not be pursued because the focus of the investigations is on the decision-making process alone.

Interestingly, Schmeisser’s conceptualisation of the two outcomes of ‘managing captive offshoring’ and ‘managing offshore outsourcing’ directly matches our adapted conceptualisation of the Direct Model and Outsourced Model (from Davies et. al. 2000) respectively.

Schmeisser’s Integrating Framework Consequences of ‘sales and profit’ relates to the TCE and PRT paradigms, while ‘resource and capability’ relates to the AT paradigm.



**Fig. 2.9 Preliminary Decision Model Construct Version 1**

A survey of the above preliminary decision model construct shows up two glaring gaps, viz., the nature of the external environment within which the TNE operation is deployed, and the nature of the business delivery models. We first address the details of the external environment.

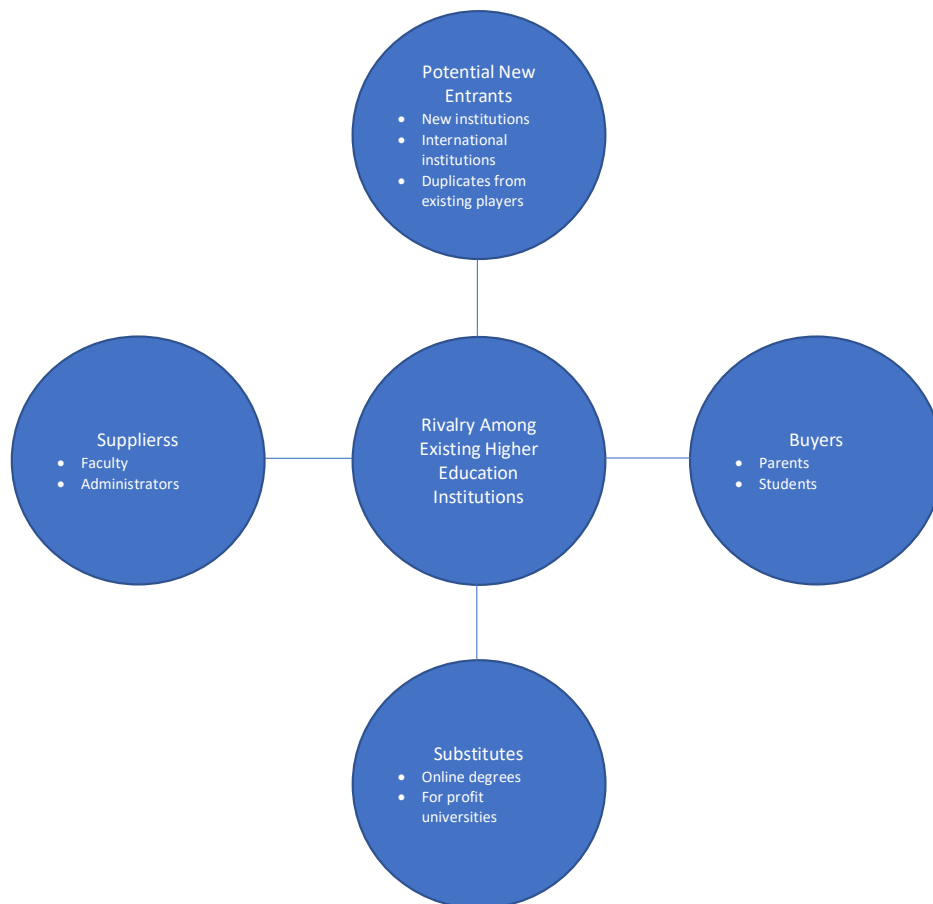
### 2.7.2 Identifying the Environmental Impact on TNE Decisions

Universities do not undertake strategic decisions in TNE without considering the environment within which their proposed TNE operations will compete. They often have to consider the competition, e.g., the existence of similar programs or substitutes; the market demand for its proposed programs; the relative ease in engaging appropriately skilled administrative and academic staff; and the maturity and stability of government legislations governing TNEs. In a study of the university system in Ontario, Canada, authors Pringle and Huisman argued that the current higher education paradigm, as described in policy documents, ‘... calls for an analysis of higher education as an industry. In such a context the use of Michael Porter’s work (2008) can be ‘especially insightful’ (Huisman 2011), thus arguing for the use of Porter’s five competitive forces framework. Mathooko and Ogutu likened the higher education sector as an industry in their study of the Kenyan public university system (2015) based on the highly competitive nature of the sector, aiming for value creation towards income generation, and operating within the confines of a regulated environment. It is clear that TNE operate within an accepted ‘industry’ environment, and that there is a widely adopted framework to study this industry. This forms the basis of their application of the Porter five competitive forces framework in their study.

Michael Porter’s five competitive forces framework is a widely used framework for the analysis of industries, based on industrial organisation economics (1979). Although originally conceptualised for industrial sectors, it has also been adapted for use in the services sector, and in

particular in education (Collis 1999; Ronquillo 2012; Ahmed et al. 2015; Mathooko and Ogutu 2015; Huisman 2011).

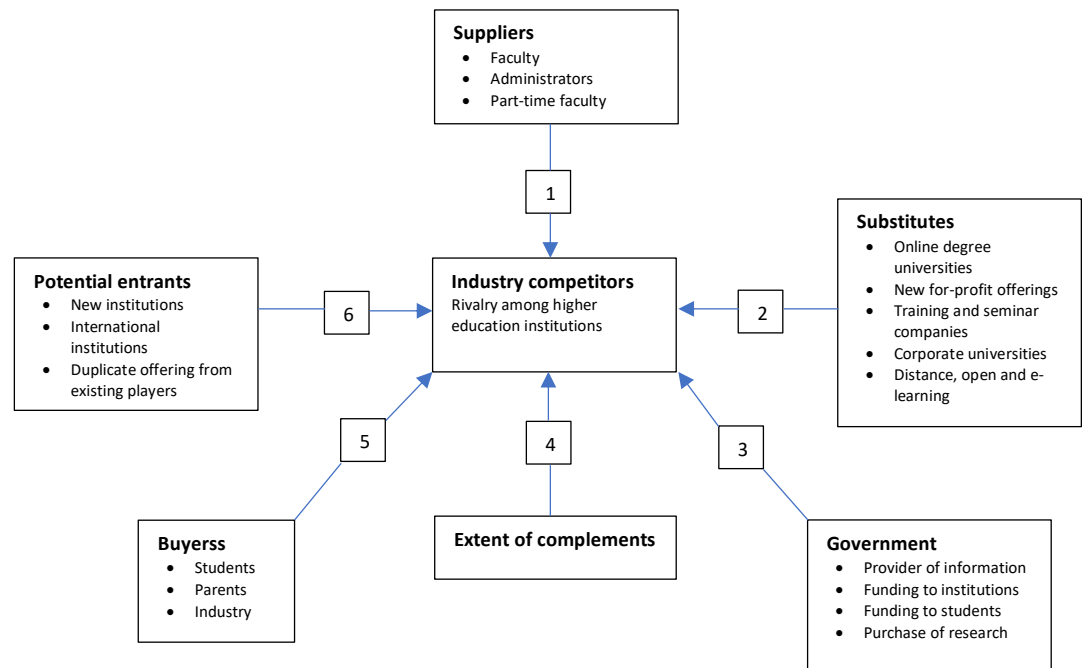
A survey of the literature has identified two suitable adaptations of the Porter Five Competitive Forces Model that can be used in investigating the industry environment of TNE, viz., the Pringle and Huisman (Huisman 2011), and the Mathooko and Ogutu (2015) models.



**Fig. 2.10 Higher Education Viewed Through Porter's Five Competitive Forces Framework (Huisman 2011, 41)**

While the Pringle and Huisman framework exhibits parsimony and adheres to the original Porter framework, it fails to sufficiently encapsulate key elements of the TNE environment, viz., institutional buyers, the local community and government as buyers, other suppliers (e.g., publishers, part-time teaching staff, student accommodation

providers, food services and health care providers), and other substitutes (e.g., in-house corporate training).



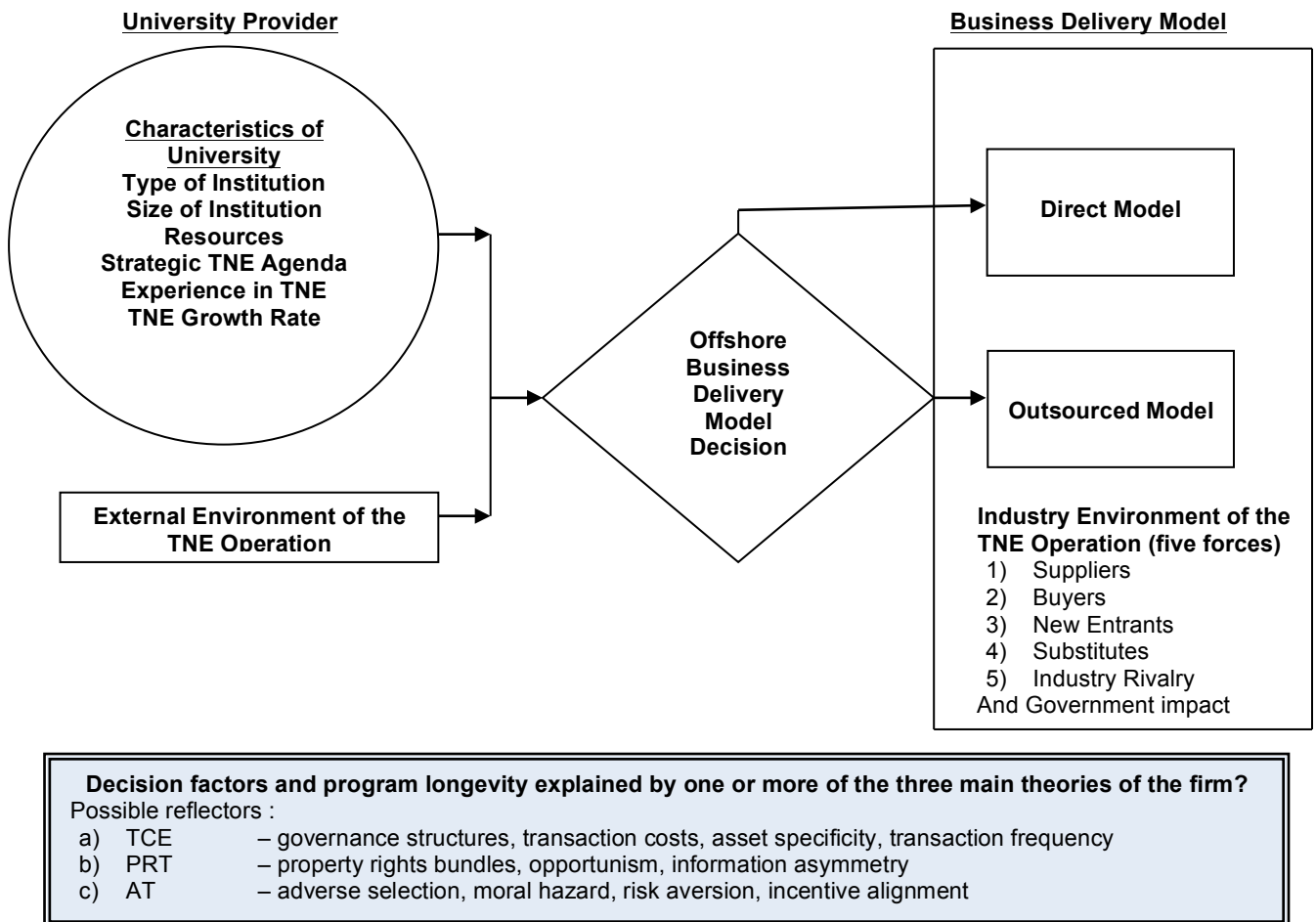
**Fig. 2.11 Higher Education viewed through Porter’s Five Competitive Forces Framework and Two Other Forces (Mathooko and Ogutu 2015, 341)**

The Mathooko and Ogutu framework encapsulated all the key elements within TNE, and also included two contentious ‘forces’, viz., the extent of complements (viz., complementary products/services such as travel) and government. These elements are widely accepted as additional factors, but not forces that make up the external environment of the industry (McGinn 2010). While complements will be excluded from the analysis due to their negligible impact on TNE operations, the influence of government will be retained as an important factor influencing each of the other five forces. The above discussion is summarised in the table below as applied to TNE operations.

No.	Five Forces plus Government	TNE Environment
1	Suppliers	Represented by the suppliers of the value chain functions in Figure 2.13
2	Buyers	Students, organisations, government agencies
3	New Entrants	New international higher education providers operating in the host country
4	Substitutes	Other face-to-face higher education offerings in the host country
5	Industry Rivalry	Rivalry within the higher education sector in the host country
6	Government	Agencies that fund teaching and research; approve/accredit/quality assure/regulate higher education institutions and programs

**Table 2.9 TNE Operating Environment**

The Decision Model Construct is now refined to include the environmental elements, and reproduced below.



**Fig. 2.12 Preliminary Decision Model Construct Version 2**

### 2.7.3 Disaggregating to Investigate TNE Decision-making

The second gap in the preliminary TNE decision model construct refers to the details of the nature of the chosen TNE business delivery model/s. The business delivery model decision-making processes will necessarily consider assigning roles to each and every core function of the chosen model. This therefore, calls for a disaggregation of the TNE business delivery model, a necessary step described by Pringle and Huisman as ‘... modularizing knowledge and delivering it in locally appropriate forms through (international) educational partnerships’ (McGinn 2010). Makassi and Govender describes this as ‘... the unbundling of academic processes into discrete components which have well developed measures’ (2015, 31).

#### 2.7.3.1 Typologies for Detailed Investigation of TNE Processes

While Davies et. al (2000) studied academic functions at the detailed end of the spectrum, Healey and Michael (Healey 2015b) focused broadly on the three spectra of TNE activities in their conceptualisation of TNE operations at the other end. Various other studies concentrated on a limited range of TNE functions, e.g., quality assurance (Martin 2007), teaching and learning (Dobos 2011), and marketing (Hsiao 2003). The extant literature does not seem to have articulated a sufficiently integrated perspective of TNE business delivery functions.

Among these studies, the most comprehensive range of TNE functions is articulated by Davies et. al (2000), but their scope is limited only to academic functions. From the literature surveyed, a comprehensive range of TNE functions should at least include academic (Dobos 2011), marketing (Hsiao 2003), financial (D. Woodhouse, personal communication, October 7, 2008), legal/contractual (Adams 1998), policy/regulatory (Moutsios 2009), student services (Fielden 2011) and quality assurance (Edwards, Crosling and Edwards 2010) functions.

In order to systematically and comprehensively address the TNE functions, the current research first considered the Student Life Cycle conceptualisation, and specifically drew from commercial expertise (viz., Systemanalyse und Programmentwicklung or SAP systems integration) in the development of customer relationship management (CRM) systems (Cohort IT Solutions Pvt Ltd 2017). These systems were however found to be less robust in terms of their scholarly application. Further literature surveys indicate that Porter's Value Chain Analysis (1985) is a more widely accepted analysis tool for disaggregating and analysing the TNE functions.

#### 2.7.3.2 The Porter Value Chain as a Basis for Disaggregation

The commercial imperatives of TNE dictate the need for universities to ensure value is created and sustained in the highly competitive industry (Elloumi 2004). Bolton and Nie describes TNE as a strategic alliance where value is created for their stakeholders through collaborative effort (2010). Makassi and Govender in their research on how tertiary education can contribute to Africa's development agenda, noted that '... Higher Education Institutions (HEIs) are seemingly under intense pressure to create value and focus their efforts and scarce resources on activities that drive up value for their respective customers and stakeholders' (2015). These observations of the need for tertiary institutions to create and sustain value in the service of their stakeholders laid the foundation for the deployment of Porter's value chain analysis in their respective studies within the higher education industry.

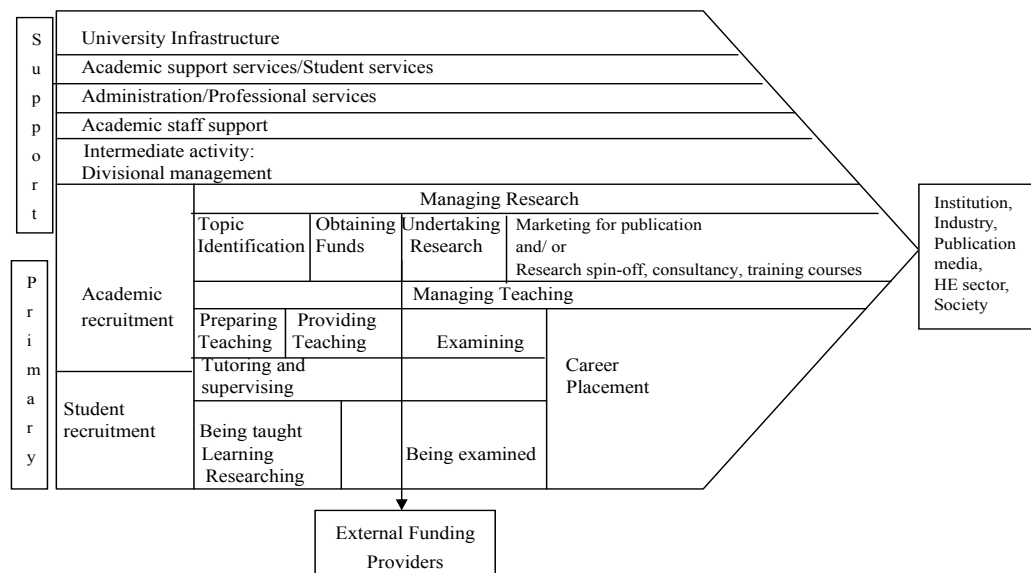
Porter developed the value chain as a framework to evaluate the competitiveness of each product of a manufacturing organisation. The framework calls for a disaggregation of the organisation's chain of core interdependent activities into primary activities, and secondary or support activities. An organisation is said to have a competitive advantage over



its rivals when it exhibits one or more of the following advantages : cost leadership, product/service differentiation and market segment focus (1985). Originally developed for manufacturing, value chain analysis has found utility in the service industry, and more particularly in the education industry (Perumal 2013; Makasi and Govender 2015; Bolton and Nie 2010; Dorri, Yarmohammadian and Nadi 2012; van der Merwe and Cronje 2004; Elloumi 2004; Bornemann and Wiedenhofer 2014; Hutaibat 2011; Makkar, ole Gabriel and Tripathi 2008; Pathak and Pathak 2010; Woudstra and Powell 1989; Rathee and Rajain 2013).

### 2.7.3.3 Adapting the Porter Value Chain for Higher Education

Several researchers have adapted Porter’s value chain for the education industry, viz., Cronje and van der Merwe, Makkar et. al., Pathak and Pathak, and Hutaibat. A survey of these adaptations indicates that the most comprehensive and relevant value chain adaptation for TNE research is the Hutaibat value chain adaptation, reproduced below.



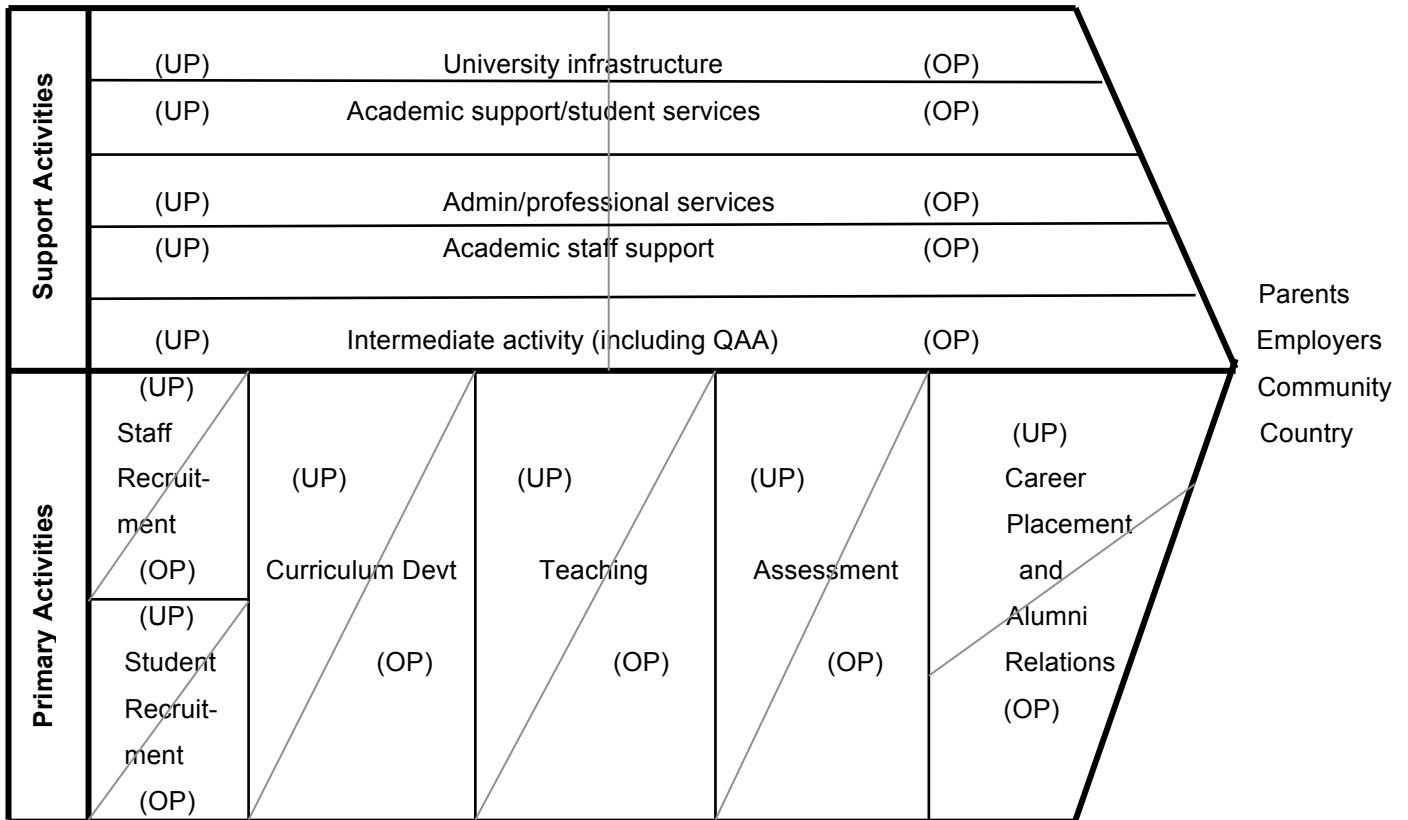
**Fig. 2.13 Hutaibat’s Value Chain for Higher Education (Hutaibat 2011, 218)**

#### 2.7.3.4 Value Chain for TNE Investigation

The Hutaibat value chain has been compared with Davies et al (2000) and can be seen to be an expanded and more comprehensive range of TNE functions that also include non-academic business functions, e.g., student services, administration and career placement. For the purposes of TNE research, the Hutaibat adaptation has had to be modified to account for

- a) the usually low priority or absence of research activities due to its non-commercial attribute (Hill 2014);
- b) quality assurance that is subsumed under intermediate activity (Edwards, Crosling and Edwards 2010);
- c) key administration/professional services like legal, financial and compliance administration (Adams 1998; Moutsios 2009);
- d) alumni relations (Fielden 2011);
- e) the splitting of responsibilities between the university partner and the offshore partner (Davies, Olsen and Bohm 2000); and
- f) a refinement of the key stakeholders (Armstrong 2007; Cao 2011; Healey 2015b).

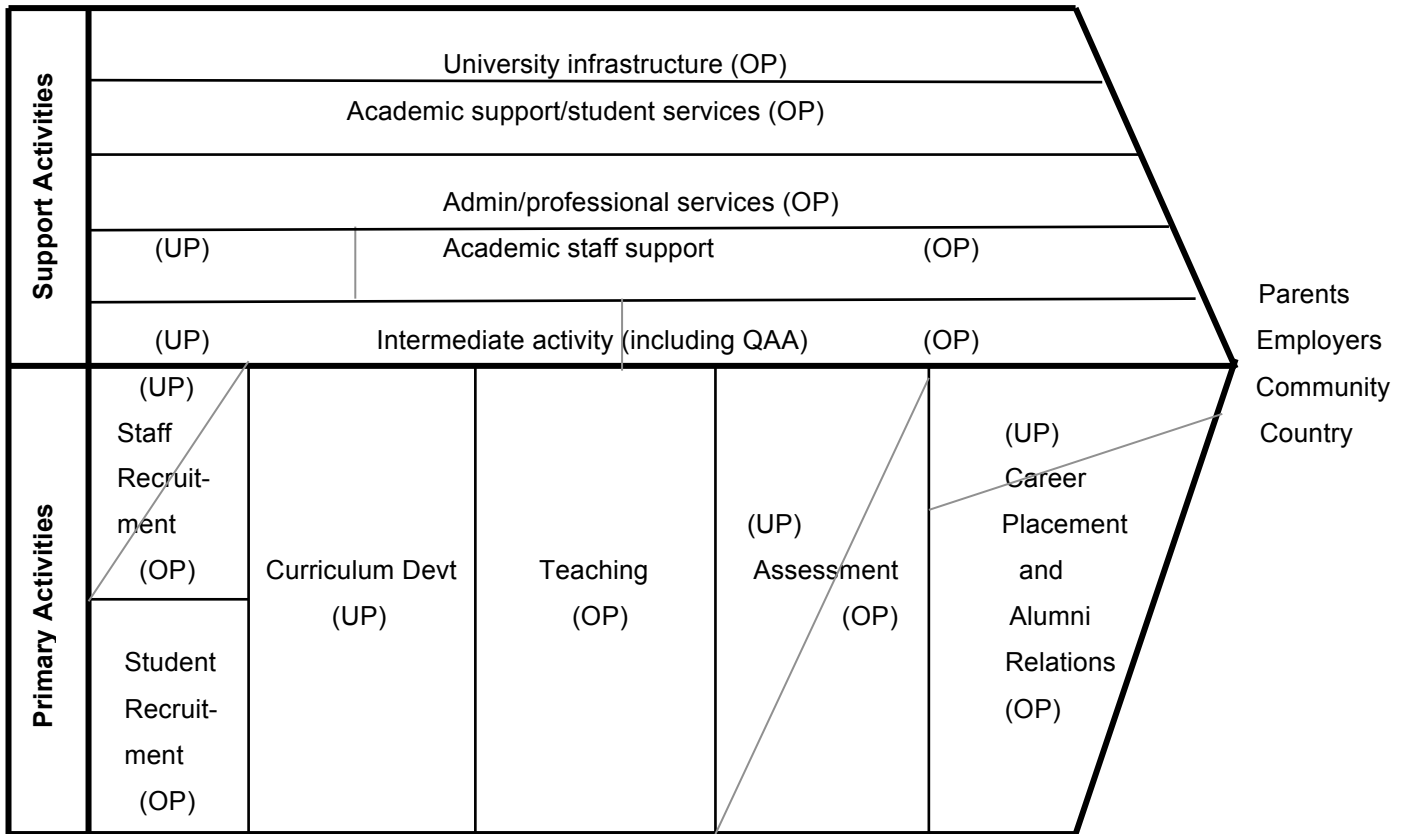
It is modified (below), and allows for a better representation of the extent of participation of the University Partner (UP) and Offshore Partner (OP) in each of these value chain activities. The grey lines demarcate the extent of involvement of the UP and OP in each of these core TNE activities. As an example, a franchised program would likely display full OP responsibility for the infrastructure, while teaching preparation (defined as curriculum design and development) a fully UP responsibility (Knight and McNamara 2017).



**Fig. 2.14 TNE Value Chain Version 1**

(Abbreviations : UP for University Partner; OP for Offshore Partner)

One demonstration of the above TNE Value Chain is the representation below of one common franchised program model as defined in Table 2.4 (Section 2.5.5). This value chain reflects the assumption of responsibility for core on-ground TNE processes by the OP, while curriculum development, assessment, and quality assurance and accreditation (QAA) responsibilities lie with the UP. A few core processes are shared between the two partners; some of which are more skewed towards one partner.



**Fig. 2.15 Franchised Program Value Chain Exemplar**

(Abbreviations : UP for University Partner; OP for Offshore Partner)

In this construct, the experience of Australian public universities has been investigated to determine the circumstances and criteria that have led to the deployment of the chosen business delivery model/s. A set of propositions has been constructed to test the veracity of each theory against the experience of these universities.

The research construct will be tested by examining the decision of each university in choosing either the Direct Model or the Outsourced Model within the identified activities of the value chain.

#### 2.7.4 Considering Business Success in TNE

The final component of the construct that needs investigation is the concept of business success. While the first two research questions

explore the motivation behind Australian government universities' TNE business decisions, the third research question is designed to investigate the outcomes of those business decisions.

#### 2.7.4.1 Australian Public University TNE Must Be Self-Funded

Australian government universities are funded mainly by the government through Commonwealth funding circumscribed under the Higher Education Support Act 2003 (HESA2003) (*Higher Education Support Act, Australia* 2003). These Commonwealth funds comprise both demand-driven grants as well as student loans that are available to Australian citizens, certain New Zealand citizens and permanent residents for onshore study as specified in Clause 36-10(2) of HESA 2003 (*Higher Education Support Act, Australia* 2003, 67). Universities are not permitted to expend Commonwealth funding on other types of students, and certainly not for TNE students. This notion is widely acknowledged by Australian government universities, as demonstrated by the focus group study of University C, where Participant CF2 remarked that '... we are an Australian public university, we could not justify using public funds to fund something offshore' (Section 4.3.4.3). This also applies to most public universities the world over (Armstrong 2007, 134). The HESA 2003 necessarily implies that all TNE initiatives undertaken by Australian public universities must be fully costed and fully self-funded. It is therefore no surprise that many universities have taken an entrepreneurial approach to TNE, e.g., the University of New England's final TNE approving authority being vested in the university's University Entrepreneurial Committee (Shanahan and McParlane 2005b, 225).

#### 2.7.4.2 Business Success as Financial Sustainability

The business success (or failure) of a TNE venture is thus primarily defined by its financial sustainability – also a conclusion of the Fahed-Sreih and Djoundourian study that 'success is directly linked to the

continuity of the firm' (2008, 61). A survey of the business management literature reveals a large corpus of knowledge in the area of business longevity. Business longevity is defined as business continuity (Lank, 2001 as quoted in Fahed-Sreih and Djoundourian 2008, 10) or 'long run success' (Napolitano, Marino and Ojala 2015, 957). It simply refers to the length of time a business has been operating as a self-sustaining entity.

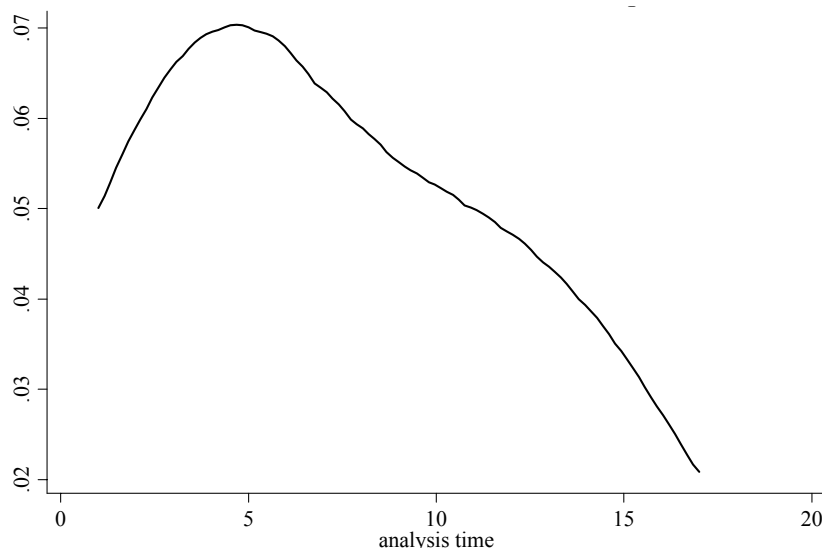
The business longevity literature has tracked both the initial survival of new business start-ups as well as the antecedents of long-running businesses. Although there are business entities which have survived for long periods of time, Murthy argues that there 'is compelling evidence that businesses have limited lifespans', justified by the 'theories of creative destruction and hypercompetition' (2014, 33). Even the long-running Japanese traditional temple builder, Kongo Gumi folded in 2006 after 1,428 years in business. The focus is therefore not on the invincibility of business entities, but the longevity or sustainability of businesses amidst the evolving business environment and changes within the business entity – what Murthy describes as 'existential challenges' (2014, 44). There is evidence that at least one UK TNE operation had been in business for 31 years at the time of the HE Global 2015 study (Warwick 2016, 59).

#### 2.7.4.3 Duration of Operations as Benchmark for TNE Success

The early years of a firm are the most risky; the majority of new start-ups fail within the first few years of commencement. New business statistics for Germany in the 1994-2000 period saw the demise of 20% of new businesses (Falck 2007) within the first year of operations. Similarly, approximately 20% of new firms die within the first year of operation in the USA, and a further 40% fail within five years (Christie and Sjoquist 2012). Studies across Europe also record a 50% survival of European firms after five years of inception (Napolitano, Marino and Ojala 2015). A 2005 University of Technology Sydney new business guide estimates

that three out of four new Australian businesses fail after five years of inception (Petty 2005). Quoting an insolvency study in 2007, The Australian reported that about 34% of new businesses fail within the first five years (Switzer 2007).

Survival and failure are two sides of the same business longevity coin, and most business historians consider survival as a benchmark for business success (Napolitano, Marino and Ojala 2015). Napolitano posed the obvious question : ‘how old should a company be before it is classified as a ‘survivor’?’ (Napolitano, Marino and Ojala 2015, 955). To answer this question, researchers use what is known as new business ‘hazard rate’. Renski defines this as ‘the likelihood that the new firm fails at a specific point in time, given that it has survived up to that point’ (Renski 2008, 66). Falck reported on a longitudinal econometric modeling study of German businesses over the 1993-2007 period (Falck 2007, 116). The Kaplan-Meier hazard function indicates that the highest hazard function is approximately five years after business inception.



**Figure 2.16 Kaplan-Meier Smoothed Hazard Function; analysis time in years (Falck 2007, 116)**

He also quotes another regional study which reported maximum hazard functions at around the 3- to 5-year period after inception.

The above confirms the Deller and Conroy (Deller and Conroy 2017) conclusion that the majority of business survival studies use five years as a benchmark. Deller and Conroy go on to explain that there are essentially two benchmarks, viz., a three-year benchmark where businesses usually are able to 'cashflow their operations', or to break-even, and a five-year benchmark where businesses can offer a 'fair rate of return'. For the purpose of the current study, the three-year benchmark will be adopted for **business survival** of TNE operations, corresponding to Falck's *liability of newness*. The five-year reasonable rate of return benchmark will be used to benchmark **business longevity** (corresponding to Falck's *liability of adolescence* and *liability of aging*), while keeping in view the possibility that some TNE operations have been observed to prioritise non-financial objectives such as internationalisation, over rate of return.

Riviezzo et. al. showed that about 40% of the more prominent business longevity explanatory research papers focused on organisational characteristics, while another 22% added environmental characteristics to organisational characteristics (Riviezzo, Skippari and Garofano 2015, 980). Napolitano et. al. outline four main explanatory models to explain the survival of firms, viz., internal characteristics, management practices, strategic choices and the external business environment (Napolitano, Marino and Ojala 2015). These survival models correspond to the current study's construct focus on University characteristics, value chain activities and the operating environment, impacting on the TNE business delivery model selection.

Falck observed that the 'risk of business failure is lower the larger the initial size of set-up' – providing some basis for asset specificity in TCE (Falck 2007, 88). It can be observed that these internal characteristics can also be researched from the TCE and PRT perspectives due to the



make-or-buy options, while AT provides a theoretical perspective for analysing the external business environment (Renski 2008, 4).

#### 2.7.4.4 Liabilities of Business Failure

Business longevity studies track businesses over their lifecycle of existence. Shirokova (Shirokova 2009) tracks them over the *inception-growth-maturity-decline/redevelopment* lifecycle, while Riviezzo et. al. (Riviezzo, Skippari and Garofano 2015) use the simpler *creation-maintenance-decline* lifecycle. Business entities must first survive the early years of life against the competition and internal organisational shifts. These early risks of failure are what the business management literature describes as the *liability of newness*, which Falck attributes to risks inherent in the initial set-up of the organisational structure, and in experimenting with ways to make the organisational structure work efficiently to match the competition (Falck 2007, 86, 117).

After surviving the early years, the business entity will need to weather growth risks in the form of competition and the evolving external industry environment; specifically, the judgement of customers and suppliers on the new business's performance – the *liability of adolescence* (Falck 2007, 116). Firms that have long histories, e.g., the Royal Dutch/Shell Group, have had to battle *liabilities of obsolescence* to stay in business (Riviezzo, Skippari and Garofano 2015). Falck classifies the *liability of senescence* (due to the 'sclerotic inflexibility of established organisation') and the *liability of obsolescence* (due to the 'erosion of technology products, business concepts and management strategies over time') under the broader category of the *liability of aging* for the larger organisations (2007, 117).

The different liabilities corresponding to the firm's age might find relevance in TNE operations. These liability concepts will be validated in the in-depth interviews of informants from two Australian university

cases, and to address the study's third research question on the plausibility of one or more theories of the firm impacting the survival or longevity of the TNE operations. The table below provides a framework to identify these concepts in the multiple case study.

No.	Age-related Liability	Reflectors of Age-related Liability
1	Newness	(i) weak organisational structure (ii) organisational inefficiency for competition
2	Adolescence	Rejection by students and/or suppliers
3	Aging	
a)	Obsolescence	(i) obsolete programs (ii) obsolete value propositions (iii) obsolete management strategies
b)	Senescence	Inflexibility of organisation

**Table 2.10 Reflectors of Age-related Firm Liabilities (Falck 2007)**

## 2.8 Chapter 2 Summary

Chapter 2 traces the emergence and development of TNE, and more particularly within the context of Australian public universities. Gaps in the research literature were explored, and a conspicuous gap in the treatment of TNE as a business was identified. It was clear that TNE is considered a commercially-driven endeavour, despite its acknowledged value as a public good; hence, the *mission* good-*revenue* good tensions.

A TNE Business Delivery Model Construct was developed on the basis of Porter's value chain, providing a disaggregated model for detailed TNE business delivery investigations (1985). University motivations for the Direct-Outsourced dichotomy of TNE business delivery was then modelled to be underpinned by three theories of the firm, viz., transaction cost economics, property rights theory and agency theory.

A conceptualisation of business **survival** (i.e., new businesses lasting up to 3 years from inception), and business **longevity** (i.e., new businesses lasting up to 5 years or more from inception) was developed to parameterise and address research question 3. The concept of **business survival** correspond to the liability of newness, while the concept of **business longevity** correspond to the liabilities of adolescence and aging.

The next chapter explores the research methodology employed in the TNE investigations.

## Chapter 3                      Research Methodology

The Research Methodology chapter seeks to lay a defensible paradigmatic and methodological foundation to launch an empirical investigation into the TNE phenomenon. It argues for the perspective of constructivism within qualitative inquiry, and the deployment of the case study to elucidate the TNE phenomenon.

### 3.1              Research Questions

The foregoing extant literature indicate that there is a high likelihood of one or more of the theories of the firm providing an empirical explanation of the choice of business delivery models and outcomes for Australian public university transnational education programs. The study seeks to answer the following research questions :

- (1) What criteria do Australian public universities use in the selection between the Direct Model and the Outsourced Model of their transnational education programs? The operative term *criteria* refers to the 'whys' and 'hows' of university motivation for the selection of business delivery models.
  
- (2) To what extent are the main theories of the firm able to explain the choice between the Direct Model and the Outsourced Model delivery of Australian public university transnational education programs?
  
- (3) To what extent are the main theories of the firm able to explain the longevity of the Direct Model and the Outsourced Model deliveries of Australian public university transnational education programs?

While the reflectors of each of the three theories of the firm were used in addressing research questions 2 and 3, an integrating framework (see Section 2.6.5.3) was deployed in answering research question 1.

The study also aims to develop a framework for understanding business delivery model selection, and predicting the performance of Australian public university transnational education programs.

### 3.2 Focus of Research

The research will be represented by two case studies of Australian public universities currently engaged in TNE, as selected in Section 3.7.4.2. This frame will enable the study of both current TNE operations as well as ventures that have been terminated within five years prior to 2017.

Australian public universities were selected for study because of their pioneering achievements in TNE delivery as discussed in Section 2.1.2.4. Their TNE operations have had a long history, and their TNE student numbers are significant compared to their onshore international student population. This history has also charted the evolution of Australian TNE business delivery models from distance learning models through basic twinning models, to the international branch campuses. These developments have not gone unnoticed, but have been picked up as critical areas for quality accreditation and assurance by the Australian Universities Quality Agency (AUQA, which was the predecessor of the Tertiary Education Quality and Standards Agency, TEQSA) as a mandatory second theme of the Cycle 2 audits of Australian universities which operate TNE (Shah, Nair and Wilson 2011).

Self-study distance education, and its online variants have been excluded from this study because of the absence of any face-to-face contact between faculty and student. In addition, online learning facilities do not largely rely on human agency in the transactions investigated across the three theories of the firm.

As postulated earlier, the phenomenon will be examined as commercial activities primarily through the lenses of the three theories of the firm.

### 3.3 Methodological Grounding for Research

Every research endeavour requires an appropriate framework within which to situate the data collection, analyses and conclusions. This framework is informed by the nature of the research subject, the purpose of the research and the researcher's own world view.

#### 3.3.1 Research Paradigms

In order to ensure that the study accurately investigates the research questions, and produces outcomes that are acceptable to the research community, a robust research plan is required. The research plan provides a blueprint for conducting the study based on appropriately selected research methods, which in turn reflect a recognised research methodology. Generally, a research methodology adopted will depend on the researcher's world view of the study in question, or what might be known as a research perspective or set of beliefs that guide action (Taylor, Bogdan and DeVault 2016, 163), more popularly, a research paradigm (Kuhn 1970). This follows from the observation that research can never be values-free (Gouldner 1970).

A research paradigm is what Kuhn famously described as a subset of 'the entire constellation of beliefs, values, techniques, ...' shared by the scientific community in identifying and investigating problems (Kuhn 1970, 175). The conduct of research and the interpretation of its results will necessarily depend on how the researcher views the nature of reality, makes observations, and interprets the observations (Denzin and Lincoln 2005). The research community today recognises the need for defining these three aspects of the research paradigm, viz., the ontology (the nature of reality), the epistemology (the relationship between the inquirer and the known), and the methodology (means by which knowledge is gained) of the study (Guba 1990) in order to underpin scientific research.

### 3.3.2 Research Paradigms for the Social Sciences

Research paradigms can be classified into two broad approaches, viz., positivism and phenomenology (Taylor, Bogdan and DeVault 2016). Positivism is the basis for research in predominantly the natural sciences; research that is dominated by quantitative methodology. This has been first promulgated by Auguste Comte, a French philosopher, in a series of publications known as *The Course in Positive Philosophy* circa 1940 (Taylor, Bogdan and DeVault 2016). This paradigm is based on a realist epistemology that seeks to understand the objective causes of natural phenomena through the collection of quantitative data that are amenable to statistical processing. It was adopted widely by many researchers in the study of social phenomena, and in particular, Emile Durkheim (Simpson 1951), in his study of suicide rates among Catholic and Protestant populations in France. Durkheim sought to establish that social facts or phenomena are ‘things’ that necessarily impact on people, and that they can be objectively identified apart from the people’s own interpretation of these ‘things’ (Taylor, Bogdan and DeVault 2016). The deployment of positivism in social sciences in the early twentieth century was a consequence of its well-established usage in the natural sciences. Later researchers accepted the view that reality may be imperfect and probabilistic, a perspective known as post-positivism.

As social researchers began to explore beyond objective causes of social phenomena to the impact of people’s interpretation of their world, there arose a need to capture these interpretations. This gave rise to the phenomenological approach to social science research. Prior to the adoption of such paradigms, the fields of journalism, sociology and anthropology had already been deploying various qualitative methods of inquiry, e.g., interviews, ethnography, fieldwork and participant observation. Researchers were interested to understand how the objects of their research perceive and view their own environment and

circumstances. By the 1970s, qualitative research became more widely accepted after a short history of development characterised by dissatisfaction with the limited efficacy of the mainly quantitative approach underpinned by positivism. Qualitative methods allow researchers to keep close to the empirical world through having intimate links between the data and what their subjects actually think, feel and do. These methods are also especially useful when 'prior insights about a phenomenon under scrutiny are modest, implying that qualitative research tends to be exploratory and flexible because of 'unstructured' problems (due to modest insights)' (Eriksson and Kovalainen 2008, 5).

Qualitative methods first became popular through studies undertaken by the Chicago School in the period 1910 to 1940. These University of Chicago researchers produced rich accounts of urban life, e.g., Anderson's *The Hobo* (Anderson 1923), and *Brothers in Crime* (Shaw, McKay and McDonald 1938). Although there was a drop in the number of qualitative studies throughout 1940 – 1950 due to the resurgence of quantitative methodologies, the 1960s witnessed the beginning of the establishment and mainstreaming of qualitative methodologies. Subsequently, the number of qualitative studies grew exponentially, accompanied by extensive works on the theoretical groundings of this paradigm, and the prolific extension of the paradigm to applied research (Taylor, Bogdan and DeVault 2016; Denzin and Lincoln 1994; Bruyn 1966; Glaser and Strauss 1967; Strauss and Corbin 1990; Prus 1996).

As the social sciences took to the application of qualitative methodologies across multiple disciplines, new theoretical approaches developed from the initial phenomenological paradigm (Smart 1993). These include ethnography, constructivism and symbolic interactionism – paradigms that focus on subjectivistic aspects of ontology and epistemology. When researchers delved more critically into values-driven or values-based studies, new approaches like feminism, critical theory and participatory paradigm became popular. The latter two can be



considered post-modern and post-structural, having roots in the critical literary tradition, while feminism developed out of the need to give voice to the disenfranchised and the oppressed. In fact, Denzin and Lincoln noted that ‘researchers have never before had so many paradigms, strategies of inquiry, and methods of analysis to draw upon and utilise’ (Denzin and Lincoln 2005, 20). They go on to chronologically describe various moments in the development of qualitative enquiry, thus documenting the many paradigms available to social scientists faced with a wide array of research situations and contexts, and to fit into the researchers’ own research worldviews, purposes and objectives.

### 3.3.3 Identifying An Appropriate Research Paradigm and Methodology

Guba and Lincoln suggest that there are essentially five broad inquiry paradigms that qualitative researchers may base their studies on (reproduced as Table 3.1 below), viz., positivism, postpositivism, critical theory et al., constructivism and participatory paradigm (Denzin and Lincoln 2005, 195). The latter three are part of the broader phenomenology paradigm, as distinguished from the former two positivistic paradigms.

Issue	Positivism	Postpositivism	Critical Theory et al.	Constructivism	Participatory
Ontology	Naïve realism – ‘real’ reality but apprehensible	Critical realism – ‘real’ reality but only imperfectly and probabilistically apprehensible	Historical realism – virtual reality shaped by social, political, cultural, economic, ethnic and gender values; crystallised over time	Relativism – local and specific co-constructed realities	Participative reality – subjective-objective reality, co-created by mind and given cosmos
Epistemology	Dualist/objectivist; findings true	Modified dualist/objectivist; critical tradition/community; findings probably true	Transactional/subjectivist; value-mediated findings	Transactional/subjectivist; co-created findings	Critical subjectivity in participatory transaction with cosmos; extended epistemology of experiential, propositional, and practical knowing; co-created findings
Methodology	Experimental/manipulative; verification of hypotheses; chiefly quantitative methods	Modified experimental/manipulative; critical pluralism; falsification of hypotheses; may include qualitative methods	Dialogic/dialectical	Hermeneutical/dialectical	Political participation in collaborative action inquiry; primacy of the practical; use of language grounded in shared experiential context

**Table 3.1 Basic Beliefs of Alternative Inquiry Paradigms – Updated (Denzin and Lincoln 2005, 195)**

These latter three paradigms are underpinned by three characteristics; first, by relativist ontologies of multiple constructed realities; second, by interpretive epistemologies where the knower and the known interact and influence each other; and finally, by naturalistic methods. These five paradigms are presented in the matrix below, showing their ontology, epistemology and methodology.

The study focuses on the TNE phenomenon in a naturalistic setting. While secondary data might provide clues to the views of TNE professionals, interviews with these informants are expected to generate rich data on the motivations of, and approaches taken in operationalizing TNE projects. The objective of the study is to understand the ‘why’ and ‘how’ of TNE, and not the objective ‘what’. This effectively rules out the use of the positivistic and post-positivistic approaches. Silverman demonstrates that these paradigms by their ontological and

epistemological assumptions, do not address the social and cultural dimensions of their quantitative variables (Silverman 2013). Further, by virtue of the need for reconstructing human experience, Iacono et. al. stresses that, 'given the human capacity to talk, the object of understanding a phenomenon from the point of view of the actors is largely lost when textual data are quantified' (Iacono, Brown and Holtham 2011, 58).

The study is not emancipatory as it does not promote any disenfranchised segments of society nor any ethical standards. It is thus appropriate to exclude the participatory, critical and other related paradigms as bases of the study.

Constructivism implies the existence of multiple realities as perceived and interpreted by both the researcher and their research objects, i.e., a socially-constructed reality. It also embraces the notion that there is no universal truth, and that reality is subjective, dependent on the person, contexts and time period.

The methodological approach of constructivism assumes that the truth about a situation needs to be extracted from a naturalistic inquiry which is hermeneutical as well as dialectical; hermeneutical in the sense of being interpretive, and dialectical in moving towards consensus through reconciling the different perspectives of the informants (Bradmore 2007). The constructivist researcher is empathetic in that the researcher strives to understand and interpret the views of the research participant.

The constructivist or interpretivist (Schwandt 1998, 22, 184; Denzin and Lincoln 2005) therefore takes a relativist ontology, a transactional epistemology, and a hermeneutic, dialectical methodology. These are succinctly summarised by Thomas below.

Feature	Description
Ontology	<ol style="list-style-type: none"> <li>1. There are multiple realities.</li> <li>2. Reality can be explored, and constructed through human interactions, and meaningful actions.</li> <li>3. Discover how people make sense of their social worlds in the natural setting by means of daily routines, conversations and writings while interacting with others around them. These writings could be text and visual pictures.</li> <li>4. Many social realities exist due to varying human experience, including people's knowledge, views, interpretations and experiences.</li> </ol>
Epistemology	<ol style="list-style-type: none"> <li>1. Events are understood through the mental processes of interpretation that is influenced by interaction with social contexts.</li> <li>2. Those active in the research process socially construct knowledge by experiencing the real life or natural settings.</li> <li>3. Inquirer and the inquired-into are interlocked in an interactive process of talking and listening, reading and writing.</li> <li>4. More personal, interactive mode of data collection.</li> </ol>
Methodology	<ol style="list-style-type: none"> <li>1. Processes of data collected by text messages, interviews, and reflective sessions</li> <li>2. Research is a product of the values of the researcher.</li> </ol>

**Table 3.2 Characteristics of Constructivism (Thomas 2010, 298)**

This study is a naturalistic investigation that aims to reconstruct TNE participants' understanding and motivations towards operationalizing TNE in their respective universities, reflecting on the operating milieu of the TNE programs. These investigations would also naturally take into account the participant's own background and experiences, and the organisational structure and culture within which TNE decisions were executed. The constructivist perspective using a qualitative methodology thus provides an appropriate research paradigm to address both the ontological and epistemological requirements of the current study.

### 3.4 Research Methods

Marshall and Rossman raised the need for a framework for research subjects to interpret their thoughts, feelings and actions, and for the researcher to be able to document these constructions (Marshall and Rossman 2006). Different research paradigms make use of varying methods for the collection and analysis of research data. Crotty (Crotty 1998, 106) describes methodology as a strategy or blueprint that connects methods with outcomes; qualitative research in particular employs multiple methods.

The study is an investigation of the understandings and motivations of universities for engaging in TNE. These constructions will have to be extracted from the various participants who were responsible for TNE decisions within these universities, operating within various TNE host countries. In turn, these participants would have been influenced by their own personal background, training, organisational culture and socio-economic-regulatory environment, and also by each other (co-creation of understandings) as they interact in making TNE decisions. Under the constructivist paradigm, it is accepted that we can never achieve objective reality in our understanding of a phenomenon. A variety of qualitative methods are available to the researcher, viz., secondary data/artifact analyses, surveys, experiments, historical research and case studies – to reconstruct representations of the multiple realities of the phenomenon. These in-depth methods provide for the reconstruction of the phenomenon under investigation, and have a ‘relatively long history within business research’ (Eriksson and Kovalainen 2008, 9).

Yin lists various research methods against the relevant research questions and their conditions of use (Yin 2014, 9). His tabulation is reproduced in Table 3.3.

Method	Form of Research Question	Requires Control of Behavioral Events?	Focuses on Contemporary Events?
Experiment	how, why?	Yes	Yes
Survey	who, what, where, how many, how much?	No	Yes
Archival Analysis	who, what, where, how many, how much?	No	Yes/No
History	how, why?	No	No
Case Study	how, why?	No	Yes

**Table 3.3 Relevant Situations for Different Research Methods (Yin 2014, 9)**

The research emphasizing the ‘how’ and ‘why’ of the TNE phenomenon discounts the use of surveys and archival analyses of Table 3.3. The experimental method is also unsuitable because there is no possibility of controlling behavioral events. While historical research investigates the ‘how’ and ‘why’, it does not focus on contemporary events.

The nature of the present inquiry requires the reconstruction of the views of a number of actors (comprising multiple realities) within the TNE operation of participating universities and as such, to work towards a consensus within each university, representing the collective voice of the university. It therefore requires the researcher to extract rich data from the nature of the case, its historical background, physical setting, economic environment, political environment, legal environment, related cases, and informants with first-hand knowledge of the case (Denzin and Lincoln 2005, 447). As the current business delivery model construct indicates in Section 2.7.2, the TNE phenomenon is set within a complex industry environment. Decisions are made within this environment, impacted by the university’s own organisational structure and the individual decision-maker’s background, experience, skills sets, and interactions with other decision-makers. This environment justifies the use of the case study methodology informed by multiple interviews of the

TNE actors, as affirmed by Yin (Yin 2014, 16), defining a case study as ‘an empirical inquiry that investigates a contemporary phenomenon (the ‘case’) in depth and within its real-world context, especially when the boundaries between phenomenon and context may not be clearly evident’. The current TNE research clearly also satisfies Benbasat et al.’s (Benbasat, Goldstein and Mead 1987) criteria for deploying the case study method – natural case setting, focus on contemporary events, no control/manipulation of subjects/events, and scarcity of theoretical bases.

The case study as a research method is contrasted from legal cases as part of court evidence, and the pedagogical case study method for teaching. Case study research is now a well-grounded and extensively-used research method which has been deployed across a broad range of fields, e.g., psychology, anthropology, management information systems, nursing, education and business. These include cases as diverse as Malinowski’s study of the Trobriand islanders’ sexuality, and Allison’s research on the Cuban missile crisis (Stake 1995). Lee was one of the early Management Information Systems researchers to tackle issues of rigor in the use of case studies. He addressed the specific issues of the need for controlled observations, controlled deductions, replicability and generalisability (Lee 1989). Other researchers like Benbasat et. al. and Eisenhardt added to the collation and development of the case study as research method. The former described the case study as particularly useful in addressing research questions where ‘research and theory are at their early, formative stages’ and ‘where the experiences of the actors are important and the context of action is critical’ (Benbasat, Goldstein and Mead 1987, 369). Eisenhardt focused on building theory using case study research (Eisenhardt 1989). Two prominent case study researchers stand out, viz., Stake and Yin who documented case study research methods extensively (Bazeley 2013). Yin in particular, meticulously justified the use of the case study as a bona fide research method by addressing issues of rigor, generalisation from findings, level of effort (to produce research acceptable to the scientific community),

and 'comparative advantage, in contrast to other research methods' (Yin 2014, 21). The current research will draw mainly from the rigorous research processes developed by Stake and Yin.

The case study is a preferred method when the research needs to focus on an in-depth knowledge of a person, community or system, within its contemporary environment (Denzin and Lincoln 2005, 443). Drawing from Stake and Yin, Creswell considers the case study as a qualitative study of a 'real-life, contemporary bounded system (a case) or multiple bounded systems (cases) ... through detailed, in-depth data collection involving multiple sources of information ...' (Creswell 2013, 97).

The current research makes use of an initial set of focus groups to

- 1) validate/invalidate each of the three theories, and possibly indicate applicability of other theories;
- 2) validate and refine the relevance of the theoretical construct; and
- 3) categorise TNE processes and the reflectors for each of the theories.

These focus group findings were then corroborated through secondary data analyses of various government, industry and university publications. Government and industry publications included AUQA/TEQSA (Australian Universities Quality Agency and its successor, the Tertiary Education Quality and Standards Agency) audits of universities, Department of Education and Training statistical data, IDP publications and news reports. The primary university publication for analysis was their annual reports. These were supported by various other university publications, e.g., published policies, operations manuals and press releases.

While the focus groups and secondary data analyses provided initial corroboration and construct refinements, a series of semi-structured interviews of key TNE players provided the hermeneutical and dialectical reconstruction of the phenomenon, and thus completes the repertoire of



methods within the case study. This mixed methods approach is a deliberate choice in contributing towards internal validity through triangulation (Barbour 2007), and a specific strategy for constructivists using ‘... case studies to report their findings’ (Bradmore 2007, 114).

### 3.5 Assuring Rigor in the Current Research

Qualitative research has come a long way in its development, and in the construction and grounding of a wide range of paradigms. Denzin and Lincoln traced the development of qualitative research over several (in his words) historical moments, viz. the *traditional* (1900-1950); the *modernist* or golden age (1950-1970); the *blurred genres* (1970-1986); the *crisis of representation* (1986-1990); the *postmodern* (1990-1995); the *postexperimental inquiry* (1996-2000); the *methodologically contested present* (2000-2004); and the *fractured future* (2005- ) (Denzin and Lincoln 2005, 3).

The *traditional* moment was characterised by the adoption of positivism from quantitative research, for want of more informed paradigms. Through the passage of these historical moments, the qualitative research community then gradually explored various frames of interpretation and paradigms, such as postpositivism, interpretivist approaches, critical inquiry, postfoundationalism, poststructuralism, emancipatory discourses, feminism and morality. These diverse frames of interpretation and paradigms cut across multiple disciplines and research purposes, leading to a diversity of approaches in assuring research rigor.

At one end of the spectrum for assuring rigor are the traditional positivistic criteria of ensuring validity and reliability, criteria which are still well accepted in the wider research community. At the opposite end are new voices like Laurel Richardson that clamor for the flexibility of their research to accommodate a wide range of shifting interpretations

(including mental and emotional states) through a 'transgressive' form of validity that is multidimensional, akin to crystals in their reflective and refractive properties (Denzin and Lincoln 2005, 208). In between these extremes are various qualitative researchers proffering various seemingly well-argued frameworks for assuring rigor in their respective research disciplines. Of these, Guba and Lincoln seem to have articulated a well-received framework to assure trustworthiness, based on four aspects, viz., credibility, transferability, dependability and confirmability (Lincoln and Guba 1985). Other researchers have proffered a wide range of criteria such as the utility of the research findings in post-research social programs, *simulacra/ironic validity*, and even *voluptuous/situated validity*. It has now become almost a free for all, leading Wolcott to remark that 'Whatever validity is, I apparently 'have' or 'get' or 'satisfy' or 'demonstrate' or 'establish' it ...' (Wolcott 1990).

The use of various criteria for assuring rigor may have its merits, especially in the new moments' focus on small scale, local research which do not address grand theories but trains on emancipatory or activist agenda. The blind use of the new criteria may lead to the notion that qualitative research lacks integrity, rigor and authority, or as Denzin and Lincoln put it '...identified as undisciplined, sloppy research comprising subjective observations ...' (Denzin and Lincoln 2005, 22).

However, in the pursuit of the more traditional research themes, many of which are inert to e.g., activism and poststructuralism, we can safely resort to the traditional measures of validity and reliability for assurance of rigor. Morse quotes several authors (viz., Hammersly, Kuzel and Engel, and Yin) in asserting that the traditional, well-grounded criteria of validity and reliability '... can be applied to all research because the goal of finding plausible and credible outcome explanations is central to all research' (Morse et al. 2002). These criteria have been developed to assure rigor at every stage of the research endeavour, through a self-rectifying process. Patton is even more assertive in advocating validity

and reliability as the primary assurance criteria for qualitative research (Lincoln and Guba 1985, 290).

The current research, by its nature a naturalistic case study of an organisational phenomenon, which has no undertones of activist, emancipatory or critical agenda, will deploy the traditional criteria of validity and reliability for assurance of rigor. This is confirmed by Yin's well-established use of these criteria in his seminal works on case studies (Yin 2014). The rigor of the research will be monitored throughout the research planning and execution processes through an assessment of construct validity, internal validity, external validity and reliability.

These four tests are constantly verified throughout the research endeavor, providing a self-rectifying mechanism to ensure methodological coherence, adjust theoretical conceptions, correct errors, address faulty fit of data and refine data interpretations. This would necessarily mean a constant moving forward and backwards along the research process to assure integrity in the research endeavor (Morse et al. 2002).

The robustness and credibility of the research will also be strengthened by the use of triangulation, both of the case descriptions as well as the interpretations of the findings, continuously throughout the entire study (Denzin and Lincoln 2005, 444). Two examples of the use of triangulation are the analysis of university focus group participants' (across different TNE portfolios) lived experience, and the cross-case analysis across the focus groups (Chapter 4).

### 3.6 Deployment of Focus Groups

This Section traces a brief history of the use of focus groups in qualitative research, and its application in the current TNE investigations.

### 3.6.1 Using Focus Groups for Interpretivist Research

The earliest reference to focus groups can be traced to Emory Bogardus' book, *The New Social Research* (Bogardus 1926), where he referred to the use of 'group interviews' as a more economic means of data collection compared to the personal interview. He deliberately used the 'group interview' to extract 'new points', which would otherwise be 'obscured' in what he called an 'explorational enterprise'.

It was not until the 1940s, when a more dedicated use of the focus group was deployed at the Bureau of Applied Social Research of Columbia University. Under Paul Lazarsfeld, the bureau used 'focus interviews' to test people's responses to various marketing initiatives, e.g., radio soap operas. Later, Robert Merton joined Lazarsfeld in providing the US government with research on the effectiveness of government wartime propaganda on radio. There, Merton and his colleagues developed more refined techniques of interviewing in groups of participants. These were published as *The Focused Interview* in the *American Journal of Sociology* in 1946 by Merton and Patricia Kendall, and later in 1956 in a book of the same title by Merton, Kendall and Marjorie Fiske (Bloor et al. 2011). Merton and his colleagues used 'focus interviews' as secondary research methods, supporting other main quantitative methods.

### 3.6.2 Application of the Focus Group in TNE Research

The focus group is now used mainly in three types of investigative endeavours, viz., commercial marketing research, academic research and lately, in critical research with the aim of empowering voiceless segments of society (Simpson and Fitzgerald 2014). It is distinguished from group interviews by its inclusion of interactions between group members, thus facilitating the sharing of ideas, questioning each other, encouraging and extracting otherwise undiscovered facts and interpretations, and the co-creation of interpretations. The focus group,

as its name suggests, is also focused on unpacking the individual as well as group/sub-group's construction of a topic or a related set of topics (Eriksson and Kovalainen 2008).

Focus groups can be used at the start of, in the middle, and at the end of a study. They are deployed at the beginning as pre-pilot studies to inform on constructs and survey designs; within studies as complementary methods to enrich findings; and at the end of studies as a communication channel (Bloor et al. 2011).

In this study, the focus group was used as a preliminary research method to test the theoretical construct and validate, or otherwise, the identified theories within a smaller group of institutions, prior to embarking on the case studies. A chronological list of TNE functions (derived from Davies et. al. 2000) was developed to guide the group discussions. This list was utilised as an *a priori* framework to cast the group's discussions.

The rationale for the selection of the focus group as a preliminary research method is its potential to enable participants to unearth rich accounts of the phenomenon under enquiry resulting from group dynamics, or what Kamberelis and Dimitriadis describe as '... relevant constitutive forces in the construction of meaning ...', allowing the participants to 'take control' and 'own' the interview space (Denzin and Lincoln 2005, 902), and is one of the quickest and lowest cost methods for generating complex information (Liamputtong 2013).

Criticisms against the use of focus groups stem from reduced structure/control over the discussion, chaotic data, small numbers disabling proper sampling, and possible distortion of responses due to dominant participants (Morgan 1997). These concerns are not significant in the present study due to the chosen constructionist paradigm, deliberate interview structure, and selection of participants. The adopted paradigm encourages the production of rich (not chaotic) data, including

co-created interpretations among participants, through a semi-structured but focused group discussion. As for sampling, a purposive sampling strategy was adopted, generating a good representation of active TNE universities across four well-recognised categories of Australian universities.

### 3.6.3 Using Focus Groups to Test Construct in Australian Public Universities

Four public universities in Australia were selected for focus group sessions. This served the purposive criterion sampling strategy to address research purpose and suitability of participants (Miles and Huberman 1994), and allowed access to information-rich cases (Patton 1990). They represented a spread of Australian university categories, viz., a Group of Eight university (University D), an Australian Technology Network university (University A), an Innovative Research University institution (University C), and one non-classified institution (University B) (Simpson and Fitzgerald 2014).

A letter explaining the purpose of the research, and the focus group requirements (including the use of a voice recording device) was sent out to potential participants. This letter also reiterated the anonymity of all participants, and that participants were free to withdraw from the session at any time. Participant demographics were recorded, including age, gender, TNE experience and public/private sector work experience. These documents are presented in Appendix B (Focus Group Documentation) as part of reliability measures (see Section 3.5).

The focus group discussions lasted for about two hours each, held within the participating universities, with the exception of University D, where a group could not be gathered. A one-on-one telephone interview was used to interview an active TNE advocate in this case. Wherever possible, the participants of the focus group interviews were drawn from

strategic planning, managerial and academic staff involved in TNE, and limited to a maximum of eight people in each group. The focus groups were held in an informal setting, where participants sat around the room, facing the centre. This enabled all participants to view and interact with each other. Light refreshment was served as it was held in the afternoon.

The focus groups were asked about the processes of establishing, managing and terminating TNE projects. This was part of the research effort to examine motivations for deploying various business delivery models in each TNE operational function. Preliminary TNE functions identified by Davies et al. (Simpson and Fitzgerald 2014) were written on flipcharts as a guiding framework so that all participants could view them, and comment on them. The guiding questions were derived from the study's research questions and TNE functions of Davies et. al.

No.	Focus Group Guiding Questions	Basis for Guiding Question
1	Describe the types of TNE business delivery models run by your university	Research question 1 and 2
2	Identify the location of these TNE operations	Research question 1 and 2
3	What is the rationale for starting these TNE operations?	Research question 1 and 2
4	Identify terminated TNE operations	Research question 3
5	What is the rationale for the termination of these TNE operations?	Research question 3
6	Describe the core TNE processes	Research question 2 and 3
7	What improvements would you wish to see implemented in these processes?	Research question 2 and 3
8	How does the university select its offshore partner?	Research question 2 and 3
9	How does the university monitor its offshore partner?	Research question 2 and 3

**Table 3.4 Guiding Questions Posed at Focus Groups**

The format of the discussions was deliberately kept semi-structured to enable the participants to express themselves more freely, and thereby permit a richer environment for their constructions of knowledge and practice (Liamputtong 2013).

As a facilitator, I was easily accepted by the participants because of my long and active involvement in TNE within both provider and host capacities. To keep the interactions localised within each university, I did not participate in conversations beyond asking questions, providing clarifications where needed, or pulling back conversations from any tangential divergence. Apart from recording the interactions using an audio recording device, the social interactions (e.g., resistance, awkwardness, assertiveness) amongst the participants were also observed and recorded to add higher granular context to the focus group findings. An example of the social interactions is the awkwardness of an academic participant in explaining how he was not consulted on offshore processes - amongst academic managers who were well informed about those processes.

The recordings of the focus group interviews were transcribed for analysis using NVivo (version 11), a computer-assisted qualitative data analysis (CAQDAS) software. Two sets of coding were developed, viz., one for testing the validity of the theoretical construct (see Table 4.2 Coding Framework for TNE Decision Model Construct Evaluation), and the other for testing the plausibility of the three theories of the firm (see Table 4.9 Coding Framework for TNE Theory Evaluation). While Table 4.2 was developed from the parameters framing the theoretical construct, Table 4.9 was developed based on the reflectors of the three theories of the firm as identified in Table 3.9 (Theoretical Reflectors Targeted in TNE Operations).

At this stage of the study, no propositions were tested. The intent of the focus group investigation is to test the validity of the theoretical construct



and the plausibility of the three theories in explaining TNE model selection decisions. The focus groups were also not expected to be sufficiently in-depth to provide a robust test of the propositions (which will be tested in the later in-depth semi-structured interviews). Hence, the focus group investigations to evidence the three theories focused only on the detection of the reflectors of the three theories, including their respective assumptions, foci and outcomes.

The transcripts were analysed to identify the participants' views on the prevailing business delivery model/s, motivation for the adoption of each model, their thoughts on the reasons for the successful delivery or termination of TNE programs, and indications of support for each of the three theories of the firm.

Reporting of the analysis was planned to take on the chronological form (as opposed to the thematic, narrative or ethnographic forms) due to the use of the chronologically-ordered TNE functions from Davies et. al. (Eriksson and Kovalainen 2008). The use of the chronological order provided a framework for eliciting rich data in a systematic fashion, while also permitting some minor but useful tangential discussions. While the analyses took on the chronological form, the reporting of three of the university focus groups took a thematic form due to the rich stories that unfolded in the course of the focus group discussions.

### 3.7 Qualitative Case Study Research Methodology

Case study research is well documented as a means for exploratory and explanatory studies, as well as for theory-building and theory-testing (Iacono, Brown and Holtham 2011; Lee 1989; Eisenhardt 1989). The current TNE research deploys the case study for theory-testing; this is especially appropriate given the scarcity of *a priori* theories of the firm within TNE (Benbasat, Goldstein and Mead 1987).

The literature review suggests face validity for the assessment of TNE decisions using the three theories of the firm. These theories provide an *a priori* base of knowledge to jumpstart the case study under the constructivist paradigm. This prior knowledge is expected to be continuously challenged and refined throughout the study (Flick 2015, 11).

Drawing from case study literature, Creswell (Creswell 2013) summarised the defining characteristics of case studies as

- a) case identification, that can be bounded to enable robust investigation;
- b) intent of the investigation, i.e., following Stake's *intrinsic* case (an understanding of a single case), *instrumental* case (an understanding of a specific issue) or *collective* case (an understanding of a phenomenon across multiple cases);
- c) in-depth understanding of the case using a wide range of relevant data for triangulation to ensure research rigor;
- d) case design, i.e., single or multiple cases to meet the research intent;
- e) rich case description, '... within its own world ...' (Denzin and Lincoln 2005, 450);
- f) choice of organisation of the report, e.g., by chronology, across-case, or theoretical modeling; and
- g) case conclusions about the overall meaning of the case/s (viz., Stake's 'assertions', or Yin's 'patterns/explanations').

Similarly, Stake requires the following 'major conceptual responsibilities' of case researchers to meet accepted standards of research rigor : bounding the case, identifying the phenomenon/theme/issue, seeking data patterns, triangulating key observations, selecting alternative interpretations, and developing assertions. These characteristics will be

observed for the TNE research, and anchored by the methodologies codified by Stake and Yin (Bazeley 2013).

### 3.7.1 Case Identification and Research Questions

Creswell's case identification refers to Yin's identification of the unit/s of analysis. It is imperative that case studies be demarcated within clear conceptual, spatial and temporal boundaries to enable systematic research to be conducted within a reasonable timeframe.

The TNE phenomenon has been identified and bounded as the theoretical construct in Fig 3.2 (TNE Decision Model Construct), where the study focuses on the decision-making processes in TNE operations of Australian public universities, within their respective TNE operational environments, as interpreted by their staff. The TNE operations studied will be either the Direct or Outsourced models that are still operating in 2018, and those that have ceased from 2005 to 2018. This follows Stake's definition of the *collective* case study, and therefore the two units of analysis of the current study are the Australian public universities' decision-making processes for the Direct and Outsourced models respectively, and that are impacting 2018 TNE operations and TNE operations that have ceased within five years prior to 2018. These parameters provide the boundedness in terms of conceptualisation (business delivery models), space (Australian public universities operating TNE), and time (within the period 2005 to 2018).

The analyses of the TNE operations will seek to answer the three research questions, and be conducted using the lenses afforded by the three theories of the firm. Using an initial construct adapted from Davies et. al. (i.e., the Direct/Outsourced Delivery Models), the initial theoretical construct, and reflectors of the three theories were tested within the focus group inquiries of four Australian public universities. These

inquiries yielded a more refined theoretical construct for further investigation using in-depth case studies.

### 3.7.2 Case Study Intent

The intent of the case studies is to confirm or refute the practice of one or more of the theories of the firm in Australian public universities' TNE decision-making processes (Longhofer, Floersch and Hartmann 2017). This endeavor will be executed via a deterministic approach instead of a probabilistic approach as discussed in Section 3.3.3. This will inevitably imply the need for *analytic generalisation*, or in Yin's words 'an opportunity to shed empirical light about some theoretical concepts or principles' (Yin 2014, 40). Bazeley describes this as *substantive theory* that illuminates a phenomenon using 'argument by analogy ... which requires seeing similarities among disparate entities and asking whether what is known to be true about one might be generalised to another' (Bazeley 2013, 330). *Analytical generalisation* can be used to re-explicate other similar cases or extend propositions to new cases.

Instead of the positivistic approach to theory testing using statistical methods (*statistical generalisation*) which requires generalizing from a statistically significant sampling to a population, the case study uses Level Two inferencing, similar to a singular, non-randomised laboratory experiment (Yin 2014, 41). Eisenhardt describes this as an iterative process of constant comparison and contrasting between theory and data, towards a theory that fits the data (Eisenhardt 1989), similar to Morse's theory development through moving 'from the particular to the general in small steps' (Bazeley 2013, 412). Denzin and Lincoln views this generalisation process as lessons learnt from the singular case being 'like and unlike other cases we do know, mostly by comparison', and how case studies generalise to the case 'at times still to come and in other situations' (Denzin and Lincoln 2005, 454, 449).

This approach therefore entails the avoidance of terms that refer to statistical generalisations, e.g., sample, sample sizes, population, hypothesis and statistical inference, and the use of a different language of inquiry. We refer to cases (whether from single- or multiple-case designs) where theoretical/conceptual propositions are tested or drawn through logical inference (Small 2009).

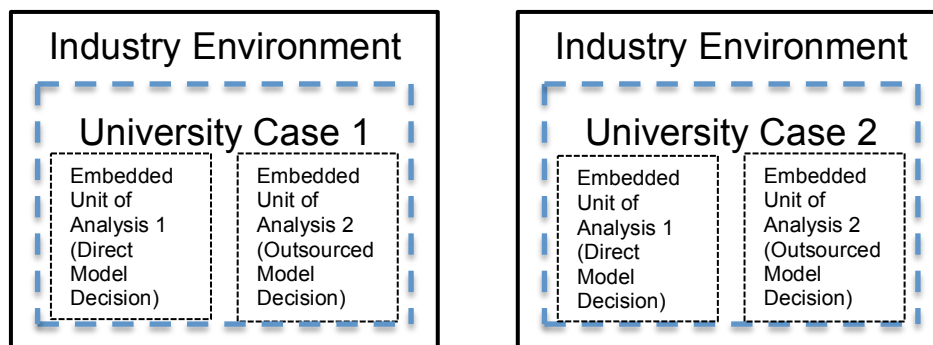
### 3.7.3 Case Study Design

The research design is the 'logical sequence that connects the empirical data to a study's initial research questions and, ultimately, to its conclusions' (Yin 2014, 28). It is also a 'logical model of proof that allows the researcher to draw inferences concerning causal relations among the variables under investigation' (Frankfort-Nachmias and Nachmias 1992). Miles and Huberman summarise the qualitative research process as an interaction among four activities, viz., data collection, data reduction, data display, and drawing and verifying conclusions (Miles and Huberman 1994). Case study research has evolved into a method with a unique research design, which has been codified chiefly by Stake and Yin.

Yin's case study methodology calls for five key components, viz., a case study's questions, its propositions (if any), its unit/s of analysis, the logic linking the data to the propositions, and the criteria for interpreting the findings (Yin 2014, 29). The three research questions seek to uncover the 'hows' and 'whys' of decision-making in TNE operations through specific propositions derived from the theoretical construct, and developed in Section 3.7.5 (and refined in Section 4.5), and hence fall clearly within the ambit of case studies. The current TNE research employed the focus group as a means to clarify the construct and test the theory (and preliminary propositions), and hence, pre-empted the need for a pilot case study.

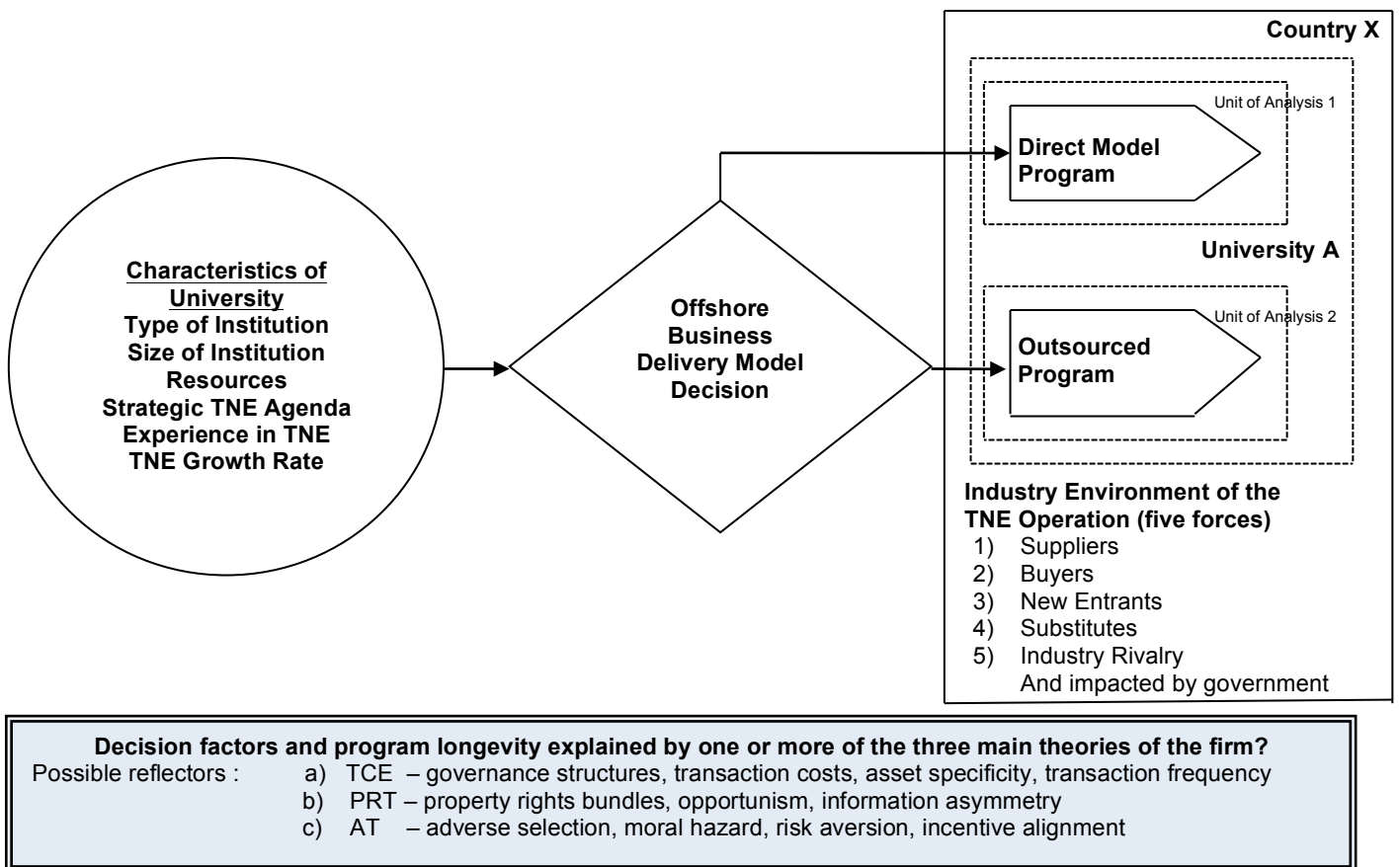
The selection of cases for multiple case studies follows a purposive selection, unlike sampling procedures practiced in quantitative studies where statistical analysis is used to falsify hypotheses. Cases are selected through a replication logic which aims to duplicate findings across cases. The cases are selected either because the researcher expects similar research outcomes (literal replication), or contrasting outcomes for anticipatable reasons (theoretical replication) (Yin 2014, 57).

While Stake categorises case studies into intrinsic, instrumental and collective case studies, Yin encapsulates these in a more comprehensive 2x2 matrix of case study design typology (Yin 2014). These designs are categorised by the number of units of analysis and the number of cases. The current TNE study will deploy Yin’s Type 4 case design which calls for studying multiple cases of the dual units of analysis (decisions on Direct and Outsourced models) within their respective contexts or industry environments (Fig. 3.1 below).



**Fig. 3.1 Yin’s Type 4 Multiple Case Design with Embedded Units of Analysis (Yin 2014, 50)**

The selection of the multiple case design is driven by the need to contrast and compare cases, as well as to increase the robustness of the study. Drawing from Section 2.6, the Decision Model Construct is reproduced to show the embedded units of analysis for one university case.



**Fig. 3.2 TNE Decision Model Construct**

In order to enhance the reliability of the multiple-case study, the design and execution of the case (individual as well as cross-case) studies need to be systematically documented. This is particularly critical given the complexity of most cases, and the need to develop thick, rich descriptions and analyses linking the research questions with the data through a chain of evidence (Baskarada 2014a). The current research will adopt Yin’s case study protocol as a guide to the conduct and documentation of individual TNE case studies due to its conciseness, and its usefulness in providing a systems view, in anticipating procedural implications, and in ensuring an efficient, parsimonious research endeavor (Yin 2014, 84-85). This protocol is adapted and is outlined as follows.

<b>TNE CASE STUDY PROTOCOL</b>	
<u>University ABC</u>	
1.0	<u>Case Overview</u>
1.1	Objectives of Protocol
1.2	Research Questions
1.3	Theoretical Construct
1.4	Propositions
2.0	<u>Data Collection</u>
2.1	Data Collection Plan (including cases, units of analysis, sources of evidence)
2.2	Preparations (including access documentation, aide memoire and data entry forms for secondary data (viz., archival records and documentation) collection and interview, interview questions, schedule of access, equipment)
2.3	Field issues (including ethical considerations)
3.0	<u>Data Analysis</u>
3.1	Analytic Strategies Identified
3.2	Analytic Techniques Identified
4.0	<u>Reporting</u>
	The current TNE study will take a realist presentation style, using the <i>linear-analytic</i> and <i>comparative reporting</i> structures as the main presentation formats. It will also explore the use of vignettes and the funnel for subsidiary story-telling.

**Fig. 3.3 Case Study Protocol for TNE Study**

In some studies, a pilot case study is used to enable the crafting of research questions, and to clarify the theoretical construct. It is not a 'dry run' to prepare for the actual case studies (Baskarada 2014b). In the current TNE study, the focus group (instead of the pilot case study) has been used as a methodological triangulation strategy to address the twin objectives of clarifying the theoretical construct, as well as provide *prima facie* validation for the three theories in a more in-depth manner.



### 3.7.4 Case Selection

Recalling the distinction made of analytic generalisation from statistical generalisation, it is critical to note that cases are not samples from which to draw inferences to a larger population. The selection of cases for study therefore does not follow the rules that govern the naturalistic sciences' nomothetic research.

#### 3.7.4.1 Case Selection Criteria

Various researchers have justified their case selection strategies, such as the 'anomalous case' against the 'comparative case' (Longhofer, Floersch and Hartmann 2017) the 'crucial case' against the 'pathway case' (Gerring 2007), and the 'reputational and criterion-based selection' (LeCompte, Goetz and Tesch 1993). One of the most comprehensively documented set of case selection criteria was developed by Patton. He developed selection criteria that identifies sixteen different types of cases, based on the purpose for which the research has been designed (Patton 1990, 182-183). His rationale for this selection framework is based on the need for in-depth study through '*information-rich cases*'. For example, one of the most popular is *maximum variation* selection which seek to explore a diverse range of case features. The *critical case* on the other hand seeks logical generalisation. To test the current research's theoretical construct, the *theory-based*, and *confirming/disconfirming* case selection criteria would be employed.

Patton suggests that there are no general rules around the number of cases that are needed, although other researchers recommend various numbers, based on their respective research objectives and design (Patton 1990). Eisenhardt for example suggests a range of four to ten cases, subject to reaching 'theoretical saturation' (Eisenhardt 1989). Specifically for post-graduate research endeavours, Perry recommends selecting between two and four cases as the minimum that is widely

approved by methodologists – to accommodate the constraints of time and funding (Perry 1998).

#### 3.7.4.2 Analyzing Australian Public Universities for Case Selection

Preliminary investigations show that the following Australian public universities have significant offshore student numbers (exceeding 10% of their respective total international student enrolments) as at 2015 (extracted from each university's annual report of 2015).

No.	University	Univer -sity Cate- gory	Offshore Students			Type of TNE Model
			Enrol- ments	% Intl Stu- dents	%Total Stu- dents	
<b>A</b>	<b>New South Wales</b>					
1	Charles Sturt University	Others	928	17%	2%	O
2	Macquarie University	Others	1,461	26%	3%	D
3	Southern Cross University	RUN	460	23%	3%	O
4	The University of New England	RUN	120	26%	0.5%	D
5	The University of Newcastle	IRU	490	21%	1%	B
6	University of New South Wales	G8	3,772	39%	6%	D
7	University of Technology Sydney	ATN	801	11%	2%	D
8	The University of Wollongong	Others	2,828	42%	8%	B, O
9	Western Sydney University	Others	620	20%	1%	
<b>B</b>	<b>Victoria</b>					
1	Federation University Australia	RUN	625	25%	4%	O
2	La Trobe University	IRU	701	17%	2%	O
3	Monash University	G8	4,545	34%	6%	B, O
4	RMIT University	ATN	5,771	46%	9%	B, O
5	Swinburne University of Technology	Others	2,571	54%	6%	B, O
6	The University of Melbourne	G8	2,203	22%	3%	D
7	Victoria University	Others	2,562	51%	10%	O
<b>C</b>	<b>Queensland</b>					
1	Central Queensland University	RUN	3,241	100%	14%	D
2	Griffith University	IRU	1,083	30%	2%	D
3	James Cook University	IRU	1,334	49%	6%	B
4	University of Southern Queensland	RUN	313	23%	1%	D
<b>D</b>	<b>Western Australia</b>					
1	Curtin University	ATN	2,814	58%	6%	B, O
2	Edith Cowan University	Others	483	20%	2%	O
3	Murdoch University	IRU	2,448	79%	10%	B, O
4	University of Western Australia	G8	579	25%	2%	D
<b>E</b>	<b>South Australia</b>					
1	Flinders University	IRU	808	38%	3%	O
<b>F</b>	<b>Tasmania</b>					
1	University of Tasmania	Others	361	12%	1%	O
<b>G</b>	<b>Australian Capital Territory</b>					
1	The Australian National University	G8	680	15%	3%	D
2	University of Canberra	Others	334	24%	2%	O

Note : Abbreviations used

- 1) B (international branch campus); O (business delivery models other than international branch campuses, e.g., franchised programs); D (distance education or online delivery)
- 2) ATN (Australian Technology Network) G8 (Group of Eight); IRU (Innovative Research Universities); RUN (Regional Universities Network); Others (Other universities not categorised elsewhere)

**Table 3.5 Profiles of Offshore Student Enrolments at Australian Public Universities (Department of Education and Training 2015a)**

Further investigation through university annual reports and university websites indicate the types of TNE operations undertaken by these universities, and shown as international branch campuses or other TNE business delivery models in the above table. They also include the enrolment of international students by distance education and online delivery.

The above list categorises the Australian public universities under Moodie's widely-referenced five classes, viz., the Australian Technology Network universities, the Group of Eight universities, the Innovative Research Universities, the Regional Universities Network universities, and Others (Moodie 2014). It has been reported to be a more balanced representation compared to Marginson's typology (Bradmore 2007; Marginson 2004).

In developing a protocol for case selection, Australian public universities that operate TNE programs were identified and compared by the number of TNE students in 2015. These universities were further shortlisted through their delivery jurisdictions; most were operating in Malaysia, Singapore and Hong Kong SAR. A summary of those operating within Malaysia and Singapore is reproduced below.

Ideally, to cover all replications

- a) in one country, there will need to be at least
  - (i) one TNE program from each of the five university categories, comprising
  - (ii) at least two international branch campuses (representing the direct model), and
  - (iii) at least two non-international branch campuses (representing the outsourced model);

No.	University	University Category	Location and Type of TNE Program	
			Malaysia	Singapore
1	Curtin	ATN	International branch campus	Franchised
2	Monash	G8	International branch campus	
3	James Cook	IRU		International branch campus
4	Newcastle	IRU		International branch campus
5	Murdoch	IRU	Franchised	International branch campus
6	Federation	RUN	Franchised (3)	Franchised
7	USQ	RUN	Franchised	Franchised
8	Swinburne	Others	International branch campus	Franchised
9	Victoria	Others	Franchised	Franchised
10	Wollongong	Others	Franchised	Franchised (2)

**Table 3.6 Australian Public Universities Operating Large TNE Programs within Malaysia and Singapore in 2015** (extracted from 2015 university annual reports)

- b) in two countries, there will need to be at least
- (i) one TNE program from each of the five university categories within the two countries, comprising
  - (ii) at least two international branch campuses (representing the direct model) within one jurisdiction, and
  - (iii) at least two non-international branch campuses (representing the outsourced model) within one jurisdiction.

The above ideal case selection schemes by replication cannot be undertaken because the types of TNE programs delivered by these universities are limited in terms of the Direct-Outsourced Dichotomy and their delivery locations.

The best case selection by replication will necessarily forgo replication by university category, which is a less important replication criterion. It will be determined by the availability of direct and outsourced TNE programs.

This scheme proposes the following case selection, which will involve two cases and four units of analysis as tabulated below. As discussed earlier, all university cases will be de-identified to protect the privacy of both university and informants.

No.	Business Delivery Model Dimension	University Type and Jurisdiction Dimensions	
		Case 1 : University A (ATN)	Case 2 : University C (IRU)
1	Direct model	Wholly-controlled international branch campuses in Countries T, X	Wholly-controlled international branch campus in Country X
2	Outsourced model	Collaborative international branch campuses in Countries U, V Franchised programs in Countries O, W, Y	Franchised programs in Country V
3	Countries	O, T, U, V, W, X, Y	X, V

Where T, V and Y are Southeast Asian (SEA) countries, and O, U, W and X are non-SEA countries (See Section 4.3.4 for the rationale for the SEA/non-SEA dichotomy)

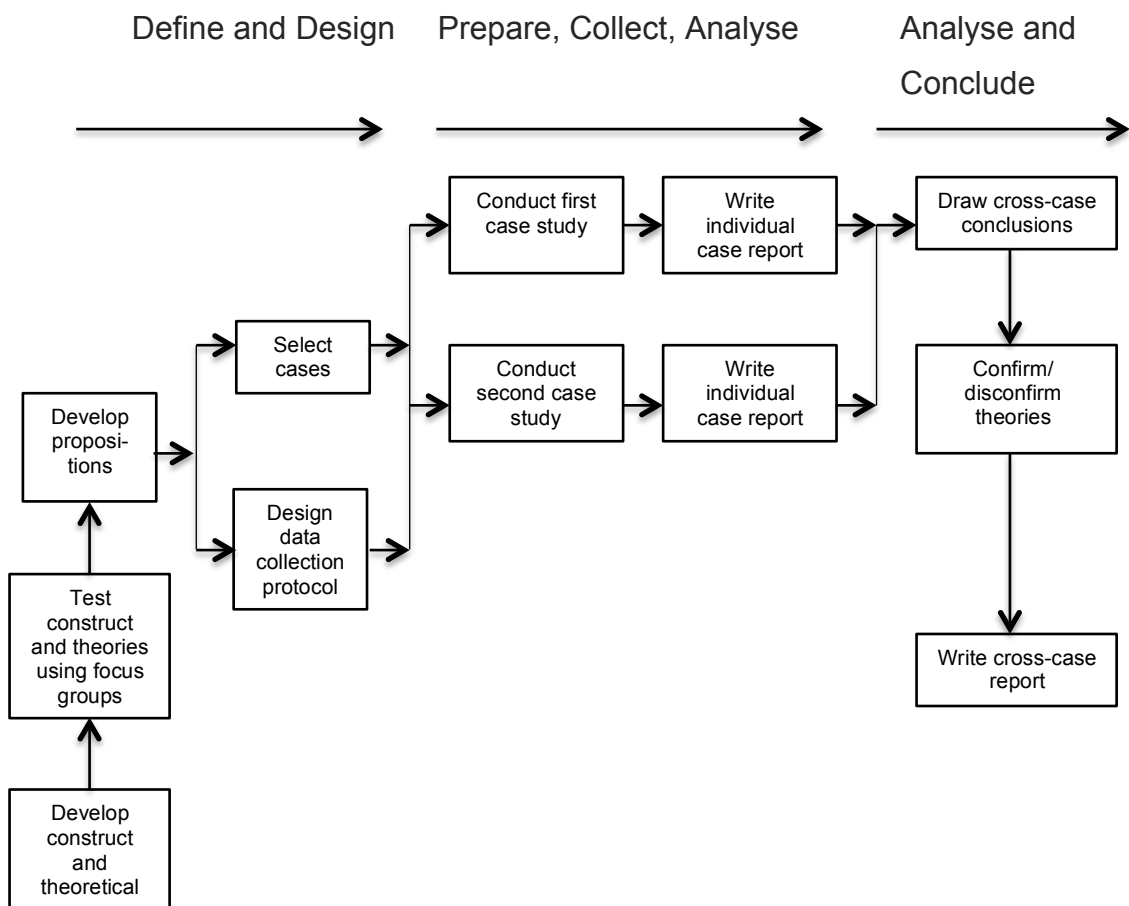
**Table 3.7 TNE Case Selection**

The above case selection will allow for an exploration of decision-making in the two units of analysis involving the Direct and Outsourced Models, within two different regulatory jurisdictions (viz., countries X, a non-SEA country, and V, a SEA country), and operated by universities categorised under two different university classifications. These two universities coincided with two of the focus group universities, and will hence allow for an in-depth multiple case study building upon data already gathered earlier.

While meeting literal and theoretical replication requirements, the case selection also meets convenience and temporal requirements to enable in-depth investigation, ‘building in variety and acknowledging opportunities for intensive study’ (Denzin and Lincoln 2005, 451). Reflecting on Patton’s case selection framework, the foregoing selection

emphasised stratified-purposeful, and theory-driven criteria, and derived through the process of constant comparison.

The diagram below summarises the case study research design as an adaptation of Yin’s multiple-case study procedure.



**Fig. 3.4 TNE Case Study Procedure; adapted from Yin (Yin 2014, 60)**

### 3.7.5 Developing Case Study Propositions

This Section will seek to develop the preliminary case study propositions to be tested through in-depth semi-structured interviews, and triangulated through secondary data analysis as well as previously-conducted focus group analyses.

### 3.7.5.1 Research Methodology

Recalling previous discussions on the research paradigm selected, i.e., constructivism, the current research seeks to use a qualitative approach to heuristically interpret the lived experience of decision-makers of Australian public university TNE operations. This approach necessarily makes use of *analytical generalisation*, a research technique that is akin to single, non-randomised experiments (Yin 2014, 41). Rich data is extracted and analysed against the theories to test propositions that are designed to confirm/disconfirm each of the three theories of the firm as the basis of TNE decision-making on the Direct-Outsourced dichotomy of business delivery models (Bazeley 2013, 412; Eisenhardt 1989). Or in Harman's perspective, being able to proffer an 'inference to best explanation' through accounting for all the facts that explain the data, and 'that is plausible enough or simple enough to be accepted' (Bazeley 2013, 339). This paradigmatic technique (Longhofer, Floersch and Hartmann 2017, 190) contrasts with the pursuit of the falsification of hypotheses in the *statistical generalisation* techniques of nomothetic research within the positivism paradigm.

### 3.7.5.2 Research Propositional Framework

To generate internally and externally valid propositions, the foregoing sections have explored extant research on TNE operations, as well as the *prima facie* applications of the three theories of the firm in TNE. A detailed TNE framework (Table 2.4) is proffered for use in organisational economics investigations, adapted from the recent British Council TNE publication (Knight and McNamara 2017).

The three organisational economics theories were then scrutinised in Section 2.6.5 to identify commonalities and specifics – enabling the extraction of observable reflectors. The next three sections discuss the application of each of the three theories of the firm to TNE business



delivery model selection, through perspectives identified in Table 2.6 (Comparative Perspectives of the Theories of the Firm), yielding the following propositional framework, which focuses on the business delivery model outcome as the dependent variable.

No.	Business Delivery Model Outcome (Dependent Variables)	Theoretical Antecedents (Independent Variables)	Operating Environment (Independent Variables)
1	Direct	<b>TCE</b> a) High asset specificity b) High level of behavioral uncertainty c) High transaction frequency	High level of business and/or legal-political uncertainty
		<b>PRT</b> a) Mission critical resources controlled by the university b) Risk of opportunism is high c) Information asymmetry is high	High level of maturity of socio-legal-political environment
		<b>AT</b> a) High costs of search and/or monitoring b) Low risk aversion for the university c) Low incentive alignment	Low level of maturity of legal-political environment
2	Outsourced	<b>TCE</b> a) Low asset specificity b) Low level of behavioral uncertainty c) Low transaction frequency	Low level of business and/or legal-political uncertainty
		<b>PRT</b> a) Mission critical resources controlled by the OP b) Risk of opportunism is low c) Information asymmetry is low	High level of maturity of socio-legal-political environment
		<b>AT</b> a) Low costs of search and/or monitoring b) High risk aversion for the university c) High incentive alignment	High level of maturity of legal-political environment

**Table 3.8 Propositional Framework for TNE Business Delivery Model Selection**

### 3.7.5.3 Bases for TCE Propositions

The propositions to be tested for TCE are derived from Williamson's discriminating alignment hypothesis (discussed in Section 2.6.1), which focuses on the three key exchange attributes of asset specificity, uncertainty and frequency of transactions. Klein refined these three key independent variables further by adding transaction complexity (Klein and Sykuta 2010, 168). Lamminmaki considered owner/operator structure as an important fourth independent variable in her study of

outsourcing in the Australian hotel industry (Lamminmaki 2007). The current study will focus on Williamson's three exchange attributes as the independent variables, while also investigating the influence of the university's characteristics and of the TNE operating environment, as developed in the theoretical construct. It is proposed that high asset specificity, high levels of behavioral uncertainties and high transaction frequencies will lead the university to deploy the Direct Model in TNE, while low levels of these three dimensions will result in the use of the Outsourced Model.

Asset specificity has been observed in the focus group study, particularly in the branch campus operations. The case studies will be guided by Williamson's six asset specificities, viz., physical asset, site, dedicated asset, human asset, brand name capital, and temporal specificities (Section 2.6.2).

The investigation into uncertainties will focus on both behavioral and environmental uncertainties. Behavioral uncertainties underpin performance evaluation problems, particularly the holdup problem associated with asset specificity (Rindfleisch and Heide 1997, 46). Environmental uncertainties may lead to mal-adaptations due to incomplete contracting.

It is also proposed that high environmental uncertainty will result in the deployment of the Direct Model, because it 'increases the costs of adapting contractual agreements' (Rindfleisch and Heide 1997, 44). On the other hand, country-specific advantages might come in the form of favorable government regulations, lower risks and the benefits of host country opportunities (Rugman and Verbeke 2012). It is therefore proposed that the Direct Model will be selected when the TNE business and/or legal-political environment is considered uncertain, and the Outsourced Model selected when the environment is considered certain.

The value chain of the theoretical construct quite evidently demonstrates that TNE is a high transaction frequency business, involving a large number of organisational entities and people. For this reason, TCE is not expected to underpin the Outsourced Model - as indicated in the cross-case analysis of the focus groups (Table 4.11 University Motivation for Deploying TNE Business Delivery Models).

#### 3.7.5.4 Bases for PRT Propositions

Segal and Whinston outlined two basic challenges facing firms, viz., the challenge to create incentives for efficient behavior (to overcome opportunism) and to efficiently allocate resources available to and produced by the organisation (Gibbons and Roberts 2013). They go on to suggest that firms can address these challenges through either contracts or 'allocate decision rights to parties and leave them considerable discretion' (Gibbons and Roberts 2013, 100). Using game-theoretic analysis of decision rights allocation, they showed that assets should be allocated to agents who value them. Kim and Mahoney similarly, studied oil field unitisation by assuming, *inter alia* that key assets should be allocated to the firm that has the most to gain or lose (Kim and Mahoney 2005). Closer to TNE, Driffield et al. investigated post entry change in foreign affiliate ownership, and argues that under the PRT perspective, it is 'optimal for ownership control to rest with those who have the greatest impact on the value of the venture' (Driffield, Mickiewicz and Temouri 2016). And in Hart's words, 'specific rights (are) spelled out in contracts. It's the residual control rights that cause problems' (Hart 2009, 62). The current study will thus propose that universities will opt for the Direct Model when they control mission critical TNE resources (because they have the most to gain if the TNE operation succeeds, or lose if the TNE operation fails), and if the risk of opportunism is high. On the other hand, the University will opt for the Outsourced Model when the OP controls mission critical TNE resources, and if the risk of opportunism is low.

When parties to a collaboration are left to ‘considerable discretion’ , there is a need for a high level of transparency (Gibbons and Roberts 2013, 100, 139). Libecap asserts that the presence of serious information asymmetry can lead to intensified distributional conflicts (Libecap 1986). Driffield et al. also argues that the allocation of property rights takes on higher significance when ‘investments by partners are observable but not verifiable’ (Driffield, Mickiewicz and Temouri 2016). Further, Segal and Whinston asserts that in the presence of information asymmetry, re-negotiations might be disrupted by the propensity of agents to misrepresent uncertainty (Gibbons and Roberts 2013, 140). The current study therefore proposes that the university will opt for the Direct Model when there are high levels of information asymmetry, and opt for the Outsourced Model when information asymmetry is considered low.

Similar to TCE, the environment is also a key factor in the selection of governance models. The environment specifically refers to both the formal legal institutions, as well as the informal systems of customs and relationships. Libecap argues that property rights might be changed as a result of pricing changes, production and enforcement technology changes, and changes in political parameters (Libecap 1986), which relate to the competitive market environment, legislated quality assurance (e.g., AUQA and TEQSA audits), and the socio-legal-political environment within which TNE is conducted respectively. Mahoney, quoting North, asserts that ‘the inability of societies to develop effective, low-cost enforcement of contracts is the most important source of ... stagnation and contemporary underdevelopment in the third world, and that uncertainty could be due to ambiguity of legal doctrine and/or of behavior of the judicial system’ (quoting North, 1990 in Mahoney 1995, 18). The current study proposes that the University will be motivated by PRT within TNE environments that exhibit high levels of maturity of the socio-legal-political infrastructure.

### 3.7.5.5 Bases for AT Propositions

The focus group study indicates a predominance of reflectors pointing to the AT approach in TNE business delivery model selection across all three universities studied. This agrees with Michael who quoted Lafontaine and Slade as having identified AT as a driver for franchising, a common TNE model (Lafontaine and Slade, 1997 quoted in Klein and Sykuta 2010, 186).

Following Kivisto's framework, the TNE business delivery models in the focus groups also exhibit agency relationships, because the university delegates tasks to the OPs to execute, the university provides various resources for the OP to operationalise its role, and the university has strong interest in quality-assuring the OP's role outcomes (Kivisto 2011, 340). Given that the university has to rely on the agent to accomplish its business objectives, the agency problem facing the university is two-fold, viz., to be able to determine the motivation, capability and performance of the OP (adverse selection and moral hazard), and to narrow the goal and risk aversion gaps between the university and the OP.

The first challenge requires the university to overcome information asymmetry regarding the OP's capability and performance (Section 2.6.4). It is proposed that the university will select a Direct Model when the costs of search and monitoring are high, and an Outsourced Model when the costs of search and monitoring are low.

In her study of Australian hotel outsourcing, Lamminmaki confirmed the AT perspective that the principal will outsource when it considers the activity high risk (Lamminmaki 2007). Similarly, the focus group study provided evidence that universities franchise because they consider offshore operations risky (Table 4.10). It is therefore proposed that the university will choose the Outsourced Model when there is high risk aversion for the university, and the Direct Model when the university has

low risk aversion towards the TNE operation being considered. While this outcome seems counter to the foreign entry mode literature (Anderson and Gatignon 1986) (Douglas and Craig 1995, 1989) which advocates risk aversion for the lower risk direct investments (i.e., presumably DM operations), extant TNE literature generally indicates that the industry considers DM operations high risk (Cao 2011) (Healey 2015a).

To narrow the goal divergence of the principal and agent, there is a need to provide sufficient incentive to the agent to act in the best interest of the principal – calling for an alignment of incentives between the two parties, a key construct in AT (Parthasarathy 2010). It is therefore proposed that the university will deploy an Outsourced Model when there is strong incentive alignment between the university and the OP, and the Direct Model when there are difficulties in establishing incentive alignment between the partners.

AT is premised on complete contracting, and hence the parties rely on a legal-political environment that is mature and effective in enforcing the terms of the contract (Kivisto 2011). It is therefore proposed that the university, motivated by AT, will choose to operate an Outsourced Model within a mature legal-political environment, and a Direct Model within environments of lower legal-political maturity.

#### 3.7.5.6 Scope of Propositional Framework

Case study research will investigate each of the university cases using the propositional framework of Table 3.8. These investigations will explore perspectives of the three theories of the firm as outlined in Table 2.6, and detailed below.

As derived from Table 2.6, the focus of case study investigations will be on transactions for TCE, institutions for PRT, and contracts for AT. The transactions will be investigated through TNE processes developed in

Section 2.7.3, while institutions observed through the various governance structures described by informants. It was not expected that informants would divulge the contents of contracts; focus group and in-depth interview questions were hence designed to extract comments and observations pertaining to contractual concepts and terms. Fortunately, at least one focus group, and many interview informants provided rich insight into contractual terms of the TNE operations.

The focal dimension of asset specificity in TCE will be investigated through institutional and program accreditation, host country licensing/approvals, intellectual property, brand equity, specialist TNE expertise, and dedicated physical facilities. Property rights in PRT will be focused on program awards, intellectual property, brand ownership, learning resources, teaching resources, managerial resources, marketing channels, and equity capital. AT investigations will focus on the dimensions of cost minimisation for the principal, maximisation of returns for the agent, and reputational benefits for the agent.

The focus of contracts will be the *ex post* choice of either the Direct or Outsourced Models in TCE, the *ex ante* property rights (represented by the roles of the parties) and *ex post* distributional conflicts (e.g., copyrights) in PRT, and *ex ante* incentive alignment (to mitigate agency costs) and the monitoring of academic and business processes for AT.

Cost concerns for TCE comprise of *ex ante* costs of information discovery, and drafting and negotiating contracts, *ex post* costs of monitoring, enforcing and renewing contracts, mal-adaptations due to changes in the operating environment, and underinvestment (holdup) in mission critical assets. PRT will look out for concerns with shirking, loss from rent-seeking (e.g., free-riding), and the withholding or distortion of information. AT concerns are mainly in search costs (e.g., due diligence prior to starting new TNE operations), monitoring costs (e.g., student satisfaction surveys and regular quality assurance audits) and residual

loss from imperfect incentive alignment (e.g., reputational damage from poor quality delivery).

Market frictions from the TCE perspective will be observed from performance uncertainty (of OPs), uncertainty in regulatory environment, and relational asset specificity. PRT will look out for rights, roles, responsibilities and entitlements that are poorly defined, and vested interests in similar or related businesses. In AT, market frictions arise from opaque/poor observability of OP performance and difference in risk aversion between partners.

Using Williamson's four levels of analysis, the current study will observe for the influence of the operating environment, viz., resource allocation and employment, contractual arrangements, regulatory and legislative requirements, and informal institutions (Lamminmaki 2007). The shift across these environments is characterised by an increasing time for effecting change. The influence of these environments is important to support or explain the working of the theories of the firm, TCE and PRT in particular. In the case of TCE, there is a possibility of 'under-estimating the social aspects of market activities with the assumption of opportunism' (Williamson 1998), and possibly not detecting higher trust levels, which 'may serve as a substitute for formal mechanisms such as contracts and direct controls' (Zhang 2006, 62). For PRT, the governance environment includes both the formal regulatory and legislative infrastructure, as well as the informal institutions like local business customs and long term business relationships. Further, Klein observed that 'in countries with stable legal institutions, ... contracts tend to be less complete', while Nickerson argues that 'governance costs vary not only by governance mode but also by institutional environment' (Klein and Sykuta 2010, 30, 146).



#### 3.7.5.7 Two-phase Research Process

Initial tests of the theoretical construct and applicability of the theories of the firm in TNE was conducted via focus groups of three Australian public universities and one phone interview of another public university. These investigations provided the basis for the validation of the theoretical construct, and the *prima facie* justification for the use of the three theories. They also indicated the plausibility of a rival theory in explicating TNE decisions.

After conducting these generic validation exercises via the focus groups, the next step in the research is to investigate the impact of the theories of the firm on the longevity of the respective university's TNE operations. From a broad test for the reflectors of the theories of the firm, the next stage of the research will tighten up the measures through the aforesaid propositional framework to enable higher precision multi-case study analyses (Yin 2014, 147).

#### 3.7.5.8 Reflectors of the Theories of the Firm

The multiple-case study is guided by the propositional framework (Table 3.8) and attempt to identify reflectors of the theories within the characteristics of the University, TNE value chain processes, and TNE operating environment (as per Table 2.6 of Section 2.6.5.2) as tabulated below.

No.	Reflectors of Theories (theories that share aspects, if any)	TNE Operations (from TNE Value Chain)		
		Charac- teristics of University	TNE Process- es	Operating Environ- ment
<b>A</b>	<b>Common Reflectors</b>			
1	Cost economisation outcome (all 3)	x	x	
2	Information asymmetry assumption (all 3)	x	x	x
3	Incomplete contracting assumption (TCEandPRT)	x	x	x
4	Asset specificity focus (TCEandPRT)	x	x	
5	<i>Ex ante</i> incentives alignment outcome (PRTandAT)	x	x	
<b>B</b>	<b>TCE</b>			
1	Behavioral uncertainties assumption	x	x	
2	Environmental uncertainties assumption	x	x	x
3	Transaction cost concerns		x	
4	Frequency of transactions	x	x	x
5	Externalities handled by choice of governance structure	x	x	x
<b>C</b>	<b>PRT</b>			
1	Efficient governance environment for contract enforcement assumption	x	x	x
2	Establish, transfer and maintain PR		x	
3	Rent-seeking externality concerns		x	x
4	Externalities handled by negotiation or unilateral decision	x	x	
<b>D</b>	<b>AT</b>			
1	Complete contracting assumption	x	x	x
2	Differences in risk aversion assumption	x	x	
3	Adverse selection problem	x	x	x
4	Moral hazard problem	x	x	x
5	Agent aims for economic incentives	x	x	

**Table 3.9 Theoretical Reflectors Targeted in TNE Operations**

This exercise is designed to confirm/disconfirm the theories as bases of the universities' decision in selecting between the Direct and Outsourced models. This table will also form the basis for the design of data collection and analysis procedures. These reflectors comprise assumptions (8), outcomes (5) and foci (6) of the respective theories as applied to TNE operations (Section 2.6.5.2).

### 3.7.6 Case Study Rigor

Following arguments for the use of the well-established tests of validity and reliability for quality assurance and rigor in the current research in Section 3.5, this section looks more closely at how to operationalise these tests.

In his survey of quality assurance in qualitative research, Lewis highlights the danger of practicing 'sloppy research' through the abandonment of the foundational practice of assuring validity and reliability (Lewis 2009). He went on to propose a series of tests based on an expanded conceptualisation of validity and reliability for good research practice, as listed below.

#### a) Validity Checklist

- (i) Triangulation
- (ii) Negative cases, discrepant data, or disconfirming evidence
- (iii) Bias, or researcher reflexivity
- (iv) Member checking
- (v) Prolonged engagement in the field
- (vi) Collaboration
- (vii) Audit trail
- (viii) Thick, rich description

#### b) Reliability

- (i) Research worker reliability
- (ii) Variations in observations
- (iii) Test-retest method
- (iv) Split-half method

By virtue of the current research which is undertaken by a single researcher, Lewis' validity recommendations for bias, member checking, collaboration, and variation in observations will not need to be

addressed. Research worker reliability can be addressed by the use of researcher declaration of interests (including any personal biases and presumptions) and informant review (Morse et al. 2002), an alert that Creswell advises to enable the reader to assess reliability and improve on replication (Creswell 2013). In the interest of the tight PhD timeframe, the test-retest method and prolonged engagement in the field will not be possible.

Creswell argues for the use of 'accepted strategies to document the 'accuracy' of the research – what he calls validation strategies. Like other researchers, he also addressed the need for reliability in good research (Creswell 2013, 250-253). His checklist comprises :

c) Validation Strategies

- (i) Prolonged engagement and persistent observation
- (ii) Triangulation
- (iii) Peer review or debriefing
- (iv) Negative case analysis
- (v) Clarifying researcher bias
- (vi) Member checking
- (vii) Rich, thick description
- (viii) External audits

d) Reliability Perspectives

- (i) Detailed field notes (recommending an audio recording device)
- (ii) Intercoder agreement

Similar to the critique of Lewis' tests, member checking, peer review and intercoder agreement will be unnecessary, while prolonged engagement is not possible. His negative case analysis strategy will contribute significantly towards the disconfirmation of theory.

The above contributions will be incorporated into Yin’s four design tests to enable the systematic monitoring and assurance of research rigor, as adapted below (also see Section 3.7.8.3 for identification of analysis techniques).

Tests	Case Study Tactic	Phase of Research
Construct validity	<ul style="list-style-type: none"> <li>• Use multiple sources of evidence</li> <li>• Establish chain of evidence</li> <li>• Test of theoretical construct</li> <li>• Review of draft report by key informants</li> </ul>	Data collection Data collection Focus group Composition
Internal validity	<ul style="list-style-type: none"> <li>• Use multiple sources of evidence</li> <li>• Pattern matching</li> <li>• Address rival propositions (incorporating negative case analysis)</li> </ul>	Data collection Data analysis Data analysis
External validity	<ul style="list-style-type: none"> <li>• Replication logic in multiple-case studies</li> <li>• Replication logic in dual cases</li> <li>• Triangulation against industry practice</li> </ul>	Research design Case analyses Case analyses
Reliability	<ul style="list-style-type: none"> <li>• Case study protocol (including researcher reflexivity)</li> <li>• Case study database</li> </ul>	Data collection  Data collection

**Table 3.10 Adapted from Case Study Tactics for Four Design Tests (Yin 2014, 45)**

The above case study tactics for assurance of research rigor have been demonstrated throughout the entire study, across the research preparations, the focus group discussions, secondary data collection, the in-depth semi-structured interviews, and the analysis and reporting of the research.

The selection of informants for focus groups and interviews across divisional/central roles, across portfolios (Strategic; management; academic), across informants with public/private sector experiences, and across seniority of TNE experience illustrates the collection of data from multiple sources of evidence. This is replicated across four different universities and four different categories of universities in the focus group discussions. The use of focus groups, secondary data and interviews also provides a triangulation of evidence.

The chain of evidence is an important element of construct validity, and can be traced through the flowchart of Figure 3.4, tracking the process from construct development, to final conclusion and reporting. The use of focus groups to test the theoretical construct and evaluate the plausibility of the theories of the firm in TNE decision-making provides assurance of construct validity before a full multiple-case study is rolled out.

Pattern-matching is used through constant comparisons across units of analyses and across university cases. Examples include the comparison and contrasts between focus group universities' experiences in managing the intractable problem of managing different study periods across TNE operations, comparing TNE processes across multiple cases, and evaluating the responses (and reflectors of theories) of different universities in making TNE business delivery model decisions. The focus groups and in-depth interviews also identified several factually incorrect information – through triangulation of participants/informants' knowledge base.

Coding was also designed to capture any deviant process, and disconfirming evidence. These NVivo nodes were useful in identifying the plausibility of the Upper Echelon Theory, in discounting the Resource-based View in the focus group analyses, and in detecting elements of Network Theory in the interviews.

External validity was addressed via literal and theoretical replication within the multiple-case study as discussed in detail in Section 3.7.4.2. It was also tested through a comparison of empirically generated conclusions against industry practice in Sections 7.1, 7.2 and 7.3.

Case study reliability was anchored on the structuring of a case study protocol for each university. This protocol incorporated an aide memoire for each interview informant. It is also qualified by a researcher declaration (Appendix E : Reflexivity – Researcher's Background). This

will explain the rich data collected – the researcher is a known TNE practitioner within the industry and has been engaging many of the focus group participants and interview informants prior to the study.

The split-half method was used to good effect in both the focus groups as well as the interviews. Examples include the questions on TNE motivation for existing and discontinued TNE operations; the questions on which TNE partner would benefit most in a TNE operation, and which partner would lose the most in the event of a termination; and the questions on core processes and core resources for TNE operation.

Case study reliability was also addressed through the set up and storage of the case study database using NVivo and Microsoft Excel, and voice recording files – all of which have been securely saved within the Curtin Business School's R-drive for a period of seven years after thesis publication.

Finally, all research involving humans must be carefully planned and executed with a view to the welfare of the research subjects as well as parties related to the study. The researcher must amongst other responsibilities, ensure that informants have been clearly briefed on the objectives, conduct (including the use of an audio recording device) and risks (if any) of the study; their rights to anonymity and voluntary withdrawal at any stage of the research exercise; and the confidentiality of the interaction and information produced. Precautions must also be made to handle field issues such as the discovery of classified information and legal violations.

The current research has been cleared by the Curtin University Human Research Ethics Committee in accordance with the Australian Code for the Responsible Conduct of Research (<http://www.nhmrc.gov.au/guidelines/publications/r39>). This research was approved through a Form C Application for Approval of Research with

Low Risk (Ethical Requirements) (Protocol Approval GSB 18-12 as enclosed in Appendix C) for the focus groups, and Protocol Approval HRE2018-0216 (as enclosed in Appendix C) for the remaining research investigations, including the semi-structured, in-depth interviews of two universities.

Further, I have completed the mandatory Curtin University Research Integrity Program that trains researchers on best practice and ethical conduct of research, as well as obtained permission to access university staff of University A through its Office of Strategy and Planning (as required by University policy on research access to its staff). University C did not require prior approval for research access to its staff.

### 3.7.7 Data Collection

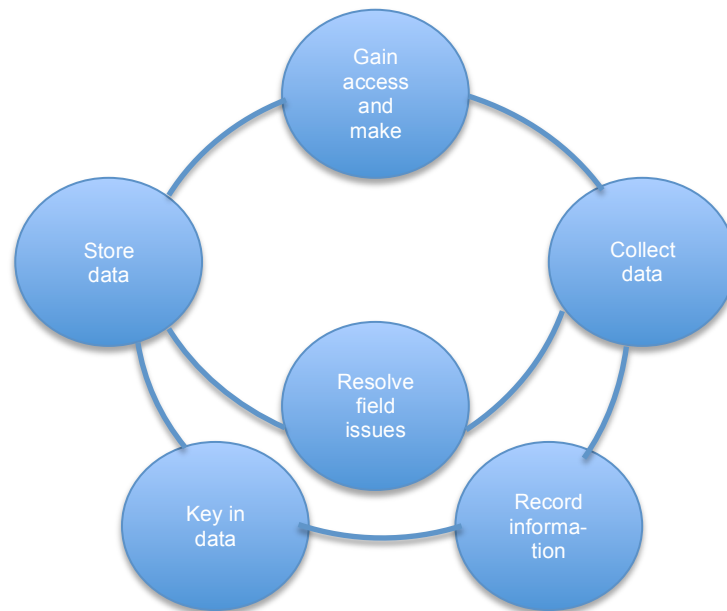
Case study research has an idiographic focus as opposed to the nomothetic research of the natural sciences (Dodes and Dodes 2017). It goes beyond the statistical manipulation of data for demonstrating correlations, to peer into ‘what details of life the researchers are unable to see for themselves’ through interviews of people who have witnessed these details or through unearthing documents that record them. The key is in what people perceive their reality to be through their own spoken and written accounts, as well as their behavior (Taylor, Bogdan and DeVault 2016). The researcher thereby becomes ‘experientially acquainted’ with the case that has now become ‘embraceable’ (Denzin and Lincoln 2005, 453). This closeness with the case therefore allows for an intimate constructivist understanding, separating out experiential knowledge from mere opinion and preference (Stake 2004).

#### 3.7.7.1 Data Collection Process

The data collection process must not be a random exercise in accumulating all and sundry data. It must be guided to enable a tight



focus on what data is required, where it may be found, and how it can be efficiently collected. For the current research, Creswell's data collection process circle has been adapted, assuming that cases and units of analysis have already been identified – adaptation shown below.



**Fig. 3.5 TNE Data Collection Cycle; adapted from Creswell (Creswell 2013, 146)**

This process starts with gaining access to sources of evidence, through collection, recording and safe storage of data. The safe storage of research data is mandated by Curtin University (for seven years after thesis publication), and provided through the university's VPN-encrypted R-drive. Finally, the data collection process also requires the researcher to pay attention to, and resolve field issues as they arise.

In the quest for thick, rich descriptions, and assuring internal and external validity, evidence will be collected on the individual cases as well as on the environment impacting each case, e.g., TNE participants, TNE organisational structure, committees, TNE processes, significant TNE events, regulatory environment, economic environment, time of year and location of TNE operations (Baskarada 2014b). This clarity of focus will

enable a higher quality, in-depth data analysis of the contemporary TNE phenomenon of study.

### 3.7.7.2 Sources of Evidence

Yin summarises case study data into documents, archival records, interviews, direct observation, participant observation and physical artifacts (Yin 2014, 105). A cursory review of the target cases in the current research readily shows that only documents, archival records and interviews are practical sources of case study evidence (Denzin and Lincoln 2005, 379). Direct and participant observations are impractical due to time constraints, while there are few, if any, physical artifacts amenable to analysis in TNE.

#### 3.7.7.2.1 Secondary Data

Documentation and archival records are mostly on print and electronic media, and forms the study's basis for secondary data analysis. It is worthwhile noting that one of the key evidence for the use of the three theories of the firm, especially TCE and PRT is contractual agreements. Informants are not expected to share or make available such information due to commercial confidentiality, and hence informant and organisational behaviors will need to be inferred from alternative sources of evidence, e.g., TNE processes, publicly available university documents, news reports and interviews (Mintzberg, Raisinghani and Theoret 1976).

Secondary data has been collected to provide an initial analysis of TNE delivery models, and to corroborate the findings of the focus groups. These data comes from published archival records such as AUQA/TEQSA publications and Australian Department of Education reports, and documentation such as university annual reports and TNE operating manuals.

### 3.7.7.2.2 In-depth Semi-structured Interviews

While archival records and documentation enable the initial construction of the conceptual understanding of TNE operations, it is in-depth interviews that allow the researcher to enter the informant's world (Perry 1998), and provide a first-hand understanding of the phenomenon, especially when informants are able to freely express themselves (Lofland and Lofland 1995). Skilled interviewers are also attentive to the political and emotive displays of informants, including the presence of 'rogue' informants who knowingly or unknowingly are outliers in the TNE operation. These call for skills in understanding the structure of conversations, turn-taking and other facets of conversation analysis, although they may not be as important in the current research as in linguistic and other phenomenological studies (Bazeley 2013, 72).

The in-depth interview serves to enable the continuous linking back-and-forth across theory and data towards confirming or disconfirming the propositions (Yin 2014, 72). To enable the capture of rich accounts while maintaining focus, the interview questions are usually semi-structured, wide-ranging and open-ended (Chua 2012), and recorded with an audio device. The uniqueness of the interview as a data collection source lies in the opportunity (or complexity) to analyse the data while collecting it. This calls for skills in conversation analysis during the interview, and also during the post-interview audio transcription and coding. While the use of conversation analysis is critical in humanistic approaches in qualitative studies such as ethnography due to the need for accurate interpretation of human relations (e.g., turn taking), its usage while beneficial, will be limited to clarifying factual data and post-interview transcription within the current TNE research (Denzin and Lincoln 2005, 869-886).

An aide memoire was developed to help prepare for each interview, containing logistical and informant details, list of equipment and

stationery, opening and closing briefing notes, semi-structured questions, theoretical construct (incorporating key concepts and disconfirming concepts) and contextual parameters (to look out for), and non-verbal cues and documentation/artifacts (to observe/collect). The use of the aide memoire is part of the repertoire of tools to assure research reliability.

There are generally no hard and fast rules governing the number of interviews required for good research. While this is usually determined by the purpose of the study, and availability of time and resources (Baxter and Jack 2008), most researchers aim to exhaust the interviews of new information before stopping – what is known as reaching ‘data saturation’ (Patton 1990). A total of 31 interviews were conducted across the two selected universities; 20 in University A and 11 in University C. Twenty-three interviews were conducted face-to-face, while eight had to be conducted via telephone.

In the process of gaining access and conducting the interviews, it behoves the researcher to ensure that this privilege of entering the informant’s private world is respected – through ethical conduct, including formally requesting their consent, providing them with the option to terminate the interview pre-maturely, and making available transcripts of the interview for clarification and verification. While there are no strict guidelines on the duration of interviews, interviews of less than 30 minutes are unlikely to yield useful data, and interviews of over one hour might be an unreasonable ask of informants. Each of the current study’s interview was limited to between 45 minutes and an hour. (Rubin and Rubin 2005).

#### 3.7.7.2.3 Informant Selection

For the purposes of the current TNE research, the interview data collection plan has been designed to access various types of informants

to ensure the efficient and accurate collection of appropriate data – thus contributing to both the validity and reliability of the study (Birnbaum 1985).

These informants comprise :

- a) senior decision-makers such as the vice-chancellor, or deputy vice-chancellor, pro-vice-chancellor, director and other senior managers responsible for international or TNE – to draw out strategic and planning decisions and information;
- b) middle managers (both onshore- and offshore-based) such as the TNE or international office director, faculty dean and/or offshore campus director/manager – to address administrative and financial, as well as intermediate/divisional value chain processes and decisions; and
- c) academic staff responsible for designing and delivering TNE academic programs – to tease out academic and academic administration value chain processes and decisions.

### 3.7.7.3 Guiding Principles of Data Collection

The data collection process is not a haphazard undertaking; it requires clarity of focus, sensitisation to cues, procedural discipline and good field manners. Yin calls for adherence to four principles of data gathering (Yin 2014, 118-130) to provide research integrity to the case study. Taylor et. al. emphasise establishing and maintaining rapport with informants to maximise the discovery of accurate informant's experiential reflections and to successfully manage field issues (Taylor, Bogdan and DeVault 2016, 44-86). Yin's four principles has been adapted to incorporate Taylor et. al.'s emphasis on informant rapport for the current research.

- a) Using multiple sources of evidence to ensure 'redundancy of data gathering' and set up 'procedural challenges to explanation' towards

clarifying meaning, including multiple interpretations of reality (Denzin and Lincoln 2005). This triangulation of evidence from archival records, documentation and in-depth interviews contributes to internal and external validity; being careful to avoid the danger of triangulating for the sake of ‘celebrating diversity’.

- b) Establishing and maintaining good rapport with informants and other sources of evidence to ensure integrity of data and information, and to manage good field relations.
- c) Creating a case study database enables the researcher to focus on the multiple dimensions of the study and to assure reliability. This consists of field notes, collated documents, data tabulations and new case narratives developed by the researcher.
- d) Maintaining a chain of evidence to connect the research questions, case study propositions, specific evidence, case study data base and case study report, in an effort to provide the reader with the opportunity to follow the research process and thereby better assure reliability.
- e) Exercising care when using data from electronic sources – to be alert to information overload, unauthenticated information, inaccurate information, and inadvertent participation in the phenomenon of study.

#### 3.7.7.4 TNE Data Collection Plan

Building on the theoretical aspects identified in Section 3.7.5, a data collection plan has been developed to guide the collection of data for the TNE study. The collection of this data will be guided by the types of information required for the current TNE study, viz., information about the universities, value chain processes and the TNE operating environment – domains that have been identified from the value chain analysis of Section 2.7.3. This follows the case study requirement for boundedness and context. The use of eclectic sources of evidence is also part of a triangulation strategy to assure research rigor.

The types of evidence amenable to the current study are circumscribed by the research paradigm chosen and the nature of the phenomenon being studied. These sources include archival records, various documentation, transcripts of interviews and relevant artifacts. The bulk of the evidence is expected to come from documentation and interviews, with limited data from archival records and the rare audio-visual material. Archival records are useful for analysis of historical events and possible antecedents of contemporary events. Documentation will be sourced widely from the university being studied, trade publications, regulatory publications, manuals, proposals, white papers, green papers, news articles and personal notes, where relevant. There will hopefully be available other artifacts such as audio-visual materials.

No.	Sources of Evidence	TNE Operations (from TNE Value Chain)		
		Characteristics of University	TNE Processes	Operating Environment
<b>A</b>	<b>Archival Records</b>			
1	Location maps	x		
2	Surveys	x	x	x
3	Public census	x		
4	Government archives	x	x	x
<b>B</b>	<b>Documentation</b>			
1	Communications	x	x	x
2	University documents, e.g., guidelines	x	x	x
3	Reports, e.g., annual reports	x	x	x
4	News articles	x	x	x
5	Electronic documents, e.g., websites			
6	Personal notes	x	x	x
<b>C</b>	<b>Interviews</b>			
1	Semi-structured	x	x	x
2	Personal discussions	x	x	x
<b>D</b>	<b>Artifacts</b>			
1	Audio visual materials	x	x	x

**Table 3.11 TNE Data Collection Plan**

A Research Data Management Plan has been deposited with Curtin University. This Plan captures the description of the study, data collection, data management, data storage and data dissemination. It is attached as Appendix D, as part of assurance of research reliability.

### 3.7.8 Case Study Analyses

The foregoing described the data collection process; we now have on hand a mass of data, comprising textual and numeric data from secondary sources, and voice and non-verbal descriptions of conversations drawn from focus groups and semi-structured interviews. They mean nothing if they are not analysed and interpreted; and more importantly, accurate interpretation is critical given the constructivist research paradigm needed for the current research as a result of the complexity of the TNE phenomenon within its real world environment. Schram describes this difficult task as ‘doubly hermeneutic’ – requiring an interpretation of the informant’s interpretation (Schram 2017).

Longhofer et. al. describe the case study as ‘many stories being re-told’, having ‘many different outcomes emerging from detailed accounts of practitioners’ (Longhofer, Floersch and Hartmann 2017, 190). The case study data collected requires experiential understanding, sorting and interpreting to enable the discovery of these myriad re-interpretations of the TNE phenomenon. Data analysis within the current TNE qualitative research is a process of data preparation and organisation, data reduction, and data representation for interpretation towards answering the research questions (Creswell 2013, 180).

The current research is crafted to test, and confirm or disconfirm the applicability of the three theories of the firm in Australian government universities’ TNE decision-making. There is therefore a need to provide evidence of causation in the analysis of the data. David Hume is quoted in Bazeley to have argued that causation cannot be proven, but is empirically acceptable when observed as a ‘constant conjunction of events’ provided the three conditions of covariation, sequence and exclusion can be established (Bazeley 2013, 332).



These observations may be made by using any one or more of the logic of induction, deduction, abduction and retroduction (Kothari 2004; Flick, Kardorff and Steinke 2004); and more frequently, all four are employed in case studies. Due to the qualitative approach applied to test *a priori* theories, the current research is expected to utilise all four logical inferencing methods in analyzing the data (Priem and Butler 2001). Induction is used to develop assertions from an analysis of the data. This inferential logic can be applied to the first research question where the objective is to draw out the reasons for the selection of TNE models. Retroductive logic will complement inductive inferencing from an opposing direction, through the construction of plausible antecedents of the TNE decision models. The deductive logic is used in the development of propositions from the three theories of the firm, and then tested through the analysis of the data. The current multiple-case study will also make use (howbeit to a limited degree) of the abduction logic through a re-contextualisation of the three theories across different units of analysis to produce re-interpretations and possibly new constructs.

Transforming raw data into believable stories in data analysis can be a daunting exercise, especially in case study research due to the need for rich description and careful attention to assuring research rigor. It is not a haphazard undertaking. It needs to be grounded in specific strategies to address the research intent and research paradigm, and thereby satisfy validity scrutiny. It also needs to have an agreed process to assure reliability. The next two sections explore and identify the appropriate case study analytic strategies and process to undertake the current TNE research.

#### 3.7.8.1 Data Analysis Strategies

Qualitative data analysis calls for the interpretation of raw data through specific analytic techniques to produce new, synthesised knowledge of

the phenomenon under study. This analytic strategy is described by Yin as 'examining, categorizing, tabulating, testing, or otherwise recombining both quantitative and qualitative evidence to produce empirically based findings' (Yin 2014, 132).

The choice of an analytic strategy depends on the objective of the study, the research paradigm within which the study is located, the research construct and the type/s of data that are available for analysis. These strategies can broadly be categorised into two sets of strategies, viz., categorical analysis and holistic analysis. Categorical analysis is focused on the development of analytic categories, while holistic analysis on description (Rossman and Rallis 2017). The current TNE study is based on selected *a priori* theories, and neither reliant on the ground-up development of theories nor focused on mere case description.

Stake takes a more descriptive approach to case studies, and places less emphasis on understanding causation (Denzin and Lincoln 2005, 449). His analytic strategies comprise the categorical aggregation, direct interpretation, pattern establishment and naturalistic generalisation, which focus on either descriptive analysis or grounded theory development (Stake 1995). These strategies are not amenable to the current research where the focus is on testing theory.

Yin proposes a more eclectic mix of general strategies for data analysis, viz., relying on theoretical propositions, working the data from 'ground up', developing a case description, and examining plausible rival explanations (Yin 2014, 136-142). The current research was thought to find utility in the following two strategies.

- a) relying on theoretical propositions – the propositions developed in Section 3.7.5 will be tested within two specific cases through an in-depth investigation.

- b) examining plausible rival explanations – the propositions developed were derived from the three theories of the firm, which are to be ultimately tested for applicability within the two TNE cases.

Focus group analysis however, presented two very rich university cases that explored several TNE stories in depth. This development provided the opportunity to include the use of the case description analytic strategy to better understand the TNE decision-making phenomenon, and hence 'help to identify the appropriate explanation to be analysed' (Yin 2014, 140).

Bazeley's preference of analytic strategies comprise analytic induction, theory elaboration, event structure analysis, qualitative comparative analysis, and the exploration of extreme, deviant or negative cases (Bazeley 2013, 345-355). Her focus is mainly on ensuring a deeper understanding of 'causal relationships and mechanisms'. On closer scrutiny, only analytic induction and event structure analysis will find utility in the current TNE study. Theory elaboration is a medium- to large-n maximum variation approach for theory-building, while qualitative comparative analysis is a medium-n approach - both approaches being incongruent with the current dual-case TNE study. Extreme case exploration follows the qualitative comparative analysis in requiring medium-n studies.

The remaining two analytic strategies may be used in the current TNE study, and are briefly described here.

- c) analytic induction – this strategy is designed to derive causal explanation and analytic generalisation one case at a time; eliminating variables through cross-case comparisons - an approach that is useful in theory testing.
- d) event structure analysis – this strategy uses narrative sequence to compare whole narratives to demonstrate causal relationships, and is

useful for studies in, among other phenomena, organisational changes.

Of lesser significance are the four analytic strategies identified by Thorne, viz., constant comparative analysis (or grounded theory analysis), phenomenological approaches, ethnographic methods, and narrative and discourse analyses. While the first three strategies are clearly outside of the chosen TNE research paradigm, narrative and discourse analyses are expected to be possible techniques in data analysis. As the study unfolded, narrative analysis found more utility than discourse analysis. The focus group analyses of two universities yielded very rich TNE stories, providing opportunity for narrative analysis.

The identified analytic strategies have been applied at two levels of analysis, viz., the single-case and then, cross-case analysis.

#### 3.7.8.2 Data Analysis Process

After identifying the analytic strategies to employ, case analysts will need to set up a systematic process of analysis. Case analysis does not begin when data collection is completed; it should begin when the research question is first framed. In fact, data collection and data analysis work in tandem, continuously probing the data sets and theorizing (Taylor, Bogdan and DeVault 2016).

This process will involve the conversion of voice and non-verbal cues of focus groups and interviews into text and numeric data. The resulting data sets, and other text and numeric data from secondary sources will then have to be processed and analysed. Eisenhardt was one of the earlier methodologists to offer a three-step process comprising case identification, similarities identification across two cases at a time, and researcher triangulation (Eisenhardt 1989, 540-541). Miles and Huberman likens data analysis as a four-step process that starts with

developing an initial 'story' about the phenomenon and its environment; then, establishing a 'map' that links key components of the 'story', and proposing a construct that explains how the components are linked together; and finally, re-telling the 'story' in more detail as an iterative step (Miles and Huberman 1994, 91). The focus group analyses of Universities B and C provided the opportunity to compile several TNE stories, that are then investigated using reflectors of the *a priori* theories of the firm, and finally re-telling the 'story' of TNE operations across the universities in a cross-case analysis.

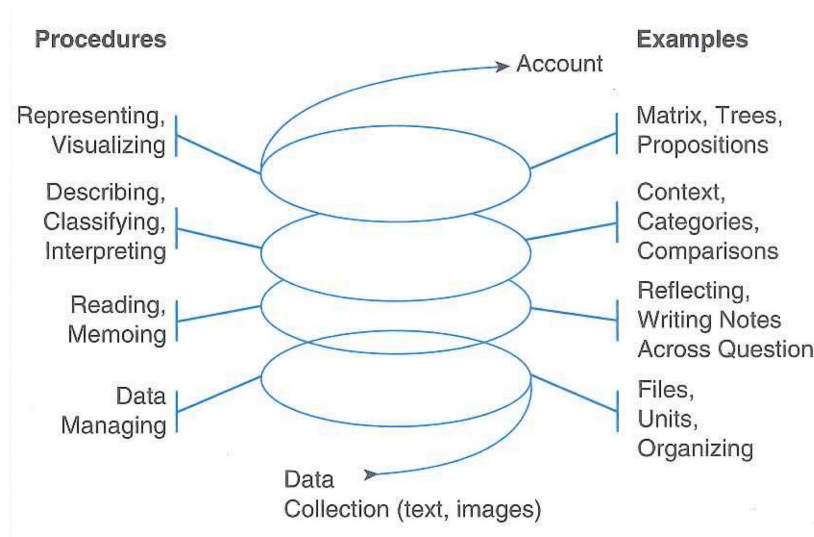
Rossmann and Rallis enumerates the process as a crisp, logical seven-step process (2017, 237) of

- a) data organisation
- b) data familiarisation
- c) category identification
- d) data coding
- e) theme generation
- f) interpretation
- g) search for alternative understandings.

Taylor et. al. summarises the above process into three steps, viz., discover (a-c), coding (d), and data discounting (e-g) (Taylor, Bogdan and DeVault 2016, 142-161), while Morse categorises the above into a 4-step process of comprehension (a-c), synthesizing (d-e), theorizing (f-g), and recontextualizing (Morse et al. 2002).

Morse's categories introduce an important iterative element to the above analytic process in the form of recontextualisation; analytic iteration having increasing currency among researchers. Creswell takes the process further by introducing a process spiral which incorporates analytic iteration at every level of the process (Creswell 2013). The data analysis spiral, reproduced below, illustrates possible iterative analytic

techniques at each level of the process. The current TNE study will adopt this more comprehensive process; the final ‘account’ process being the outcome of the testing of propositions.



**Fig. 3.6 The Data Analysis Spiral (Creswell 2013, 183)**

When applied to case study research, the above data analysis spiral translates into the following analytic activities, with some adaptations.

No.	Procedures	Activities
1	Data organisation	Create and organise files for data
2	Reading, memoing	Read through text, make margin notes, form initial codes
3	Describing the data into codes and themes	Describe the case and its context
4	Classifying the data into codes and themes	Use categorical aggregation and various data analysis techniques to establish themes or patterns
5	Interpreting the data	1) Use direct interpretation 2) Develop naturalistic generalisations of what was ‘learned’
6	Representing, visualizing the data	Present in-depth picture of the case (or cases) using narrative, tables, and figures
7	Accounting for the interpretation/s	Confirm or disconfirm propositions, through extinguishing rival propositions

**Table 3.12 Data Analysis and Representation for TNE Case Study; adapted from Creswell (Creswell 2013, 190-191)**

The above iterative process must also incorporate a conscious search for disconfirming evidence and rival explanations. Yin lists rival explanations under craft rivals (viz., the null hypothesis, threats to validity, and investigator bias), and real-world rivals (viz., direct rival, commingled rivals, implementation rival, rival theory, super rival, and societal rival) (Yin 2014, 141). Having accounted for case study rigor in Section 3.7.6, the current study needs to be especially alert to the rival theory, super rival, and societal rival.

On a practical note, one of the most critical initial processes in data analysis is coding. It is preceded by reading and re-readings of the data, (e.g., focus group and interview transcripts, and secondary data), and note-taking - an immersion in the mass of data to make sense of the data (Robson 2011). Each re-reading provides a richer perspective of the data.

A code represents a distinct concept gleaned from the data. Coding is a process by which data is analysed, and deciphered or interpreted; it comprises three levels of coding, viz., open coding, axial coding and selective coding (Flick, Kardorff and Steinke 2004, 271-274). Open coding unpacks the data into distinct concepts, and in the current study, is guided by pre-designed codes that have been generated from the theoretical construct, and a few *in vivo* codes, and translated into nodes in NVivo.

Axial coding takes the data analysis further by differentiating the concepts into categories or themes, which are represented by reflectors of the theoretical construct and the three theories. In this process, disconfirming evidence, anomalies and rival theories are also actively searched out. Axial coding enabled the current research to discount Resource-based View (RBV) as a possible rival theory, while flagging the possibility that the Upper Echelon Theory, a theory outside of

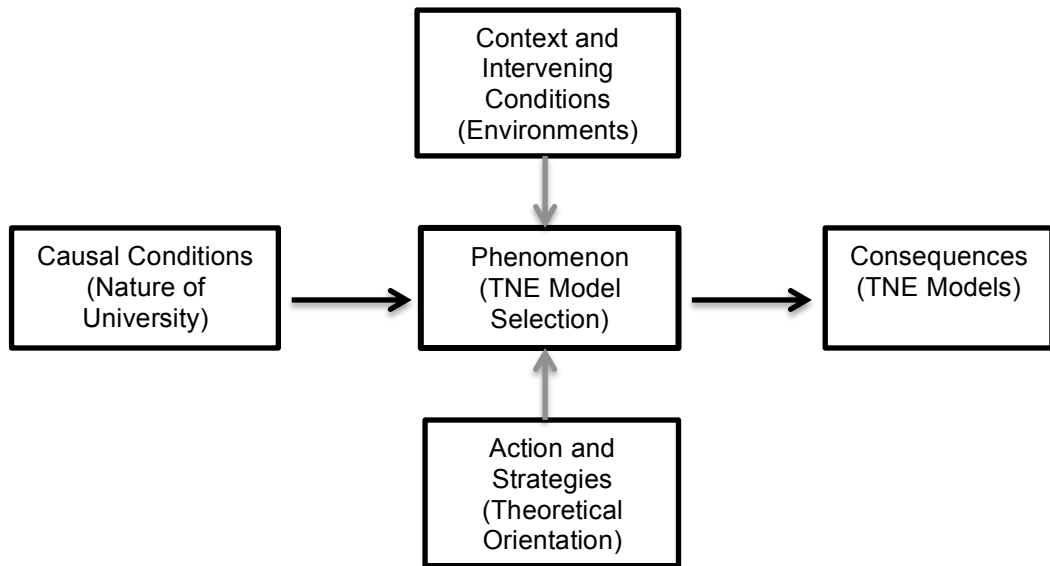
organisational economics, might be able to explain certain TNE business model decisions (See Section 4.4.2).

Finally, core categories represented by key elements of the theoretical construct or the theories are distinguished through selective coding, noting the context and intervening conditions. The process of selective coding helped identify two significant discoveries with respect to the Direct-Outsourced Delivery dichotomy as conceptualised by the two University cases studied. First, *in situ* oversight of TNE operations is considered a preferred Direct Model, while remote oversight a less-favoured Outsourced Model (See Section 5.4); this was a surprising discovery because current industry literature suggests a Direct/Branch Campus – Outsourced/Franchised dichotomy. Second, the intervening condition represented by various tipping points in the collective experience of the two universities was identified as an important factor in TNE business delivery model decisions (See Section 4.4.2).

The interview transcripts were combed through multiple times; first, using a broad data collection approach, and later populating the coding template with more detailed observations and quotes (See Appendix G Coding Frame). The first round of reading provided scoping for preliminary open coding, while subsequent rounds drilled down into concepts, stories, rigor, unexpected information, rival theories and disconfirming evidence.

This coding exercise is guided by Flick et al.'s coding paradigm (reproduced below), which maps against the current study's theoretical construct.





**Fig. 3.7 Coding Paradigm for Social Science Research Questions adapted for TNE Research (Flick, Kardorff and Steinke 2004, 272)**

### 3.7.8.3 Data Analysis Techniques

Data analysis can be described as a reduction process that re-arranges the data to produce conceptual and visual linkages such that it yields concepts. These concepts in turn form basic elements of theoretical perspectives of the phenomenon. It is worthwhile to note while techniques are being surveyed, that the current TNE study takes an *a priori* theory-testing approach, instead of a ground-up theory-development approach.

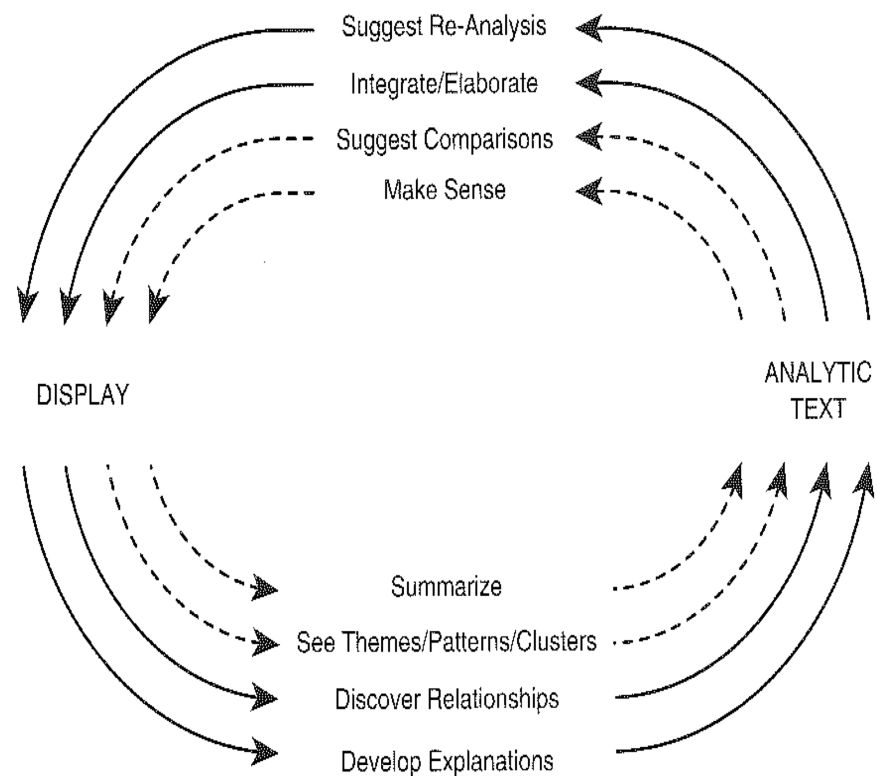
Initial contact with the data requires the researcher to determine the type of qualitative content analysis for the data (Hsieh and Shannon 2005). Voice data will require techniques of conversation analysis (CA), while textual data calls for text analysis (TA). CA investigates the structure and process of human social interactions, such as observing turn-taking and interjections, and coaxing informants to explore and verbalise their personal experiences – techniques used in both the focus groups as well as in-depth interviews. TA (e.g., semiotics, discourse analysis and membership categorisation analysis) underpins the study of textual signs

and their meanings (Denzin and Lincoln 2005; Elo and Kyngas 2007); demonstrated by the interpretation of university strategic plans and University C's White Paper (Section 5.1.2). An analysis of University C's White Paper was insightful in that it calls for the setting up of robust TNE systems and processes (including technology-enabled processes), and at the same time, emphasises (rather unashamedly) the protection of a 'significant revenue stream' – through the assessment of several profit-and-loss scenarios.

The first stage of analysis involves an immersion in the data to generate a deep understanding of the data – requiring multiple readings and descriptions to make sense of the data. This immersive process produces thick description that is the foundation for strong analysis and interpretation (Rossman and Rallis 2017, 233), and helps in the selection of various techniques of analysis (Patton 1990). Multiple readings and initial codings were necessary to enable the identification of common concepts, more accurate re-construction of the informants' experiences, and constructing an organisational-level interpretation of the phenomenon – as exemplified in the focus group, interview and secondary data analyses. An example is the distinction between the franchised (remote oversight) [r-FP] and franchised (*in situ* oversight) [i-FP] modes of delivery, representing the Outsourced and Direct Models respectively (Section 4.4.2.2).

Based on research intent, paradigmatic perspective and availability of tools, a number of techniques have emerged to analyse the reduced textual and numeric data. Miles and Huberman (Miles and Huberman, 1994 reproduced in Bazeley 2013, 225) take an iterative visual and textual approach to data analysis and re-analysis towards distilling relevant themes, patterns and concepts (the display and analytic text, DAT technique). The textual data informs on displays (e.g., conceptual maps, diagrams, tables, charts), while the displays in turn, informs on new textual re-interpretations. The focus group analyses demonstrate

this iterative process through the collation of data using NVivo11, and the generation of word maps (to show intensity of narrative), which in turn, provided the cues to re-examine the data. Various tables were eventually developed to analyse the emerging codes. Secondary data analyses and interview analyses also made use of this technique, e.g., the comparison of university TNE population and TNE revenue (Section 5.2.1), and the visual mapping of the duration of operation of various TNE models (Section 5.4).



**Fig. 3.8 Interaction Between Display and Analytic Text (DAT) (Miles and Huberman 1994)**

Another researcher who employed visual techniques is Bazeley. Her collation of four visual techniques has been investigated because they are designed for theory building – the focus of the current TNE research on confirming/disconfirming theoretical propositions (Bazeley 2013, 358-369). The first technique has been ascribed to Patton as a

*process/outcomes matrix* (POM) designed to enable reflections on causal relationships. The technique provides the researcher with a visual platform to iteratively work between the data and the propositions through a tabulation of one 'dimension or typology' against another, filling in the table with data sets that then demonstrate if there is any possible causal relationship. The Miles and Huberman *explanatory effects matrices* (EEM) are similarly constructed to highlight 'contrasts and patterns' and are mainly employed for explanatory purposes. The focus group tabulations of Tables 4.8, 4.10 and 4.11 demonstrate these techniques of constant comparisons. These comparisons culminated in the propositional framework of Table 4.12.

The third technique known as *conditional matrix* (CM) makes use of computer-assisted qualitative data analysis software (CAQDAS) to query a matrix consisting of a process, enabling conditions for the process to occur, and outcomes of the process – to look for causal relationships. The fourth technique uses causal networks and flow charts to track processes over time, and is usually employed in program evaluations. The flowchart has been utilised in framing the theoretical construct, thereby providing a visual representation of the TNE decision-making process.

Specific to case study analysis, Yin recommends the use of five analytic techniques, viz., pattern-matching, explanation building, time series analysis, logic models, and cross-case synthesis (Yin 2014, 142-168). Explanation building is a technique that is aimed at explanatory studies, while time series analysis at longitudinal studies, both intents incongruent with the current TNE study. The logic model is also unsuitable for the current TNE study because it is designed for program evaluations.

Pattern matching (PM) is a technique to compare empirically developed data patterns against *a priori* theoretical propositions. It comprises two variations on the technique. The first utilises *nonequivalent dependent*

*variables as a pattern* where multiple dependent variables are predicted to occur according to a *a priori* theory. Patterns in data sets are sought that confirm or disconfirm the predictions of these occurrences. The second looks out for *rival independent variables as a pattern*, where multiple cases are investigated to draw patterns that confirm the *a priori* theoretical predictions for independent variables. PM was employed in comparing reflectors of the theories of the firm against the TNE experiences of the focus group participants, tabulated as key reflectors of the theories. The *a priori* expectations were argued in Section 5.1, and compared to empirically-generated constructs (from the case studies) in Section 5.4.

The cross-case synthesis technique (CCS) is an obvious choice of technique for the current multiple-case TNE study. This technique utilises word tables and other displays to categorise data sets from individual cases. These tables enable the researcher to determine if the individual cases demonstrate replication or contrasts between them - through similarities or differences in the profiles of the cases. The underlying basis of analysis is the use of 'argumentative interpretation', as opposed to numerical justifications. CCS was used in the cross-cases analyses of the focus groups, viz., in testing the validity of the theoretical construct, and in evaluating the plausibility of the theories of the firm to explicate TNE business delivery model decisions. The cross-case analyses also detected the common experience of Universities A, B and C with watershed TNE tipping points that triggered re-thinking, reviews and significant change in TNE strategies and policies, including the need to change an Act of State Parliament governing a self-accrediting university.

Following a survey of the techniques, the relevant techniques are identified below for the different stages of the current TNE study.

No.	Data Analysis Procedure	Analytic Techniques on Sources of Evidence		
		Secondary Data	Focus Groups	Interviews
1	Data organisation	TA	CA	CA
2	Read; memo	TA	TA	TA
3	Descriptive coding	DAT	DAT	DAT
4	Thematic coding	DAT	DAT	DAT
5	Interpretation	DAT, POM/EEM, CM, PM	DAT, POM/EEM, CM, PM	DAT, POM/EEM, CM, PM
6	Representation	DAT, POM	DAT, POM	DAT, POM
7	Accounting	CCS	CCS	CCS

**Table 3.13 Deployment of Data Analytic Techniques in TNE Research**

#### 3.7.8.4 Computer-assisted Qualitative Data Analysis Software

Underpinning modern data analysis is the effective use of computer-assisted qualitative data analysis software (CAQDAS), e.g., NVivo, ATLAS.ti, and MAXQDA. It is important to note at the outset, that CAQDAS are not designed for analysis; they are meant for the ‘structuring and organisation of text data’ (Flick, Kardorff and Steinke 2004, 277).

Most of these CAQDAS have similar features, while they each provide one or more technical advantages over the others. Some studies require sophisticated queries related to CA or TA, as in ethnographic investigations; some require capacity for multiple researchers; while others might incorporate statistical treatments requiring SPSS capabilities (Silver and Lewins 2014). The current TNE study does not require such sophistications. It requires the basic functionalities of textual and numerical data entry and manipulation; memo recording; coding entry, categorisation; visual displays; traceability; and report generation. In addition, the selected CAQDAS must also be easy to use (with minimum training) and come with efficient technical support. The CAQDAS chosen for the current research is the NVivo (version 11). It more than meets all of the above functionality requirements, including quick response support from the Curtin University technical support team.

The more important caveat to the use of CAQDAS is the need to avoid over reliance on the software for analysis through mere mechanical data manipulations (Silver and Woolf 2014). As the term implies, the software is meant as an assistance and a tool to enable more sophisticated and rapid data sorting and interpretation. Interpretation is an art which while planned, also anticipates serendipity (Flick, Kardorff and Steinke 2004, 321-325) – capabilities that cannot be expected from CAQDAS.

### 3.7.9 Case Study Reporting

Qualitative research may be reported via myriad formats of reports, including descriptive essays, papers, poems, novelettes or even plays. In fact, Miles et. al. comment that the evaluation of qualitative research is not codified in any research canon (Miles, Huberman and Saldana 2014). More specifically, Merriam notes that case study reporting is not governed by any standard format (Merriam 2014). However, various researchers have offered a number of guiding principles as well as reporting formats to communicate case study findings.

The objective of the case study report is to communicate the purpose, methodology, case evidence, analysis and interpretation. The format of the report will depend on the purpose of the study, the research paradigm location and the audience. The researcher faces two main challenges in communicating the findings of the research, viz., the challenge of describing the phenomenon accurately, and the challenge of presenting the findings accurately (Flick, Kardorff and Steinke 2004).

#### 3.7.9.1 Guiding Principles

To guide the reporting of a well-presented case study, various principles must be adhered to. Yin for example, recommends that the report's audience be identified, composition be initiated early in the research

process, and sufficient evidence be presented to enable the readers to embrace the case vicariously and arrive at their own conclusions (Yin 2014).

Since there is 'no value-free writing of cases' (Longhofer, Floersch and Hartmann 2017, 196), it is incumbent on the researcher to be reflexive, and clarify the research paradigm selected, describe the context of the case, and disclose the researcher's background, interests and biases in the case. This is underpinned by the notion that the reader might know more than the author, and that the reader's interpretations are equally important. Therefore, the author is urged to take responsibility for the validity of the reader's interpretations (Stake 2004), and acknowledge that the readers 'have a right to know about us' (Wolcott 2010, 36).

The format of the report needs to meet the needs and capabilities of the selected audience (Richardson 1990). In the case of the current TNE research, the thesis is aimed at the research community in general, and the examiners in particular. The format will therefore need to demonstrate the appropriate research skills sets, the application of these skills sets to the research at hand, knowledge of theoretical contexts, authenticity and accuracy of findings, and research rigor.

The large volume of data and rich description in case studies can lend itself to confusion, slang/jargon and superfluity of text. It is important to keep the report concise and clear via the economic use of text and visuals (Elo et al. 2014).

In many instances, case studies investigate phenomena where personal and confidential information might be discovered. The case report needs to consider whether the identity of informants and other participants can be, or ought to be disclosed (Thomas 2011).



### 3.7.9.2 Report Structures

As discussed previously, case study researchers have developed their own classifications of case study reporting structures amidst a field that is wide open. Van Maanen locates textual presentations within three categories, viz., the realistic (*realist tales*), the confessional (*confessional tales*), and the impressionistic descriptions (*impressionistic tales*) (Maanen 2011). The first is a third party account of a formal case study. The second is a more candid account in a first person style of writing that allows for more expression. Like the second form, the third style is also a first person account, but that highlights the lived experience of the researcher in a more sensational fashion. The latter two are more suitable for ethnographic accounts; the first will be a good fit for the current TNE study.

Yin specifies six different reporting structures for both single- and multiple-case studies, viz., the linear-analytic, comparative, chronological, theory-building, 'suspense', and unsequenced structures. The current TNE study will benefit from the theory-driven linear-analytic and comparative structures. The chronological and theory-building structures were thought to be unsuitable because the current research is not a longitudinal study, and is not a grounded theory research exercise respectively. However, focus group analysis later provided the opportunity for the use of the theory-building structure through the discovery that two focus group discussions unexpectedly yielded rich stories. The 'suspense' and unsequenced structures are more suitable for ethnographic studies.

Rossmann explores six different models for organizing the case report, viz., by chronology, an individual's life history, themes, composite account ('a day in the life of'), critical episodes, and miniportraits (Rossmann and Rallis 2017, 290-292). The current TNE study can make

use of the thematic model to test the theories of the firm as part of Yin's linear-analytic and comparative structures.

Similar to Rossman's models, Creswell's writing strategies are categorised under two different writing structures, viz., overall writing structures and embedded writing structures (Creswell 2013, 236-239). The first comprise the format with vignettes, the substantive case report, and Yin's alternative case reporting structures. The embedded structures comprise the funnel and descriptive approaches. The funnel approach starts with a broad description of the case and its contexts, and work towards narrower and detailed descriptions. The descriptive approach focuses on description over interpretation. The current TNE study will make use of the format with vignettes, and the funnel approach to illustrate and evidence selected elements of the phenomenon as subsidiary story-telling formats within the substantive case report.

The current TNE study was initially anticipated to take a realist presentation style, using the linear-analytic and comparative reporting structures as the main presentation formats. It was also designed to explore the use of vignettes and the funnel for subsidiary story-telling. As the study developed, the data that was collected from the focus groups presented some unexpected perspectives and deep insights. While the University A focus group stayed true to the questions asked, Universities B and C focus groups unearthed what could be described as very rich, in-depth 'critical episodes' (Rossman and Rallis 2017, 291).

As demonstrated in the focus group analysis, the linear analytic style was used, but with two different layouts. The participant inputs obtained from the first focus group (University A) stayed true to the question structure and hence, the themes. The participant inputs for the second and third focus groups, while guided by the focus group questions, revolved around rich TNE stories. The first focus group analysis report on the theoretical construct therefore used a thematic layout (Section 4.3.4.1),

while the second and third used a descriptive layout (Sections 4.3.4.2 and 4.3.4.3) – in order to present the cases more clearly and enable better interpretation of participants' lived experiences – in Yin's words 'a descriptive approach ... help to identify the appropriate explanation to be analysed' (Yin 2014, 150).

### 3.8 Chapter 3 Summary

Chapter 3 outlined the research questions, scoped the research investigation, and argued for the qualitative case study approach to the current TNE investigation.

The current study comprises two stages, commencing with the test of *prima facie* validity of the theoretical construct in explaining, and the investigation of the plausibility of the three theories of the firm in driving, the motivation of four Australian public universities in their selection of either the Direct or Outsourced business delivery model of TNE operations, through focus group analyses. The second stage comprises in-depth semi-structured interviews of key informants of two of the four universities. The focus group analyses and in-depth interviews will be qualified by separate secondary data analyses, as a triangulation strategy for assuring research rigor.

The next chapter reports on the focus group analyses of the four Australian public universities.

## Chapter 4                      Focus Group Analyses

This chapter provides an analysis of the three focus group transcripts towards accomplishing two objectives, viz., checking the validity of the theoretical construct, and undertaking a preliminary test of the relevance of each of the three theories of the firm with respect to the TNE operations of these universities. While documented, the telephone conversation with the lone TNE researcher at University D was too lean on details and uncorroborated to provide any meaningful analysis. The chapter concludes with a set of propositions for a subsequent multiple case study.

The focus group transcripts were entered into NVivo (version 11) for coding and analysis aimed at executing a cross-case study approach. This chapter first analyses each university as a single case, followed by a cross-case analysis focusing on construct evaluation and preliminary theory testing.

### 4.1                      Detailed Objectives of Focus Group Research

The twin objectives of construct and theory evaluations are broken down into their respective components to allow a detailed consideration of the focus group transcripts. These detailed components are grouped as follows:

#### 4.1.1                      Construct Evaluation

- a) Identification of evidence for a structured approach within the university, aimed to differentiate between the Direct and Outsourced Models
- b) Identification of core TNE value chain functions/processes that are critical to effective TNE operation

- c) Identification of evidence for the importance of the operating environment in influencing TNE decisions
- d) Identification of important university characteristics in influencing TNE decisions

#### 4.1.2 Theory Evaluation

Identification of evidence for the application of one or more theories of the firm in explicating TNE decisions, and detection of a plausible overarching theory

#### 4.2 Description of Focus Groups

The focus group discussions were semi-structured. They were guided by a fixed series of topics (administered to all focus groups), viz., the types of TNE operations, location of TNE operations, rationale for starting TNE operations, terminated TNE operations and reasons for termination, core TNE processes, suggested improvements in TNE processes, partner selection, and partner monitoring (based on Fig. 3.2 TNE Decision Model Construct of Section 3.7.3).

The focus group at University A comprised two senior academic managers, one senior manager, one middle manager and two academics. University B representation consisted of one senior academic manager, one academic manager, one senior manager, one middle manager and one academic, while University C had one academic manager and one middle manager. University D featured a senior academic. Academic managers refer to academics with managerial responsibilities, while other managers refer to TNE administrators. These participants have between one and 20 years of TNE experience, with four of them having private sector working experience.

University	Participant	Gender	Age Range	Role	Experience		
					TNE	Public	Private
University A	AF1	M	31-40	Sr Manager	10	Y	N
	AF2	M	>60	Academic	11	Y	N
	AF3	F	41-50	Middle Manager	14	Y	N
	AF4	F	41-50	Academic	20	Y	N
	AF5	F	51-60	Sr Academic Manager	12	Y	N
	AF6	M	41-50	Sr Academic Manager	10	Y	N
University B	BF1	M	>60	Sr Academic Manager	15	Y	N
	BF2	F	51-60	Academic Manager	13	Y	Y
	BF3	M	31-40	Sr Manager	3	Y	N
	BF4	F	41-50	Academic	7	Y	Y
	BF5	F	41-50	Middle Manager	5	Y	N
University C	CF1	F	>60	Academic Manager	10	Y	Y
	CF2	M	31-40	Middle Manager	1	Y	N
University D	DF1	M	41-50	Academic	10	Y	Y

**Table 4.1 Profiles of Focus Group Participants**

The focus group at University A featured a good spread of TNE professionals comprising decision-makers, managers and academics. The focus group participants represented the central TNE office, and the Business, Science and Humanities faculties. The session saw all participants taking an active part in the discussion and demonstrated the value of having a homogenous (employer-wise) group of participants. There were no major disagreement or misalignment of perspectives among the participants. While some minor group think episodes occurred due to the differences in seniority of the participants, the discussions were observed to be robust and the participants largely acted independent. There was an uncomfortable instance where an academic noted that they (i.e., academics) are usually not consulted or informed of strategic decisions and two senior academic managers immediately acknowledged this.

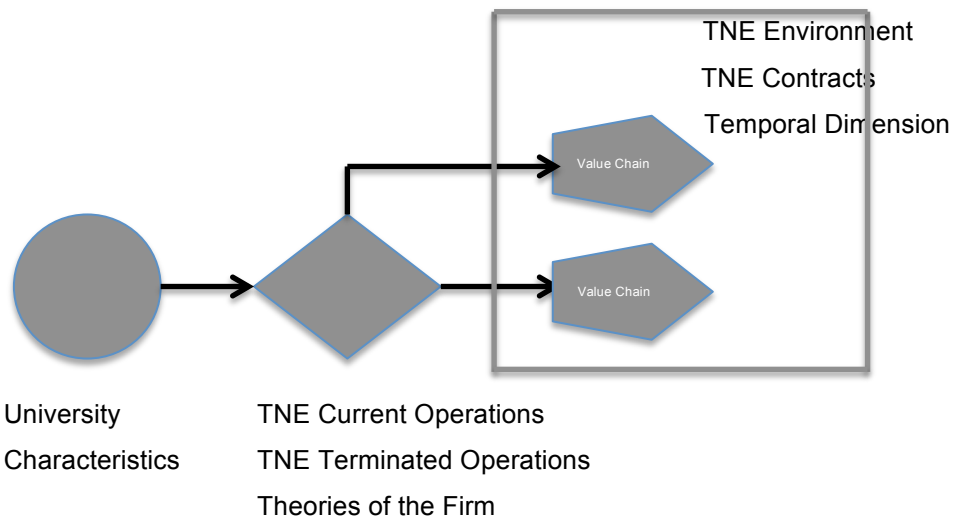
The focus group at University B also featured a good spread of TNE portfolios. The most senior staff was the head of the University's International Office responsible for onshore recruitment, TNE and student mobility, and was appointed directly by the new Vice-Chancellor. His deputy, who managed the International Office, was also a direct Vice-Chancellor appointee who was relatively new to TNE compared to the rest of the focus group. These appointments demonstrate the commitment of the new Vice-Chancellor to restructuring the University's International operations. The International Office was also represented by an experienced middle manager. The Business and Science faculties were represented by an academic manager and an academic respectively. While the presence of acknowledged Vice-Chancellor appointees resulted in rich insights into the strategic thinking of senior management, it also slightly dampened the participation of the other participants. This was anticipated and detected early, and the focus group interaction was carefully directed to ensure all participants were debriefed for their insights and lived experience. Overall, the focus group discussions were cordial and friendly.

The University C focus group featured two very experienced TNE staff. They are both in central roles (as opposed to faculty or school positions). One of them is a middle manager responsible for TNE liaison with OPs, while the other is an academic responsible for the University's Learning Management System, and the provision of online materials to OPs. It is useful to note that their lived experiences revolved around current managerial and academic processes. They have limited knowledge of strategic TNE decisions. The discussion was lively and provided a glimpse into three in-depth TNE phenomena that were characteristic of the University's stage of development in TNE.

Insights into University D were represented by Participant DF1, a senior academic with extensive public and private sector work experience. While there were a few interesting quips, it was not possible to draw

grounded conclusions about University D – due to the absence of within-university triangulation. However, the participant’s views may be contrasted against the perspectives drawn from the other focus groups.

A total of 72 codes emerged to analyse the theoretical construct, and 27 codes to verify the three theories. The numbers of these codes are well within the range typified by Creswell’s 30 codes (Creswell 2013), Lichtman’s 100 codes (Lichtman 2013), and Miles et. al.’s 60 codes (Miles, Huberman and Saldana 2014). These codes are summarised in tables in Sections 4.3 and 4.4, and represented as cluster categories in the figure below.



**Fig. 4.1 NVivo Coding Categories**



### 4.3 Evaluation of Theoretical Construct

The evaluation of the theoretical construct is designed to identify TNE value chain functions that are core to TNE operations, and to determine the importance of the TNE operating environment and university characteristics in impacting TNE operations.

The analysis is two-pronged, viz., examining the data using an *a priori* theoretical construct, and extracting concepts through a ground-up approach. The former approach implies the use of codes derived from the construct, while the latter approach implies looking for *in vivo* codes.

The 72 codes for structuring the analysis of the theoretical construct are presented in the table below.

No.	Reflectors of TNE Concepts/Construct	Proposed Codes ( <i>in vivo</i> codes in italics)				
		Code 1	Code 2	Code 3	Code 4	Code 5
1a	Type of TNE operation (AT)	Wholly-controlled International branch campus (ATWBC)	Collaborative International branch campus (ATCBC)	Franchised program (ATFrP)	<i>Partnership program (ATPnP)</i>	<i>Licensed program (ATLiP)</i>
		Joint HEI/provider (ATJOP)				
1b	Rationale for TNE involvement (TN)	<i>Commercial (TNCom)</i>	<i>Branding (TNBrd)</i>	<i>Giving back (TNGbk)</i>	Network (TNNwk)	<i>Capacity-building (TNCap)</i>
		<i>Strategic (TNStr)</i>	<i>Industry engagement (TNInd)</i>			
1c	TNE countries (OP)	<i>Country O (OPO)</i>	<i>Country T (OPT)</i>	<i>Country V (OPV)</i>	<i>Country P (OPP)</i>	<i>Country U (OPU)</i>
		<i>Country W (OPW)</i>	<i>Country Y (OPY)</i>	<i>Country S (OPS)</i>	<i>Country Z (OPZ)</i>	<i>Country X (OPX)</i>
1d	TNE decision-making within temporal dimension (TI)	Era bound (TIEra)	AUQA2008 (TIA08)	Timing and frequency of TNE functions/processes (TIFnc)		
2a	Terminated TNE models (TT)	Franchised program (TTFrP)	Partnership program (TTPnP)	<i>Virtual University (TTVrU)</i>	<i>Licensed program (TTLiP)</i>	
2b	Terminated TNE countries (TP)	<i>Country P (TPP)</i>	<i>Country Y (TPY)</i>	<i>Country R (TPR)</i>	<i>Country T (TPT)</i>	<i>Country V (TPV)</i>
		<i>Country W (TPW)</i>	<i>Country O (TPO)</i>	<i>Country S (TPS)</i>	<i>Country Q (TPQ)</i>	<i>Country Z (TPZ)</i>
2c	Rationale for termination (TR)	<i>Financial (TRFin)</i>	<i>Partner (TRPar)</i>	<i>End of lifecycle (TREOL)</i>	<i>Competition (TRCop)</i>	<i>Academic quality (TRAQL)</i>
		<i>Quality of facilities (TRFQL)</i>	<i>Consolidation (TRCon)</i>	<i>Non-compliant (TRNCm)</i>		
2d	Success of TNE operations (SU)	Definition of success (SUDef)	TNE Models (SUMod)			
3a	TNE value chain (VC)	General (VCGen)				
3b	TNE value chain primary activities (VP)	Staff Recruitment (VPSfR)	Student Recruitment (VPStR)	Curriculum Development (VPCDv)	Teaching and Assessment (VPTandA)	Post-graduation Services (VPPSv)
3c	TNE value chain support functions (VS)	Physical Infrastructure (VSInf)	Academic Support/ Student Services (VSSSv)	Admin/Professional Services (VSASv)	Academic Staff Support (VSACs)	Intermediate Activity (VSInt)
4	TNE contract (CN)	<i>Generic (CNGen)</i>	<i>Joint venture (CNJve)</i>			
5	TNE operating environment (EN)	Legal-political (ENLPI)	Business-economic (ENBEc)	Socio-cultural (ENSCI)		
6	Characteristics of University (CH)	Type (CHTyp)	Size (CHSiz)	Resources (CHRes)	Strategic TNE Agenda (CHSTA)	TNE Experience (CHExp)
		TNE Growth Rate (CHGrR)				

**Table 4.2 Coding Framework for TNE Decision Model Construct Evaluation (Codes drawn from focus group data are in italics)**

Drawing from Table 2.4 (TNE Framework for Organisational Economics Research) and discussions during the focus groups, the core types of TNE operations identified were the wholly-controlled International Branch Campus (w-IBC), the collaborative International Branch Campus (c-IBC), the franchised program (FP) and the partnership program (PP). The FP was inappropriately referred to as a 'twinning program' in common parlance, as discussed in Section 2.5.3. The University B focus group identified a pseudo TNE model, known within the University as the 'licensed program'. The University also referred to FPs as 'managed programs'. The rationale for generic TNE involvement as well as for specific TNE models, and the country of host were largely drawn *in vivo*.

In the course of focus group discussions of University A, references were made to the era of TNE operations, viz., decisions made before/after 1999 and 2008, and during the leadership of certain senior university executives. The year 1999 was pivotal in the University's TNE history as it was the year that the University commenced branch campus operations. The 2008 is also a watershed year for the then-AUQA as it was the year that it introduced the 'Internationalisation' theme as a compulsory second theme in its Cycle 2 audits of institutions of higher education engaged in international education delivery (Office Of Strategy & Planning University A 2018). Other temporal dimensions include references to the specificity of TNE decisions made during different eras, a notion picked up *in vivo* during University A's focus group discussion. TNE practice at Universities B and C also demonstrate the influence of timing of critical events, e.g., the University B TNE review which coincided with an external audit, and University C response to a rapidly growing TNE operation which threatened its revenue stream and reputation.

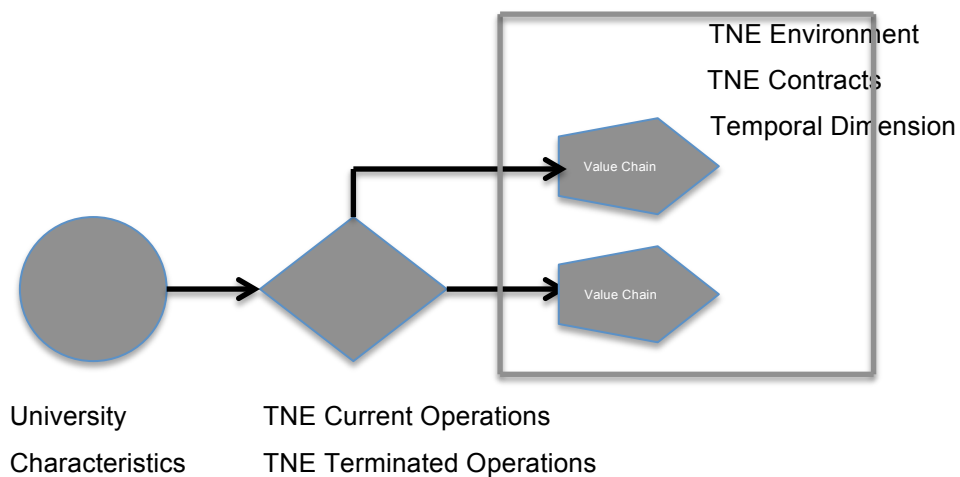
Discussions on terminated TNE operations provided most of the codes for the types of terminated operations, host country of terminated

operation, and rationale for termination. *In vivo* codes for the types of TNE contracts were also drawn from the focus group discussions.

The TNE value chain (Fig. 2.14) provided *a priori* codes for the discussion on primary and support value chain functions, and TNE operating environments. Similarly, the theoretical construct (Fig. 3.2) provided the codes for university characteristics.

#### 4.3.1 TNE Business Decision Model Construct

The theoretical construct was developed to model university decision-making that was expected to be influenced by the university's inclination towards preferred approaches underpinned by one or more of the three theories of the firm. The decision to either 'go it alone' (i.e., Direct Model) or use intermediaries (Outsourced Model) in rolling out TNE operations is proposed to be influenced by the character of the university, the current preferred TNE paradigm, and the environment and era within which the TNE operation is organised, as represented below.



**Fig. 4.2 NVivo Coding Categories for Testing Theoretical Construct**

The task at hand is to look for evidence that the university being studied

- a) takes into consideration the Direct-Outsourced dichotomy of TNE operations;
- b) considers its own characteristics (e.g., resources, capabilities, experience and reputation) in TNE decisions; and
- c) considers the external operating environment in TNE decisions.

This exercise also aims to identify possible disconfirming evidence, such as a pattern of TNE start-ups that are not strategically planned, and the absence of TNE strategic planning.

#### 4.3.2 TNE Value Chain

The modified Hutaibat value chain discussed in Section 2.7.3 (Fig. 2.14) will be tested to determine if the identified university processes are critical to the TNE operations of the university being studied.

The value chain of activities for TNE comprises primary activities and support activities. The primary activities coded in NVivo are staff recruitment and management, student recruitment (viz., marketing activities), curriculum development, teaching and assessment, and post-graduation services (e.g., alumni engagement and advancement). Support activities comprise physical infrastructure, academic support and student services, administration and professional services (e.g., legal, regulatory, financial oversight), academic staff support services, and intermediate activities (e.g., inter-departmental committees, university-level coordinating bodies, quality assurance, and central grade centres).

These activities are pivotal in the analyses of TNE decisions to determine if any one or more of the theories of the firm hold sway on these decisions. Two examples illustrate this. First, the decision to invest in assets specific to the TNE operations (e.g., physical and people infrastructure) may evidence asset specificity for TCE and PRT. Second,

investments in governance processes to monitor Offshore Partners (OPs) may also evidence the university's risk averse concern with moral hazard, an indicator of AT.

If however, there is evidence to suggest that the majority of these TNE processes are irrelevant to TNE operations, the reliance on the theories of the firm to explain TNE decisions will be weakened.

#### 4.3.3 University Characteristics

*A priori*, it is hypothesised that TNE decisions are also a function of the nature of the university. This section of the study will explore the influence, if any, of the category of university, size of university, university resources, university strategic TNE agenda, TNE experience and TNE growth rate on the university's decision to participate in TNE (based on Fig. 3.2 TNE Decision Model Construct of Section 3.7.3).

For instance, 2015 Australian university annual reports suggest that universities that were active in TNE come mainly from the 'Australian Technology Network' (ATN), 'Innovative Research Universities' (IRU) and 'Others' (see Table 4.3 below). It is interesting to note that while the 'Group of Eight' (G8) universities record the highest proportion of onshore international students at 25% of total student population, they register only 3% offshore international students. The AUQA audit of the University of Western Australia (UWA) in 2009 hints toward AUQA influence on G8 universities' TNE decisions in the form of a recommendation by the audit panel to seek offshore partners of equivalent standing, in reference to UWA's then MBA delivery in the Philippines through a non-university entity (Australian University Annual Reports, 2015).

No.	University Category	% Onshore International Students	% Offshore International Students
1	Australian Technology Network	19%	9%
2	Group of Eight	25%	3%
3	Innovative Research Universities	15%	9%
4	Regional Universities Network	18%	2%
5	Others	15%	6%
6	All Universities average	18%	6%

**Table 4.3 Proportion of International Students in Australian Universities (Australian Universities Quality Agency 2009)**

The current study anticipates that a combination of the university characteristics identified had an influence on TNE decisions. The focus group is a preliminary attempt at identifying these characteristics.

#### 4.3.4 Single Case Analyses of Theoretical Construct

As discussed earlier in Section 3.7.4.2, University A is an ATN university, University B an ‘Other’, University C an IRU university, and University D a G8 university – using the Moodie classification (Moodie 2014).

To protect the confidentiality of the university and its participants, the names of the universities and their descriptors were kept confidential, countries of TNE operations were identified as either within Southeast Asia (SEA) or outside of SEA (non-SEA), and references to the universities follow their labels (e.g., University A). The rationale for classifying between SEA and non-SEA countries is due to the predominance of SEA TNE operations. For SEA operations, all four universities had TNE operations in Country V, three had TNE operations in Countries R and T, two had TNE operations in Country Y, and one had TNE operations in Country M (see the focus group analyses for

reference to Countries M through Z, where M, R, T, V and Y are SEA countries, Sections 4.3.4.1, 4.3.4.2, 4.3.4.3 and 4.3.4.4).

#### 4.3.4.1 University A

University A had a student population of more than 50,000 students in 2015, of which more than 7,400 students are studying offshore. This TNE student population makes up about 15% of its total student body, comparable to 16% onshore international students. The University earned a TNE revenue of A\$7.3 million in 2015, or 4% of its total revenue (University A 2015). An immediate observation of the offshore student number and revenue indicates lower financial returns from offshore operations, compared to onshore revenue.

The University conducted TNE programs in four SEA countries and four non-SEA countries at undergraduate and postgraduate levels; selectively across the disciplines of accounting, business, finance, marketing, business information, communication, architecture, engineering, health sciences and linguistics.

No.	Country	Current TNE Business Delivery Models	Terminated Operations
1	Non-SEA Country O	One Franchised	
2	Non-SEA Country P	One Franchised	Two Franchised
3	SEA Country R	One Franchised	A few Franchised
4	SEA Country T	One wholly-controlled international branch campus	Two Franchised
5	Non-SEA Country U	One Franchised	
6	SEA Country V	One wholly-controlled international branch campus	Five Franchised
7	Non-SEA Country W	One Franchised	One Franchised
8	SEA Country Y	One Franchised	One Franchised

**Table 4.4 University A TNE Models and Host Countries**



#### 4.3.4.1.1 Validity of Theoretical Construct for University A

The rationale for initiating TNE programs were a combination of the following – profit (AF1, AF2, AF3, AF6), branding (AF1, AF3, AF4, AF6), giving back to the host country (AF1, AF5), developing education networks (AF5), and building host country capacity (AF3, AF4, AF6). The focus group was in consensus that the profit motive was the common rationale across all TNE operations. Branding (another commercial motive) was a close second for most TNE operations, while the other reasons were for one or two specific TNE programs. This provides *prima facie* evidence that TNE operations at University A have a commercial basis.

Over the years, several TNE operations were terminated. The reasons for the terminations were again invariably commercial in nature (referring to two Country P TNE operations, '*they were financial to my knowledge, both of them*' – AF3'; '*lack of financial viability*' – AF5). For most of the terminated operations, student numbers declined and led to unsustainable financials ('*the numbers were down, so we had to pull out*' – AF3). These declining enrolments were observed to be the result of increased competition and the end-of-life-cycle (AF1, AF3). Interestingly, the introduction of workload management for academic staff involved in TNE operations at the University also led to a financially unsustainable environment and resulted in the adoption of new business delivery models ('*then, when we had the management system so you couldn't do things anymore ... so you'd have to modify your model, to fit the policies here*' – AF6) that relied more on OP teaching resources (e.g., franchised programs) or the use of the Direct Model (e.g., the IBCs), as AF3 explained '*invariably the unit coordinators don't go offshore to teach ... that is done either more or increasingly by the local area or we send tutors across these days*'. Another oft-quoted reason for termination is the poor quality of facilities and teaching resources of the OPs ('*teaching facilities that weren't what we expected*' – AF4).

The experience gained from terminating unsustainable TNE operations provided the impetus for the University to develop specific policies and processes for TNE due diligence and governance processes (AF1). The University now has a restructured leadership team for the management of TNE programs, headed by a Deputy Vice-Chancellor (International), an Associate DVC (International), a Director (International), and a Deputy Director (Transnational Education and Partnerships) (University 2018a). The work of the team is clearly laid out through the University's Strategic Plan 2017-2020, which seamlessly incorporates TNE within the University's larger strategic agenda (University 2018b). Two dedicated websites, viz., the Transnational Teaching and Learning (University 2018d), and the Transnational Education and Internationalisation of Education (University 2018c), are purposed for the dissemination of TNE policies and training of staff involved in TNE. These developments point to a strategic and structured approach to TNE management, and therefore supports the decision modelling of the current study's theoretical construct.

#### 4.3.4.1.2 Relevance of Value Chain Activities for University A

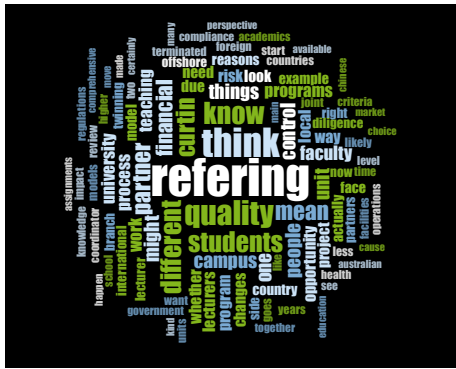
This section investigates the existence and relevance of value chain activities within the University's TNE operation, benchmarked against the modified TNE value chain for TNE of Section 2.7.3.4. The value chain can be broken down into primary and support activities.

While word clouds in NVivo cannot substitute rigorous analysis, they do provide simple but useful comparisons. A cursory review of the word clouds of statements capturing focus group data on the primary activities of University A indicates that all primary activities were heavily commented on, except post-graduation services of career placement and alumni relations (see Figure 4.4 below).

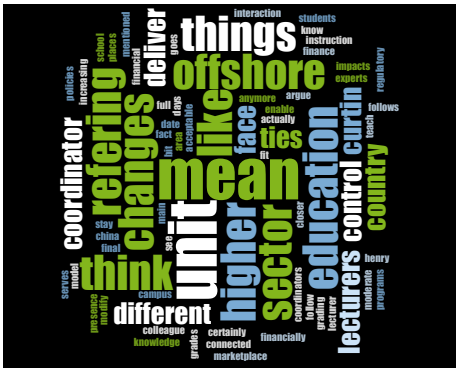


and both internal and external compliance) (AF1, AF2, AF3, AF6), teaching staff (AF1, AF4), teaching resources (AF3, AF4), and student performance (AF4). These activities, covering all six of the value chain primary activities, are discussed in sections (a) to (d) below.

The word clouds of statements on the *a priori* support activities indicate robust comments for all support activities, although physical infrastructure, and academic support/student services recorded slightly fewer comments (see Figure 4.5 below). These support activities are discussed separately in Sections (e) to (i) below.



Value Chain Support Activities (All)



Academic Staff Support



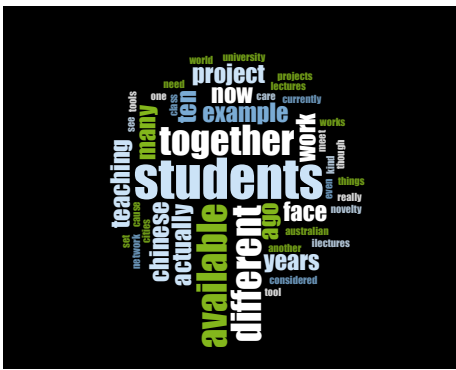
Administration/Professional Services



Physical Infrastructure



Intermediate Activity



Academic Support/Student Services

Fig. 4.4 University A TNE Value Chain Support Activities

#### a) Curriculum Development

University A has traditionally provided all teaching materials for their TNE programs (*'unit controllers ... provide all teaching materials'* – AF4), and OPs do not contribute to curriculum development. The control of the curriculum is deemed a *'quality assurance'* requirement to assure acceptable *'student performance'* (AF4). Only recently have branch campus staff begun to contribute to curriculum development (AF5). University unit coordinators are also entrusted with the responsibility to review their OP's own curriculum towards advanced standing into the University's program (*'academics look at some units which will be taught, at international universities ... whether or not these units will be recognised as comparable to units which are included in our degree ... and we look at their study plan, assignments'* – AF3). The University also values TNE for the *'ties'* it establishes with the higher education sector of the host countries, and enabling the University to *'stay up to date with the changes in the higher education sector'* (AF5). It is thus evident that curriculum development is a core element in TNE operations.

As an aside, it is interesting to note that AF4 referred to branch campus staff in numerous occasions as *'partner staff'* in describing the increasing contribution of such staff in curriculum development. This could either be an unique reflection, or may indicate a specific view of branch campus staff not being truly University staff.

#### b) Staff Recruitment, Teaching and Assessment

This section discusses three separate value chain primary activities, viz., staff recruitment, teaching and assessment. There was consensus among focus group participants that the University has the ultimate say in the appointment of both OP teaching staff and branch campus staff (AF5). While OP teaching staff are identified and remunerated by the OP, OPs need the prior approval of the University for such appointments

*(‘locally engaged at the start but they will ... get their appointment approval from the University’ – AF5). The management of teaching staff differs between the Direct and Outsourced Models – branch campuses manage them as their own staff, while OP staff are managed by the OP (AF1, AF6) but quality-assured by the University via monitoring processes such as lecturer training and moderation of grading (‘they are monitored by us, by unit controllers’ – AF4; ‘unit coordinator approves all results’ - AF2). This was considered one of the basic requirements of good quality assurance to ensure equivalence of teaching between onshore and offshore programs (AF5). The set up of the workload management system (which two of the participants intimated to be a less-than-welcome policy imposition) is another indication that the University takes a structured and strategic approach to teaching staff recruitment, curriculum development, teaching and assessment (AF2, AF5, AF6).*

c) Student Recruitment

There was obvious support for the importance of student recruitment activities in the TNE value chain. Participants emphasised that TNE programs must be financially viable (AF1, AF5). This viability is influenced by the maturity of the TNE market (e.g., the university *‘got into the market really early on in this transnational education arena and we did really, really well’* – AF3), the ability of the OP to project demand and market the programs (AF1), the competition (i.e., offering equivalent and substitutes) (AF3, AF6), regulatory limitations on fees chargeable (AF5), and the tax regime for profit repatriation (AF5). The University was also involved in the *‘vetting of marketing materials’* (AF1). AF1 described student recruitment well by concluding that *‘marketing is the responsibility of the partner’*.

#### d) Career Placement and Alumni Relations

The low number of comments for post-graduation services arguably mirrors the level of importance placed on such post-operational activities, captured by only two comments. The first relates to the University's role in capacity-building for its English teacher training programs in Country Y. The second refers to the University's rationale for the same program, i.e., to build up a '*whole lot of ambassadors in English*' in the country (AF6). These observations indicate that the post-graduation activities of University A are not specifically directed to the welfare of alumni, as is the common meaning of post-graduation services. It is not possible, however, to surmise that University A places a low priority on post-graduation activities. More realistically, the observed low attention to post-graduation activities may be due to the outsourcing of such services to the OP, under the Outsourced Model, or to the branch campus, under the Direct Model ('*they've got their networks*' – AF1) – which makes these activities less visible to on-campus University staff.

The focus group data suggests that the five value chain primary activities (with the exception of the post-graduation activities of career placement and alumni relations) are basic requirements of TNE operations. The post-graduation activities will need to be further tested.

#### e) University Infrastructure

Although there were slightly fewer statements on physical infrastructure, the statements were unequivocal in supporting the importance of physical infrastructure for good TNE operations. For example, AF4 mentioned that the University relied on OPs to provide teaching and learning facilities offshore. This participant also observed that one of the Country Y TNE operations was terminated as a result of poor '*teaching facilities*'. AF5 mentioned the need to have access to health providers to enable the delivery of health science programs, an indication of the need



for investment-specific assets. AF1 acknowledged that the set up of a branch campus requires critical scrutiny due to the higher investment in ‘*infrastructure*’, which he equated with ‘*a lot more risk*’.

f) Academic Support/Student Services

The relatively lean comments on, or lower visibility of academic support/student services reflect the outsourcing of such services to OPs and branch campuses, as well as to the deployment of new technologies, e.g., oLecture (a pseudonym for the University’s online lectures and student support) (AF2, AF5). The outsourcing of services is evidenced in the participants’ comments regarding the reliance on OPs to service students (*‘experience in delivering (TNE)’* – AF1), and in AF2’s specific statements on the proxy student support provided through the participant’s offshore lecturers (AF2 is a senior academic who is also a TNE unit coordinator).

g) Administrative/Professional Services

TNE operations cannot be run out of schools or faculties alone. They require the support of administrative and professional services. University A is no different, as evidenced by the many references to central support for due diligence of new projects (e.g., financial assessment, risk profiling, marketability, regulatory compliance - AF1), contract negotiation and drafting (AF1), and the acknowledgement that the University is increasingly moving towards the branch campus model to ensure a more efficient and consolidated TNE administration (AF6). While TNE opportunities frequently originate with schools or faculties, these opportunities invariably are channelled to the University’s International Office for due diligence and contract administration (AF1, AF5). Other departments mentioned are the legal department and financial services (AF1). The introduction of the workload management system for TNE administration is one outcome of the University’s agenda

in providing efficacious support for TNE operations. These administrative processes, including cross-institutional University Partner-Offshore Partner (UP-OP) processes, are reviewed annually to set targets for improvement (AF1).

Main campus academic entities such as schools and faculties are invariably part of the value chain of administrative and professional services (AF1, AF2, AF5). The participants further acknowledged that OPs and branch campuses provide valuable on-ground, host country administrative and professional services, such as governmental links, corporate services, tax advisory, and marketing (AF1).

#### h) Intermediate Activity

The focus group also identified various inter-departmental entities that support TNE operations, e.g., the central International Office to coordinate across faculties (*'the faculty will work with University A International (Office) to go through the process'* – AF1), inter-institutional bodies tasked to undertake quality assurance, both internal as well as external (*'present data for review at faculty and university level'* – AF4), and grade centres to process grades (AF1, AF3). Taken together, these observations provide credible evidence for the importance of administrative and professional services, as well as intermediate activities (referring to inter-departmental and inter-institutional entities) in the running of TNE operations at University A.

#### i) Academic Staff Support

Academic staff support for both onshore unit coordinators and offshore lecturers are observed in the focus group discussion. First, all such staff are provided access to the University's TNE policies and training (Section 4.3.4.1.1). Second, unit coordinators receive their instructions from their respective schools, while offshore lecturers in turn receive their

instructions from the respective unit coordinator – evidencing a chain of support from onshore to offshore (AF2). Third, the University has developed various teaching materials and technologies to assist lecturers to deliver their lessons, e.g., the availability of oLecture (AF4). Finally, AF5 remarked that in some instances, the financial motive is replaced by the offshore higher education sector networking that provides the University with invaluable knowledge and expertise.

The above observations provide support for the relevance of the five value chain support activities to TNE operations.

#### 4.3.4.1.3 Importance of University Characteristics for University A

This section explores the impact of university characteristics on the University's TNE decisions. These characteristics comprise the category of university, the size of university, university resources, the university's strategic TNE agenda (if any), and the university's TNE growth rate.

##### a) Category and Size of University

Evidence from the focus group for the importance of university category and size is relatively lean but highly relevant to the University's TNE model selection. Four participants contributed to these codes. AF4 remarked that University A's reputation is an important factor in brand recognition, and hence, in the marketability of the TNE programs. This is supported by AF3's statement that the University has had a long history of operating TNE in the SEA region (since the 1980s) – which enables students in the region to easily recognise the University's brand. AF2 added that the geographical location of the University places it within the same time zone as many parts of SEA, making the administration of TNE much easier. The only reference to university size in the focus group relates to the large multi-campus institution where decision-making can be slow, *'like a big tanker – it takes a long time to turn it'* (AF6). In an

offshore entrepreneurial TNE environment characterised by rapid changes, this university characteristic might present some resistance to TNE sustainability or success.

b) University Resources

University resources emerged as a key consideration in any new TNE initiative for University A. AF1 of the International Office emphasised the '*huge investment*' required for branch campuses. This investment include resources deployed for pre-operation due diligence, contract negotiation and drafting, systems set-up, staff training, and physical infrastructure (AF1, AF2, AF4). On the part of the OP, expertise in handling host country regulatory requirements, marketing, provision of teaching staff and physical resources are some of the identified criteria in the selection of an OP (AF1, AF5). There was also a general statement made that Australian universities are '*not really geared towards*' TNE, and '*don't have the capability to deliver*' offshore (AF1). Therefore, the participation of the OP is valued because '*they add value*' and can provide the necessary physical infrastructure (AF4).

Teaching staff is another area of resource constraint in TNE operations. University A's more than 30 years of TNE experience has resulted in the University developing processes, and teaching and learning technologies to reduce its staff involvement offshore (AF4, AF5, AF6). In the 1980s, University teaching staff taught up to 27 hours out of 36 hours per unit offshore (AF1). This has over time been replaced in some jurisdictions with teaching by onshore staff, with the exception of Country O where a legal requirement to provide one-third of the teaching hours remains (i.e., 12 hours) (AF3). The reduction of onshore lecturers requires the University to outsource teaching to offshore lecturers – an exercise that requires close supervision, especially considering high staff turnovers at some of the OPs (AF2). On a more positive note, AF4 remarked that some OP teaching staff are highly experienced due to their involvement

in other TNE programs – a practice that might ironically contribute to value dissipation, and yet also negate the need for specific asset investments in the area of TNE teaching.

Teaching and learning resources, and materials is the primary responsibility of the University, although some contribution is now permitted from the branch campuses (AF4). The foregoing observations provide ample justification that University resources and its ability to outsource to meet offshore resource needs influence the University's TNE decisions. It is also logical from the same observations that the code 'TNE Experience' is an important influence in the University's TNE decisions.

#### c) Strategic TNE Agenda

The focus group provided rich input to validate the University's strategic approach to TNE, and the obvious preference for the Direct Model over the Outsourced Model (thus also supporting the Direct-Outsourced dichotomy of the theoretical construct) (AF1, AF5, AF6). As discussed in (b) earlier, the University's long experience in TNE has resulted in the establishment of policies and processes to handle TNE programs. The University took deliberate action in Country V to consolidate its five TNE programs into one branch campus operation, absorbing three of the existing programs and terminating the other two – an action that AF5 described as an '*evolutionary thing*'. The University also instituted annual and triennial reviews to monitor and improve on its TNE operations (AF1). These reviews included enrolment trend analysis, pass rate analysis between onshore and offshore students, and setting annual administrative improvements targets. Finally, the University embeds its TNE strategic agenda within its annual strategic plans (Section 4.3.4.1.1).

#### d) University TNE Growth Rate

There does not seem to be much support for 'University TNE Growth Rate' as a key influence on the University's TNE decisions. While there was a comment by AF2 of '*growth of international operations*' as a possible rationale for starting TNE programs, this was not supported by the rest of the participants. AF5 mentioned that the University's changing TNE priorities over the years was an '*evolutionary thing*'. TNE growth rate does not seem to be an antecedent for TNE decision-making as far as University A is concerned.

Overall, the theoretical construct and its coding categories have been sufficiently validated, with the exception of post-graduation services (under the value chain primary activities), and TNE growth rate (under University characteristics). There is a possibility that these two codes might prove valid for one or more of the other university focus groups.

#### 4.3.4.1.4 Impact of Industry Environment on TNE Decisions

The focus group also validated the importance of the industry environment (i.e., the Porter five forces, plus government) for TNE decision-making. AF5 explained that various elements of the TNE environment '*affects the viability and the structure of the programs*'.

#### a) Suppliers and Buyers

AF2 took pains to explain the difficulty he faced in trying to engage offshore teaching staff (the 'suppliers'), who are mostly part-time lecturers and often do not stay employed by the OP for very long. TNE customers (the 'buyers') comprise students, organisations and the government. AF4 commented that, over the last 30 years since the University first delivered TNE programs in the SEA region, the TNE markets in selected countries have matured and offer many program

choices from many different countries (but mainly from Australia, the UK and the USA).

b) New Entrants, Substitutes and Industry Rivalry

The substitute programs offered by the multiplicity of new entrants, some of which are home-grown, have intensified industry rivalry (*'the partners have now changed, and we need to change as well'* – AF5). Substitutes include both University A and other Australian university offshore programs, although these seem to not have serious impact on the offshore operations (AF2).

AF5 also remarked that the current competitive environment was a far cry from the early days when the University first started TNE in the SEA region, adding that *'a degree provider coming from offshore had the right to a bigger market than they are now'*.

c) Government

AF5 emphasised the increasingly stringent host government regulations, e.g., the Chinese authorities regulating fees, profit repatriation and tax. These were some of the reasons that the University worked through OPs offshore – these partners are *'linked to the government ... know what type of operations work in that country'*, and *'instead of re-inventing the wheel'*, the University could just leverage on the OP's networks and capabilities (AF1). AF1 added that the University was also regulated by AUQA and later, TEQSA. He observed that *'quite a few of the (TNE) terminations happened leading up to the AUQA of 2008'*.

#### 4.3.4.2 University B

University B is an 'Other' university according to the Moodie classification, and in 2015 enrolled more than 25,000 students, of which a little over 500 students are studying offshore. This TNE student population makes up about only 2% of its total student body, comparable to onshore students of 14% (University B 2015). This TNE population is a far cry from the University's heydays in 2011 where TNE students account for almost 2,000 students or about 7% of its total student population (compared to 13% onshore students) (Department of Education and Training 2015a). This erosion of TNE numbers makes for an interesting study of wrenching TNE terminations resulting from strategic restructuring of its international portfolio. BF3 noted that there were 19 TNE operations when he started in his position, and the restructuring has left only two operations still standing. The review of the University's TNE operations which was called by the new Vice-Chancellor to prepare for the 2008 AUQA audit uncovered serious non-compliance, contractual weaknesses, lapses in strategic TNE leadership, and weak intermediate activities.

The University's TNE revenue was A\$2.2 million in 2015, and accounts for 3% of its total revenue (University B 2015). Compared to its TNE student population of only 2%, this is an above average financial return. The focus group was unanimous in agreeing that financial return is the chief motivation for the University's TNE operations. BF1 summed up the notion well by noting that *'education is a commodity, no longer (like) before'*.

TNE programs were delivered by University B in four SEA countries and six non-SEA countries. By the time of the focus group, the University had terminated or was terminating TNE programs in Countries O, T, Y, R, S and Z. The programs delivered were at pre-university, vocational certificate, undergraduate and postgraduate levels, selectively across the



general disciplines of business, information technology, exercise and sports science, communication, and education. These programs were delivered either via the traditional franchised model or what the University calls a ‘licensed’ model (BF2). The ‘licensed’ model is not a genuine TNE business delivery model, and as explained later, is rather a model that is non-compliant with traditional higher education regulations.

No.	Country	Current TNE Business Delivery Models	Terminated Operations
1	Non-SEA Country O	One Franchised	One Franchised (being terminated)
2	SEA Country T	One Franchised	One Franchised
3	SEA Country V	One Licensed and Franchised	One Franchised (being terminated)
4	SEA Country R	One Franchised	Two Franchised
5	SEA Country Y	One Franchised	One Franchised
6	Non-SEA Country Q	One Franchised	One Franchised
7	Non-SEA Country W	One Licensed and Franchised; One Franchised (being revamped)	
8	Non-SEA Country X	One Franchised	
9	Non-SEA Country S	One Licensed and Franchised	One Franchised (being terminated)
10	Non-SEA Country Z	One Licensed and Franchised	One Franchised

**Table 4.5 University B TNE Models and Host Countries**

Unlike the focus group at University A which provided cursory insights into its operations, the focus group on University B was a rich exploration of specific TNE cases and themes. Therefore, the analysis and reporting format for University B will take a descriptive (vignette) approach, howbeit still a linear-analytic composition (Yin 2014, 188) similar to that of University A. The analysis and reporting format of University A, in contrast, is structured by an *a priori* framework informed by the objectives of the focus group – in response to the content of the

discussions. The reports below revolve around eight key TNE phenomena.

#### 4.3.4.2.1 Country X TNE Operation

Country X TNE operation was acknowledged to be a '*strategic*' TNE operation in that the Vice-Chancellor pursued a '*strategic partnership*' with a leading international airline (BF3). BF3 further remarked that it was '*profitable*' in the beginning, but was no longer profitable by the time of the focus group discussion. The '*strategic*' rationale seemed to have overridden the need for commercial sustainability.

When asked about the rationale for the Country X TNE, BF1 described the operation as an '*industry engagement*' to '*provide service to industry*'. These rationales seem to provide evidence of the opportunity afforded by the TNE environment, and in this case, the 'buyer' (i.e., the airline partner) of the Porter five-forces model, adopted in the theoretical construct. They further support the importance of University characteristics in TNE decision, specifically the University's 'strategic TNE agenda', and the University's dependence on OP 'resources' (refer to Figure 3.2).

This vocational certificate program delivered an assortment of units in security management and ground handling as a '*purely in-house program*' (BF1). The on-site delivery was overseen by a senior academic manager equivalent to a Dean, but delivered by OP teaching staff as informed by BF1 when he remarked that '*in theory, we deliver, but actually, all are local staff members*'. This '*in theory*' business delivery model seems to project a branch campus aspiration, but which does not actually transpire in reality, and points to a possible breach of operational protocols. This possible breach was seemingly glossed over by the participants, quoting BF3's comments that '*they do a bunch of units and they get a certificate*', and '*it doesn't have the same level of academic*

*governance*' (compared to degree programs), underlining the low level of concern over the possible breach.

The University's intention for a Direct business delivery model (where teaching was designed to be undertaken by University teaching staff) seemed to have not been realised. However, the TNE operation continued by relying on OP teaching staff, reflecting a franchised program (Outsourced) model. This state of events provides evidence for the TNE decision dichotomy of Direct-Outsourced delivery at University B.

#### 4.3.4.2.2 Country O TNE Operation

Although BF1 believed that the Country O TNE operation was initiated because of a sister city relationship, and therefore 'strategic' in rationale, BF5, who had a longer experience with the operation disagreed, and insisted that the rationale was financial. In response, BF1 acquiesced and remarked that the OP was '*still crying*' due to the high fee of A\$1,200 per student per unit imposed by the University – reflecting the sensitivity of the TNE operation to the buyer (i.e., the OP) within the highly competitive industry environment. This high fee was attributed to the higher cost of bilingual delivery.

This Master's program was delivered partially, i.e., only four units were delivered by the University. This was possible because of an articulation arrangement with the OP, where students were granted advanced standing based on an OP-run four-unit post-graduate diploma program. BF1 called this the '*4+4 program*', and defined this as a twinning program (as observed in Section 2.5.2).

BF3 reminded the group that this TNE operation is in '*technical teachout*', i.e., being terminated. The reason for terminating this program is because it is not equivalent to any onshore program, a requirement of

TEQSA (BF1). This termination supports the construct's assumption that the regulatory environment (the sixth element of the adapted Porter five-forces model) is an antecedent of TNE business delivery model decisions.

#### 4.3.4.2.3 End-of-Lifecycle Terminations

The Country Q TNE operation was elaborated on by the focus group to demonstrate the rosy prospects OPs usually predict before the start of the operations (*'they're going to give you hundreds of students'* - BF3), the unpredictable behaviour of OPs (*'we allowed the operations to run differently'* – BF3), the competitive business environment (BF2), and the unsustainability of some TNE operations (*'we can't cope'* – BF1).

The Country Q OP promised the University a very promising flow of TNE students, and indeed delivered on this promise, resulting in high profitability over the initial years of operations (BF2). The OP could not however, sustain the enrolment numbers over time due to what the participants agreed were the competitive environment, and changes within the OP's management (*'it wasn't a sustainable model'* - BF3). The latter years of the operation saw the OP reaching out to rural market segments where the quality of the students were suspect (BF3).

The initial pre-operating due diligence in this TNE case did not pick up the environmental (i.e., business) uncertainties, the OP's shift in student recruitment focus on lower quality students and management changes at the OP (BF3). These weaknesses require robust and regular reviews, and indeed the problems were subsequently identified through these reviews (BF1) – evidencing the role of administration/professional services and intermediate activity (represented by reviews of OPs conducted by cross-departmental University bodies) within the University.

#### 4.3.4.2.4 University B TNE False Starts

In recounting the University's termination of TNE operations, the participants mentioned operations in Countries T, R and Y as false starts (BF2, BF3). Similar to the terminated Country Q TNE operation, these OPs also promised high student throughputs and financial returns (BF3). However, these operations were short-lived. All three did not deliver on the promised numbers (BF2).

These false starts seem to indicate poor or a lack of due diligence on the part of the University, as noted by BF3. The poor due diligence was the result of the University's '*massive expansion*' (BF3) in TNE activity, supporting the theoretical construct's assumption of the impact of the University's 'TNE Growth Rate' priority on TNE decision-making.

The University had to undertake a '*clean-up phase*', and now has documented due diligence processes in place, complemented by a 27-step TNE '*service checklist*' (BF3). These developments are evidence that the University has established a formal TNE decision framework, in support of the present study's theoretical construct and in particular, the need for strong professional services support and quality assurance (as an intermediate business activity).

#### 4.3.4.2.5 The Tale of Licensed Programs

The University had evolved a business delivery model that was commonly known as the 'licensed' program (BF1). The participants described how OPs would offer one-third of an undergraduate degree program to provide their students with advanced standing entry into the second year of the University's degree program (BF2, BF5). Due to cost considerations, the University would usually limit its offshore unit offerings to the third year of the degree. This left the middle second year units in limbo. The University and some of its OPs addressed this

missing middle third through the licensing of the University's second year units to the OP for offshore delivery by the OP. For as long as the TNE operations continued, and in the absence of robust reviews, this model made good process and commercial sense, and delivered an affordable university pathway to students (BF2).

With the strategic restructuring of the International Office, new University staff started to probe the licensed program, and found serious non-compliance (BF1). The probes intensified when there was a fallout with the University's Country V OP, exposing second year students to being neither the OP's nor the University's students (BF1). The crux of the problem was that neither the OP nor the University was authorised by the local host country authorities to deliver and award the '*second year*' (BF3).

The non-conforming '*second year*' units problem was compounded by three other circumstances. First, students who had not fully completed all their second year units had to sometimes be allowed to enrol in the University's third year units against standard authentication processes; this is especially when these students had only one remaining second year unit to complete, due to prior timetabling issues or re-sits (BF1). There were also instances where students have completed their third year units, but still have outstanding second year units to complete (BF3). Second, international students studying in Country V who wanted to transfer onshore to the University's home campus faced difficulties with their student visa applications due to the lack of documentation (e.g., transcript) attesting to completion of these '*second year*' units (BF3). Finally, the OPs had misrepresented to their students that the second year units were the University's units (BF1).

The University resolved the problem in Country V by making special concessions for the non-conforming students to continue studying in another Country V TNE operation (BF2), and closing down the TNE

operation in dispute (BF3). A legal suit followed, which was not resolved as at date of the focus group discussion (BF1). The transfer of students to another TNE operation demonstrated the availability and usefulness of having substitutes within specific TNE jurisdictions.

This problem also occurred in another three of the University's TNE operations in three different countries, as these operations were initiated by one of the University's highly valued TNE OPs (BF1, BF3). Since the scale of the collaboration was large and the relationship enduring, both partners agreed to resolve the problem amicably. The University continued to license its second year units to the OP (at very low fees), which then licensed them on to their offshore partners (or in some cases, subsidiaries or associates) for delivery under local host country approvals (BF3). Thus, the OP benefited significantly through a low-fee (e.g., A\$180/unit/student) transfer of the University's intellectual property (IP) for use as the OP's own IP (BF1). It is important to note that the licensed units are not part of a TNE model because they are not delivered or awarded by the University – hence the heading of this Section 'The Tale of Licensed Programs'. This model survived only in one country. The other two countries' TNE operations were terminated for other reasons, one of which on allegations of plagiarism (BF1).

The 'licensed' program episode demonstrated a number of useful observations in support of the theoretical construct. First, it showed how market forces can negatively influence TNE decisions. Second, it evidenced the need for robust due diligence and regular reviews within the University's core TNE processes. Third, effective monitoring capabilities are needed on the part of the University to detect non-conformance in OP marketing and student recruitment.

#### 4.3.4.2.6 Experience with TNE Agreements

This focus group provided valuable insights into University TNE contracting, a tightly guarded dimension of most university activities. The participants unveiled how the University had in the past negotiated contracts that were unfavourable (*'too much in their favour'* – BF4), where *'the product doesn't match our internal systems'* (BF3).

The University now conducts contract negotiation after formal due diligence. This is followed by contract signing before implementation (BF3). BF3 acknowledged that the University's contract management is still weak, e.g., the lack of followup on insurance certificates (authenticating the OP's cover for various liabilities), and on OP recruitment plans. These areas are weak because they are not clearly specified in the contracts. BF1 concluded that *'nobody follows ... nobody looks at'* the agreements.

BF3 noted that in the past, the University had allowed the TNE contract to be breached in order to provide concessions to the OP, or to meet student needs. The former refers to instances where the University permitted the OP to start cohorts even though minimum numbers specified in contracts were not achieved. The latter refers to the University allowing students to enrol onshore without completing their 'licensed' units.

It is obvious that the OP was driven by incentives of higher profitability through lower costs of the 'licensing' model (BF1). The terminated Country V TNE operation enrolled a large annual cohort of about 500 students (BF3), translating into a revenue of more than A\$1 million per annum for the University (BF2).

The 'licensed' program agreement did not specify any award for these second year units, and hence there was no legitimacy to the completion



of these units for credit. Further, advanced standing processes are usually not specified within the University's TNE contracts, prompting BF1 to say that *'you've got to have a separate agreement; a separate negotiation; a separate arrangement'*.

The participants concluded that the University best stick to a *'legalistic'* approach to contract execution (in order to avoid concessions and breaches), and to strengthened contract monitoring (BF2, BF3). BF1 made forceful (and candid) assertions that the University should only go into TNE collaborations where the OP recognises and submits to a benevolent University (*'you are my hen ... you lay the eggs for me'* and *'I'm not going to hurt you ... but if you don't listen to me, you'll be hurt'*).

#### 4.3.4.2.7 The Impossible Market-driven Delivery Schedule

Of all the problems encountered in the University's TNE operations, the three-semester delivery schedule turned out to be the most exasperating (BF1, BF2, BF3, BF4). Onshore, the University operates on a two-semester schedule, with a short summer semester for re-sits and program acceleration. Market demand offshore dictated the scheduling of full-load three semesters in a year. This delivery schedule appealed to students as they can complete their degrees in a shorter period of time, sometimes within two years. This was also touted as a *'standard within their country'* (BF3), an accepted market norm amidst intense competition for students. It also meant that OPs (and the University) will see an increase in their revenues (BF2).

This three-semester delivery schedule had perverse consequences for the University. It required the University to complete marking (and/or moderation) and results release within a very short turnaround time, which often are not achieved – resulting in students enrolling in the subsequent semester without knowing their previous semester's results (BF3). The University often has had to waive prerequisite rules to

accommodate students who enrolled in a unit which required prerequisites, but discovered that they failed in the prerequisite unit in the previous semester. This is a clear breach of academic rules (BF5).

To resolve the problem of students who failed their prerequisites, the OP often pressured the University to administer supplementary examinations even though the rules specifically disallow them. These supplementaries are sometimes administered five or six weeks into the following semester – again, breaching academic rules (BF1).

The three-semester delivery schedule was also a HR hazard because teaching staff have had to put up with long working hours, and reduced breaks (BF3).

Up until the focus group discussions, the University had not been able to resolve this perverse problem (*'the University hasn't been able to get its head around'* – BF3). There was acknowledgement among participants that some Australian universities are already using the three-semester delivery model onshore, e.g., Bond University and the Australian National University, and hence, that it can work for their university (BF3).

The three-semester delivery schedule problem demonstrates the pressure exerted by both (Porter five-forces) buyers and suppliers, represented by students and faculty respectively. BF1 summarises this state of affairs as *'tension between the academic pressure and the market pressure'*. The scheduling problem also supports the importance of well-planned curriculum development, teaching and assessment, and staff recruitment and management as core TNE processes.

#### 4.3.4.2.8 Inequitable Remuneration

In the course of discussions about the motivation of University staff to participate in TNE operations, participants identified staff remuneration

as an issue of equity. University teaching staff had traditionally been engaged in TNE as out-of-load activities to encourage them to take up this work considered additional to their normal work. BF2 noted that this income was very welcome in 'having all these extras for paying the school's fetes', a policy that the rest of the participants candidly agreed.

The out-of-load remuneration implied that staff were working on TNE operations outside of their normal working hours (BF3). Two specific issues were identified. First, it was obviously not true for many to be working on TNE operations outside of normal working hours. Second, there were cases where staff were drawing significant remuneration from TNE work, e.g., one staff was quoted to have earned more than A\$70,000 in a year.

The University recognised this issue and implemented a workload management system, where among other policy changes, staff had to deliver their TNE responsibilities in-load (BF2). This system was also intended to encourage staff to undertake more research. This consequent 'loss' of income led to clearly demonstrable resistance by staff to participate in TNE work. BF4 '*noticed the difference in the energy of the lecturers*', and that they were now '*busy*' and unable to participate in TNE work. On probing further about research output, BF2 and BF3 asserted that there was no observable increase in research output as a result of the workload management system.

The inequitable remuneration problem and the resulting workload management system resolution shows the nature of supply within the higher education environment, and supports the construct's assumption that University resources impact on TNE operations, as well as the importance of effective staff management as a core TNE process.

#### 4.3.4.3 University C

University C's 2015 annual report reported almost 8,000 TNE students out of a total student population of more than 23,000 students (University C 2015). This TNE population is significant as it represents more than a third of its total student population. Compared to its 2011 statistics, the 2015 TNE student population grew by almost 100%, while its 2015 international onshore student population of 2,168 students recorded only a growth of 12% (Department of Education and Training 2015a). As reported in Section 4.3.4.3.4, this steep growth rate precipitated the set up of a TNE project team in 2011, tasked with reviewing its TNE deliveries and making recommendations to institutionalise TNE operational improvements. The University's response provides evidence that TNE growth rate is an influence in its TNE decisions, as conceptualised in the theoretical construct.

In 2015, the University earned more than A\$15 million, accounting for 24% of its A\$62 million income. Compared to its peers within the Innovative Research Universities (IRU) group (at 9% of total income), University C performed above expectations. On both TNE student and revenue proportion, the University is ahead of all Australian public universities. There seems to be evidence that the IRUs are comparatively more active in TNE than other universities, and University C is a prime example.

It is also noteworthy that the 24% revenue does not compare favourably against its 36% TNE student population, similar to the case of University A. However, a more detailed study on university finances is needed to explore this further.

University C delivered TNE programs offshore in four countries, out of which three were within SEA (CF1, CF2). There was one recorded recent termination within a non-SEA country (Country N) which CF1 speculated

to be due to language issues arising from bilingual delivery. The remaining TNE programs were delivered by five schools at both undergraduate and postgraduate levels. These programs were delivered under what CF2 described as ‘*partnership*’ programs, which on closer scrutiny later, can be classified as franchised programs.

No.	Region	Current TNE Business Delivery Models	Terminated Operations
1	SEA Country T	One Franchised	
2	SEA Country V	Two Franchised	
3	Non-SEA Country N		One Franchised
4	Non-SEA Country X	One Franchised	

**Table 4.6 University C TNE Models and Host Countries**

The University C focus group comprised of only two University staff. Both of them in central roles, as opposed to faculty or school roles. One is a middle manager (CF2) with wide experience in the University’s TNE management, and a key member of the Vice-Chancellor’s newly commissioned TNE project team. The other is an academic (CF1) with lengthy experience in the University’s TNE operations, and responsible for learning management systems. The information shared by the participants was therefore limited to TNE processes in management and academic administration. Efforts to probe their experience in strategic issues drew some blanks, e.g., both were not privy to the reason why one TNE agreement allowed the OP to mark assessments while the others required final grading to be done by the University’s unit coordinators. This focus group analysis will therefore treat comments on strategic TNE decisions with some caution, while recognizing the participants’ authority in managerial and academic administration.

The focus group discussion for University C, similar to University B’s, revolved around significant TNE sub-phenomena. The two focus groups differed from that for University A, where the discussions were focused

on the *a priori* themes identified by the researcher. University C focus group discussions revolved around the administration of the most successful of their TNE operations, the setting up of a host country office to manage growth, and the newly commissioned TNE project team. The concentration on that one TNE operation reflects its predominance, accounting for about 75% of TNE students. The phenomenal growth of that particular operation resulted in serious administration problems, which in turn, led to the Vice-Chancellor's setting up the new TNE project team to review the University's entire TNE operation. The following analysis therefore takes a descriptive form (similar to the analysis of University B) to enable a clearer understanding of the case chronology, and tease out reflectors to test the validity of the theoretical construct and relate the theories of the firm, if identified, to TNE decisions.

#### 4.3.4.3.1 University C TNE Operations – a Description

All four TNE operations were described by CF2 as being delivered through '*partnerships*', providing evidence for University C's preference for the Outsourced business delivery model. The original arrangements relied on the OP to deliver most of the TNE processes. The University limited its involvement to the provision of materials, approval of OP teaching staff, moderation of assessments, and thrice-yearly visits to the OP location for student orientation and OP teaching staff training (*'what we have been doing so far, which is deliver materials, approve OP teaching staff, set the exams, moderate, but pretty much hands-off ... in terms of delivery ... was a function of the partners'* – CF2). When probed, CF2 admitted to being unsure of the meaning of the term '*partner*', and neither could CF1 clarify – an indication of a lack of clarity of the University's TNE legal and strategic agenda among managerial and academic staff.

The TNE operation in Country T delivered only undergraduate programs and was a small operation in terms of student numbers (CF2). Since the

operation adopted a semester delivery schedule similar to onshore scheduling, the management of the operation was deemed easy – in comparison to the *'trimester'* delivery schedule implemented elsewhere (CF2). The deployment of a delivery schedule different from the onshore norm at the other locations points to the influence of the other OPs on the University's structuring of its TNE processes, specifically on the primary activities of student recruitment, curriculum development, and teaching and assessment. As presented in Section 4.3.4.3.2, the *'phenomenal'* growth of TNE operation V2 in Country V also resulted in pressures on the support activities of university infrastructure, academic support/student services, and academic staff support.

TNE operation in Country X is a new initiative (*'the latest of the partners'* – CF2) that offered both undergraduate and postgraduate programs; yet is still a small operation. In the course of discussions, it emerged that the OP at Country X was allowed to mark examinations (CF1). This was in contrast to the University's standard practice of grading all TNE student examinations. Both participants speculated this being the result of a concession in the course of negotiations. This anomaly led CF1 to remark that some academics complain that contractual terms involving academic processes were negotiated *'on their behalf'* by senior executives who were not sufficiently familiar with such processes. These academics resent the need to have to ensure that the *'University is compliant with these decisions where they had no part in making'* (CF2). This state of affairs supports the conclusion that parts of the University recognised the need for more extensive consultations (intermediate activity) within the TNE value chain.

The University runs two operations in Country V. The older of the two operations (V1) is a small operation of approximately 1,200 students, which included both undergraduate and postgraduate Accounting programs that cater to the working adults market segment (CF1). The OP is an association of about 100 manufacturers (CF2). CF2 explained that

the V1 programs were initially requested by the OP for delivery to their association's members, many of whom are working adults. This observation evidences the influence of buyers as one of the Porter five forces within the theoretical construct.

Unique to this operation is the use of '*block teaching*' where the University sends lecturers to teach in compact blocks of time, rather than to conduct regular classes spread out over the trimester. CF1 suggests that this costly teaching arrangement is the result of regulatory requirements when remarking that the need for '*block teaching*' mode was '*related to some requirements for them to get accreditation ... sort of with the Society of Accountants*'. The use of '*block teaching*' provides evidence of the influence of the market and regulatory environment on TNE decisions within the theoretical construct.

The newer operation (V2) enrolled the largest number of TNE students, viz., at about 5,000 students, and is discussed at length in Section 4.3.4.3.2. Both the V1 and V2 operations enrol mostly local host country students, and a small number of international students (*'a vast majority of them will come from Country V' – CF2*).

Both participants believe that the University's rationale for starting TNE is financial. CF1 remarked that the University makes '*more money*' through TNE (i.e., as in additional revenue), while CF2 speculated that TNE is an important '*revenue stream*'. Similar to the previous two universities, the commercial rationale seems to dominate this University's TNE motivation.

A close second reason for the University's participation in TNE given by both CF1 and CF2 is '*branding*'. Taking both the financial and branding rationale together, it can be observed that there is evidence that University C's TNE motivation is commercially-driven.



The University's TNE programs in Countries T and V were marketed under the respective OP's institutional brands (e.g., *'if you looked at the brochure for V2 for instance, it's an OP brochure, and then, they'll say about University C's Bachelor of Commerce'* – CF2). CF2 recounted that the University tried to convince the smaller of Country V's OPs to market the University's programs exclusively under the University's brand, but was unsuccessful (*'there was an attempt to call V1, University C International Studies Country V'* – CF2). The University also subsequently successfully negotiated for an exclusive University brand representation at Country X whereby its programs are marketed under the University's registered institutional branding (*'they've branded themselves University C Country X'* – CF2). The OPs in Countries T and V also market and deliver programs of other foreign institutions (CF2). It is thus clear that over time, the University wized up to the value of its own brand in the TNE market.

#### 4.3.4.3.2 'Very Phenomenal Growth' – Happy Problems

The focus group discussions naturally revolved mainly around operation V2 because of the size of the operation (*'the number of students there has grown astronomically'* – CF1; *'the growth has been phenomenal in the last few years ... very phenomenal'* – CF2), and hence the challenges that ensued. CF2 explained how *'we're trying to make sure that we are still able to provide a good quality program, a good quality service to the students ... in spite of the growth ... to help cope with some of the challenges we are facing as a result of the large student cohort'*. Although V2 started long after V1, its growth was described as *'very phenomenal'* and its student population dwarfed that of V1. The University's V2 student population stands at about 5,000 and makes up three-quarters of the University's total TNE student population (CF2).

The V1 operation is a collaboration with an industry association, which also delivers programs from other foreign universities (CF1). On the

other hand, the V2 operation is a collaboration with a private higher education institution (CF2). Similar to the V1 OP, the V2 OP also offers programs in collaboration with other foreign universities; its range of programs is much wider (*'the V2 OP is much bigger'* - CF2). The V2 OP is described as part of a *'worldwide institution'* (CF1). The University seems to have improved in its selection of OP in Country V (*'time has shown that the V2 OP are better at marketing the courses, because they are much bigger than the V1 OP'* – CF2); it is obvious that the OP ('supplier' as one of the Porter five-forces) in V2 has contributed positively to the success of the TNE operation. In a somewhat paradoxical twist, both OPs of V1 and V2 also demonstrate market substitutes through their offer of similar and competing programs from other university partners (CF2).

CF1 described the growth of the V2 operation as having grown *'astronomically'*, while CF2, used the phrase *'very phenomenal growth'*. When asked about the reason for the growth, CF2 attributed the growth to the OP's *'good marketing team'*, a *'well-oiled machine'* with which his team was *'struggling to keep up with their performance'*. Emerging from the success of Country V operations, the V2 OP had spearheaded potential TNE opportunities in another two SEA countries with the University (CF2). The University's reliance on the OP for new business development strengthens the notion that the University favours the Outsourced business delivery model.

The V2 operation is managed under two separate OP institutions. One of the institutions enrolls full-time students, while the other enrolls part-time students (drawn mainly from working adults) (CF1). The former operates during the day, while the latter during the evenings and weekends. CF2 explains that the classes for students of these two institutions *'don't mix'*. This separation was attributed to host country regulations, in compliance with *'Country V's immigration laws'* (CF2). While the students are enrolled under separate institutions, they attend at the same premises,

providing the OP with high occupation and returns on space. In fact, CF2 commented that they are '*operating at full capacity now*', and '*getting their third location*' to cater for expansion. University C is fortunate to be working with an OP that is shrewd with space utilisation, confirming the importance of university infrastructure within the theoretical construct.

CF2 commented that his team's struggle to keep up with the V2 OP's sales team was '*a happy problem but it does present significant challenges both for us here, but also for the OP ... to cope with growth*'. The V2 OP was so aggressive that their student recruitment plan included delivering the University-branded pre-university English program in another large non-SEA country as a feeder into their TNE programs (CF2). The University clearly has a champion at the core TNE student recruitment process of the theoretical construct.

The growth of the operation resulted in a number of challenges, viz., the tight turn-around time pressures for processes within a trimester delivery schedule (CF1), the blurring between lectures and tutorials (CF1, CF2), the pedagogical challenges of managing very large and very small cohorts (CF2), the administration of in-term tests (CF2), OP lecturer appointments (CF2), OP lecturer engagement with University unit coordinators (CF1), lack of '*clearly articulated guidelines, processes and manuals*' (CF2), quality of materials (CF1) and graduation logistics (CF2).

Similar to University B's struggles with a three-semester delivery schedule, University C's trimester delivery schedule impacted on staff resourcing – as CF1 commented that there was '*never a good time for staff to go on leave*'. CF2 added that the short turn-around time for the teaching periods also increased pressure on staff to turn-around trimester results, appeals, deferred assessments, subsidiary assessments and re-sits. The University's struggles with the three-

semester delivery schedule serve to illustrate the importance of both primary and support activities for a sustainable TNE operation.

The commercial nature of OP delivery is probably a cause for the blurring between lectures and tutorials, as *'they might have 50 students in a tute'* (CF1). CF1 commented that at V2, students attend classes which double up as both lectures and tutorials. Many of these classes are large classes. It was interesting to hear from CF2 that the large classes had *'evolved'* over time, unrestricted by contract. The OP did not emulate the University's standard practice of delivering small group tutorials after the lectures. The University thus had to monitor the enrolment lists every trimester to ensure that class sizes were kept manageable (*'we've had to initiate and create new processes ... and work with the partners, and say, 'Look, it's not acceptable to us that you run classes of 70' ... so, for every unit that we are delivering offshore, we have gotten these schools to give us the constraints, the maximum (recommended class size) ... so, we've been working very closely with the partners to say, 'These are the constraints you have to adhere to', and to ensure that they comply with those ... that's an on-going conversation we are having at the moment'* – CF2). CF1 also added that there were the infrequent cases where some class sizes were too small for certain tutorial exercises (*'some classes even have minimum constraints, where if you've got less than a certain number of students, the activities can't work'*); such is the vagary of private higher education delivery impacting TNE teaching and assessment.

In Australia, in-term tests could be administered en-masse to 200 students at one time, allowing for the setting of one test (CF2). In V2, the student enrolment numbers per unit may run up to 500 students, and *'you cannot deliver the mid-term test in class'* (CF2). First, the V2 class cohorts were smaller, at about 50 students each to accommodate the physical classrooms. Second, V2 had to cater to the schedules of both full-time and part-time students (*'the have day and night; part-time, full-*

*time*' – CF1). The administration of in-term tests at V2 therefore had to be in multiple cohorts, resulting in higher costs from the setting of multiple sets of tests and marking guides, and more complicated logistics (CF2). These class-size issues demonstrate the strong influence of the OP (as 'supplier' within the construct's Porter five-forces model) in the delivery of TNE, as they respond to local market forces.

The management of OP lecturers was another serious problem resulting from the phenomenal growth. CF2 reported that there were about 73 University unit coordinators and 144 OP lecturers to manage. Although OP lecturers could be cleared by the University for appointment, the actual scheduling of the unit might not be suitable for the OP lecturer – note that most of these OP lecturers teach on a part-time basis and have other commitments (CF2). CF1 also found that the engagement between OP lecturers and University unit coordinators was patchy. There were some highly dedicated and top performing OP lecturers, and there were also some poorly performing ones. The better ones were sometimes recommended by their unit coordinators to teach onshore. The serious issues arising from the management of both OP and University staff provide evidence to support the theoretical construct's identification of University resources as a core element of the TNE decision-making process.

Management of teaching staff was the 'biggest problem' of '*consistency*' as CF2 noted a lack of '*clearly articulated guidelines, processes, manuals*'; '*it's all there somewhere; we've got policies here, there*' – that people did not know where to look for policies and guidelines, resulting in inconsistent decisions. CF2's division, responsible for managing the liaison and support of TNE partners, has proposed to the senior leadership of the University to collate all the disparate policies, guidelines, and processes to ensure consistency. CF2 touted the consistency represented by the McDonald's chain of restaurants as exemplary. The division's proposal provides support reiterating the

importance of staff clarity and familiarity with processes in the TNE value chain as well as the need for clear processes governing intermediate activities.

Problems arising from the logistics of graduation are another consequence of the large operations at V2. The University traditionally conducted one graduation ceremony a year over a three- or four-day period (CF2). The University is now considering conducting two graduations in a year to cater for the growth in numbers. It also has an alumni office in the home campus to support its Country V alumni, which is one of the most active (CF2). Unlike the focus groups at Universities A and B, University C focus group described the University's strong commitment to its offshore alumni activities – one of the elements of the theoretical construct (CF2). This commitment is underpinned by the University's interest in growing its international onshore enrolment, as evidenced in Section 4.3.4.3.2, where it was observed that one of the key performance indicators (KPIs) of the University's Country V office is growing onshore enrolments.

CF1 commented that the '*quality of materials was not as good as they should be*'. These materials include unit guides and presentation slides that are provided online. It was noted that OP lecturers are not allowed to make changes to materials, but can propose changes which can be evaluated and implemented (if appropriate) by the respective unit coordinators. One case was noted where Country X lecturers were asked to edit the materials to conform to local cultural sensitivities, with the resulting material being of poor quality, including '*spelling mistakes*'. However, both participants agreed that the contribution of OP lecturers was important in assisting the University to improve its materials. This is especially relevant in view of the University's interest in being '*more engaged and involved in the countries*' where it operates. This interest reinforces the University's commitment to the theoretical construct's

primary activities relating to curriculum development, and teaching and assessment.

#### 4.3.4.3.3 'A Very Large Beast' – Institutionalizing Support

The V2 TNE operation, characterised by the above challenges, was described by CF2 as having *'evolved into a very large beast ... it wasn't always this way ... for as long as it was small, there was a level of quality that was possible through interactions of a few individuals'*.

The University very quickly responded to the above problems and challenges at V2 by setting up a host country office (HCO) in Country V to *'facilitate greater engagement and academic oversight'* (CF1) over the operations within Country V. In CF2's words, there was a need *'to ensure that quality is not compromised with its growth ... that's why we've had that Country V HCO created ... to help ... cope with some of the challenges we were facing as a result of the large student cohort'*. That the University acted very quickly was demonstrated by the appointment of the HCO Principal (who later became Dean) before the office was ready – he had to operate out of his home while the office was being renovated.

The presence of this office did not change the framework of the TNE relationship, but resulted in better oversight of core University functions. CF2 explained how the HCO now employed Student Services Officers (SSO) to manage admissions (including issuing offer letters), process approval of OP lecturers, and facilitate the training of OP staff. Previously, these SSOs were appointed by, and reported to the OP; the internalisation thus meant increased costs of TNE administration to the University. The HCO has an in-house Learning Development specialist to support OP lecturers through training, advisory support and materials development. CF2 explained that the added expense of these internalised processes, the result of the University's desire for *'more*

*involvement*, was to assure *'academic quality and equivalence'* of student experience. The set up of the HCO effectively internalised several primary and support activities of the TNE value chain, resulting in a shift in the configuration of the TNE business delivery model.

The country Marketing Officer was now located within the HCO to manage onshore student recruitment; this move facilitated expeditious approval of TNE OP marketing materials (instead of having the OP liaise with marketing staff at the University's home campus) (CF2). The HCO now has an additional key performance indicator (KPI) to work against, i.e., to increase onshore enrolments. CF2 noted that the presence of the TNE operations in Country V had a positive impact on onshore enrolments; the Country is now the *'number one'* source country for international onshore enrolments, reflecting the importance of university branding through TNE.

The TNE operations, supported by the HCO in Country V seem to be shaping up well, so much so that CF2 remarked that the University *'might (be) having similar offices in the other locations'*. The two partners have clearly found a comfortable division of labour for their TNE value chain of activities.

When asked if the University is considering setting up a branch campus to cater for the growth, CF2 thinks that this might not be possible due to the immediate need to stabilise the current operations. Further, the resource implication of a branch campus is currently beyond what the University is capable of undertaking – since an Australian public university *'could not justify using public funds to fund something offshore'*. The Direct TNE model is clearly not a favoured model for now.

In the course of the focus group discussions, online delivery, including Massive Online Open Courses (MOOCs) as an alternative basis for TNE operations was explored. Both participants were sceptical that online



delivery can be an effective business delivery model for TNE due to current student inclinations for face-to-face interactions (CF1), and the extensive back-room support logistics required (CF2). Like the branch campus model, this blended online model (another Direct TNE model) is also not favoured due to resource constraints.

#### 4.3.4.3.4 Laying the Groundwork for Stability and Growth

The rapid growth of University C's TNE operations in Country V triggered warning bells within the University (University C TNE Project Team 2013b). As the focus group participants noted, there were obvious issues with 'weakening academic integrity, pressure of an increased workload on academic staff, tighter quality expectations of host governments, socio-political considerations and TEQSA initiatives' – issues that were quoted by the Vice-Chancellor when he commissioned a new TNE project team in August 2011 to examine the University's TNE operations and develop a TNE model that would address these concerns and comprehensively review the 'capacity, cost and delivery of TNE' (University C TNE Project Team 2013b). The set up of the project team underscored the University's commitment to institutionalizing a sustainable TNE value chain.

The participants noted that in the past, the University focused only on providing materials, approving OP lecturers, set examinations and moderate OP marking – '*but pretty much hands-off*' (CF2). The delivery of the programs was '*a function of the partners*' (CF2). This state of affairs led to the gradual creep in the growth of the afore-mentioned issues. The Vice-Chancellor expressed alarm that if the current TNE operations proceeded without change, 'reputational damage will occur', arising from 'loss of confidence by the Country V authorities, staff pressure and stress, student dissatisfaction and failed accreditation' and a 'significant revenue stream will be diluted or lost' (University C TNE Project Team 2013b, 4).

CF2 explained that the project team was, in relation to TNE, to '*research what the rationale of ... the University should be*', '*what do we want it to be moving forward*', and '*how can we get our TNE enterprise to be more closely aligned to our new strategic plan*'. Ultimately, the University aimed for '*closer engagement between the University and the delivery of our courses*', and this closer engagement is driven by the need for ensuring high academic quality, and equivalence of academic outcomes between onshore and offshore deliveries.

The new TNE project team was tasked, *inter alia* to research the suitability of different TNE business delivery models (CF2). The task included building various cost scenarios (resulting in different profitability levels of operations) involving corresponding investments in TNE safeguards (University C TNE Project Team 2013b). CF2 intimated that all the existing TNE operations will be subject to a review after the TNE project team tables its recommendations. There might be a re-negotiation of the terms of the TNE collaborations. However, CF2 does not anticipate that the University will '*ditch the existing partnership that's tried and proven for another model*'. He seems to advocate a pragmatic approach to re-negotiation. CF2 confirmed that both partners in Country V indicated willingness to also review the programs delivered in their respective operations – towards rationalizing programs amidst a highly competitive market place both within each TNE operation (recall the substitute programs of other university partners) as well as in the open market.

#### 4.3.4.4 University D

The telephone interview with the highly experienced senior academic (DF1) revealed that his University, a Group of Eight university, no longer runs any TNE program. It last delivered TNE programs out of three SEA countries and one out of a non-SEA country. While this telephone interview is lean on details and is not corroborated, it has been documented in Appendix K (Themes, Concepts and Stories from University D Telephone Interview) for information and possible comparison with the views at the other three universities.

#### 4.3.5 Cross-case Analysis of Theoretical Construct

After investigating each university individually, a cross-case analysis is conducted to determine consensus among these universities on the validity of the theoretical construct for TNE business delivery. Note however, that the single case analysis of University D was too thin on details, and lack corroboration to ascertain the collective views of staff of the University. University D will therefore not be included in the cross-case analysis.

##### 4.3.5.1 Snapshots of Universities

University A has been in TNE since the early 1980s, and has very established TNE operations. The University has a mature infrastructure for TNE management, e.g., TNE team, strategic planning and staff support. It's financial returns from TNE equals that of the average of ATN universities, but is not high considering the proportion of TNE students serviced.

University B had also been operating TNE for a long time, but have recently discovered various weaknesses in the delivery of a number of TNE operations. The University was at the time of the focus group,

rationalizing its TNE operations and setting up formal processes for due diligence and management of TNE. While its financial returns were commensurate with the proportion of TNE students, its volume of revenue had fallen steeply. This was the result of the University's TNE rationalisation exercises. Its TNE revenue proportion is below the 'Others' classification of Australian public universities.

University C is relatively new in TNE, but has grown to be one of the largest TNE operators. Its TNE student population growth has been rapid, and has thus triggered various rectification, formalisation and review initiatives within the University. Its financial returns, at 24% is considered very high, compared to the peer classification's average of 9%.

The observations in Sections 4.3.4 for the individual universities have been tabulated below to provide a comparison across the universities.

No.	Construct Element	Uni A	Uni B	Uni C	Remarks
<b>1</b>	<b>Presence of formal TNE decision process</b>	Y	Y	Y	
<b>2</b>	<b>University Characteristics</b>				
a	Category university	Y	N	Y	
b	Size of university	Y	N	N	
c	Resources	Y	Y	Y	
d	Strategic TNE Agenda	Y	Y	Y	University C observed subsequently
e	TNE experience	Y	Y	Y	
f	TNE growth rate	N	Y	Y	
<b>3A</b>	<b>TNE Value Chain Primary Activities</b>				
a	Student recruitment	Y	Y	Y	
b	Staff recruitment	Y	Y	Y	
c	Curriculum devt	Y	Y	Y	
d	Teaching and assessment	Y	Y	Y	
e	Career placement and alumni relations	N	N	Y	
<b>3B</b>	<b>TNE Value Chain Support Activities</b>				
a	University infrastructure	Y	N	Y	Due to level of involvement
b	Acad support/student services	Y	N	Y	Due to level of involvement

c	Admin/prof services	Y	Y	Y	
d	Acad staff support	Y	?	Y	
e	Intermediate activity	Y	Y	Y	
<b>4</b>	<b>Impact of Environment</b>				
a	Suppliers	Y	Y	Y	
b	Buyers	Y	Y	Y	
c	New entrants	Y	N	N	
d	Substitutes	Y	Y	Y	
e	Industry rivals	Y	Y	Y	
f	Regulations	Y	Y	Y	

**Table 4.8 Extent of Validation of Theoretical Construct**

(Y – Yes; N – No; ? – Possibly; NR – Not referenced)

#### 4.3.5.2 University TNE Decision-making Processes and Characteristics

The three focus groups clearly indicate the presence of formal decision-making processes for TNE approval and management.

The participating universities provided varied (or did not provide any) responses in terms of the influence of university characteristics on TNE decision-making. The category of university appears an important factor for Universities A and C, while the size of university seems to be important only for University A. University resources, unsurprisingly is a core consideration for all three universities in their TNE decision-making process.

Focus groups of Universities A and B demonstrated clear commitments to a strategic agenda to drive their TNE operations. While this was not discussed in detail by the University C focus group, it was intimated by CF2 that there were University discussions on *'how can we get our TNE enterprise to be more closely aligned to our new strategic plan'*. Subsequent secondary data analysis discovered a well-developed internationalisation agenda embedded in the University's 2012-2017 Strategic Plan, labelled 'internationalisation as a whole-of-university enterprise', and elaborated on its website clearly specifying its TNE approach and philosophy (University C 2012).

All three University participants considered TNE experience as an important antecedent for successful TNE delivery. TNE growth rate was considered an important factor in TNE decisions at Universities B and C, but not in University A.

#### 4.3.5.3 Value Chain Activities

All four primary TNE processes of student recruitment, staff recruitment, curriculum development, and teaching and assessment were considered core processes for TNE across Universities A, B and C. Universities A and C reiterated the importance of academic staff support as a core TNE process, unlike University B.

Alumni relations were considered highly visible at only University C. The other universities did not mention these processes as core to TNE. There was no mention of post-graduation career placement services at any of the university focus groups. These post-graduation activities can be considered non-core or non-mission critical for the running of TNE operations.

It is interesting to note that Universities A and C demonstrated the importance of university infrastructure and academic support/student services, while Universities B did not. The acknowledgement of the importance of these two TNE support functions at Universities A and C could be due to their higher level of offshore involvement, compared to University B, where *'we allowed the operations to run differently'* (BF3), and *'we don't know how business is run ... we just listen to the partner'* (BF1).

Administrative and professional services, and intermediate activities were clearly core TNE processes for all universities which participated in the focus groups.

#### 4.3.5.4 TNE Operating Environment

There was ample evidence for the impact of the external environment (Porter five-forces model) on TNE decisions, except for 'new entrants'. The reason for the lack of attention on 'new entrants' at Universities B and C was likely due to the accent on their respective TNE stories which revolved around university TNE processes rather than the external market environment, and their high reliance on the OP for marketing and recruitment of students.

#### 4.3.6 Focus Group Findings and Modification of the Value Chain for TNE Investigation

The above cross-case analysis provided evidence of the presence of formal decision-making processes for the approval and management of TNE operations as envisaged in the theoretical construct. All *a priori* value chain primary processes identified in the TNE value chain model of Section 2.7.3.4 were evidenced in all three universities, except the post-graduation primary activities of career placement and alumni relations.

Post-graduation activities, viz., career placement and alumni relations, were flagged by all universities as non-mission critical. This trend reflects Weisbrod et al.'s description of such activities as part of the university's *mission goods*; as opposed to the *revenue goods* that are required for the sustainability of higher education operations (Weisbrod, Ballou and Asch 2008).

This finding also confirms Mazzarol's (Mazzarol 1997, 304-307) conclusion that while 'brand equity/identity' were important in promoting the university offshore, and 'while most recognised the importance of alumni, few were able to demonstrate significant use of their alumni for development purposes'. He advised that 'institutions consider the

integration of their alumni into their broader marketing strategies'. It is obvious that the focus group universities have not heeded Mazzarol's counsel.

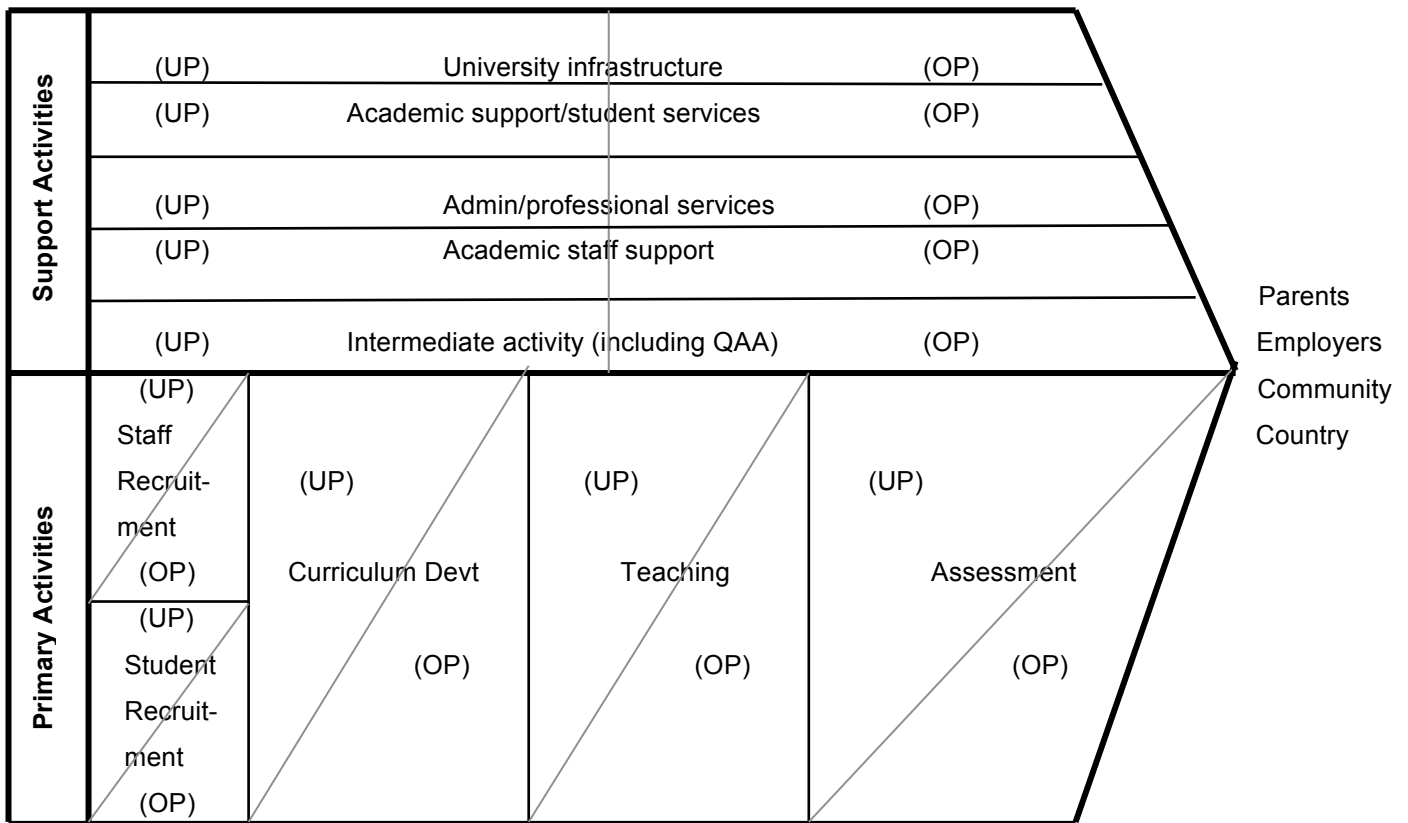
In considering the TNE value chain support activities, the academic/professional services and intermediate activities were evidenced in all three universities. The other three value chain support activities were detected in Universities A and C, but were insufficiently evidenced in University B.

The analysis of the universities' characteristics relevant to TNE decision-making identified university resources, university TNE strategic agenda and TNE experience as important considerations in all three universities. The category of university and TNE growth rate seems to be important for two universities, while the size of university important only to University A, the largest of the three universities.

The impact of the environment (i.e., the Porter five-forces, plus government regulation) was clearly evidenced in all three universities' TNE decisions, with the exception of 'new entrants' which is only evidenced in University A.

In view of the above findings, the value chain for TNE of Section 2.7.3.4 is thence refined to exclude Career Placement and Alumni Relations. The refined value chain is displayed below.





(Abbreviations : UP for University Partner; OP for Offshore Partner)

**Fig. 4.5 TNE Value Chain Version 2**

The focus groups have thus provided sufficient evidence for the support of the theoretical construct in general. The theoretical construct, together with the refined TNE value chain will therefore be adopted for use in the in-depth case studies.

#### 4.4 Evaluation of the Theories of the Firm

The focus group discussions were analysed to determine if one or more of the three theories of the firm were demonstrated in the universities' TNE decision-making. To enable this analysis, a NVivo coding framework (Table 4.9 below) was developed, drawing from Table 3.9 (Theoretical Reflectors Targeted in TNE Organisations).

Note that the focus group analyses were aimed at evidencing the practice of one or more of the three theories in TNE model selection decisions, and not to explore causality (Section 3.6.3). Hence, the focus group coding framework was designed to detect only the presence of the reflectors of the theories, and the analyses were not designed to explore the propositions. These propositions will be explored through the in-depth semi-structured interviews, the second phase of the study where more detailed interrogation will be undertaken on informants with Strategic, managerial and academic accountabilities.

The resulting coding framework captures the key distinguishing reflectors of each of the theories. As presented in the Venn diagram of Section 2.6.5.1, there are common reflectors, e.g., cost economisation rationale and information asymmetry assumption that cut across all three theories. The incomplete contracting and asset specificity assumptions are common to both TCE and PRT, while *ex ante* incentives alignment is a common assumption of PRT and AT.

No.	Reflectors of Theories	Proposed Codes ( <i>in vivo</i> codes in full italics)				
		Code 1	Code 2	Code 3	Code 4	Code 5
<b>A</b>	<b>TCE Reflectors</b>	Cost economisation (THE-CEc)	Information asymmetry (THE-InA)	Incomplete contracting (THE-InC)	Asset specificity (THE-ASp)	Behavioral uncertainty (TCE-BeU)
		Environmental uncertainty (TCE-EnU)	Risk neutrality (TCE-RNu)	Transaction costs (TCE-TrC)	Transaction frequency (TCE-Frq)	Governance structure (TCE-GvS)
<b>B</b>	<b>PRT Reflectors</b>	Cost economisation (THE-CEc)	Information asymmetry (THE-InA)	Incomplete contracting (THE-InC)	Asset specificity (THE-ASp)	<i>Ex ante</i> incentives alignment (THE-EAI)
		Governance environment (PRT-GvE)	Property rights (PRT-PrR)	Residual control rights concentration (PRT-RCR)	Value dissipation (PRT-VeD)	Resolution via negotiation/unilateral decision (PRT-Res)
<b>C</b>	<b>AT Reflectors</b>	Cost economisation (THE-CEc)	Information asymmetry (THE-InA)	<i>Ex ante</i> incentives alignment (THE-EAI)	Risk aversion differences (AT-RAv)	Adverse selection (AT-AdS)
		Moral hazard (AT-MHz)	Agent incentivisation (AT-AIn)	Agent's bond cost with principal (AT-ABC)		

**Table 4.9 Coding Framework for TNE Theory Evaluation**

#### 4.4.1 Single Case Analyses of Plausibility of Theories

The focus group discussions of Universities A, B and C as presented in Section 4.3.4 will be interpreted in turn to identify reflectors of each of the three theories of the firm. The telephone interview transcript of University D TNE discussion was too thin on details to enable any meaningful analysis, and will thus be excluded. The plausibility of the theories applying in each university is discussed at the end of each of the three university case studies below.

##### 4.4.1.1 University A

As discussed previously in Section 4.3.4.1, University A is a large multi-campus ATN university delivering TNE programs to more than 7,400 students offshore in 2015.

##### 4.4.1.1.1 TCE

This section investigates the participants' responses with regards to reflectors of TCE as they relate to the University's TNE decisions.

##### a) Cost Economisation

The early franchised TNE model of University A was considered '*very labour-intensive*' in terms of sending onshore staff to TNE locations to teach (AF3). Onshore staff sometimes taught up to 27 hours per unit in TNE locations (AF6), a practice that is '*not sustainable*' (AF1). The University made deliberate moves to reduce this commitment, and succeeded in most jurisdictions to eliminate this commitment altogether, except in Country O where local regulations require the University to conduct at least one-third of the required teaching hours (AF3). This elimination and reduction of teaching hours ('*less physical presence offshore*' – AF5) was enabled by the outsourcing of teaching

responsibilities to University-approved offshore OP lecturers, adopting a moderation role, and leveraging on teaching technologies such as oLecture, an online teaching platform.

The University further reduced its offshore investments by leveraging on its OPs' physical infrastructure (AF4), and thus also reducing its offshore tax exposure (AF5). AF1 remarked that OPs '*add value*' through the University's outsourcing of TNE functions.

Although the University put various cost economisation measures and processes in place, and reiterated the need for financial sustainability (AF1), the participants did not emphasise any profit maximisation motive for the University's TNE operations.

While the University considered various ways to reduce resource commitments in franchised programs, it also deliberately set up branch campuses in two countries – despite these attracting '*enormous set-up costs*' (AF2). This strategy seems to contradict the cost reduction approach in dealing with franchised programs. On closer scrutiny, the branch campus strategy is really an extension of the cost economisation approach through greater control of the TNE operations (AF6). At least in the case of the Country T branch campus, the unanimous rationale for its set-up was one of '*giving back*' to the host country in the form of host country capacity-building (AF1, AF5).

We can surmise that while the University advocated cost economisation, it did not demonstrate any profit maximisation inclination. This supports the assumption of cost economisation that underpins all three theories of the firm. AF6 summed this up rather crudely by saying that '*the greatest savings - the University will catch up with, and other things will flash and then die*'.

b) Information Asymmetry

The focus group discussions demonstrated an obvious concern for information asymmetry. At least one terminated TNE operation was due to *'teaching facilities that weren't what we expected'* – a situation that was not discovered at the onset of the operations (AF4). AF4 also complained that information about student performance and offshore lecturer teaching preparations were not easily accessible due to the reduced face-to-face contact.

AF1 emphasised the need to require the *'partner to drive the market research'* to enable the University to ascertain *'market demand'*. The participants concur that information about potential OP stability (AF1), TNE experience (AF1), reputation (AF1, AF6) and financial viability (AF5) are needed to enable the University to make informed TNE decisions. Finally, at least two separate surveys were conducted as part of annual reviews of TNE operations to ensure the integrity of information and to inform planning for the following year (AF1).

c) Incomplete Contracting

AF1 reported that all TNE operations were governed by one of two different types of legally-enforced contracts, viz., the generic (for franchised programs) and the joint-venture agreements (for branch campus operations). The discussions highlighted a number of instances where these contracts did not anticipate administrative gaps (AF1), student *'leakages'* to other programs (AF2), and payment modes by OPs to the University (AF6). It is clear that TNE contracts committed by University A are incomplete with respect to these TNE issues.

d) Asset Specificity

The foregoing discussions in Section 4.3.4 indicate the high value the University places on its OPs for undertaking part of the functions of the TNE value chain, e.g., teaching, assessment, providing physical infrastructure and marketing. While valuable, these functions and infrastructure can easily service any other university partner. Quoting the example of the teaching function, AF4 remarked that '*offshore lecturers also have experience teaching in other international programs for other international universities*', and hence '*this makes them really strong lecturers*'. Even on the part of OPs, the University observes that various health service providers can provide the necessary physical infrastructure for the running of the University's health-related programs (AF5). However, asset specificity is definitely observed in the set up of branch campuses. These investments attract '*enormous set-up costs*' (AF2), and are '*much more risky*' (AF1).

e) Behavioural and Environmental Uncertainty

Behavioural uncertainty is observed mostly in franchised programs. OP performance in academic delivery (AF1, AF4) and student recruitment (AF2), which translates into TNE financial viability (AF5), were the oft-quoted reasons for TNE termination. These could be traced to the vagaries of the OP behaviour ('*the partners have now changed and we need to change as well*' – AF5), and the occasional high turnover of OP staff ('*I have some concerns that as a unit coordinator, ... I'm dealing with a local lecturer who may not be the same one that I had last semester*' – AF2). This led AF6 to conclude that '*it's much less partnership and it's a lot more policing*' – a very apt description of the need to look out for behavioural uncertainty in franchised operations. The branch campuses on the other hand, would demonstrate less behavioural uncertainty due to the direct control that the University exercises over the operations (AF6). And indeed, all participants

concluded that the University's current preference for branch campus operations was due to a need for more control (*'over time as the quality becomes more and more important, I think we felt that we need more and more control'* – AF6).

Environmental uncertainty is clearly a concern when the University is considering both franchised and branch campus models. These concerns arise from regulatory developments (AF1), growing competition (AF3), market substitutes (AF5), and fluctuating exchange rates (AF6). The University's TNE business delivery modelling evolved over time in response to these environmental impacts on existing programs (AF5). This is amply reflected in the exhaustive due diligence processes for potential TNE ventures, which includes environmental scanning at national and regional levels (AF1).

f) Transaction Costs

Throughout the focus group discussion, all participants commented on various transaction costs. These costs arise from pre-operating due diligence information seeking (AF1), contract drafting and negotiation (AF1), designing administrative and quality safeguards (AF1, AF3), cross-border monitoring and coordination (AF2, AF4, AF6), measurement and benchmarking (AF1). Reference was also made to the University's slow pace of investments in online capabilities to support TNE operations (AF6), and mal-adaptation due to increased competition (AF5, AF6). Transaction costs are evident in University A's TNE decision-making processes.

g) Frequency of Transactions

While the modified TNE Value Chain for TNE (Figure 2.14) was a simplified version of Hutaibat's (Hutaibat 2011) value chain for higher education administration, it is still a high transaction frequency value



chain of activities. In fact, the engagements with students lasts the entire duration of the student's program of study, where knowledge and skills are co-created between (mainly) the academic staff of the university and the student. These activities are described by AF1, when he reported that *'we look at enrolments by unit, trend analysis for three years, pass rate compared between home campus and the partner, ... their teaching and learning, their facilities ... two different surveys ... and then, we look at marketing opportunities ... administrative issues'*.

University A used to be highly involved in teaching offshore, as AF3 quoted, up to *'one-third of the course'*. AF3 also remarked that *'that's a very labour-intensive model'*, and that *'we are now moving away from it'* through the University's campus model. Note however, that this value chain activity of teaching still remains to be executed howbeit by the OP. AF2 complained about *'always have(ing) to try to measure and monitor the education of my students offshore'*. AF2 also rued the fact that *'you have to contact administration staff at the faculty level before you manage to get in touch with the local lecturer'*. The teaching load might have been transferred to the OP, but in some instances, this workload might have even increased as demonstrated in AF2's case.

In comparison with TNE, AF6 remarked that articulation (i.e., the arrangement where offshore students are transferred onshore through recognition of prior host country tertiary credits) is clearly favoured because *'it's easier'*, *'quicker'* and *'virtually no risk at all'* (AF6). On the other hand, while commenting on branch campus operations, AF1 noted that TNE is a *'more complicated process'*, and concluded that *'delivering face-to-face in country, I think ... Australian universities not really geared towards that type of activity'*.

#### 4.4.1.1.2 PRT

The foregoing analysis within TCE on cost economisation, information asymmetry, incomplete contracting and asset specificity provided sufficient evidence of these reflectors, which are also shared with PRT. This section investigates the remaining reflectors of PRT as they relate to the University's TNE decisions.

##### a) Ex ante Incentives Alignment

Attention is now directed to one reflector that is shared with AT, viz., *ex ante* incentives alignment. There is obvious evidence that the University employs legally-enforceable contracts, and that various criteria are considered prior to signing up new, or renewing existing TNE ventures (AF1). However, *ex ante* incentives alignment does not seem to have been discussed in detail. While the participants are confident about the University's own incentives for TNE involvement (e.g., commercial sustainability, branding, networking, and the nobler rationale of 'giving back' and capacity building; Section 4.3.4.1.1), there was almost no mention of the OP's incentives to enter into TNE contracts.

AF4 made a passing mention that everyone knows about the University's good reputation, and that '*partners can also ... provide the University's degrees*' – implying that the University's branding and degrees are desirable to the OP. Apart from this sole reference to OP incentives, it can be inferred that OPs are also concerned about TNE profitability through the University's own concerns about TNE viability and sustainability (as discussed previously under TCE in Section 4.4.1.1.1).

The focus group discussions seem to overwhelmingly project the University's own motivation for, and concerns with TNE, to the exclusion of the OP's voice. AF6 even went on to say that the University's approach to OPs is more policing than partnership. While this focus

group does not clearly spell out the OP's incentives for participating in TNE, it cannot be concluded that *ex ante* incentives alignment does not influence the selection of TNE governance structures.

b) Efficient Governance Environment for Contract Enforcement

PRT assumes that property rights are exercised effectively and efficiently within environments which are characterised by mature governance arrangements, e.g., established regulations, enforcement infrastructure and informal rules of conduct (Section 2.6.3). The focus group recognised the impact of regulations (both offshore and onshore) on TNE operations (AF5, AF6).

There was consensus that the TNE operations of the University are subject to both sending country (e.g., AUQA/TEQSA and Acts of Parliament) (AF5), and host country (e.g., host government regulations and general laws) governance (AF2). AF4 confirms that host government regulations '*affects the way that we teach*', while AF5 described AUQA's 2008 new audit approach as a '*trigger*' for the review and closure of a number of the University's TNE operations. Host countries are '*tightening regulations*', with some of them even dictating the minimum number of hours of teaching per unit (AF4). AF5 rued Country O's legal environment which limited fees chargeable, governed taxation, regulated profit repatriation and prescribed teaching models. The participant also added that the increasingly tightened regulatory environments required the University to exercise more control, thus favouring the Direct Model of the branch campus. AF1 emphasised licencing and compliance as key issues in deciding on TNE ventures, while AF6 remarked that more compliance lead to '*increased cost of the program*'. Although these remarks indicate a recognition of the influence of the governance environment on TNE decisions, they also reflect a resistance to the constraining effects of these regulatory impositions.

AF5 confirms the now standard University practice of investigating the regulatory environment during due diligence of new TNE projects (*'what are the rules around governance of the operation'*, and to *'conform with what's allowed'*) as the host regulatory environment matures, having seen that these environments *'were at a different stage that it is now'*. The University is also committed to the broader *'compliance in marketing and finance as well (as) with QA issues'* (AF6).

These developments point to the University's appreciation of mature regulatory environments to assure compliance in all aspects of the TNE operations, a prerequisite for the application of PRT.

c) Establish, Transfer and Maintain Property Rights

Property rights comprise both clearly delimited rights within contracts, as well as residual rights exercisable by the owners of valuable resources (Section 2.6.3). These rights were amply demonstrated within University A's TNE operations. The participants largely agree with clearly assigning control over teaching resources (AF3, AF4), teaching staff (AF1, AF4, AF5), facilities and physical infrastructure (AF1, AF4) between the partners. The University value the OPs' familiarity and expertise over marketing (AF3), licensing (AF1) and conducting business (AF6) in the host country. It is also aware of the value of its own brand reputation (AF4), intellectual property rights over its teaching materials (AF3), and the perceived high value of its English language teacher graduates (AF5).

AF1 emphasised the need for the University to conduct thorough due diligence prior to commencing TNE operations because of financial risks and the University's name was *'on the gate'* – indicating a deep concern for the viability of the venture. It was interesting to note AF6's assertion that some TNE ventures were more policing than partnership – providing evidence of the University's exercise of its residual rights. This

observation might support PRT's prediction that residual control rights are concentrated in the party that has the most to gain and lose in the collaboration.

d) Rent-seeking Externality Concerns

AF4's comment on the deployment of OP lecturers who were also teaching in other universities' TNE programs reveals possible value dissipation (rent-seeking externality) through the sharing of the University's intellectual property. The existence of student leakage to other university programs, although thought to be small (AF5) is also another possible value dissipation (as part of PRT) from the University's TNE collaboration.

e) Resolution of Externalities

The annual and triennial reviews instituted by the University have been described as very comprehensive audit exercises, involving two independent surveys (AF1). AF1 describes how the University and the OP will then discuss shortfalls in performance and compliance, and negotiate improvements for the following year. This demonstrates a mutually-agreed resolution of collaboration issues between two partners that appreciate each other's property rights. On the other hand, the University's set up of a branch campus in Country V through the absorption of three previous TNE operations and the termination of two others speaks of the University's unilateral approach in TNE problem resolution (AF1). This unilateral approach demonstrates the University's recognition of its strong residual rights of control vis-à-vis the OP's rights.

4.4.1.1.3 AT

The foregoing analysis of TCE (Section 4.4.1.1.1) and PRT (Section 4.4.1.1.2) provided support for the common reflectors of costs

economisation and information asymmetry, which also applies to AT. *Ex ante* incentives alignment was noted to be weakly supported. This section now turns to the remaining AT reflectors potentially impacting the University's TNE decisions.

a) Differences in Risk Aversion

One of the rationales for managing a business as a principal-agent collaboration is the differences in risk aversion between the two parties (Section 2.6.4). It is obvious that the University exhibits some measure of risk consciousness – through its mature TNE due diligence and review processes (AF1, AF5). Several participants indicated the University's concern over commercial and reputational risks (AF3, AF5, AF6). The University has clearly instituted various policies and processes as a result of its concern over the risk of having to rely on an offshore partner to deliver its programs (AF1).

b) Complete Contracting

While the university's current TNE operations reflect incomplete contracting (as discussed under TCE in Section 4.4.1.1.1c), their previous TNE operations were managed for many years under perceived complete contracting conditions. This was premised upon the perceived capability of the OP to undertake the offshore delivery with minimal University intervention (AF3).

It was only when the University have '*run a program for a few years*' and '*have come with the experience*' (AF5), that the University realised that it '*need(ed) more and more control*' (AF6). The realisation that the partnership contracts were insufficient to assure quality came about when the University had to prepare for the AUQA Cycle 2 audits starting 2008. Moreover, the new business delivery model, '*a branch campus is*

*more complex to set up*, and therefore needed more robust scrutiny (AF1).

#### c) Adverse Selection and Moral Hazard

University A definitely encountered adverse selection and moral hazard in its TNE ventures, as can be observed in their Country Y venture where the OP failed in providing suitable teaching facilities (AF4), in the poor academic quality of delivery at several other ventures (AF5), and where some TNE ventures were speculated to have failed due to the nature of the *'partner'* (AF2). AF2 elaborated on the *'partner'* by emphasizing that OP *'credibility'* is a criterion for partner selection, while participants AF1, AF5 and AF6 identified *'reputation'* of the OP as an important criterion. In retrospect, AF1 also believed that *'stability, (and) experience in delivering (TNE)'* were prerequisites in new OP selection. Moral hazard is also observed in the difficulty of University unit coordinators in monitoring offshore lecturers, within an environment of high staff turnovers, and especially following University policy to reduce staff travel commitments (AF2). To minimise adverse selection, the University developed comprehensive due diligence processes involving multiple layers of University sign-offs (AF1). To reduce moral hazard, the University instituted grading moderation (AF2), and highly robust annual and triennial reviews (AF1). Ultimately, to reduce agency problems dealing with OPs, the University favours the Direct Model presented by branch campuses – as advocated by AF5 (*'in the case of Country V it's good'* because the University *'makes all the academic decisions'*).

#### d) Agent's Economic Incentives

The OP is inferred to incur bonding cost while complying with the University's policy requirement for annual and triennial reviews. While necessary for the smooth running of the TNE programs, OPs' teaching staff obligation to work closely with University unit coordinators is

observed to be an imposition on the OP teaching staff (*'he in turn follows instruction from me'* - AF2).

Drawing from previous discussions on *ex ante* incentives alignment (Section 4.4.1.1.2a), the focus group observed little on the OP's (i.e., agent's) incentivisation for participating in the TNE venture. However, inferring from the University's own concerns for financial sustainability in a private sector venture (Section 4.3.4.1.1), it is highly plausible that the OP also shares this concern, and invariably also driven by profit.

#### 4.4.1.1.4 Findings on the Application of the Three Theories of the Firm in University A's TNE Decisions

The foregoing analysis on possible TCE application in Section 4.4.1.1.1 provided evidence that all eight reflectors of TCE find support in University A's preferred branch campus (Direct Model) TNE operations. The preference for the branch campus model is due mainly to the need for more control of the operations, a classic TCE vertical integration shift, accompanied by investments in asset-specific branch campuses. It can thus be concluded that TCE is a possible driver in University A's preference for a vertical integration into the branch campus model.

The analysis of PRT reflectors (Section 4.4.1.1.2) in University A's TNE decisions shows up weak support for PRT. This is because of weak demonstration of *ex ante* incentives alignment, and the lack of asset specificity within the franchised (Outsourced Model) programs. Note however that *ex ante* incentives alignment has not been ruled out altogether, while asset specificity is observed in the University's branch campus operations. Hence, PRT cannot be ruled out of the University's preference for branch campuses.

While an investigation into agency issues (in Section 4.4.1.1.3) would have been better served through engagements with both principal (i.e.,



the University) and agent (i.e., the OP), the above analysis provides sufficient support for all the AT reflectors in the University's franchised operations. The University was noted to have considered agency concerns in running its franchised operations (Outsourced Model). AT is not supported in the University's decision to run the branch campuses.

#### 4.4.1.2 University B

The vignettes described in University B's TNE experience (Section 4.3.4.2) provided rich data for analysing the demonstration or otherwise of the theories of the firm in the University's TNE decisions. These stories are contextualised against a period of rapid TNE growth. BF3 remarked that *'the offshore has been growing at a faster rate than the onshore'*. This period of rapid growth was followed by a season of TNE dismantling when the new Vice-Chancellor applied the brakes as he restructured the University's TNE operations in response to the 'licensed' program debacle and the AUQA/TEQSA audit. BF3 described how the University *'started closing down a lot of the offshore stuff ready for AUQA/TEQSA ... to hide a lot of the problems'*.

The period of rapid TNE growth saw a University with low TNE experience and resources leveraging successfully through its OPs. Participant BF1 remarked that *'we don't know how business is run ... we just listen to the partner'*.

The lessons learnt from the many TNE terminations led to the restructuring in the University's TNE capabilities, the development of more robust processes and policies, and the crafting of more favourable contracts.

#### 4.4.1.2.1 TCE

This section investigates the reflectors attributed to TCE, as they relate to the University's TNE decisions.

##### a) Cost Economisation

Cost economisation was clearly observed in the University's use of the 'licensed' programs at countries V, S, W and Z through the licensing of its second year units. BF2 noted that this model was a cost-effective means (for both the University and its OPs) to compete with industry rivals because it incurred '*less administration ... less travel ... less marking*', while BF1 remarked that '*there is a possibility of cutting cost*'. After the discovery of this violation of academic rules, the University terminated the Country V operation, and re-negotiated the delivery at Countries S, W and Z. The renegotiation enabled the 'licensed' units to be run as OP units which are approved by the respective countries' regulatory authorities – thereby perpetuating the cost economisation rationale.

Although the introduction of the workload management system was premised on equity, it also pointed to a cost economisation approach post the rapid TNE growth period. While BF3 argued that the University wanted '*to make it fair and equitable*', he also commented that the University '*was right in making the decision*' to address the '*double dipping*' by academics engaged in TNE delivery. Further, BF1 emphasised that the University could '*cut the organisational cost*' through reducing the number of majors offered offshore in future TNE endeavours.

## b) Information Asymmetry

The University leveraged heavily on the resources of its OPs (*'we don't know how business is run ... we just listen to the partner'* – BF1) during the rapid TNE growth period; it did not have a mature TNE delivery infrastructure to undertake the core activities of the TNE value chain (*'we've gone out and sold something to market that we can't deliver'* – BF3). In its haste to grow, the University's due diligence process was compromised (*'we've never done any proper due diligence'* – BF3), and in some cases, were not even conducted – as reported by BF3. BF3 continued that in the past, when potential OPs promised *'this number of students ... make this amount of money'*, the *'University jumped at it'*. For instance, the University was not aware over many years that the 'licensed' units (in Countries V, S, W and Z) and its bilingual program (in Country O) violated academic regulations, and also did not *'know who the (second-year 'licensed' program) students are'* (BF1). It was also unaware of the deteriorating academic standards of its Country Q students until an annual audit picked up this weakness (BF5).

In agreeing to deliver its Business programs in Country V, the University did not realise that its OP was also delivering another Australian Business program that was *'easier to get into ... do it faster ... come out with a double degree ... it's cheaper'*, putting its program at a disadvantage in that *'highly competitive marketplace'* (BF3).

## c) Incomplete Contracting

Considering the rush to market by a poorly-equipped (in terms of TNE management) University, there is ample evidence of incomplete contracting both during and after the rapid TNE growth period. The 'licensed' programs and the altered Country X delivery are two prime examples of the poor coverage of TNE contracts (Sections 4.3.4.2.1 and 4.3.4.2.5). The lack of detail addressing advanced standing in contracts

was also flagged by BF1, saying '*you've got to have a separate agreement; a separate negotiation; a separate arrangement*'. BF1 ventured to say that there was in some cases, '*no management contract*', and that '*nobody follows ... nobody look at it*' (referring to TNE contracts). The focus group consensus was that the University had failed to protect its own interests and short-changed itself in drafting the contracts. However, drawing from the lessons of the past, BF1 believes that the University can rely on comprehensive contracts for successful TNE delivery in the future.

BF3 sums up incomplete contracting in University B well in saying that '*that's not in the contract ... that's part of the process*', referring to both the past as well as what's practiced in the present.

#### d) Asset Specificity

There does not seem to be much investment by the University or its OPs in partnership-specific assets either during or after the rapid TNE growth phase. This is probably due to the delivery of unsophisticated 'chalk-and-talk' programmes, which do not require heavy investments in infrastructure, specialised skills sets, or branding (BF5).

The closest to an asset-specific investment observed is the need for '*the amount of laboratories*' for the '*personal trainer*' program (BF4). These cannot be said to potentially incur the classic TCE safeguarding costs because the University's programs are not unique. There was however discussion on the high cost of investments while exploring plausible future business delivery models, e.g., the 'managed' campus (BF5).

#### e) Behavioural and Environmental Uncertainties

Uncertainties attributed to partner behaviour can be observed in the misrepresentation of the 'licensed' program by the OPs, the failure of the

Country X OP to undertake teaching responsibilities, and the discovery of weak management at the Country Q TNE operation (Section 4.3.4.2). BF3 maintains that even after a formal 27-step service checklist had been developed, the University still does not have a fool-proof system for assuring OP compliance.

The false starts at Countries T, R and Y provide evidence of the vagaries of the operating environment, and their impact on the viability of the TNE operations (Section 4.3.4.2). The Country Q OP's resorting to admitting low performing students also points to unforeseen environmental (business) forces driving the behaviour of the OP. These forces may come in the form of non-availability of qualified teaching staff (or suppliers; as in Country X), limited access to qualified students (or buyers; as in Country Q), industry rivalry (or substitutes; as in the false starts in Countries T, R and Y) and government regulations (as in Country V 'licensed' programs) (Section 4.3.4.2).

f) Transaction Costs

Concern for transaction costs of *ex ante* partner screening (BF1, BF3), contract negotiation and drafting (BF1, BF3), monitoring and safeguarding (BF5), communication (BF2, BF5), and adaptation (BF3) were clearly evident in University B's TNE experience. These were demonstrated through the poor OP screening in Countries Q, T, R and Y, the poorly constructed contracts that were '*too much in their favour*' (BF1), and the moral hazards identified at Countries X and Q.

There were also opportunity costs associated with failure to identify viable partners (i.e., the false starts), mal-adaptations (viz., the three-semester scheduling problem and the academic staff resistance to the new workload management system), and *ex post* loss of productivity arising from adjustments in efforts (i.e., addressing the 'licensed' units) (Section 4.3.4.2).

g) Frequency of Transactions

As observed in the case of University A, TNE is a high transaction frequency value chain of activities that lasts the entire duration of a student life cycle. This is in contrast with goods production and distribution, where there might or might not be any after-sales servicing.

BF3 spoke about the impact of Country V's new legislation that would '*make a foreign provider teach over 54% of the course*'. Adding tension to the University is the pressure of delivering degrees in a shorter duration in order to capture students in the highly competitive market environment. One of the OPs senior managers '*always talked about ... it's reputation, it's price, and it's speed that you can get the degree*'.

To compound the high transaction frequency, the University has had to roll out a trimester delivery offshore while it's onshore study schedule remains a two-semester timetable (BF3). BF3 complained that '*we're delivering a trimester model when all of our systems and processes are set up for two semesters*'. BF1 added that '*we can't cope*', '*basically the faculties cannot cope ... because staff work three semesters and no holidays*'. BF1 further reported that sometimes results are not out when the next teaching period starts.

BF3 remarked that TEQSA '*instead of doing two-year audits, for offshore, it may build in a 12-month*' audit. This is confirmed by subsequent data analysis of TEQSA's website (TEQSA 2015a); TEQSA requires all Australian higher education institutions to provide annual reports on their performance to maintain their registration.

#### 4.4.1.2.2 PRT

In the previous Section on TCE, the common reflectors for TCE and PRT, viz., cost economisation, information asymmetry and incomplete contracting were identified in the University's TNE delivery model decisions. There was however no evidence of any need for asset-specific investments in the University's TNE operations. This section explores the remaining PRT reflectors as they relate to the University's TNE decisions.

##### a) Ex Ante Incentives Alignment

University B's TNE motivation has been described as mostly commercially driven. The TNE operations at Countries O and Q, the 'licensed' programs at Countries V, S, W and Z, and the false starts at Countries T, R and Y demonstrate *ex ante* alignment of commercial-driven interests between the University and its OPs (Section 4.3.4.2). The University's Country X TNE operation exhibits signs of an alignment of strategic (and not commercial) interests, amidst poor financial returns.

The concession provided to the OP to deliver the 'licensed' programs and which generated about A\$1 million revenue for the University seem to indicate the possibility of an *ex ante* alignment of incentives between the University and the OP (Section 4.3.4.2.6).

New TNE ventures such as the re-negotiation of the 'licensed' programs were premised on an alignment of commercial interests, where the University traded low licensing fees to the OP for international access, as confirmed by BF2's admission that '*it enables us to have access to markets that we wouldn't have otherwise*'.

#### b) Efficient Governance Environment for Contract Enforcement

The efficient enforcement of TNE contracts relies on both sending country and host country regulatory environments. While Country V's regulatory authorities did not pick up the suspect 'licensed' program, the University's preparation for its AUQA/TEQSA audit did (Section 4.3.4.2.5). The same can be noted of the termination of Country O's 4+4 program (Section 4.3.4.2.2).

There was a conspicuous absence of concern over the legality of the Country Q TNE operation (Section 4.3.4.2.3). This is set against the context of the grey area of TNE operation within the country's regulatory environment which does not currently recognise TNE as legitimate within its borders.

The above observations seem to reflect a lack of concern by the University for an efficient governance environment that is required for PRT-driven decisions.

#### c) Establish, Transfer and Maintain Property Rights

The University and its OPs have clearly engaged in the establishment, transfer and maintenance of their respective property rights through the articulation arrangements negotiated as part of the Country O TNE program, and the delivery of the 'licensed' programs (both prior to, and after the re-negotiations).

This OP management approach suggested by BF2 (*'legalistic'*) and BF1 (*'my hen ... lay the eggs for me'*) seem to reflect a strong-handed approach to governance through the exercise of the University's residual rights of control and unilateral decisions in conflict resolution (Section 4.3.4.2.6).



The examples of contract breaches in Section 4.3.4.2.6 reveal how real and intense market pressures impose on Universities, and demonstrate the exercise of residual control rights by the OP arising from their control of the market. There is also evidence of the exercise of residual control rights by the lead OP in the re-negotiation for the 'licensed' programs, leading to highly favourable licensing fees for the lead OP.

d) Rent-seeking Externality Concerns

Shirking and failure to fulfil TNE promises by the OP in Country X are obvious externalities identified by the University (Section 4.3.4.2.1). However, the University seems to be rather cavalier about this externality despite acknowledgement that the operation was '*not as profitable*' (BF3). This was intimated to be possibly due to the University's strategic agenda for this operation, referencing the VC's direct involvement (BF3).

The Country V OP's misrepresentation of the 'licensed' units as University B's units was a clear case of the OP distorting information, while the re-negotiated 'licensed' units (where the University was seen to have given in to the OP on the licensing fee) was intimated by BF1 to be a case of value dissipation.

e) Resolution of Externalities

At Country X, there was no attempt by the University to correct the OP's shirking (Section 4.3.4.2.1). This was attributed to the University taking a strategic approach in Country X.

In contrast, the University exercised its residual control rights in the Country V 'licensed' program disconnect through a unilateral termination of the program, while taking a more conciliatory re-negotiation process with regards to the same problem in Countries S, W and Z (BF1). The former was due mainly to a fallout between the University and its OP, as

reported in personal communication with BF1 and BF2 (BF1 and BF3 2013); this is despite an annual income exceeding A\$1 million from the Country V TNE operation. The latter was due to the considerable size of the TNE partnership with the lead OP operating in three countries, and hence providing evidence of the exercise of the residual control rights of the OP.

#### 4.4.1.2.3 AT

Cost economisation, information asymmetry and *ex ante* alignment of incentives were evidenced earlier (Sections 4.4.1.2.1 and 4.4.1.2.2), and they form part of the reflectors for AT in the TNE decision-making process. This section explores the remaining AT reflectors as they relate to the University's TNE decisions.

##### a) Differences in Risk Aversion

In the early TNE operations, low-risk aversion was observed, based on the University's comfort in, and reliance on its OPs (*'we don't know how business is run ... we just listen to the partner'* – BF1). The discovery of major issues in these operations led to the University adopting a more risk averse approach to TNE decision-making. This is demonstrated in the termination of the Country V 'licensed' TNE operation, and the re-negotiation of the Countries S, W and Z 'licensed' operations – upon discovery of the non-compliant status of the 'licensed' programs (Section 4.3.4.2.5). The University's risk aversion was also demonstrated in the termination of the Country Q TNE operation (Section 4.3.4.2.3), the set up of a 27-step TNE service checklist, the engagement of external consultants for TNE due diligence (BF3), and the greater scrutiny of TNE contracts (BF1).

## b) Complete Contracting

Recognizing its lack of resources, the University had relied heavily on its OPs in the early TNE operations as its contracts seemed to be serving their purpose (*'we were now managing as per the contract'* – BF3). It was comfortably delivering its TNE programs and was even experiencing rapid growth (*'the offshore has been growing at a faster rate than the onshore'*; *'the University went into this massive expansion and it all sounded good'* – BF3), until it started to prepare for its AUQA/TEQSA audit. The preparation led to the discovery of poorly constructed contracts (*'the agreement is too much in their favour and it's too much financially and academically - now causing other problems'* – BF1), and precipitated the closure of several TNE operations (*'we started closing down a lot of the offshore stuff ready for AUQA ... to hide a lot of the problems that would have been very open'* – BF3).

BF3 emphasised that the University has emerged wiser from its poorly set up and managed TNE operations, and now has *'thrown out that previous thinking'*. BF3 further noted that the University is *'now managing ... as per the contract ... which was the easier way from a legalistic perspective'*. BF1, who is a senior executive and confidant of the Vice-Chancellor, is of the opinion that future contractual relationships can be tightly governed through detailed and comprehensive contracts. He however also added that he expected the OPs to *'be very close'* to the University and to *'listen to me'*, indicating a recognition of the incompleteness of TNE contracting.

## c) Adverse Selection and Moral Hazard

There were ample cases of adverse selection by the University, e.g., the appointment of OPs that were responsible for the false starts (Section 4.3.4.2.4). BF3 also remarked that the University had on more than one occasion failed to conduct proper due diligence on the OP, and *'jumped*

at TNE opportunities when the OPs promised the University the potential to *'make this amount of money'* (BF3).

The misrepresentation of the 'licensed' units as University B units by the Country B OP (Section 4.3.4.2.5), shirking by Country X OP (Section 4.3.4.2.1), and the alleged plagiarism detected in Country Z TNE operation (BF1) were instances of moral hazard encountered by the University.

#### d) Agent's Economic Incentives

Revisiting Country O's TNE operations, it was obvious that the OP's TNE interest was financial in nature, as confirmed by BF1 and BF5. The OPs' motivation to deliver the 'licensed' programs (*'it was money'* – BF3; *'A\$1 million a year'* – BF2), as well as that of the OPs for the false starts was also revenue-driven (*'too greedy'* – BF5; *'they will do anything which market will cause them to do because they're only judged by numbers, by dollars, by bottomline'* – BF1). The only TNE operation that did not specifically identify the OP's incentive was the Country X operation, although it could be anticipated that it was financial, given the nature of the OP as a commercial airline (Section 4.3.4.2.1).

#### 4.4.1.2.4 Findings on the Application of the Three Theories of the Firm in University B's TNE Decisions

University B used the franchised business delivery model for all its TNE programs. This choice reflected the University's reliance on its OPs' expertise and resources. All TCE reflectors as discussed in Section 4.4.1.2.1 were identified in University B's TNE experience with the exception of asset-specific investments, a key reflector for TCE-driven governance decisions. Therefore the choice of the franchised model (a hybrid governance model) cannot be exclusively attributed to considerations of TCE.

Based on discussions in Section 4.4.1.2.2 on PRT reflectors, the University did not clearly value its property rights nor the conditions required for the exercise of PRT in its TNE decisions. This is demonstrated in the University's low level of concern for the governance environments in which it operates TNE, and in its seemingly ambivalent approach to OP conflict resolution. There was also no concern for asset specificity in the OP relationships.

The AT reflectors discussed in Section 4.4.1.2.3 provide strong evidence for AT as a driving motivation for University B's TNE business delivery model decisions, both prior to, and after the restructuring of the University's TNE infrastructure.

#### 4.4.1.3 University C

Focus group discussions at University C revolved around the V2 TNE operation in Country V because of the large number of students. These discussions naturally gravitated to two key actions the University took to address the '*happy problem*' of '*very phenomenal growth*' (Section 4.3.4.3.2), viz., the set up of a host country office (HCO) and the commissioning of a TNE project team to review the '*cost, capacity and delivery of TNE*'. These stories (Section 4.3.4.3) provided rich data to analyse the University's underlying motivations in considering TNE business delivery models.

##### 4.4.1.3.1 TCE

This section investigates the possible impact of TCE reflectors on the University's TNE decisions.

a) Cost Economisation

Cost economisation by the University is observed through the University's reliance on the OP's '*well-oiled machinery*' of sales, while cost economisation by the OP was demonstrated through its clever use of teaching space by its two subsidiary institutions to cater to full-time and part-time (working adult) students respectively (CF2). The University reinforced its inclination to cost economisation in its White Paper, quoting a comprehensive review of '*cost, capacity and delivery of TNE*' (University C TNE Project Team 2013b, 4).

b) Information Asymmetry

Information asymmetry was best observed in the creep of operational issues (e.g., delivery scheduling, the blurring between lectures and tutorials, the management of large cohorts, the multiple in-term tests, and OP lecturer appointment and management), and the University's dependence on the OP for offshore marketing in two new geographical markets (Section 4.3.4.3). The TNE project team set up was also an effort to overcome previous lapses in researching and understanding the host country TNE industry (*'there's been different structures but probably a gap for the teaching and learning aspects of what's happening on the ground'* – CF2).

c) Incomplete Contracting

CF2 observed that in the past, when the student numbers at the University's TNE operations were small and manageable, the University took a '*hands-off*' approach, and that the delivery of the programs was a '*function of the partners*'. There seemed to be a comfortable reliance on the OPs' capability and capacity to deliver according to agreed terms.

As the University's TNE operations, particularly at V2 grew, CF2 made the observation that certain processes '*evolved*' from the standard agreement, e.g., the large classes with their accompanying logistical issues. There was some evidence of incomplete contracting, e.g., the three-semester schedule which '*evolved*' unrestricted by contract over time, creep in operational issues, the lecture/tutorial class delivery, and the University's unilateral set up of its HCO (Section 4.3.4.3).

d) Asset Specificity

Like in many commercial partnerships, and especially so for the knowledge industry, asset specific investments are clearly a feature of this University's TNE governance arrangements. The University's TNE administration (comprising its on-campus liaison team and its HCO) and the OP's '*well-oiled*' sales team (CF2) are clear examples. The HCO's new marketing material approval capability is also indicative of the University's leverage on newly internalised specific marketing resources.

e) Behavioural and Environmental Uncertainties

The antecedent of behavioural uncertainty was experienced by the University through the OP's response to market imperatives, e.g., the V1 TNE operation's '*block teaching*' solution (Section 4.3.4.3.1), and the variability of OP-University staff interactions at V2 (Section 4.3.4.3.2). It also responded to environmental uncertainties through the set up of the University's HCO to get closer to the market – for '*closer engagement*' (CF2).

When the University's TNE operations were small, the University was comfortable with the '*hands-off*' approach to franchised TNE delivery. This risk neutrality was quickly replaced by heightened risk aversion when the '*very phenomenal growth*' looked more like a '*very large beast*' (CF2) in the form of seemingly intractable operational difficulties that

threatened the University's reputation and revenue stream (University C TNE Project Team 2013a).

f) Transaction Costs

While the V2 story told of large revenues, it also highlighted many hidden transaction costs, e.g., the costs of mal-adaptation in managing the three-semester schedule, the cost of monitoring OP class sizes, and finally the cost of establishing a HCO for communication, monitoring and safeguarding (Sections 4.3.4.3.2 and 4.3.4.3.3). The White Paper also explored a number of reduced profitability scenarios that were necessary to quality-assure sustainable TNE operations (University C TNE Project Team 2013b, 46).

g) Frequency of Transactions

As in Universities A and B, University C is not immune to the high transaction frequency TNE value chain. University C also faced the tight trimester conundrum, where CF2 remarked '*it's never a good time for staff to go on leave*', and '*it's not enough time to turnaround*' results.

CF1 revealed added transactional complications with two of their TNE operations where translation into foreign languages was required. CF1's academic leadership role also uncovered the vagaries of dealing with offshore lecturers where CF1 doesn't '*know for sure which (lecturers) are teaching what units until one or two weeks before semester start*'.

CF2 explained the scale of the TNE transactional volume through the numbers of key stakeholders ('*at minimum 7,000 players in this game*') involved in one TNE operation in Country V alone. He described how 73 University unit coordinators have to be matched with a pool of 144 offshore lecturers, administered by administrators in both the University and OP, servicing about 6,000 students. The operations in V2 had to



have two graduation ceremonies a year due to the sheer volume of graduands.

The TEQSA requirement to demonstrate equivalence between offshore and onshore programs was also quoted by CF2 as a challenge. As he said '*I think it would be very hard to demonstrate equivalence in the way we have been delivering in the past*'.

#### 4.4.1.3.2 PRT

The preceding Section has evidenced cost economisation as a desired outcome of the University's TNE operations, the occurrence of information asymmetry and incomplete contracting, and the University's concerns over asset specificity. This section now turns to the consideration of the remaining PRT reflectors that may have impacted the University's TNE decisions.

##### a) Ex ante Incentives Alignment

In reflecting on the Country V TNE operational issues, CF2 explained that '*it's a partnership that requires negotiation ... (and) as long as both partners are open in terms of what's possible, what isn't ... and for the things that are not possible, maybe have a plan that you can work towards ... I think that's the important thing ... as long as there is understanding and communication, it should be fine*'. This sums up the University's approach towards *ex ante* incentives alignment with its OPs.

University C also exhibited quick reflexes in developing new TNE models to address operational problems, e.g., setting up the HCO in Country V (Section 4.3.4.3.3). Its TNE experience in countries T, V and N probably provided the organisational knowledge to negotiate for exclusive branding at its new TNE initiative in Country X (CF2). Although exclusive branding was attained, the University seemed to have slipped up in

allowing the OP to mark examinations, a function that the University traditionally retains for quality assurance reasons (CF1, CF2). The Country X arrangements illustrate the varied interests of collaborative partners in negotiating *ex ante* incentives alignment.

The University has also wized up and *'all of the agreements would have to be re-negotiated when we have a new model which outlines how we are going to proceed ... so any of the current agreements which are not consistent with the decision will be re-negotiated with the partners'* (CF2).

b) Efficient Governance Environment for Contract Enforcement

The acknowledgement of, and close compliance with host country and sending country regulations is amply evidenced in all the University's TNE operations, e.g., the V1 Accounting *'block teaching'* (to meet professional accreditation), the V2 mandatory day classes for international students (to meet Country V's regulatory requirements), and the Vice-Chancellor's instruction for the TNE project team to anticipate *'tighter quality expectations of host governments ... and TEQSA imperatives'* (University C TNE Project Team 2013b, 3).

c) Establish, Transfer and Maintain Property Rights

Both the University and the OPs understand and value their respective property rights, as well as appreciate each other's property rights. This can be observed in the University's focus on its own branding at Country X, its closely guarded teaching material development, and its control over its awards (Section 4.3.4.3.1). The OP at V2 on the other hand, trades on its own international brand, retains control over its highly effective sales team, manages highly efficient facilities, and coordinates a team of more than 140 lecturers (Section 4.3.4.3.2).

Although there is a possibility of re-negotiation of the terms of the TNE collaborations following the tabling of the TNE team's report, CF2 does not anticipate that the University will '*ditch the existing partnership that's tried and proven for another model*'. This pragmatic approach to re-negotiation indicates a willingness to resolve mal-adaptations through negotiation.

Due to the strength of the V2 OP's business in Country V, it had exercised some residual control rights over teaching schedules and pedagogy (i.e., combined lecture-tutorial classes) (Section 4.3.4.3.2). The University exercised similar rights when it unilaterally set up the HCO, and internalised several OP functions, e.g., the management of Student Service Officers (SSO) (Section 4.3.4.3.3). This unilateral decision to set up the HCO also demonstrated partner problem resolution, and reflects the University's confidence in its brand and resources.

#### d) Rent-seeking Externality Concerns

Value dissipation was observed both ways. The OP at V2 obviously gained operational efficiency by delivering competing programs from several university partners (Section 4.3.4.3.2), while the University maximised its onshore student flows through its Country V branding and new HCO onshore recruitment KPI (Section 4.3.4.3.2).

#### 4.4.1.3.3 AT

The common reflectors of cost economisation, information asymmetry and *ex ante* incentives alignment have been demonstrated in 4.4.1.3.1 and 4.4.1.3.2. The remaining AT reflectors will now be investigated to determine their impact on the University's TNE decisions.

#### a) Differences in Risk Aversion

The University's concern over risks attendant in TNE operations stems from its mandate to ensure equivalence in the experiences of both onshore and offshore international students (as per TEQSA requirements), and its priority to maintain '*reputation (and) trust*' (CF2) within the jurisdictions where it delivers its TNE programs.

Its concerns for TNE risks were heightened when its V2 TNE operations in Country V grew rapidly over a short period of time, which resulted in a proliferation of logistical difficulties and threats to academic quality. These developments resulted in the set up of the HCO and the TNE project review, two exercises that obviously incurred significant costs. In CF2's words, '*the cost will go up, but ... quality has a price*'.

The focus group discussion seems to indicate that the V2 OP (by now, the largest of the University's OPs) has a bigger appetite for risk than the University. This is observed from CF1's description of the OP's foray into Country O using the University-branded English proficiency program; Country O being a country with relatively opaque TNE regulations. CF2 further noted the University's readiness to enter Country P on the back of V2 OP's aggressive marketing efforts ('*next stop is Country P*' – CF2). The V2 OP's move to expand into additional prime real estate space in the centre of the city also pointed to a higher risk appetite (CF2).

#### b) Complete Contracting

As discussed under TCE, the University was observed to have been comfortable with the contractual framework while its TNE operations were small and manageable (Section 4.4.1.3.1c). The phenomenal growth of its V2 TNE operations in Country V triggered various actions by the University to address the '*capacity, cost and delivery*' of its TNE operations – through the set up of a HCO, and the commissioning of a

TNE project team to review its TNE delivery. Its previous TNE contracts were now found to be wanting, and CF2 remarked that a re-negotiation of all TNE contracts was imminent.

c) Adverse Selection and Moral Hazard

It is clear that all the University's TNE operations are franchised business delivery models, which rely on good agency relations. Adverse selection as observed in the failed TNE at Country N was due to the partner's inability to manage language issues in delivery (Section 4.3.4.3). It is also observed in the University's appointment of a new OP in Country V although it already was working with an existing, howbeit poorly performing OP in the V1 TNE operation.

The story of V2 highlighted many examples of moral hazard, e.g., the creep in operational problems, the difficulty in ensuring OP teaching staff interaction with University unit coordinators, and the competing, substitute programs delivered by the OP. The University addressed these problems through the set up of an in-country HCO (Sections 4.3.4.3.2 and 4.3.4.3.3).

d) Agent's Economic Incentives

One of the many recommendations of the White Paper (Section 4.4.1.3.1a) was the proposal to introduce a quality enhancement levy on students which will be applied to fund the appointment of 12 full-time academic staff and various '*teaching and learning expertise*' at the HCO (University C TNE Project Team 2013b, 21). This is one example of the incentivisation of the agent to elicit behaviour that will advance the principal's interests. The initial latitude provided by the University to the V2 OP in adopting the three-semester delivery schedule and the lecture-tutorial classes are other observations of agent incentivisation for achieving the principal's objectives.

The V2 OP was observed to have invested in bonding with the University through the provision of access to the OP's regional marketing network for student recruitment, and the joint marketing in the two non-SEA countries (CF2).

#### 4.4.1.3.4 Findings on the Application of the Three Theories of the Firm in University C's TNE Decisions

The discussion on TCE reflectors in Section 4.4.1.3.1 showed that the University's initial franchised business delivery model was an Outsourced Model that was '*hands-off*', giving the OP much latitude in delivering the programs. The emergence of operational problems associated with rapid growth of student numbers triggered changes that modified the franchised arrangement, resulting in the internalizing of quality-related processes at the HCO in-country, e.g., approval of OP lecturers, academic staff support, and approval of marketing collaterals. The resulting model, which is a Direct Model, is neither a market structure (where the University engages the market directly from Australia) nor a hierarchy (under the University's full ownership and control), but a hybrid structure that has moved closer to the hierarchy (post-restructure).

The discussion in Section 4.4.1.3.2 on PRT reflectors demonstrated the high value both partners place on their respective property rights, and evidenced actions based on the exercise of their respective residual decision rights. There is thus sufficient support for PRT as a possible driver for the University's choice of governance models, both before and after the set up of the HCO.

The observations on AT reflectors in Section 4.4.1.3.3 indicate that the University could have developed its franchised TNE operations in the past based upon AT considerations. It is obvious that the University was more conscious of the low level of supervision and control over its TNE

operations after it discovered the numerous logistical and quality issues accompanying the rapid growth of its V2 operations. It is subsequently more inclined to exert its property rights, and/or to minimise transaction costs in moving the TNE business delivery model towards a more tightly controlled franchised business delivery model.

#### 4.4.2 Cross-case Analysis of Plausibility of Theories

After analysing individual universities, a cross-case study is made to compare and contrast the plausibility of the three theories of the firm on these universities' TNE business delivery model decision-making processes. If found plausible, the theories will be tested against the propositional framework of Section 3.7.5 within two in-depth case studies as part of the second phase of this two-phase research process (Section 3.7.5.7).

The following cross-case analysis also point out what have emerged as unique tipping points in each of the Universities' TNE journeys.

##### 4.4.2.1 Snapshots of Universities

As discussed previously in Section 4.3.4.1, University A has a well-developed portfolio of TNE operations. Its TNE initiatives started in the early 1980s. The University clearly learnt from its many previous TNE ventures to migrate from the early franchised programs to predominantly branch campus operations. This migration points to the classic TCE vertical integration shift. This shift is presumably due to the '*labour intensive*' (AF3) nature of the franchised programs which were '*not sustainable*' (AF1), the desire for '*more control*' (AF5), heightened risk aversion (considering '*our name at the gate*', AF1), and the need for relationship-specific investments (AF3). There was also weak evidence for PRT in the vertical integration shift. The University's previous reliance on the franchised model seems to be underpinned by AT.

University B is a story of how a new Vice-Chancellor initiated a review of TNE operations, leading to a wrenching rationalisation of TNE operations. This rationalisation exercise resulted in a drastic shrinking of the TNE student population. A long-practiced pseudo TNE model, the ‘licensed program’, which did not meet academic requirements, was discontinued at one TNE location, and modified for compliant delivery at three other locations.

This University reflects the practice of AT more than the other theories due to the strong influence of the OPs in the TNE operations. Both TCE and PRT were not found to be sufficiently substantiated in the University’s TNE business delivery model decisions due to the absence of any relationship-specific investment, the lack of concern over the operating environment, and the seemingly cavalier attitude to conflict resolution. The noticeable drift (post-restructure) towards a collaborative model characterised by a higher degree of control (*‘the hen laying eggs’* analogy of BF1) by the University reflects the University’s heightened risk aversion. The post-restructure franchised business delivery model continue to be driven by AT considerations. These observations were made possible by the rich discussion on TNE contracts.

Pre-restructure, University B’s TNE business delivery model could be described as a *‘listen-to-partner’* franchised model, while the post-restructure business model described as a *‘legalistic’* franchised model. This shift within the hybrid range of governance is observed to be a move from a more market-inclined model to a more hierarchy-inclined model.

University C focus group provided rich insight into how the University reacted speedily to a TNE operation that was growing rapidly (CF1). Prior to the proactive decisions on the new HCO and TNE project team, the University seemed comfortable with its remotely-supervised franchised model, possibly underpinned by AT considerations. The



proactive decisions demonstrated the value of each partner's property rights as acknowledged by the University and the OP – through the leverage of these rights, as well as the exercise of their residual rights of control within the collaboration. The post-restructure franchised model, which is characterised by *in situ* supervision by the HCO, could possibly be driven by either PRT and/or TCE considerations.

The lean data from the University D informant did not provide sufficient basis for any meaningful consideration of the theoretical orientation of the University in making previous TNE business delivery model decisions.

The single case findings are summarised in the table below to compare across the three universities.

No.	Reflectors of Theories	Uni A	Uni B	Uni C	Remarks
<b>1</b>	<b>TCE Reflectors</b>				
a	Cost economisation	Y	Y	Y	
b	Information asymmetry	Y	Y	Y	
c	Incomplete contracting	Y	Y	Y	
d	Asset specificity	Y	N	Y	
e	Behavioural uncertainty	Y	Y	Y	
f	Environ uncertainty	Y	Y	Y	
g	Transaction costs	Y	Y	Y	
h	Transaction frequency	Y	Y	Y	
i	Governance structure	Y	Y	Y	
<b>2</b>	<b>PRT Reflectors</b>				
a	Cost economisation	Y	Y	Y	
b	Information asymmetry	Y	Y	Y	
c	Incomplete contracting	Y	Y	Y	
d	Asset specificity	Y	N	Y	
e	<i>Ex ante</i> incentives alignment	?	Y	Y	Weakly supported at University A
f	Governance environ	Y	N	Y	
g	Property rights	Y	Y	Y	
h	Rent-seeking concerns	Y	Y	Y	
i	<i>Ex post</i> resolution	Y	?	Y	
<b>3</b>	<b>AT Reflectors</b>				
a	Cost economisation	Y	Y	Y	
b	Information asymmetry	Y	Y	Y	
c	<i>Ex ante</i> incentives alignment	?	Y	Y	Weakly supported at University A
d	Complete contracting	Y	Y	Y	
e	Risk aversion	Y	Y	Y	
f	Adverse selection	Y	Y	Y	
g	Moral hazard	Y	Y	Y	
h	Agent incentivisation	Y	Y	Y	

**Table 4.10 Identification of Theories of the Firm Demonstrated**

(Y – Yes; N – No; ? – Possibly; NR – Not referenced)

#### 4.4.2.2 Impact of Tipping Points on TNE Business Delivery Model Decisions

All three universities experienced a distinct tipping point (Gladwell 2002; Grodzins 1957) distinctively impacting deployment of their TNE business delivery models, and by extension, their approach to, and preference for certain TNE delivery models. The influence of distinct tipping points on governance models is not unexpected, as argued by Kay ‘that modes of

coordination are influenced by the nature and timing of the decisions involved in the resource allocation process' (Kay 1998, 2).

Prior to its tipping point, University A deployed only Outsourced models (viz., franchised operations). AF6 rued the lack of control over FPs, and emphasised that *'we want more and more control over the quality, and the way that they do that is they move'* towards the IBC model. AF6 clarified that *'the problem being the early days no one was thinking about this sort of side of it (i.e., higher levels of control) ... everyone was thinking about that side (i.e., lower levels of control in FPs), and that's what happened, but over time as the quality becomes more and more important, I think we felt that we needed more and more control. And so we moved to the other side'*. After its tipping point, the University's preferred model was a Direct model (i.e., the branch campus) which provided high levels of control over the teaching delivery, while retaining several Outsourced models (i.e., franchised operations) for specific purposes. Subsequent secondary data analysis on the set up of University A's country T international branch campus traced the University's shift in model preference to the effecting of an amendment to the Act of State Parliament regulating its set up and operation (Murray 2011a, 17). This amendment set the stage for the University to embrace the IBC model from that point on.

University B operated weakly supervised (or *'just listen to the partner'*) franchised operations (Outsourced model) prior to its tipping point, but shifted to what it considered to be a tightly-controlled, but still an Outsourced model of *'legalistic'* franchised operations (BF3). BF3 described how *'the University went into this massive expansion and it all sounded good'*. This expansion was driven mainly by the University's partners, as BF1 explained *'we don't know how business is run ... we just listen to the partner'*. The University later discovered numerous problems, including serious non-compliance with both AUQA and overseas regulations (Section 4.3.4.2.5) – when it was in the process of

preparing for the 2008 AUQA Cycle 2 audit (*'we started closing down a lot of the offshore stuff ready for AUQA ... to hide a lot of the problems that would have been very open'* – BF3). BF1 explained that *'all problems boil down to the tension ... between the market pressure and academic pressure ... in the last ten years, we seem to yield a little bit too much to the market pressure ... maybe too much to the point that there will be no quality at all'*.

At the time of the focus group discussions, BF3 reported that *'we've just gone through the clean-up phase'*, referring to the closure of several TNE operations. This clean-up was also accompanied by the setting up of *'proper due diligence'*, and a more proactive TNE initiation where *'instead of them coming to us, we will go out and we've already made this recommendation, that the University puts money together to go out and use someone ... who could specialise in ... looking at the country ... the regulatory requirements or changes within that country ... the best model for that country ... the partner and how and why are they structured ... and then you try and match someone with our values to their values ... (that) they're not only in it for the money, not for profit'* (BF3). Apart from instituting proactive business development and *'mission critical'* due diligence, the University also formalised a new 27-step service checklist to manage the *'massive'* implementation – since *'we were very good at signing the contracts but we're not very good at the implementation'* (BF3).

Similar to University B, University C made the shift from a remotely-monitored form of *'pretty much hands-off'* franchised operation (r-FP) (Outsourced Model) to what it considered an *in situ* monitored form of franchised operation (i-FP) (Direct Model) with high levels of control over the operations and the OP. The University responded to its *'very phenomenal'* growth at the V2 TNE operations by reviewing the *'capacity, cost and delivery'* of its TNE operations because *'the number of students ... (that had grown) astronomically'* (CF1) had *'evolved into a*

*very large beast* (CF2), and was potentially threatening the credibility and revenue streams of the University (University C TNE Project Team 2013b). The urgency of the '*very phenomenal*' growth was so urgent that the host country office (HCO) at Country V, one of the first recommendations of the TNE review team, was set up even before the report (i.e., White Paper) was published – '*to ensure that quality is not compromised with its growth*' (CF2). The resulting White Paper also had wide-ranging impact on all aspects of its TNE operations, including a review of TNE contracts to bring them to 'ensure consistency' with the new model (CF2).

#### 4.4.2.3 Plausibility of the Theories of the Firm in Driving TNE Business Delivery Model Decisions

As summarised in Table 4.10, all three theories of the firm found support in the decisions of Universities A and C to utilise either the Direct or Outsourced Models for TNE delivery (also see Table 4.11 below). University B seems to be particularly driven by AT in its TNE business model decisions. TCE and PRT were not sufficiently supported in the decisions of University B.

The focus group discussions uncovered an interesting phenomenon, viz., that all three Universities experienced fairly well-defined tipping points (Gladwell 2002; Grodzins 1957) during their respective TNE journeys. University A's tipping point was when the University started its first branch campus, while University B's was characterised by the new VC's TNE review which coincided with internal audits to prepare for an external AUQA audit. University A's tipping point demonstrated the University's strategic decision-making when confronted with a major TNE opportunity, while University B was a story of proactive governance. University C's tipping point was triggered by the discovery of serious problems arising from the phenomenal growth of one of its TNE

operations, and demonstrated a reactionary approach to a potentially damaging operational threat.

It was interesting to observe that different theories seem to be at play during different periods of the Universities' TNE involvement, and specifically before and after their TNE tipping points. This can be attributed to the Universities' growing organisational knowledge of, and experience in TNE, and the impact of the external industry environment.

All three theories of the firm have been reported by the focus groups to, in some extent, possibly underpin the Universities' TNE decisions at different periods of their TNE operations, as summarised in Table 4.11. The in-depth interviews will thus test for the impact of these theories on the longevity of specific TNE business delivery models.

No.	Univer-sity	In Relation to Tipping Point	Type of TNE Business Delivery Model	Direct/ Outsourced	Possible Rationale for Model Selection
1	A	Before	Franchised (remote oversight) (r-FP)	O	AT
		After	Franchised (remote oversight) (r-FP)	O	AT
			Collaborative IBC (c-IBC)	D	TCE (or weak PRT)
2	B	Before	Franchised (' <i>listen-to-partner</i> ') (r-FP)	O	AT
		After	Franchised (' <i>legalistic</i> ') (r-FP)	D	AT
3	C	Before	Franchised (remote oversight) (r-FP)	O	AT
		After	Franchised ( <i>in situ</i> oversight) (i-FP)	D	PRT or TCE

**Table 4.11 University Theoretical Perspectives in Deploying TNE Business Delivery Models**

#### 4.4.2.4 Potential for Rival Theory

University B's Country X TNE initiation, and the closure of one of Country V's TNE operations were clear demonstrations of the new Vice-

Chancellor's active involvement in the University's TNE operations (Section 4.3.4.2.5). The revamp of the University's TNE operations through the new Vice-Chancellor's direct appointees also points to the influence of senior University management in TNE decisions. Interestingly, these direct interventions provide some evidence for a rival theory, viz., the Upper Echelon Theory which ascribes organisational outcomes to the characteristics and leadership styles of senior decision-makers (Hambrick and Mason 1984).

There was however, no evidence of this rival theory in the other universities' TNE operations. Further, there was no evidence in any of the three focus groups for profit maximisation, a key assumption of the Resource-based View (Kim and Mahoney 2005, 224).

#### 4.5 Refined Propositional Framework for Case Study Evaluation

The focus group exercise provided rich description of the operation of TNEs at three different Australian government-funded universities. The exercise was designed to test the validity of the theoretical TNE decision construct, confirm the importance of components of the TNE value chain, and evaluate the plausibility of each of the three theories of the firm in TNE business delivery model decisions.

##### 4.5.1 Focus Group Findings

The three universities currently have codified TNE start-up processes, including clear due diligence processes. All three universities recognise the merits of both the Direct Model as well as the Outsourced Model of TNE delivery, and are inclined towards the Direct Model for better control of the operations. While there is an inclination towards the Direct Model, the universities also acknowledge the high costs and greater risks associated with this Model. The three universities have had about 20 to 30 years of TNE experience each. Early forays into TNE were marked by

unplanned initiatives, poor due diligence, and weak governance. These early experiences provided the base for organisational learning and codification of various TNE processes. Current due diligence processes incorporated market surveys, environmental scanning and internal capacity mapping.

Organisational learning at University A was observed to have plausibly influenced its TNE decision process from one that is AT-motivated to one that is both AT- and TCE-motivated. Both universities B and C were observed to have been driven by AT in their past TNE business delivery models. University B is observed to continue to be driven by AT considerations in its current TNE operations, while University C possibly driven by TCE and/or PRT considerations for its current TNE operations.

While the Resource-based View can possibly be discounted as a motivation for these universities' TNE business delivery model decisions, there is some evidence that the Upper Echelon Theory might have some traction in two TNE operations at University B.

The focus group observations have *prima facie* addressed the first research question, and partially, the second research question on the criteria that these universities use in deciding between the Direct Model and Outsourced Model.

#### 4.5.2 Testing of Propositions Based on Theories of the Firm

The next phase of the research will take the study deeper through further secondary data analysis and in-depth interviews to explore the research questions more thoroughly. Building on focus group data, the in-depth interviews will be directed at three different university staff perspectives (viz., strategic and planning, management, and academic) within the two universities selected in Section 3.7.4.2. These interviews will be



complemented by secondary data analysis as part of data triangulation for the assurance of validity.

The focus group analyses of Universities A and C disclosed the occurrence of tipping points during the course of the universities' TNE journeys. University A's tipping point was the period when it first commenced branch campus operations in Country T; from then on, the University was more inclined to operate branch campuses, although still entertaining small franchised operations. University C's tipping point was when it discovered serious operational issues arising from the unprecedented growth of one of its Country V TNE operations. These operational issues threatened the credibility and TNE revenue of the University, and led to the set up of a host country office (HCO) to better monitor its Country V TNE operations, and the commissioning of a TNE project team to review its entire TNE infrastructure.

The propositional framework developed in Section 3.7.5 is therefore adapted in Table 4.12, to accommodate these Universities' tipping points vis-à-vis their TNE business delivery models; viz., their decisions pre- and post-tipping points.

No.	Business Delivery Model Outcome	Theoretical Antecedents	Operating Environment
1	Direct (pre-tipping point)	<b>TCE</b> a) High asset specificity b) High level of behavioral uncertainty c) High transaction frequency	High level of business and legal-political uncertainty
		<b>PRT</b> a) Mission critical resources controlled by the university b) Risk of opportunism is high c) Information asymmetry is high	High level of maturity of socio-legal-political environment
	Direct (post-tipping point)	<b>AT</b> a) High costs of search and/or monitoring b) Low university risk aversion for TNE activity c) Low incentive alignment	Low level of maturity of legal-political environment
2	Outsourced (pre-tipping point)	<b>TCE</b> a) Low asset specificity b) Low level of behavioral uncertainty c) Low transaction frequency	Low level of business and legal-political uncertainty
		<b>PRT</b> a) Mission critical resources controlled by the OP b) Risk of opportunism is low c) Information asymmetry is low	High level of maturity of socio-legal-political environment
	Outsourced (post-tipping point)	<b>AT</b> a) Low costs of search and/or monitoring b) High university risk aversion for TNE activity c) High incentive alignment	High level of maturity of legal-political environment

**Table 4.12 Refined Propositional Framework for TNE Delivery Model Selection**

#### 4.5.3 Coding Framework for Testing of Propositions

A coding framework has been developed to guide the extraction of valuable information, stories, themes, concepts and reflectors. This framework has been modified from Table 4.9. Each of the three theories will be tested using the propositional framework of Table 4.12, comprising three defining propositions for each theory.

While the focus group studies were designed to test for the Universities' possible theoretical perspectives on TNE organisation, the in-depth semi-structured interviews were more specifically focused on examining the extent to which each of the three theories of the firm drives the Universities' TNE business delivery model selection (research question 2), and influences the longevity of the TNE operations (research question

3). In addition to testing the propositions, there is a need to ensure that all reflectors of each theory (Table 4.10) are also demonstrated in the TNE practices of each university. This is part of the study's triangulation of data and concepts, and assurance of rigor.

The focus group study has ascertained that all reflectors of TCE have been observed in the TNE operations of Universities A and C. The interview analyses will thus focus on the reflectors represented by the four defining propositions for TCE, viz., asset specificity, behavioural uncertainty, frequency of transactions, and environmental uncertainty (Table 4.13).

Testing of PRT in the focus group of University A showed that all PRT reflectors are sufficiently observed in the University's TNE operations, except *ex ante* incentives alignment – which was not sufficiently demonstrated. The interview analysis of University A will thus test all the propositions of Table 4.12, plus the presence of *ex ante* incentives alignment.

All PRT reflectors in the focus group study of University C were demonstrated. The interview analysis will thus focus solely on the four PRT propositions in Table 4.12.

The focus group study of University A demonstrated the presence of all AT reflectors, except *ex ante* incentives alignment – which was weakly supported, possibly due to the lack of insight of the informants with regards to OP (offshore provider) perspectives. This is a critical reflector, which was identified as the basis of one of the propositions of AT, viz., the level of incentives alignment (Table 4.12). On the other hand, the focus group study of University C indicated the presence of all AT reflectors. Hence, the interview analyses of both universities will focus solely on the four AT propositions (Table 4.12).

As in the focus group data collection, these codes were identified through an analysis of the three areas of university characteristics, value chain activities and the operating environment, in keeping with the theoretical construct developed (see Table 3.9). The coding framework of Table 4.13 will form the basis for axial and selective coding (See Section 3.7.8.2).

No.	Reflectors of Theories	University	Codes Utilised				
			Code 1	Code 2	Code 3	Code 4	Code 5
A	TCE Reflectors	A	Asset specificity (TCE-ASpA) [4.4.1.1.1d]	Behavioral uncertainty (TCE-BeUA) [4.4.1.1.1e]	Transaction frequency (TCE-FrTA) [4.4.1.1.1g]	Bus-legal-political uncertainty (TCE-EnUA) [4.4.1.1.1e]	Transaction costs (TCE-TrCA) [4.4.1.1.1f]
		C	Asset specificity (TCE-ASpC) [4.4.1.3.1d]	Behavioral uncertainty (TCE-BeUC) [4.4.1.3.1e]	Transaction frequency (TCE-FrTC) [4.4.1.3.1g]	Bus-legal-political uncertainty (TCE-EnUC) [4.4.1.3.1e]	Transaction costs (TCE-TrCC) [4.4.1.3.1f]
B	PRT Reflectors	A	Mission-critical resources (PRT-MCRA) [4.4.1.1.2c]	Opportunism (PRT-OppA) [4.4.1.1.2d]	Information asymmetry (PRT-InAA) [4.4.1.1.1b]	<i>Ex ante</i> incentives alignment (THE-EAIA) [4.4.1.1.2a]	Socio-legal-political maturity (PRT-GvEA) [4.4.1.1.2b]
		C	Mission-critical resources (PRT-MCRC) [4.4.1.3.2c]	Opportunism (PRT-OppC) [4.4.1.3.2d]	Information asymmetry (PRT-InAC) [4.4.1.3.1b]	Socio-legal-political maturity (PRT-GvEC) [4.4.1.3.2b]	
C	AT Reflectors	A	Search/Monitoring Costs (AT-CosA) [4.4.1.1.3c]	University Risk aversion (AT-RAvA) [4.4.1.1.3a]	<i>Ex ante</i> incentives alignment (THE-EAIA) [4.4.1.1.2a]	Legal-political maturity (AT-LPMA) [4.4.1.1.2b]	
		C	Search/Monitoring Costs (AT-CosC) [4.4.1.3.3c]	University Risk aversion (AT-RAvC) [4.4.1.3.3a]	<i>Ex ante</i> incentives alignment (THE-EAIC) [4.4.1.3.2a]	Legal-political maturity (AT-LPMC) [4.4.1.3.2b]	

**Table 4.13 Coding Framework for Interview Analyses**

(with each reflector referenced according to the sub-sections in Section 4.4.1)

#### 4.5.4 Focus Group Knowledge Gaps

The secondary data analysis and in-depth interviews will also seek to clarify questions, and fill in gaps arising from the focus group study. These questions and gaps are classified below.

No.	Component of Construct	Question or Knowledge Gap
1	University Characteristics	a) Is the type and size of university key factors in TNE business delivery model selection? b) Is the university's TNE growth rate a key factor in TNE business delivery model selection?
2	TNE Environment	a) Are new entrants one of the key factors in TNE business delivery model selection? b) Do differences in host country regulatory environments have any impact on TNE business delivery model selection?
3	Value Chain Activities	a) Are academic support/student services mission-critical processes in TNE delivery? b) Are career placement and alumni relations mission-critical processes in TNE delivery? c) How comprehensive are commercial contracts in governing TNE collaborations?
4	Operating periods	a) Investigate the nature of each University's TNE tipping point experience.
5	Follow-up questions on University A	a) To clarify the nature of the university's branch campuses, e.g., ownership and reporting lines. b) Update TNE developments since the focus group study. c) To clarify the nature of employment of IBC staff – are they 'partner staff' as quoted by participant AF4 (Section 4.3.4.1.2)?
6	Follow-up questions on University C	a) To enquire about the impact of the University's TNE review project on current TNE operations. b) To explore TNE perspectives from staff with strategic and planning, and academic responsibilities. c) Update TNE developments since the focus group study.

**Table 4.14 Questions and Gaps from Focus Group Study**

#### 4.5.5 Semi-structured Interview Question Guide

The above objectives have been encapsulated in a series of semi-structured interview questions posed across the Direct Model-Outsourced Model dichotomy, and repeated for both current and terminated TNE operations. Not all questions will be applicable to university staff of each of the three areas of responsibilities (viz., strategic and planning, management, and academic). For example, academic staff are not expected to be privy to the corporate and financial nature of the TNE operations, while senior executives will likely be

unable to comment in-depth on academic processes. These questions are reproduced in Appendix F. They are part of the in-depth interview aide memoire to guide both the researcher and the interviewee.

#### 4.6 Chapter 4 Conclusions

This chapter completes the focus group study, the first phase of the two-phase research investigation (Section 3.7.5.7). As expected, the focus group study confirmed the construct validity of the TNE Decision Model Construct as presented in Fig. 3.2 (Section 3.7.3). However, the Value Chain for TNE have had to be refined in light of findings from the focus groups, and presented for use in the next phase of the study as Fig. 4.6 (Section 4.3.6).

The focus groups were also designed to evaluate the plausibility of each of the three theories of the firm in driving business delivery model decisions in each of the three universities' TNE operations. The study identified unique tipping points in the TNE journey of each of the three universities studied. In the process, the study also discovered that different theories potentially motivate different delivery model decisions that were taken before and after these tipping points.

## Chapter 5

## Qualitative Case Study Analyses

The focus group study provided evidence for supporting the TNE decision model construct, and identifying key value chain activities that are core to TNE operations (Section 4.5.1). It also evidenced the possible theoretical drivers (amongst the three theories of the firm) for each of the three focus group universities.

Anchored on a constructivist research paradigm to elicit rich data and enable in-depth understanding of the TNE experience of each University and across the two Universities respectively, this chapter completes the two-phase research study through the corroboration of secondary data and in-depth interview analyses.

Following the focus group analyses, there were however, a few elements of the construct that still require further corroboration and clarification. These include university characteristics, TNE operating environment, selected value chain activities, operating periods and specific focus group study gaps in Universities A and C (Table 4.14).

The secondary data analysis of Section 5.2 investigated university characteristics, TNE operating environments and operating periods through an analysis of the positioning and performance of Universities A and C within Australian public universities, and the operating environments within which Universities A and C deliver TNE programs.

The analyses of in-depth, semi-structured interviews of executives responsible for TNE at Universities A and C scrutinised these informants' re-constructions of the respective University's TNE experience. Their perspectives of these lived TNE experiences provide the lens to investigate the theories of the firm that may have driven these Universities' TNE decisions and fill in the remaining gaps of the focus group study (Appendices I and J), while also exploring perspectives on

university characteristics, value chain activities, TNE operating environments and operating periods. This analysis will take the form of single case studies of Universities A and C (Section 5.4), followed by a cross-case study of both Universities (Chapter 6).

Informed by focus group findings, the following Section (Section 5.1) outlines *a priori* expectations of the plausibility of one or more theories of the firm driving each University's TNE decisions before and after each University's TNE tipping point. The multiple case study of Chapter 6 will test these expectations.

## 5.1 A Priori Expectations for University Choice of TNE Models

Building on the focus group studies, an *a priori* set of expectations is formulated for each university, based on the propositions laid out in Table 4.12. These expectations will later (in the case studies) be compared to the empirically-generated cases of the universities' theoretical drivers for selecting the TNE business delivery models. This comparison exercise is part of the pattern-matching analytic technique described in Section 3.7.8.3.

### 5.1.1 Possible Theoretical Drivers for University A

The focus group studies (Table 4.11) indicated that AT was the possible theoretical driver for franchised TNE operations both before and after the University's tipping point. The collaborative branch campus (c-IBC) was observed to be driven by TCE, or possibly PRT.

#### 5.1.1.1 AT as Driver for the Outsourced Business Delivery Model

Franchised operations are classified as Outsourced Models. They usually offer a small number of programs to small student populations (AF5 : 'if it's a very narrow opportunity ... for one discipline, it's more



likely going to be a twinning program'). These small operations may be considered low risk operations, as alluded to by AF1 and AF5.

The focus group study showed that the University has developed very robust and comprehensive due diligence and monitoring infrastructure, through its long experience in the delivery of TNE. It is expected that the University will, compared with other less experienced universities, incur lower costs assessing the suitability of potential OPs, and monitoring the performance of appointed OPs for franchised operations (AF1).

It's comprehensive contracts, coupled with the robust due diligence and monitoring infrastructure, has also led some focus group participants (AF1 : 'contract drawn up ... we don't just start courses that are unviable'; 'spell it out, step by step ... what's required ... risk ... financial ... quality assurance ... facilities ... legal'; 'triennial ... reviews ... which are more comprehensive'; AF5 : 'do a complete assessment'; AF6 : 'a lot more policing'; 'we need more control') to rely on contractual agreements for assurance of OP performance (complete contracting within a mature legal-political environment).

The OPs for franchised operations are usually driven by the opportunity to make a profit from the collaboration. While the University is expected to also insist on financial sustainability, it sometimes will have other strategic objectives, such as branding and onshore student transfers (as demonstrated by the focus group study). The franchised operation will come to fruition when the partners can find an alignment of their incentives through the collaboration.

The University's tipping point in 1999 was characterised by the change in the Act of State Parliament permitting it to operate offshore campuses. This tipping point is not expected to impact the University's approach to franchised TNE operations. The University's preference for the Outsourced Model (represented by the franchised model) is expected

therefore, to hold for TNE operations initiated both before and after the tipping point.

TCE is not expected to underpin the University's selection of the franchised model because of the absence of any need for investing in relationship-specific assets. This may be observed in the highly asset-light nature of the usually small franchised operations.

Franchised operations are typically remotely monitored, and hence vulnerable to opportunistic behaviours, amidst an environment of heightened information asymmetry. Under PRT, such conditions will usually lead to a direct mode of governance (i.e., IBC). The University's choice of the Outsourced Model, represented by franchised operations, cannot therefore be underpinned by PRT considerations.

#### 5.1.1.2 TCE as Alternative Driver for the Direct Business Delivery Model

The choice of the Direct Model, as represented by the IBC, is only applicable after the 1999 tipping point. In fact, the tipping point was the result of the University's endeavour in setting up its first IBC.

IBCs are high investment ventures that are also very risky (AF1 : 'it's much more risky'; AF5 : 'big investment'). There is a need for high levels of investment in relationship-specific assets, e.g., buildings, equipment, laboratories and licensing. If the level of behavioural uncertainty on the part of the OP is very high, transaction frequency is high, and the uncertainty in the business/legal-political environment is very high, but the rewards are sufficiently high (low transaction costs), the traditional TCE approach will result in the classic vertical integration, using the wholly-controlled IBC.

Universities A and C have been found to avoid internalizing the TNE operation (through a wholly-controlled IBC) because of the high transaction costs and high risks. However, University A resorted to a hybrid governance model that is inclined towards higher levels of control, viz., the collaborative IBC (c-IBC). This inclination is all the more attractive when the level of behavioural uncertainty on the part of the OP is moderate, and when the business and/or legal-political environment (within which the TNE operation is run) is seen by the University as moderately unfamiliar.

The University's choice of c-IBCs (a Direct Model) has been observed to be accompanied by high asset specificity, moderate behavioural uncertainty (mitigated by long running relationships and high trust levels), high transaction frequency (necessitating close scrutiny), and amidst some measure of business/legal-political uncertainty. Under such circumstances, it is reasonable to conclude that the University's approach has been underpinned by TCE considerations.

#### 5.1.1.3 PRT as Alternative Driver for the Direct Business Delivery Model

PRT can be an underpinning driver for the selection of certain governance models by universities, when there is an environment of information asymmetry and high levels of concern over opportunism by the OP, but also characterised by high levels of maturity in the legal-political infrastructure. As discussed in Section 5.1.1.1, PRT is unlikely to drive Outsourced Models of TNE operation. Could PRT underpin University A's preference for Direct Models?

TNE operations are typically characterised by vulnerability to opportunism and information asymmetry because of the large distances between the University and the TNE operations, and the differences in legal and cultural practices (AF1 : 'what type of operations work in that

country'; AF5 : 'often regulations would prohibit us doing it on our own'; 'we look at political and economic risks in that country'). According to PRT, it is therefore crucial that the University has control over the TNE's mission-critical resources, and that this control can be upheld by formal legal rules and/or customary conventions in the jurisdiction of operation (for the TNE operation to succeed). This type of governance model is inclined towards the hierarchy (w-IBC), or at least towards a highly controlled hybrid governance model (c-IBC), both being Direct Models. If it can be demonstrated that the university has control over most of the mission-critical resources of the TNE operation, within a sufficiently mature legal-political environment, PRT can be said to have underpinned that model selection.

#### 5.1.2 Possible Theoretical Drivers for University C

Similar to the focus group study of University A, the focus group study of University C indicate that AT possibly underpins the University's selection of the franchised (remote oversight) model (r-FP) (Outsourced Model) prior to its tipping point, while PRT or TCE underpin the selection of the franchised (*in situ* oversight) model (i-FP) after its tipping point.

It is worth noting that the TNE tipping point for University C was triggered by a phenomenal increase in its TNE student population the year before. It led to the set up of a team to review and strengthen its TNE infrastructure. The resulting White Paper is interesting in that there is a good balance between the upholding of high academic standards of delivery, and the aspiration for the protection of a 'significant revenue stream' as demonstrated by the financial projection scenarios considered (University C TNE Project Team 2013a, 4). The report underscores the University's priority for high quality TNE operations that deliver healthy financial returns – an indication of the University's preference for strong alignment of incentives with the OP.

Referring to Section 4.4.2.2, the focus group study of University C revealed that the franchised TNE operations can be classified as franchised with remote oversight (r-FP), and franchised with *in situ* oversight (i-FP). While the r-FP model remains an Outsourced Model, the i-FP model can be considered a Direct Model due to the enhanced control over the TNE operation and OP.

#### 5.1.2.1 AT as Driver for the Outsourced Business Delivery Model

Participant CF2 rued the fact that the University did not have sufficiently robust due diligence processes ('I am sure somebody would do some due diligence, but it just wasn't a formal process'), and that decisions on TNE start-ups were executed at the 'Chancellery level'. He also remarked that there was insufficient 'consistency' in the processes and policies governing TNE administration. This perspective reflects an environment of perceived low search and monitoring costs.

The termination of the small Country N bi-lingual TNE operation due to quality and delivery issues seems to reflect some measure of risk aversion on the part of the University, although that jurisdiction has very stringent and possibly archaic regulations governing TNE.

The two focus group participants also hinted at the discovery of misalignment of incentives in this TNE operation. CF1 commented that 'they all had to be translated'; CF2 agreed, saying 'bi-lingual is always difficult'. It was obvious, from the fact that the bi-lingual TNE operation lasted eight years, that there was an acceptable level of incentive alignment at the onset.

The above circumstances seem to provide support for AT as a driver for the University's choice of the r-FP model, an Outsourced Model.

The small Country N r-FP operation was an asset-light mode of delivery which does not require much relationship-specific investment, thus negating TCE as a driver. There was insufficient information on the control of mission-critical resources by the University, and thus no clear conclusions can be drawn about PRT as a driver for this mode of delivery.

#### 5.1.2.2 PRT as Alternative Driver for the Direct Business Delivery Model

The Direct Model adopted by University C in Country V was the i-FP model. The *in situ* monitoring of the operations and the OP seems to indicate the University's concern over possible opportunism, amidst some measure of information asymmetry (CF2 : 'we are likely to teachout if we do not feel that the partners are on the same page as us'). It was also clear that the University retained control over many mission-critical resources, e.g., academic faculty that was employed by the OP (CF2 : 'greater engagement and academic oversight'). Given that the local jurisdiction of the Country V TNE operation is very mature and stringent, the choice of an *in situ* monitored franchise, a hybrid governance model (Direct Model) fits well with PRT thinking.

In view of the high risk aversion of the University and high incentives alignment between the partners, it is not likely that AT underpinned any Direct Model selection.

#### 5.1.2.3 TCE as Alternative Driver for the Direct Business Delivery Model

It is worth noting that the i-FP mode of delivery at V2 in Country V was initiated in 2013, about five years after the TNE operation commenced. The host country office (HCO) was established as an *in situ* monitor in response to the phenomenal growth of the operations. This University

response reflects the increased transaction frequency, and some concerns over the OP's capabilities and capacity to serve a large student population.

Running a HCO obviously involves investing in relationship-specific assets such as office space, equipment and specialised staffing. The use of a HCO is a hybrid governance strategy, that allows the University greater oversight and control, but avoids the high costs of vertical integration.

Given the high level of maturity of the business/legal-political environment in Country V, the University's Direct Model choice of the i-FP mode of delivery can be attributed to TCE considerations.

## 5.2 Secondary Data Analyses

This Section investigates the Australian public university TNE sector through a secondary data survey of these universities' TNE performance, and of the nature of the operating environments within which such TNE programs operate. The secondary data analyses aim to provide data triangulation to corroborate the findings of both the focus groups and in-depth interviews of Universities A and C.

These analyses were based on data obtained from publicly available sources, viz., the universities' annual reports, the Australian Department of Education and Training reports, AUQA reports, TEQSA reports and other authenticated sources. TEQSA was contacted to request access to the archived AUQA audit reports (AUQA 2011a). In the course of the data collection, freedom of information requests have had to also be made for access to Australian tertiary institutions' International Education Activity Profiles quoted in the TEQSA 2016 – 2017 annual report (TEQSA 2017b); these were duly provided with some redaction (TEQSA 2017a).

## 5.2.1 The Australian Public University TNE Sector

Both Universities A and C focus groups recognised the influence of ‘type of university’ on TNE decisions, while only University A focus group reflected on the impact of university size on TNE operations (Section 4.3.5.2). This section explores the TNE student populations and revenues of Australian public universities to assess if university type and size might indicate trends in TNE activity and preference for TNE business delivery model.

The tabulation of the total student population of Australian public universities involved in TNE (Table 5.1) shows that TNE activity (both IBCs and other TNE forms) is concentrated in the smaller universities.

No.	Type of TNE Model	Total Student Population in 2015			
		1 <sup>st</sup> Quartile (14,592–28,461)	2 <sup>nd</sup> Quartile (28,462–42,331)	3 <sup>rd</sup> Quartile (42,332–56,201)	4 <sup>th</sup> Quartile (56,202–70,071)
1	Branch Campus	Victoria (27,138) Murdoch (23,241) JCU (21,616)	SUT (37,141) Newcastle (35,416) UoW (31,687)	Curtin (50,648)	Monash (70,071) RMIT (60,086)
2	Others	ECU (26,937) UWA (25,133) Flinders (24,334) Murdoch (23,241) Canberra (17,020) FedU (15,118) SCU (14,592)	CSU (40,095) SUT (37,141) LaTrobe (35,718) UTas (32,149) UoW (31,687) UniSA (31,485)	Griffith (46,017) Curtin (50,648)	Monash (70,071) RMIT (60,086)

**Table 5.1 Size of Australian Public Universities Engaged in TNE (Department of Education and Training 2015a)**

The next tabulation (Table 5.2) compares the universities’ student populations and TNE revenue for 2015. The tabulation seems to indicate that universities within the ATN, IRU and Others categories have the highest TNE student populations. While these categories also have correspondingly higher onshore international students, the G8 universities record the highest onshore international student populations but the second-lowest offshore international students. It is also not surprising that the RUN universities operate only Outsourced Models of TNE, having the lowest TNE student populations.



In terms of TNE revenue as a proportion of total revenue, the IRU universities average the highest at 9%. This is followed by the ATN universities at 7%, and the RUN and Others at 6%. The G8 universities average the lowest at 4%.

No.	University	TNE/ Total Revenue (%)	Student Proportion			Type of TNE Model
			Onshore/ Total (%)	Offshore/ Total (%)	Offshore/ Interna- tional (%)	
<b>A</b>	<b>ATN</b>	7% avg	<b>19%</b>	<b>9%</b>	<b>26%</b>	
1	RMIT University	10%	19%	26%	59%	B, O
2	Curtin University	4%	16%	15%	48%	B, O
3	University of South Australia	NA	16%	13%	19%	O
<b>B</b>	<b>G8</b>	4% avg	<b>25%</b>	<b>3%</b>	<b>9%</b>	
1	Monash University	1%	22%	15%	40%	B, O
2	University of Western Australia	7%	15%	4%	21%	O
<b>C</b>	<b>IRU</b>	9% avg	<b>15%</b>	<b>9%</b>	<b>32%</b>	
1	The University of Newcastle	2%	10%	5%	32%	B
2	La Trobe University	9%	19%	3%	16%	O
3	Murdoch University	24%	8%	34%	80%	B, O
4	Flinders University	9%	11%	8%	41%	O
5	James Cook University	8%	16%	13%	45%	B
6	Griffith University	3%	17%	2%	11%	O
<b>D</b>	<b>RUN</b>	6% avg	<b>18%</b>	<b>2%</b>	<b>8%</b>	
1	Southern Cross University	9%	10%	4%	29%	O
2	Federation University Australia	3%	39%	9%	18%	O
<b>E</b>	<b>Others</b>	6% avg	<b>15%</b>	<b>6%</b>	<b>22%</b>	
1	Charles Sturt University	8%	14%	5%	25%	O
2	The University of Wollongong	7%	18%	23%	56%	B, O
3	Swinburne University of Technology	1%	14%	10%	41%	B, O
4	Victoria University	13%	17%	19%	53%	O
5	Edith Cowan University	3%	14%	2%	12%	O
6	University of Tasmania	NA	12%	5%	28%	O
7	University of Canberra	7%	19%	5%	19%	O

Abbreviations :

- 1) B (international branch campus); O (business delivery models other than international branch campuses, e.g., franchised programs)
- 2) ATN (Australian Technology Network) G8 (Group of Eight); IRU (Innovative Research Universities); RUN (Regional Universities Network); Others (Other universities not categorised elsewhere)
- 3) Revenue averages could not be computed due to some missing university data

**Table 5.2 Profiles of TNE at Australian Public Universities (extracted from the universities' annual reports)**

Table 5.3 below tracked the commencement of Australian IBCs within the three academic governance periods discussed in Section 5.2.2.1.2. All Australian IBCs were continuing in 2019, except for the short-lived UNSW Singapore IBC that was aborted within four months of commencement (Burton 2017).

It is noteworthy that Monash University has the largest number of IBCs, i.e., one each in Malaysia, South Africa and the PRC. Garrett et. al recorded two IBCs each for RMIT University and Curtin University in 2017 (Garrett et al. 2017), but subsequent secondary data surveys showed that Curtin University runs four IBCs located in Malaysia, Singapore, the UAE and Mauritius (Curtin University 2019).

No.	Australian Public University	IBC Location	Year Commenced
Pre-2000			
1	University of Wollongong	UAE	1993
2	University of Technology Sydney	PRC	1994
3	Monash University	Malaysia	1998
4	Curtin University	Malaysia	1999
2000-2011 (AUQA period)			
5	Swinburne University of Technology	Malaysia	2000
6	Monash University	South Africa	2001
7	RMIT University	Vietnam/HCMC	2001
8	University of Newcastle	Singapore	2002
9	James Cook University	Singapore	2003
10	RMIT University	Vietnam/Hanoi	2004
11	UNSW	Singapore	2007
12	Murdoch University	UAE	2007
13	Curtin University	Singapore	2008
Post-2011 (TEQSA period)			
13	Monash University	PRC	2012

**Table 5.3 Commencement of Australian Public University IBCs (Garrett et al. 2017)**

### 5.2.2 Comparative Country Operating Environments

The focus group study highlighted the importance of the operating environment for TNE. For example, BF3 noted that *‘the first thing you’re going to have to look at is well, what’s the regulatory environment in the country, and what’s the regulatory environment within Australia ... and then develop your model in relation to that’*.

### 5.2.2.1 The Australian Operating Environment

This Section surveys the Australian university TNE sector with regards to legislative developments and the national regulatory framework governing university TNE operations.

#### 5.2.2.1.1 The Australian Higher Education Legislative Environment

The Australian public university sector has gone through a number of critical legislative transformations. Some of these transformations have had the effect of circumscribing and influencing the trajectory of Australian university TNE activity.

One of the most impactful is what is known as the Dawkins Revolution, which brought about the Higher Education Funding Act 1988 (Wells, Marginson and Norton 2013). John Dawkins, the Australian Minister for Employment, Education and Training (1987 – 1991) was described as having ‘turned ... local focuses into international outlooks, vice-chancellors into corporate leaders ... (and) remodelled higher education and how it was funded in only a few years’ (Wells, Marginson and Norton 2013). This reform introduced, for the first time, income-contingent loans for Australian students to partially fund their university education, and encouraged the growth of full-fee paying international student enrolments – both argued as ‘the two main mechanisms for the significant marketisation of Australian higher education’ (Moodie 2008, 2). It also transformed the colleges of advanced education into universities, thereby increasing the number of university places. This reform led to an expansion of university student enrolments and a proliferation of TNE activity (Section 2.3).

The next major review of Australian higher education was led by Roderick West AM in 1997 to inform on funding of teaching and

research, and resourcing the higher education sector to 'meet Australia's economic and social needs over the following two decades' (Department of Education and Training 2015b, 14). Of the West Review's 38 recommendations, the most notable were 'a gradual move towards a 'student-centred' approach, with a lifetime tertiary learning entitlement, a demand-driven funding system, access to government grants and income-contingent loans for students at both public and private providers, and the deregulation of public university fees' (Ibid., 15). Although the government did not 'make a formal response to the West Review', many of the recommendations were re-considered in subsequent reviews and 'the government established a new national quality agency, the Australian Universities Quality Agency' (AUQA) (Ibid., 15).

While there were 'occasional piecemeal changes' to legislation affecting higher education, the next 'historic transformation of Australian higher education' after the Dawkins Revolution was the reforms introduced in 2003 by the Federal Education Minister Brendan Nelson (Gilbert 2003). These reforms sought to ensure that 'no Australian should be denied access to a university education because of a genuine inability to pay for it', and to improve the 'capacity of Australian universities to match their international competitors', through a 'mixture of 'user pays' and public funding'. The Nelson Reforms also deregulated university tuition fees, allowing universities to 'increase their fees up to 30% more than the HECS (Higher Education Contribution Scheme) loans that fund the private contribution by students to their higher education' (Davidson 2003).

The Nelson Reforms reflected the ruling government's view that 'there was no case for increased public funds to expand the sector ... partly because they believed or hoped that any increase in domestic university training would come from young people paying full fees, but also because they were not convinced that there was a need for more

university graduates' (Birrell and Edwards 2009, 5). Later, the Bradley Review, which was initiated by the Prime Minister Julia Gillard in 2008, provided an alternative view, and is 'a crucial milestone in the recent history of the Australian higher education sector' that called for a higher university participation rate of 40% of the 25-34 year olds cohort by 2020 (from 29% in 2008), especially from the under-represented groups, e.g., those with low socio-economic status (Ibid., 4), recommended a demand-driven, de-regulated funding model, and advocated the strengthening of the promotion and regulation of onshore international student enrolment (Ibid.). While acknowledging the achievements and global leadership of Australian universities in attracting international students, the Review warned of threats to the viability and sustainability of the sector going forward (Bradley et al. 2008, 91). It recommended a 'whole-of-government' approach to the promotion of Australian higher education overseas and the 'movement of regulation of the (international education) industry to an independent body', i.e., from AUQA to TEQSA (Ibid., xv).

#### 5.2.2.1.2 The Australian Regulatory Environment

The Australian regulatory environment governing higher education can be divided into three periods, viz., pre-2000, 2000 – 2011, and post-2011 (Bentley, Henderson and Lim 2017, 340). Pre-2000, universities were responsible for the quality of their own TNE programs as self-accrediting institutions, under the 'broad oversight of State governments' (Ibid.). The period 2000 – 2011 saw Australian universities come under the purview of the Australian Universities Quality Agency (AUQA) and were audited on the basis of 'fit for purpose', where universities were required to 'prove to AUQA that they had in place quality assurance systems to safeguard the standards that they had defined' (Ibid.). Post-2011, Australian universities were regulated by the Tertiary Education Quality and Standards Agency (TEQSA), which possessed more legislative power compared to AUQA.

The West Review brought about the set up of AUQA in 2000 (Department of Education and Training 2015b). AUQA is ‘an independent, not-for-profit national agency that promotes, audits, and reports on quality assurance in Australian higher education’ (AUQA 2011b). It was set up by the Ministerial Council on Education, Training and Youth Affairs (MCEETYA) in March 2000 (Ibid.). AUQA conducted two rounds of audits across Australian universities before being replaced by the TEQSA in 2011. It did not however complete its second cycle audits. While the first cycle audits were based on a single theme, the second cycle required two themes, one of which must be Internationalisation if the university audited had TNE operations (Office of Strategy & Planning University A 2019).

Bentley et. al (2017) reported that ‘the inability of some institutions to address their shortcomings as found in round one of the AUQA audit led, for example, to the closure of many of their offshore programmes and partnerships’. This was confirmed by AF5 (*‘that it (AUQA Cycle 2) was a trigger but it was, ... the way I see it is that ... actually, a lot of people wanted to do something about some of its programs and it provided opportunity to those people to say ‘see, we’ve got to do something now’ ... so actually that was the trigger ... the fact that AUQA was coming later’*), AF6 (*‘and quite a few of the terminations happened leading up to the AUQA of 2008 ... so it was the period of 2006-2007 where really, a decision was made at Country A ... what do we want to keep, and what do we want to get rid of’*), and BF3 (*‘we started closing down a lot of the offshore stuff ready for AUQA to hide a lot of the problems that would have been very open’*).

While AUQA had been commended for being ‘instrumental in monitoring quality’, there were deficiencies, *inter alia*, in the lack of ‘quantifiable results’, absence of focus on the ‘student experience’, absence of ‘reward for quality’, ‘university complacency’, lack of ‘comparable academic standards’, and AUQA’s inability to sanction (Shah, Nair and

Wilson 2011, 480-482). The Bradley Review (Section 5.2.2.1.1) was the impetus for the set up of TEQSA, replacing AUQA with a regulatory body that has legislative clout to sanction non-compliant behaviour, including de-registration of the program or institution.

Three basic principles guide TEQSA's regulatory framework, viz., regulatory necessity, reflection of risk, and proportionate regulation (TEQSA 2015b, 8). In the early years of TEQSA, the standard of audits was based on minimal threshold standards and universities demonstrating equivalence of student experience across all its delivery locations (Ibid.). *'TEQSA now are stating that the administration and the academic governance has to be exactly the same for offshore as it is for onshore'* (BF3). AF5 also reiterated this, i.e., *'that's the whole point, that's why we have to approve the lecturers who are engaged offshore - is to make sure that they meet the same kind of standards that we would expect for onshore lecturers'*. Further, instead of conducting three-year audits like AUQA, *'they've just released this new information ... instead of them doing three-year audits for the offshore, it may build in a 12-month' audit* (BF3).

Recent research indicated that *'an overly compliance-based approach to the threshold standards by providers themselves in their self-accreditation, may detrimentally affect the beneficial elements of TNE ... self-accreditation requires a carefully nuanced understanding to take account of cultural and contextual factors, particularly in a franchising model'* (Bentley, Henderson and Lim 2017, 347). This high cost of compliance has been reported in University C's first TEQSA university re-registration process which required the University to evidence compliance with TEQSA's 102 threshold standards. This exercise was *'an arduous and complex ten-month process that resulted in a one hundred and thirty three page application document with more than five hundred and thirty pieces of individual evidence to support the claims'* (Holloway et al. 2013, 2).

As TEQSA reached out to regulatory bodies of other jurisdictions and developed mutual assistance agreements, it consciously moved 'away from Principles of Equivalence' to one where it required the provider to be 'accountable for the course of study' and that the provider verifies its continuing compliance 'with the standards in the *Higher Education Standards Framework* that relate to the specific arrangement' (Bentley, Henderson and Lim 2017, 341).

Recognizing the importance of international education as Australia's 'third largest export', TEQSA took a proactive stance in supporting and enhancing 'Australia's international competitiveness in higher education regardless of location of delivery' through its four-year International Engagement Strategy 2016 – 2020 (TEQSA 2016). The Plan's principal objectives are 'quality assuring Australian transnational higher education, supporting Australian transnational higher education activity and innovation, and building networks and collaborating to ensure quality' (Ibid.). This proactive stance is reflected in Mok's observation that countries that promote TNE 'do not necessarily result in the retreat of the state from the market but rather a reassertion of the role of the state under changing social and economic circumstances' (2008, 149). BF3 noted this changing sector sentiment where '*they (an ATN category university) shut it all down and have now since started to open it back up through the reasons that we've talked about – getting brand and being able to compete*', after the university rationalised its TNE operations during the 2008 AUQA audits.

#### 5.2.2.2 The Offshore Operating Environment

By virtue of its cross-border delivery, TNE operations are also subject to host country regulations. Bentley et. al noted that 'the challenges facing the exporting countries, in this case Australia, remain significant in the face of the differences in the political, legislative and cultural



environments of their partners' (2017, 347). All three focus group Universities were cognisant of the need to assess both risks and returns of new TNE initiatives. AF5 described University A's recently established due diligence process that analyses *'at a national level, and you study why do you think it might be a good opportunity ... what is the risk in that ... we look at the political and economic risk in that country ... what's happening in the higher education sector ... the existing provision, the planned provision, what are the demographics, what are the rules around governance of the operation, what are the taxation rules ... I mean, everything ... you'd have to do a complete assessment around all of those things'*. The next level of assessment centres on whether the opportunity is limited to one or two disciplines such as *'engineering programs or business programs'*, or *'how many of the faculties are likely to benefit from this activity ... is it a kind of comprehensive opportunity, or is it a very narrow opportunity ... and that's probably what helps determine whether it might be a branch campus or a twinning program'* (AF5).

University B senior executives also share similar perspectives on assessing prospective TNE initiatives, *'instead of them coming to us, we will go out and we've already made this recommendation, that the University puts money together to go out and use someone ... who could specialise in ... looking at the country ... the regulatory requirements or changes within that country ... the best model for that country ... the partner and how and why are they structured ... and then you try and match someone with our values to their values ... (that) they're not only in it for the money, not for profit'* (BF3). BF1 added that the University would consider *'meeting the needs of national interests, economic and social because you don't want to go where there is no relationship with the Australia ... so, you've got to target the key countries of the world which Australia will need or must work with, for example militarily, socially, culturally ... so, education is serving the community ... that our graduates*

*through those partnerships will be able to work with those people in those countries which are key to us'.*

This section discusses the nature of TNE host country environments as they relate to business delivery model selection motivated by different theories of the firm. It will also explore the countries' comparative risks and attractiveness for investment.

#### 5.2.2.2.1 Operating Environments in Theories of the Firm

TCE assumes the incompleteness of contracts arising from bounded rationality and opportunism (Section 2.6.2). Bounded rationality is accentuated in environments of high uncertainty, leading to adaptation problems (Fig. 2.3; Section 2.6.2). Opportunism in turn is the result of an environment lacking in trust and where an opportunity for profit exploitation is present. The propositional framework (Section 4.5.2) therefore predicts that the Direct Model of TNE business delivery will be selected under high levels of business and legal-political uncertainty when the university uses the TCE lens. However, the hybrid governance structures which have been identified in Universities A and C, 'require governance to monitor and discipline their interactions' (Klein and Sykuta 2010, 176).

PRT on the other hand, is focused on *ex ante* incentives alignment and hence, institutional arrangements, where ownership configurations emerge to manage different transaction costs (Section 2.6.3). Property rights refer to sanctioned behaviours of economic actors in deploying valuable resources for productive endeavours; these behaviours circumscribed by both formal legal institutions and non-formal social conventions. The propositional framework of Section 4.5.2 predicts that the university uses the PRT approach in its TNE business delivery model selection when the socio-legal-political operating environment is marked by high levels of maturity.

In using the AT lens, the university assumes complete contracting (Section 2.6.4), and selects the Outsourced Model within legal-political operating environments that are highly mature. Similar to PRT, 'the success of the markets rests heavily upon the presence of strong regulatory institutions (Mok 2008, 150). The selection of the Outsourced Model also assumes that search costs are low, reflecting a more transparent operating environment. Further, considerations of moral hazard requires an environment of high trust and mutual respect (Section 2.6.4).

#### 5.2.2.2.2 Host Country Regulatory Regimes

All three theories of the firm operate within different environmental assumptions as discussed in the preceding section. An analysis of the theoretical drivers influencing the two Universities' TNE business delivery model selections will require locating each TNE operation within its operating environment, as AF5 acknowledged, '*often regulations would prohibit us doing it on our own because, as a foreign provider, the regulations in many countries ... foreign providers are different stand alone; are different from regulations for a joint foreign provider, (or) joint local-foreign provider*'. As an example, '*the Country O government strongly regulates foreign provisions, and Country Q is another really good example, where it doesn't yet allow any foreign provision in their country ... so it has a huge impact on what we do ... not only on whether to do something but also, if we do it, how we do it*' (AF5). BF3 added that '*legislative changes that have been made in Country V are moving Country V to an elite higher education*'.

Mok provides a useful construct to locate the Universities' TNE operations (2008). His construct (below) categorises the host countries as a market accelerationist state, a market facilitator state, an interventionist state or a market coordinator state, depending on the level

of state and civil regulations (2008, 153). In his study of three host countries (viz., T, V and P), he locates countries T and V in the market accelerationist state quadrant, while country P as a market facilitator state.

State Regulation	Civil Regulation	
	Strong (organized)	Weak (spontaneous)
Strong (centralized)	<b>Cell 1</b> Authoritarian liberalism Market accelerationist state State-corporatist regulatory regime	<b>Cell 3</b> State socialism Interventionist state Command-and-control regulatory regime
Weak (decentralized)	<b>Cell 2</b> Economic liberalism Market facilitator state Civil society regulatory regime	<b>Cell 4</b> Market socialism Market coordinator state (Coordinated) Market regulatory regime

**Table 5.4 Varieties of Regulatory Regimes (Mok 2008, 153)**

In a study of Country U, it was reported that the Country ‘had hosted TNE providers since the late 1990s and had grown its private higher education enrolments from 5,250 to 18,000 students between 2000 and 2014 (Timol and Kinser 2017, 8). However, the sector encountered serious capacity constraints, and deteriorating quality and employability. The new government of 2014 closed down its Ministry of Tertiary Education, and tertiary education was again subsumed under the Ministry of Education. Following Mok’s classification, Country U can be considered to have moved from a market facilitator state to a market coordinator state.

Similar to Australia’s TEQSA, Country X’s regulatory authority is committed to the promotion of the Country’s TNE sector, including liberalizing its immigration requirements for international students, evidencing a market accelerationist state for TNE (Country X Government 2018).

It was reported that ‘all four modes of (WTO GATS; Table 2.1) delivery

for education service (limited to technical, natural sciences and technology, business administration and business studies, economics, accounting, international law and language training fields) are allowed in Country Y' (Nguyen and Penfold 2012). Its regulations pertaining to TNE however, have been noted to be 'complex, ambiguous, opaque and poorly implemented and monitored ... many overseas providers drown within the layers of regulation and the government hierarchy and find it difficult to comply with all requirements as a result ... leav(ing) students in jeopardy and potentially sends millions of dollars of investment in education to other locations' (Nguyen and Shillabeer 2013, 5). Its national accrediting body is also reported to be non-independent of the government (Nguyen, Evers and Marshall 2017, 485). Country Y can thus be located as an interventionist state.

Although 64 transnational higher education institutions were approved in Country O by June 2015, 'the selection criteria used by the MOE (Ministry of Education) to grant approval for the establishment of TNEs are not openly available' (He 2016a, 79). Further, the 'MOE only sporadically publicised its general principles for selecting and approving TNEs ... universities that want to establish TNEs in Country O cannot properly self-evaluate and estimate the likelihood of being selected and approved' (Sun, 2004). The strong state regulation but weak civil regulation relegates Country O to an interventionist state.

Country N's TNE recognition framework as at 2015 is based on the 'territorial principle' where the Country does not recognise TNE awards delivered on its soil or Country N awards delivered offshore; its TNE regulatory environment is tightly controlled by the Ministry of Education, and hence locates the Country as an interventionist state with strong state regulation but weak civil regulation (Ohmori 2015, 13).

Although Country R had enacted the Higher Education Bill in 2012 to 'make it easier for foreign institutions to set up on a non-profit basis in

collaboration with local universities', it has yet to see any takers (Nurdiani and Sharma 2013), and up to July 2017 the Government is still 'developing the regulations' and the Bill has not come into force yet (Smith 2017). A senior executive of a Group of Eight university with interests in Country R remarked that 'no physical presence is planned for Country R ... (and) in a restrictive regulatory environment, more flexible, fluid, innovative and 'win-win' partnership models are required' (Nurdiani and Sharma 2013). Country R can be considered an interventionist state.

According to findings from the British Council (2013), Country W, among others, 'host foreign institutions without any formal regulatory structure' (Bosire and Amimo 2017, 146). While Country H needs private sector involvement in building its higher education capacity, it does not have the regulatory framework to quality assure and regulate this activity (Win 2015). The opening of the economy in Country H to international trade in 2012 provided the impetus for private sector participation in education, and in 2016 there were six UK universities operating TNE in the Country, growing to 14 in 2018 (Noble Solutions 2018). Countries W and H are thus unclassified due to the absence of regulations governing TNE.

The Countries where Universities A and C are operating in, and discussed in the in-depth interviews are classified below according to Mok's regulatory regime construct to reflect the level of regulatory control over TNE operations.

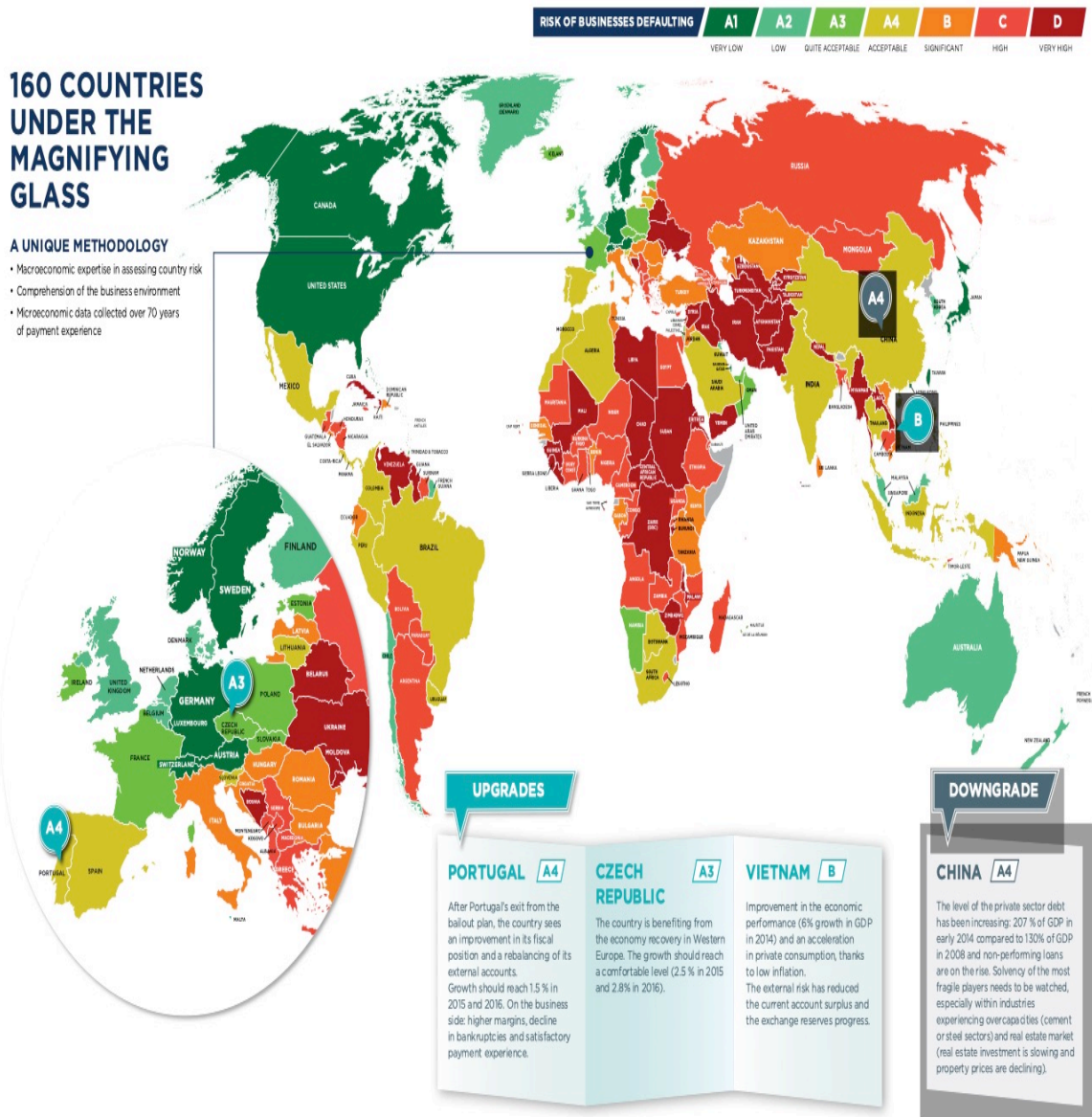
No.	Regulatory Regime	Country
1	Market accelerationist state	T, V, X
2	Market facilitator state	P
3	Interventionist state	N, O, R, Y
4	Market coordinator state	U
5	Unclassified	H, W

**Table 5.5 Host Country Regulatory Regimes of Universities A and C TNE Operations**

#### 5.2.2.2.3 Country Risk Comparisons

Country risk is one of the key considerations of the Universities studied, especially in the set up of IBCs where it is *‘a much riskier model ... it’s financially much more risky’* (AF1). For instance, University A reviews its TNE risk profiles *‘when the contract’s re-negotiated or there’s a change in the market that we know about’* (AF1). Informant CI11 reported that University C now considers sovereign risks in its due diligence of TNE start-ups. These country risk and attractiveness considerations have become important, for instance to University C since it has *‘become a multinational; it is operating in different countries’* (CI10).

There are currently no country risk assessments directly related to TNE investments. Hence, a proxy is needed, and this is found in Coface’s annual country risk assessment map of 2015, which is the closest to the focus group study of 2013. Coface is a credit guarantee corporation that operates in about 200 countries, e.g., managing ‘public guarantees on behalf of the French state’ (Coface 2019). It was reported in Forbes that this risk rating ‘claims to remove the central conflict within the “big three” agencies (viz., Moody, Standard and Poor and Fitch), namely that they take money from the very clients that they rate’ (Laurent 2009).



**Fig. 5.1 Country Risk Assessment Map – Second Quarter 2015 (Coface 2015)**

The Coface map of 160 countries, comparing the ‘average credit risk on a country’s businesses’ is based on ‘macroeconomic, financial and political data’ that have been collected over a period of 70 years (Coface 2015). The 2015 country risk assessment map is referenced (above) to determine the relative risks presented by the eleven TNE countries covered in the case studies of Universities A and C.



The Coface 2015 risk ratings, in ascending order, are :

Coface Risk Ratings							
A1	A2	A3	A4	B	C	D	E
Very Low	Low	Quite Acceptable	Acceptable	Significant	High	Very High	Extreme

**Table 5.6 Coface Risk Ratings Map**

Based on the above country risk assessment map, the eleven TNE countries' risk ratings indicate that countries N, V, P, T, U, X, R and O have acceptable to very low country risk ratings (Table 5.7). Country Y has a significant risk profile, while Country H has a very high risk rating.

No.	Country	Coface Risk Level (A1 to D) for Quarter 2 of 2015
1	Country N	A1
2	Country V	A1
3	Country P	A1
4	Country T	A2
5	Country U	A3
6	Country X	A3
7	Country R	A4
8	Country O	A4
9	Country Y	B
10	Country W	B
11	Country H	D

**Table 5.7 TNE Country Risk Classifications based on the Coface Country Risk Assessment Map of Second Quarter 2015**

#### 5.2.2.2.4 Comparative Country Attractiveness for Investment

As the Universities grew in experience initiating and managing TNE operations, they developed more sophisticated, formal due diligence processes to also assess the attractiveness of new ventures (AF1, CF2). These new ventures include emerging markets that universities consider for first mover advantage entry (CI11). This section explores a proxy index for the assessment of country attractiveness for investment, the Venture Capital and Private Equity Country Attractiveness Index

developed jointly by the IESE Business School and Emlyon Business School (Groh et al. 2015).

The developers explained that 'to find prime investment opportunities, investors generally look several years down the road and focus on specific factors like: economic activity (GDP, inflation, unemployment rate); size and liquidity of capital markets; taxation; investor protection and corporate governance; the human and social environment (including human capital, labour market policies and crime); and entrepreneurial culture and opportunities (including innovation capacity, the ease of doing business and the development of high-tech industries)' (Groh et al. 2015). The index is based on these six factors across selected countries, differentiating their relative attractiveness for investment on a ranking of 1 to 125.

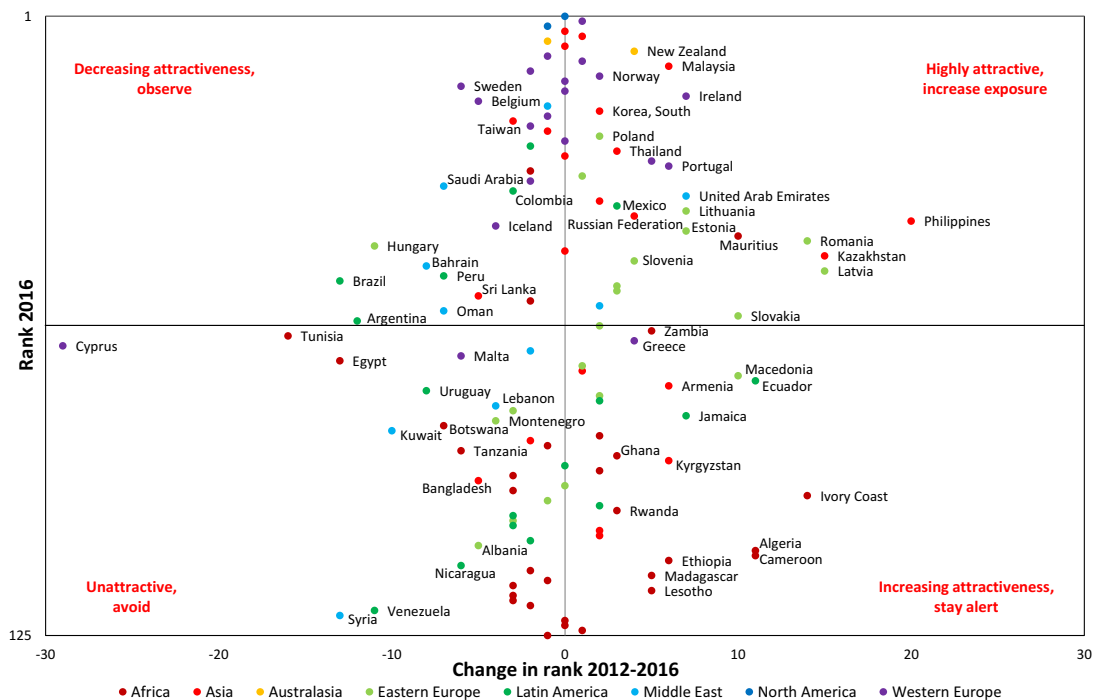
The focus groups demonstrated that many of these factors are considered by the Universities, e.g., government policies and regulations (AF1, AF5, BF1, BF3, CF2), legal framework (AF1, BF1, BF3), exchange rates (AF6), business environment and competition (AF3, AF5, BF2, BF3, CF2), internet bandwidth (AF1, AF6), socio-cultural preferences (AF6, BF5, CF1, CF2), and immigration policies (BF3, CF2). As an example, *'the Country W Government provided the opportunity through University B's OP, offer(ing) us the opportunity of a managed campus, because ... we were one of the first movers into the Country'* (BF3), demonstrating the importance of recognizing and taking advantage of emerging opportunities.

Ten of the eleven TNE countries studied were found in the Groh et. al ranking, and represented in the figure below. Only Country H was not listed in the index.

Country	W	U	Y	R	X	O	T	VNP
Index	55	51	43	37	29	18	13	6 5 4

**Fig. 5.2 TNE Countries in the 2015 Venture Capital & Private Equity Country Attractiveness Index (6th Edition) (Groh et al. 2015)**

The index developers also generated a change-in-rank map (below) that provides investors with a guide on countries to ‘observe’ (because of decreasing attractiveness), ‘increase exposure’ (because they are highly attractive), ‘stay alert’ to (due to increasing attractiveness), and ‘avoid’ (because they are unattractive) (Groh et al. 2016).



**Fig. 5.3 Current Ranks and Rank Changes Between Index Version 2012 and 2016 (Groh et al. 2016)**

The above map provides a guide to the changes in attractiveness of four of the eleven TNE Countries studied in the focus groups, recommending ‘increasing exposure’ to Countries T, U and X, while ‘observing’ Country

W. The other six countries' attractiveness did not change within the period of study.

### 5.3 In-depth Semi-structured Interviews

The in-depth semi-structured interview transcripts of the two Universities were reviewed and coded into their constituent themes, concepts and stories, and which will be analysed in Section 5.4 as singles cases, and Chapter 6 in a cross-case study. This section briefly summarises these themes, concepts and stories, while Appendices I and J describe them in detail.

The interviews accessed informants from three areas of responsibilities, viz., strategic, managerial and academic. As presented in Section 5.4.1, there were eight strategic informants, six managerial informants and six academics from across central, divisional and offshore offices of University A. University C was represented by three strategic informants, and four each of managerial and academic informants, also from across central, divisional and offshore offices (Section 5.4.2).

The original list of prospective informants was much longer. However, a number of informants declined to be interviewed or did not respond to the request. A few informants were not on the original list, but referred by other informants. All informants had been very helpful, some making the effort to follow up on the interview by sending additional information.

The interviews which took place in Australia between May 11 and May 17, 2018 were grueling, as some consecutive interviews were held in different campuses which were located at a considerable distance from each other. The offshore interviews were held on June 5 and 6, 2018, while the telephone interviews held between May 23 and June 28, 2018. While the face-to-face interviews were physically taxing, the telephone interviews encountered some minor technical difficulties, viz., poor

teleconferencing quality and intermittent loss of recording quality (despite the use of two audio recorders). Although telephone interviews are generally considered difficult and of lower quality than face-to-face interviews, Cachia and Millward (Cachia and Millward 2011) argues that, if conducted well, the telephone interview may in some circumstances (e.g., semi-structured interviews) be able to deliver better quality data – in what they describe as ‘methodological strengths’ as opposed to the generally accepted ‘convenience’ of telephone interviews (Ibid., 270). The provision of pre-interview research study background and interview questions, and the use of an aide memoire in the present study helped in ensuring data integrity. It is also worthy of note that any disadvantage of missing visual cues might be minimal due to the non-technical nature of the phenomenon of study. Finally, Farooq and de Villiers argues that the notion that telephone interviews are inferior to face-to-face interviews is unfounded, and that telephone interviews provide ‘a more balanced distribution of power’ between the interviewer and the interviewee, and ‘a greater level of anonymity and privacy’ (Farooq and Villiers 2017, 292).

The interviews were guided by an aide memoire (Appendix F). However, there were occasions when the questions were suspended temporarily where the informant discussed key topics of interest relevant to the study in detail. There were also occasions where the interviewer had to skip topics when it was obvious that the informant was not conversant with certain topics, e.g., strategic university decision questions posed to managers and academics. There was also a need to constantly process and cross-check the information provided by the informants for factual inaccuracies, conflicting evidence, embellishments and anomalies. Identifying disconfirming evidence, intervening conditions and rival theories was another parallel endeavor. Most of the main themes, concepts and stories met saturation point before the interviews were completed.

The transcription of the interviews was obviously a very time-consuming endeavor, in spite of the deployment of online auto-transcription software (which had to be manually checked for accuracy) and outsourcing to transcribers. Due to the manageable number of informants, Microsoft Excel was used in the coding process (Section 3.7.6). Microsoft Excel was deployed because it allowed the data to be presented as one large table, enabling quick scans across all informant views.

At the onset, it is useful to point out some important discoveries about the TNE business delivery models practiced by the two Universities, which led to a modification of Table 2.4 (TNE Framework for Organisational Economics Research) for application to these two Universities.

The TNE Framework developed in Section 2.5.5 classified the w-IBC, multinational university and c-IBC as Direct Models, while FPs, Partnership Programs and Joint HEI/provider as Outsourced Models. The interviews provided in-depth insights into the two Universities' TNE operations, uncovering the c-IBC that featured *in situ* oversight (ic-IBC) at University A (Section App I 5.4). They also provided further evidence of the *in situ* monitored FP (i-FP) (first identified in Section 4.4.2.2) at University C's Country V TNE operation (Section App J 2.3), distinguishing it from most other FPs that are usually remotely-monitored (r-FP). The involvement of both the University and the OP in IBCs (i.e., ic-IBC) and FPs (i.e., i-FP) mean that they are hybrid governance models, unlike the w-IBC which is a hierarchy. The full control that the Universities exercise over the ic-IBC (Section App I 2.6 and Section App I 5.4) and i-FP (Section App J 2.3) locates them as Direct Models, similar to the w-IBC. Only the r-FP is classified as an Outsourced Model due to the full reliance on the OP for host country delivery (Section App I 9.2 and Section App J 6.3). For the purposes of the case studies, Table 2.4 has been modified as shown in Table App I.4 (University A), Table App J.2 (University C) and Table 6.6 (Universities A and C).

### 5.3.1 Themes, Concepts and Stories from University A

Interviews on University A's TNE journey provided a very rich tapestry of insights that stretches from the University's first TNE operation in 1986 to 2018. The TNE stories start with the University's early TNE operations in 1986 to 1998 in countries P and V. The serendipitous Country T TNE start-up was then explored in depth because it triggered a tipping point in the University's TNE history that set it on a journey to establish branch campuses. The next section then discusses the impact of the Australian regulatory environment and its Business School international accreditation exercise on its TNE operations.

These were followed by an important discussion on the University's quest to become a global university. This quest influenced the evolution of the University's TNE operations in Country V into a second branch campus operation, the transmutation of a Country U franchised program operation (FP) into the third branch campus, and the serendipitous set-up of the University's fourth and latest branch campus in Country X.

This section also explores the future of FPs within the University's larger global university aspiration, and ends with a detailed study of the University's current TNE value chain activities.

### 5.3.2 Themes, Concepts and Stories from University C

University C is a small Australian university that has punched above its weight in the TNE sector. With a student population of more than 23,000 students, it has almost 8,000 TNE students (Section 4.3.4.3). Its TNE history has not been very long, starting around the early 1990s. It has however, experienced phenomenal growth in its Country V TNE operations – causing a distinct tipping point in its TNE journey. This tipping point resulted in the set up of a host country office (HCO) in

Country V to manage the large numbers of TNE students, as well as driven a comprehensive, University-wide TNE review that produced a White Paper to guide its future TNE trajectory.

The themes, concepts and stories that emerged from the interview transcripts provided rich insights of University staff as they recall the early years of the University's TNE journey, the Country V TNE experiences that triggered the tipping point, the potentially reputation-wracking swap of offshore partners (OP) in Country X, and the University's plans for the future. These are followed by rich descriptions of the University's current TNE value chain activities and the influence of the operating environment on TNE performance. The detailed themes, concepts and stories relating to University C's TNE journey are captured in Appendix J.

#### 5.4 Single-case Studies

This section is a study of the individual University's TNE experience, and represents an in-depth extension of the focus group studies of these Universities. It seeks to close the gap on key missing TNE aspects and corroborate findings from the focus group analyses, and address the study's research questions, viz., University motivations for TNE business delivery model selection and the plausibility of selected theories of the firm driving these decisions. Informed by the focus group findings, the case study investigations have been refined to incorporate the impact of each University's TNE tipping point experience.

The Guimon eclectic paradigm analysis of multinational universities will be deployed as a framework to investigate the first research question, i.e., the criteria these Universities use in selecting between the Direct and Outsourced Models of TNE business delivery (Section 2.6.5.3). Its construct is relevant to the current study because of its focus on university motivations for TNE and the scope of University activities, viz.,



the three roles (or, missions) of teaching, research and community engagement (2016, 222). 'Role' is used instead of 'mission' in this study to prevent any confusion with 'mission' in Weisbrod et. al's revenue good – mission good concept (2008).

The age of each of the Universities' TNE operations will be studied using the Deller and Conroy three-year breakeven (business survival) and five-year 'fair rate of return' (business longevity) firm longevities, and the Falck Age-related Firm Liabilities construct (Sections 2.7.4.3 and 2.7.4.4). The analysis of TNE longevity aims to address the third research question on whether the longevity of TNE operations are influenced by decisions driven by the theories of the firm.

Finally, the TNE experiences of the informants have been analysed to identify reflectors of the three theories of the firm in possibly driving TNE decisions. Drawing from the focus group studies, different theories of the firm were identified as possible drivers of TNE before and after the Universities' TNE tipping points as represented in the table below.

No.	Univer-sity	In Relation to Tipping Point	Type of TNE Business Delivery Model	Direct/ Outsourced	Possible Rationale for Model Selection
1	A	Before	Franchised (remote supervision) (r-FP)	O	AT
		After	Franchised (remote supervision) (r-FP)	O	AT
			Collaborative IBC (c-IBC)	D	TCE (or weak PRT)
2	C	Before	Franchised (remote supervision) (r-FP)	O	AT
		After	Franchised (remote oversight) (r-FP)	O	AT
			Franchised ( <i>in situ</i> oversight) (i-FP)	D	PRT or TCE

**Table 5.8 Universities A and C Theoretical Perspectives in Deploying TNE Business Delivery Models**

#### 5.4.1 Case Study of University A

Interviews on University A's TNE journey provided a very rich tapestry of insights that stretches from the University's first TNE operation in 1986 to 2018. The TNE stories start with the University's early TNE operations in 1986 to 1999 in countries P and V. The serendipitous Country T TNE start-up was then explored in depth because it triggered a tipping point in the University's TNE history that set it on a journey to establish branch campuses. The start of regulatory tightening in Australian higher education through AUQA coincided with the tipping point. The impact of the Australian regulatory environment and the University's Business School international accreditation (codenamed BSA) exercise on its TNE operations were important influences on the University's TNE experience.

The interviews revealed a gradual development of the University's strategic direction which embraced a growing international dimension, leading to the recent aspiration to become a global university. This quest influenced the evolution of the University's TNE operations in Country V into a second branch campus operation, the transmutation of a Country U franchised program operation (FP) into the third branch campus, and the serendipitous set-up of the University's fourth and latest branch campus in Country X.

While the preference for the branch campus model was clearly articulated, informants indicated that FPs were also part of the University's mix of TNE business delivery models to fulfil selected purposes.

The in-depth interviews identified 33 TNE operations beginning from the first FP in 1986 (Table 5.11). These operations comprised 24 terminated FPs, 3 surviving FPs, one re-started FP and four branch campuses. The terminated FPs were located in eleven countries, while the existing TNE

operations were located in seven countries. The four branch campuses in four different countries were considered the flagships due to their size and branch campus status.

A total of 20 informants were interviewed. There were eight informants with strategic roles, six informants with managerial roles and six in academic roles. Four of the six academics also held managerial roles in TNE. There was a good spread of central, divisional and offshore informants, including an ex-staff who is now working in University C.

Four of the eight informants with strategic responsibilities had prior private sector work experience. They had between two and twenty years of TNE experience each, with four of them chalking up more than ten years each.

Five of the six managers had prior private sector work experience. The majority (i.e., five) of them also had more than ten years of TNE experience. Only one had two years of TNE exposure.

No.	Role	ID	Experience		Organisational Entity	Area
			Private	TNE		
<b>A</b>	<b>Strategic</b>					
1	Strategic	A15	Y	3	Office of the Provost	Central
2	Strategic	A111	Y	15	Financial and Commercial	Central
3	Strategic	A16	Y	20	Strategy and Planning	Central
4	Strategic	A110		4	International Office	Central
5	Strategic	A11	Y	15	International Business Development	Central
6	Strategic	A13		23	Faculty of Commerce and Law	Division
7	Strategic	A12		2	Faculty of Humanities	Division
8	Strategic	A116		7	Offshore campus	Offshore
<b>B</b>	<b>Managerial</b>					
1	Managerial	A17	Y	24	International Recruitment and Student Services	Central
2	Managerial	A19	Y	17	International Recruitment and Student Services	Central
3	Managerial	A120	Y	22	Humanities International	Division
4	Managerial	A119	Y	5	Faculty of Commerce and Law	Division
5	Managerial	A115	Y	10	Offshore campus	Offshore
6	Managerial	A117		15	International Office, University C (formerly University A UBSI)	University C
<b>C</b>	<b>Academic</b>					
1	Academic/ Managerial	A14	Y	15	Faculty of Commerce and Law	Division
2	Academic	A18	Y	15	Faculty of Commerce and Law	Division
3	Academic/ Managerial	A112	Y	14	Faculty of Commerce and Law	Division
4	Academic/ Managerial	A113		17	Faculty of Commerce and Law	Division
5	Academic/ Managerial	A114		17	Faculty of Commerce and Law	Division
6	Academic	A118	Y	7	Faculty of Commerce and Law	Division

**Table 5.9 Profiles of University A Informants**

Four of the six academics had prior private sector work experience. The majority of them (i.e, five) had more than 14 years of TNE experience, with only one having seven years of TNE experience.

This Section explores the perspectives of University informants on TNE motivations, TNE longevity and reflectors of theories that might possibly drive TNE business delivery model selection. The analysis starts from the University's first remotely-monitored FP (r-FP) operation in 1986 to the recent most *in situ* monitored collaborative branch campus (ic-IBC). It traces the University's experience with early pre-tipping point r-FPs to the tipping point TSW ic-IBC, and thence to the impact of Australian regulatory imposts, the University's prestigious international accreditation, the University's Global University strategic aspiration, the Country V TNE evolution, the Country U TNE transmutation, the Country X ic-IBC start up and current r-FPs. It ends with an exploration of the University's TNE value chain activities.

It was natural that the informants had commented more liberally on the more recent TNE operations compared to those in the distant past; however, many of them also made useful generic comments about those early operations.

#### 5.4.1.1 University A Criteria for TNE Business Delivery Model Selection

The Guimon tabulation of multinational university motives (Section 2.6.5.3) is a fitting construct to track University A's TNE history from running r-FPs in 1986 to articulating a Global University comprising an international network of '*mini University As*' (AI14) in 2017.

Before the tipping point, the University's TNE operations were all r-FPs which were focussed largely on income generation (AI1, AI10), and secondarily to promote onshore international student enrolments through its r-FP presence and branding (AI3, AI19). The University was noted to

have been on a quest to 'try and partner with as many partners as possible; to get as many students as possible' (A16). Further, 'the University's strategic direction is ... to get a brand out there, to get as many students from overseas to' the University's home campus (A17).

University Role	Ref Tipping Point	TNE Model	TNE Motivations		
			Market-seeking	Resource-seeking	Efficiency-seeking
Teaching	Pre	r-FP	Develop as many r-FPs as possible for income and leverage on r-FPs for onshore enrolments and income	Engage OP expertise and resources to reach more students at lower costs	Not applicable
	Post	r-FP	Develop financially sustainable r-FPs for specific purposes and leverage on r-FPs for onshore enrolments and income	Engage OP expertise and resources to reach more students at lower costs	Not applicable. Some r-FPs continue to be managed by faculties
		ic-IBC	Develop campuses in multiple countries for TNE income and leverage on campuses for onshore enrolments and income	Engage OP expertise and resources to reach more students at lower costs	Leverage on OP efficiencies and the University's hub-and-spokes TNE administration
Research	Pre	r-FP	Not applicable	Not applicable	Not applicable
	Post	r-FP	Not applicable	Not applicable	Not applicable
		ic-IBC	Gain access to international research projects through ic-IBCs and their PVCs	Outsource foreign researchers and funding, and collaborate with foreign entities	Leverage on the University's research and ic-IBC networks for efficiency
Community	Pre	r-FP	Not applicable	Not applicable	Not applicable
Engagement	Post	r-FP	Not applicable	Not applicable	Not applicable
		ic-IBC	Connect with governments and private sectors to contribute to capacity- and nation-building	Outsource to OPs for funding and participation	Not identified

**Table 5.10 Criteria for University A TNE Models Across Its Three Roles (adapted from Guimon 2016, 222)**

The University's modus operandi is to outsource campus infrastructure and as many TNE functions as possible to its OPs because it was cheaper for the OPs to undertake (A111). There was however, no

structured international network of r-FPs to enable any efficiency gains from the numerous r-FP operations.

Post-tipping point, the University's Global University vision and approach called for the delivery of research and community engagement at all its ic-IBCs (AI10); these two roles complement teaching and are formalised in ic-IBC OP contracts (AI10, AI15). The University sought to tap into its international presence to promote research and leverage on international expertise for research (AI9). The ic-IBCs also provided an opportunity for the University to participate in capacity- and nation-building efforts within the host Countries (AI1, AI2, AI9). These research and community engagement activities were driven by the University's on-site PVCs (AI8, AI15), and seed-funded at several locations, viz., VCS, XCD and UCM (AI5, AI6).

The post-tipping point r-FPs were not required to be involved in research and community engagement.

#### 5.4.1.2 Longevity of University A TNE Operations

The ages of the University's TNE operations were tracked with reference to its tipping point and several other watershed events, viz., AUQA Cycle 1 (2000 – 2007), AUQA Cycle 2 (2008 – 2011), TEQSA (from 2012) and BSA accreditation (from 2016). See Table 5.11.

Eight r-FPs were identified as beginning prior to the University's tipping point, viz., PHS, POL, VMI, VBP, VSH, VSI, VIF and TLK. The remaining 24 TNE operations, comprising 21 r-FPs and 3 ic-IBCs commenced after the tipping point.

It was interesting to note that all the pre-tipping point r-FPs lasted more than the five-year reasonable rate of return business longevity

No.	TNE Operation	Year of Start and Termination (if applicable)																																	
		1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	
1	PHS																	r-FP														X			
2	POL																		r-FP								X								
3	PCI																			r-FP		X													
4	PHK																									r-FP		X							
5	PHM																									r-FP		X							
6	RBI																				r-FP		X												
7	RPN																					r-FP	X												
8	KPU																					r-FP		X											
9	VMI											r-FP														X									
10	VBP																									X									
11	VSH																									X									
12	VSI																									X									
13	VIF																									X									
14	VIP																			r-FP	X														
15	VCA																					r-FP				X									
16	VCS																																		
17	TLK																				r-FP							X							
18	TSW																																		
19	TMC																																		X
20	TIP																											X							
21	LIB																					r-FP				X									
22	LBH																					r-FP				X									
23	WSL																																		
24	WIC																						r-FP	X											
25	JSH																											X							
26	YUE																											X							
27	YSR																																		
28	UCT																																		X
29	UCM																																		
30	ONJ																																		
31	ODB1																						r-FP		X										
32	ODB2																																		
33	XCD																																		

Abbreviations X Year of termination of TNE operation **1999** Tipping point year when first IBC started  
 r-FP Franchised operation with remote oversight **2000** AUQA Cycle 1 audits commenced  
 ic-IBC Collaborative international branch campus with *in situ* oversight **2008** AUQA Cycle 2 Audits  
**2012** Start of TEQSA operations  
 ODB1 First ODB TNE operation **2016** BSA accreditation of University A's UBS  
 ODB2 Second ODB TNE operation

**Table 5.11 Duration of University A TNE Operations**



benchmark. They ranged from nine to 26 years before termination, with a median of 13.5 years.

Five of these eight r-FPs were terminated within the 2007 – 2009 period corresponding to the AUQA Cycle 2 audits, while two terminated within the 2010 – 2012 period corresponding to the start of TEQSA. The longest running r-FP, PHS had to be terminated in 2015, just before University A received its BSA accreditation.

The 1999 tipping point was significant because the University applied to change its founding Act of (State) Parliament to enable it to set up IBCs offshore. It also coincided with the start of the tightening of Australian higher education regulations through AUQA, and later TEQSA.

There were two significant TNE initiations in 2008 corresponding to AUQA Cycle 2, viz., the VCS c-IBC and UCT franchise; VCS is still operating, while the UCT franchise was converted into a c-IBC in 2018. The University's BSA accreditation in 2014 - 2016 was also another watershed event, where a number of TNE operations involving the Business School were terminated to comply with BSA requirements (AI3, AI12). BSA impacted mainly the Business School, not the whole University.

While all except one of the University's TNE operations survived the three-year breakeven business survival benchmark, 12 operations (all r-FPs and all post-tipping point) did not survive beyond the five-year reasonable rate of return business longevity benchmark (Section 2.7.4.3). This contrasts against the University's pre-tipping point r-FPs which lasted at least nine years before termination. Seven of these post-tipping point terminations corresponded to AUQA Cycle 2 (i.e., within 2007 – 2009). Three were terminated within 2010 – 2012, corresponding to the centralisation of TNE administration and the introduction of workload management, where TNE work was drawn into and paid as

part of staff workload (AI8, AI12). The remaining two did not last beyond three years.

The University's post-tipping point TNE operations ranged from two years to 14 years in age, with a median of only five years. This contrasts unfavourably with pre-tipping point r-FPs, possibly because of the increased regulatory and accreditation scrutiny imposed after the tipping point.

The University did not start another ic-IBC after TSW until another eight years later – with VCS. It took another ten years before the next ic-IBC was set up (i.e., XCD). The UCM ic-IBC was converted from a 14-year old r-FP (UCT) one year later. The start of XCD and UCM in quick succession could be due to the University's Global University vision which was formally articulated in 2017.

The University's TNE operations that were discussed in the interviews were analysed using Falck's age-related firm liabilities to identify reasons for failure or potentials for failure due to newness, adolescence, obsolescence or senescence (Section 2.7.4.4).

The PHS r-FP was the longest running of the University's TNE operations at 26 years before it was terminated due to the OP's resistance to BSA compliance. In the same Country, POL was terminated after 14 years because of changing student preferences.

In Country V, all four r-FPs (viz., VMI, VBP, VSH and VSI) were terminated after 9 – 22 years of operation because the University wanted to consolidate its Country V TNE operations to enable '*easier management*' and '*better control*' (AI6). In Country T, the University collaborated with the TMC OP for 10 years before terminating the r-FP due to '*poor quality*' delivery (AI12).

Although the UCT r-FP was terminated after 14 years, it was transmuted into an ic-IBC (UCM) because the University wanted to position its brand more strategically to access the regional market (AI17).

No.	TNE Operation	Age-related Liability	Informant Perspective
1	PHS	Senescence due to inflexibility	PHS <i>'wouldn't budge'</i> on BSA requirements (AI)
2	POL	Failure at adolescence due to rejection by students	Shift in student preferences (AI1) caused low financial returns (AI17)
3	VMI	Obsolescence due to value propositions	The University wanted to <i>'consolidate'</i> for <i>'easier management'</i> and <i>'better control'</i> (AI6)
4	VBP	Obsolescence due to value propositions	
5	VSH	Obsolescence due to value propositions	
6	VSI	Obsolescence due to value propositions	
7	VCS	Potential obsolescence due to value propositions	VCS <i>'has an identity crisis at the moment'</i> (AI20); <i>'is losing its way'</i> (AI12)
8	TSW	Potential senescence due to inflexibility	Regulations <i>'changed dramatically'</i> making <i>'it more difficult for on-shore campuses'</i> (AI20)
9	TMC	Failure at adolescence due to rejection by supplier	A <i>'poor quality provider'</i> (AI12)
10	WSL	Potential failure at adolescence due to rejection by supplier	<i>'A lot of effort was put in place ... to try and change'</i> (AI7)
11	UCT	Obsolescence due to value propositions	To provide <i>'access to new markets'</i> (AI17)
12	XCD	Potential failure due to newness (inefficiency for competition)	<i>'It's a flooded market .. we're unknown in X'</i> (AI12); <i>'the numbers are very, very poor'</i> (AI7)

**Table 5.12 Age-related TNE Liabilities for University A TNE Operations**

An analysis of the remaining TNE operations indicate that some of them may be exposed to potential threats of failure. The TSW ic-IBC is seen to be affected by *'dramatic'* changes in the regulatory environment (AI20) and therefore vulnerable to senescence due to inflexibility. The VCS ic-IBC was observed to have lost its way (AI12), and facing an *'identity crisis'* (AI20), being possibly vulnerable to obsolescence due to slowness in adjusting its value proposition.

In the case of the WSL r-FP, the reportedly high maintenance costs in managing the OP and its students (AI7) may expose it to University consolidation arising from opportunity costs, as demonstrated by the termination of PHS (AI2). For the XCD ic-IBC, it risks being terminated for want of students (AI7, AI12).

#### 5.4.1.3 Analysis of University A Reflectors of the Theories of the Firm

The reflectors analysed for University A will follow the propositional framework of Table 4.12, and compared against *a priori* expectations formulated in Section 5.1.1.

##### 5.4.1.3.1 Transaction Cost Economics

Following Williamson's discriminating alignment hypothesis discussed in Section 2.6.2, the four reflectors of asset specificity, behavioural uncertainty, transaction frequency and environmental uncertainty will be investigated (Section 4.5.3) to test the University's possible TCE-driven motivations for TNE model selection.

##### a) Asset Specificity

Investments in TNE-specific assets in pre-tipping point TNE operations (which were all r-FPs) were observed to be low compared to post-tipping point TNE operations which feature both ic-IBCs and r-FPs. The difference lies in the higher levels of delivery quality required by the University and regulatory bodies post-tipping point.

##### (i) Pre-tipping Point

As expected, the University's pre-tipping point TNE operations were asset-light (AI11). These early TNE operations were all r-FPs that were

initiated by the faculties, and largely by the University's 'entrepreneurial' Business School, UBS (AI18). The University was reported to 'try and partner with as many partners as possible, to get as many students as possible' (AI6), driven by opportunities for 'academics to earn extra' (AI17). This rush to set up r-FPs was within a lax operating environment of 'a lot less compliance' (AI17).

No.	Infor- mant	Perspectives	
		Direct Model	Outsourced Model
1	Strategic Role		
a)	AI3	No Direct Model	GEN Uni TNE infrastructure concentrated in UBS, including UBSI TMC Uni branding
b)	AI6		GEN Uni provide IP; moderate assessments
2	Managerial Role		
a)	AI7	No Direct Model	GEN r-FP OPs vary in admissions, teaching and marking responsibilities
b)	AI17		GEN OP 'poor examination processes' UCT Uni visiting teaching staff
c)	AI19		GEN Uni reputation GEN teachouts costly and time-consuming
d)	AI20		GEN r-FP Uni vary in extent of offshore teaching
3	Academic Role		
a)	AI8	No Direct Model	GEN Uni staff visits beneficial
b)	AI12		UCT OP institute better than govt University UCT OP provide internships to every graduate
c)	AI13		UCT OP institute 'one of the better' with 'good staff'
d)	AI14		GEN r-FP OPs do marketing, all local hire staff

Abbreviations : Uni – University; GEN – generic comments; Govt - government

**Table 5.13 University A Informant Perspectives on TNE-specific Assets (Pre-tipping Point)**

The majority of r-FPs were not academic institutions but commercial organisations with no customised education facilities and processes (AI17). For instance, some offshore partners (OP) were found to have 'poor examination processes' (AI17).

The early r-FPs were invariably supported by visiting University teaching staff, who provide teaching, OP teaching staff training, student consultations and alumni relations (AI8), which can be considered somewhat investment-specific in the TCE sense because of the specialised nature of these services. There was also recognition for the University's offshore branding (AI3) and IP (AI6) as valuable investment-

specific assets in TNE. Teachouts which usually follow r-FP terminations are specialised processes that can be costly and time-consuming (AI19). However, OP responsibilities in student admissions, teaching and marking are not considered investment-specific assets as they can easily be redeployed to support other university programs (AI7).

(ii) Post-tipping Point

The University's first branch campus, TSW is a unique defining TNE operation for the University because it required a change of the University's State government statute (Leadership Case Studies, 2011) and resulted in the set up of the University's only TNE equity joint venture to date (AI4). TSW is operated by a joint-venture holding company with equity initially contributed by the host State government and private investors (AI9). Although the University did not invest in the initial equity of the company, it re-invested its royalty income into its share of equity in the company (AI19). The operation was initiated by a private investor from the host Country, who promised to provide land, and fund the construction of the campus infrastructure and operating capital (Ibid.). Ultimately, the host State government provided State land and funded most of the initial costs of set up (AI2, AI8). The initial and continuing investments were large because the University programs included Engineering programs (AI6) to meet the industry needs of the region (AI8). The host State government's motivation for the set up of the University was for capacity-building (AI8), supporting the city status of the town (AI6) and contribution to the local State economy (AI8).

The joint-venture company held the licence of the University (AI1), but the University had full control over academic issues and key administrative appointments' through its sole on-site representative, its Pro-Vice Chancellor (PVC) (Leadership Case Studies 2011, 20), justifying the ic-IBC label.

AI1 argued that there was no potential for holdup because the host Country partners could easily 'find another partner', while the University will encounter a '*problem*' in the event of a termination. However, the potential for a termination seems extremely remote, and any termination would likely hurt both parties. This is because of the equity participation of the partners, and the depth of the relationship which resulted in the trialling of unit coordination (a tightly-held University academic process) at the ic-IBC and the development of the ic-IBC's own units and programs (AI19). The ic-IBC is also active in research and community engagement (AI2). AI17 commented that this TNE operation is '*the most genuine extension of University A*', while AI18 observed that the University and the OP are '*fully engaged*'.

The VCS ic-IBC, the second branch campus is another defining operation because of its contrasting *modus operandi*, i.e., its ownership, licencing and management is solely by the OP (AI1), although the campus is branded exclusively as 'University A Country V' (AI15). The University however, had absolute academic control (AI1), and governs the ic-IBC through key joint governance entities (e.g., academic board and research committee (AI15)) and an on-site PVC (AI15). The OP invested heavily in '*well-developed systems and processes*' and '*technology*' (AI15).

While the VCS ic-IBC started off as a hands-off r-FP (from a consolidation of several r-FPs, AI9) focussed solely on teaching for profit, the University later appointed an on-site PVC to be the '*eyes on the ground*' (AI15). A renewed contract subsequently required the partners to jointly fund research, an impost on an OP which was traditionally '*not aligned to research*', and resulting in the hire of more full-time academic staff (AI15). The OP was also seen to have invested in a journal and symposia dedicated to teaching and learning, howbeit across its many other university partner TNE operations in several countries (AI10).

The collaboration is observed to be highly intertwined, in view of the OP's University-specific investments in the campus infrastructure, buildings and staff hire (AI17), and the University's trialling of unit coordination by OP teaching staff (AI15). Further, the joint governance entities (AI15), joint commitment to research (AI9, AI15) and long partnership (AI16) contributed to the sense that the ic-IBC '*plays to each other's strengths*' (AI16), and represents a '*smaller scale version*' of University A (CI15).

The University's third branch campus, XCD has features that are a combination of TSW and VCS. While the University has been given a '*corporate vehicle*' that owned the operating licence like TSW (AI9), its infrastructure is fully funded (AI10), and its operation fully managed by its OP like VCS (AI11). Started serendipitously as a result of the initial pull-out of University C from the market, the University relied on the OP for start up due to an acknowledgement that it does not have the local knowledge to manage in this new market (AI11). Interestingly, the OP sought a new university partner to make use of its TNE infrastructure after University C did not renew its contract (WS 2018).

Like the former two ic-IBCs, the University stationed a PVC to oversee its operation (AI6) and provided the IP and quality assurance in an asset-light investment arrangement (AI11). This operation however, followed a northern hemisphere education calendar which required many study periods which were different from the University's and hence demand higher resourcing of the University's TNE support infrastructure (AI7).

Although the University was seen to have the '*highest ranking in Country X*' among its Australian peers (AI20), its brand recognition was still in its infancy in Country X and need time to be established (AI9).

The newest branch campus, UCM is also an ic-IBC which was recently converted from a r-FP, like VCS. Even while a r-FP (UCT), the University's programs were delivered out of highly commended teaching



infrastructure that was considered better than other host Country government universities (AI12) and delivered by *'good staff'* in whom the OP invested training, e.g., PhD training (AI17). It was reported to have a *'quite strong research arm'* (AI13). Its OP was known to have invested in the partnership for capacity-building (AI8), while the OP's parent company, a large conglomerate invested in a six-month graduate internship program for its alumni (AI12).

Generally, the University prefers the branch *'campus over small TNE'* operations, but would invariably go for *'asset-light'* investments (AI1), where the OP puts up the physical infrastructure (AI11). All its ic-IBCs are required to have the same *'campus look and feel'* (AI6, CI7, CI9), and be led by its appointed PVC who is part of the University's *'senior executive team'* (AI2).

In line with its recently articulated mission to be a Global University with multiple campuses (AI1) like *'mini University As'* (AI14) across the world, the University insists on the delivery of teaching, research and community engagement at its ic-IBCs (AI5, AI6), the preferred model for its Global University network. This requires key resources from both the University and its OPs that the University builds into its new OP contracts (AI16), as a *'price of doing business'* in TNE (AI5). It includes PVCs with research and community engagement KPIs (AI8) and the proactive seeding of research at its ic-IBCs in Countries V, X and U (AI5, AI6). The University also encourages the OPs to provide *'input into new courses'* (AI9) and is currently trialling unit coordination by OP teaching staff at two ic-IBCs (AI14, AI19). AI2 expressed the hope that the University and its ic-IBC OPs would be able to *'moderate each other'* in the future.

The University's post-tipping point TNE administration has grown to be more sophisticated (AI19) and comprised due diligence by specialists (AI18), well-developed risk management (AI5), online learning systems (AI13), TNE quality assurance processes (AI1) and restructured onshore

TNE hub-and-spokes organisation (AI19, AI20). AI7 commented that it would be difficult to replace its IAO hub staff because of their specialist skills and experience. The ic-IBC OPs are also well-resourced organisations who provide campus facilities (AI4, AI11), teaching and administration staff (AI11, AI17) and host country expertise (AI5).

The University is observed to have invested in investment-specific assets in the form of IP, branding, specialist visiting teaching staff and teachout processes that are specific to its TNE operations prior to its TNE tipping point. There were no equivalent asset specific investments on the part of OPs in the early r-FP operations.

No.	Infor- mant	Perspectives	
		Direct Model	Outsourced Model
1	Strategic Role		
a)	LCS	TSW Land developer propose to provide land, campus and approvals TSW IBC needed change in Statute TSW Town's city status through University presence TSW Uni to have full control over academic and key administrative appointments	
b)	AI1	GEN Uni prefers campus model over small TNEs GEN ic-IBC is asset-light GEN ic-IBC campus look and feel for ' <i>comparable campus experience</i> ' GEN Global Uni approach; multiple campuses TSW Govt can ' <i>find another partner</i> '; Uni ' <i>problem</i> ' in termination TSW Joint-venture (JV) holds local licence VCS Uni has ' <i>absolute academic control</i> ' VCS OP holds local licence; responsible for land, facilities, infrastructure, human resources VCS OP ' <i>aren't naturally aligned to research</i> '	
c)	AI2	GEN PVC in senior executive team GEN Uni and OP ' <i>moderating each other</i> ' aspiration TSW ' <i>very strong research arm</i> '; ' <i>research and community development</i> ' in contract TSW OP's ' <i>bequeathed land</i> '	
d)	AI3	TSW research active due to full-time teaching staff	
e)	AI5	GEN Uni relies on OP host country expertise GEN Uni has more well-developed risk management approaches now GEN Global uni research and community engagement roles GEN research ' <i>price of doing business</i> '	
f)	AI6	GEN OP required to do research and community engagement by contract GEN ic-IBC ' <i>look and feel</i> ' of campus TSW OP has capacity-building interests TSW, XCD OP engineering facilities cost more	GEN r-FP OP poor quality facilities
g)	AI10	GEN Uni seeding research resources in V, X and U VCS OP's TandL symposium and journal investment XCD Govt requirement for infrastructure provider	GEN r-FP Uni IP GEN r-FP OP capital investments

h)	AI11	GEN ic-IBC infrastructure by OP; cheaper than Uni investment GEN ic-IBC IP and quality assurance by Uni GEN OP classrooms, labs, library, internet access, computer software XCD Uni have no local expertise in <i>'new market'</i> XCD Uni invest in IP and QA; asset-light model XCD OP invest in infrastructure and people	GEN r-FPs require less investments than ic-IBCs
i)	AI16	GEN Uni key resources : research and community engagement VCS OP admin staff services Uni and OP programs VCS OP's <i>'well-developed systems and processes ... and market reach'</i> VCS Uni and OP <i>'plays to each other's strengths'</i> VCS Uni and OP in partnership for a long time VCS PVC <i>'to increase our engagement with industry'</i>	
2	Managerial Role		
a)	WS	XCD OP looking for uni to make use of facilities	
b)	AI7	GEN IAO staff difficult to replace due to experience GEN ic-IBC custom-designed campus	GEN r-FP uses OP's own infrastructure
c)	AI9	GEN comparable campus and facilities GEN Global uni <i>'input into new courses'</i> TSW Uni had no initial equity TSW joint-venture holding company TSW OP pay for research infra VCS Uni and OP to fund research by contract XCD Uni brand being established; not sure it extends to the region XCD Uni given <i>'corporate vehicle ... to hire people'</i>	
d)	AI15	GEN Uni key resources : teaching facilities, student support services VCS Uni benefit from OP's systems, processes and local regulatory knowledge VCS Uni trialling OP unit coordination for expertise and economic (AI4) reasons VCS Uni <i>'putting a lot of resources in research'</i> VCS Uni PVC <i>'eyes on the ground'</i> VCS Uni and OP joint governance entities VCS Uni and OP joint research committee set up VCS OP uses Uni content exclusively for Uni program VCS OP has <i>'well-developed systems and processes'</i> VCS OP <i>'huge resources dumped into ... technology'</i> VCS OP employed 5 full-time and 70 part-time lecturers VCS OP full-time lecturers required for research VCS a <i>'smaller scale'</i> version of home campus	
e)	AI17	GEN OP must employ <i>'suitably qualified staff'</i> on-site TSW <i>'the most genuine extension of Uni A'</i> UCM OP upskill its own teaching staff XCD Uni responsible for QA, staff appointment XCD OP responsible for infra, buildings, staff hiring	
f)	AI19	GEN Uni TNE <i>'well-developed processes'</i> TSW Uni reinvested royalty in equity TSW JV develop own units and courses; trialling unit coordination	
g)	AI20	GEN Uni set up hub-and-spokes TNE administration XCD Uni have highest ranking in Country X XCD needs to establish its identity; <i>'can't just be another campus there'</i>	
3	Academic Role		
a)	AI4	GEN OP <i>'bricks and mortar ... a huge part'</i> of TNE TSW Uni has equity in JV	
b)	AI8	GEN PVC research and community engagement KPIs TSW Govt wanted institution for capacity-building	

		TSW Govt provided land, campus and start-up capital UCM OP has capacity-building interests	
c)	AI12	TSW contribute to State's economy	
d)	AI13	GEN Uni's systems, e.g., oLecture and Grade Centre UCM has ' <i>quite strong research arm</i> '	GEN r-FP not required to do research
e)	AI14	GEN Global uni – mini Uni As	
f)	AI18	GEN Uni due diligence by specialists in strategy, finance, operations, risk management TSW Uni and OP fully engaged	

Abbreviations : Uni – University; GEN – generic comments; Govt – government  
LCS – Leadership Case Studies (Leadership Case Studies 2011)  
WS – Personal discussion with former University C Dean  
International (2018)

**Table 5.14 University A Informant Perspectives on TNE-specific Assets (Post-tipping Point)**

Post-tipping point, both the University and its ic-IBC OPs were seen to have acquired investment-specific assets. While the University invested in its IP, brand, TNE-specific systems, processes and organisation, and research and community engagement resources, the OP invested in customised physical infrastructure. Licensing of the TNE operations was all held by the OPs except for TSW where it was jointly held, and XCD where it was held by the University. The only operation where the University held equity is in TSW. The replacement of University C by University A in the XCD ic-IBC demonstrated the absence of holdup by the OP's infrastructure investment.

There was no difference in asset specificity for r-FP arrangements before and after the tipping point. OPs of r-FPs are also not required to undertake research and community engagement.

b) Behavioural Uncertainty

Universities encounter difficulties in measuring and evaluating the performance of OPs due to distance and costs (Section App I 10.5). They ideally need to be able to appoint '*somebody that they can trust and is relatively risk-free*' (AI14). The difference between the University's pre-tipping point and post-tipping point experiences in monitoring its OPs

lies in the difference in level of regulatory controls (AI17), its response to these controls (AI19) and the characteristics of its OPs (AI9).

(i) Pre-tipping Point

The pre-tipping point operating environment was characterised by lower levels of regulation; AUQA commenced only in 2000 (Section 5.2.2.1.2). The performance of TNE operations were benchmarked mainly against the University's own internal quality standards (AI10) and existing education regulations (both Australian and in the host country) that were not specifically crafted for TNE (Section 5.2.2).

Early TNE operations were invariably motivated by profit for both the University and its OPs (Table App I.1). In the case of the University, these ventures were initiated and managed by the faculties to generate income for the faculties and its participating staff (AI17, AI18). Some host country operating environments saw the set up of *'dodgy players ... issuing fake degrees'* (AI15). AI9 described the Country V industry as *'a shambles ... they had so many fly-by-night operators offering courses in shopping malls ... and all sorts of weird places and ... non-accredited'*. The regulatory authorities in Country V responded very quickly by introducing *'new sets of regulations'* in 2011 (AI15, AI17).

The University was also responsible for the poor performance of some of their OPs because these early operations were *'largely hands-off'* (AI10) and the OPs were allowed to *'run them at their own way'* (AI20). It did not help that some OPs were running *'substitute'* programs (AI2) from several partner universities *'like a supermarket'* (AI3). At one stage, the University had *'lots of different partners, with lots of different standards'* in Country V (AI9), and was losing *'line of sight with too many partnerships'* (AI6).

To monitor and assure quality delivery, the University adopted a *'more prescriptive type of relationship ... the University would prescribe that this must be done, and this must be done, and follow this'* (AI15). It employed offshore teaching visits by its own faculty (Section App I 6.1.3), quarterly and annual reporting (AI20), student surveys and staff evaluations (AI12).

No.	Infor- mant	Perspectives	
		Direct Model	Outsourced Model
1	Strategic Role		
a)	AI2	No Direct Model	GEN OP running <i>'substitute'</i> programs in P
b)	AI3		GEN OP programs <i>'like a supermarket'</i> in P GEN r-FPs considered more risky
c)	AI6		GEN Uni <i>'losing line of sight with too many partnerships'</i> GEN Uni terminated a A\$7 million TNE operation GEN Uni viewed TNE <i>'through a different lens of quality'</i> GEN Uni has no on-site representative to monitor r-FPs GEN OP some academic delivery <i>'not at appropriate standards'</i>
d)	AI10		GEN Uni TNE benchmarked against internal and current Australian standards GEN early r-FPs <i>'largely hands-off'</i> GEN risk of <i>'operator not delivering your IP properly ...'</i> GEN OP poor performance <i>'can damage the brand'</i>
2	Managerial Role		
a)	AI7	No Direct Model	GEN Uni terminated <i>'non-performing programs'</i> GEN r-FP OP have conflict of interest with multiple partners
b)	AI9		GEN <i>'a shambles ... fly-by-night'</i> operators in V GEN Uni <i>'lots of different partners, lots of different standards'</i> GEN OP characteristics before and after tipping point GEN OP that ignore <i>'red flags'</i> need to be terminated
c)	AI15		VCS Uni monitors through joint governance entities VCS OP resisted but finally acquiesced to research VCS OP teaching staff trialling unit coordination
d)	AI17		TSW the <i>'most genuine extension of Uni A'</i>
e)	AI19		GEN Uni focus on quality lead to BSA accreditation TSW own <i>'a couple of their courses'</i> ; trialling unit coordination
f)	AI20		GEN Uni allowed OPs to <i>'run them at their own way'</i>
3	Academic Role		
a)	AI4	No Direct Model	GEN Uni <i>'some push back ... Uni more mature'</i> GEN OP non-compliance <i>'tends to be individual staff'</i> GEN OP teaching staff teaching in a foreign language; <i>'distance ... can't confirm compliance'</i> GEN OP teaching staff want to teach <i>'classes every 5 weeks'</i>
b)	AI12		GEN Uni deployed frequent teaching visits pre-tipping point
c)	AI13		GEN OP deployed frequent teaching visits pre-tipping point GEN OP <i>'sceptical entry'</i> of students GEN OP <i>'woeful'</i> pass rates
d)	AI14		GEN <i>somebody 'that they can trust and is relatively risk-free'</i> GEN r-FPs considered a <i>'crap shoot'</i>
e)	AI18		GEN Uni TNE motivation by entrepreneurial staff

Abbreviations : Uni – University; GEN – generic comments

**Table 5.15 University A Informant Perspectives on Behavioural Uncertainty (Pre-tipping Point)**

It is insightful to note the rationale for the termination of these early TNE operations. The majority of them were due to quality and comparability issues (Table App I.2), i.e., the *'operator not delivering your IP properly, ... using staff that are not properly equipped to deliver the IP, ... (and) they won't deliver the IP in the style that you would want it delivered because obviously their costs, space and methods of delivery are not yours'* (AI10). Some of the academic delivery was *'not at appropriate standards'* (AI6), some OPs admitted students with *'sceptical entry'* qualifications (AI13) and some deployed poor quality faculty (AI6). These poor quality deliveries resulted in *'woeful'* pass rates (AI13) and *'pose significant risks to the University in as much as it can damage the brand ... because the degrees are being marketed ... as University A degrees'* (AI10).

AI4, an academic reported that sometimes the non-compliance *'tends not to be the partners, it tends to be individual staff who might be teaching in the unit'*. An example was reported about the OP teaching staff teaching in a foreign language and was warned to use English; AI4 admitted that *'there's distance ... so you can't confirm compliance'*. On another occasion, AI4 noted an OP teaching staff casually commenting that the unit was going to be taught as *'a block of classes every 5 weeks instead of 12 weeks'*, contravening the standard mode of delivery.

## (ii) Post-tipping Point

Post-tipping point, the TNE sector encountered increasing scrutiny and regulation by governments (Section 5.2.2). In Australia, AUQA initiated audits of universities in 2000, and added Internationalisation in its second cycle audits commencing 2008. While the commencement of AUQA audits had no impact on the University's TNE terminations, a total of thirteen TNE operations were terminated within the 2007 – 2009 period corresponding to the start of the AUQA Cycle 2 audits. TEQSA took over

from AUQA in 2012, with regulatory powers, including sanctioning and de-registering providers. Four TNE operations were terminated by the University within the 2011 - 2013 period. Other governments also tightened up on TNE operations, e.g., Country V's new regulations exercised by the DQF from 2011 onwards (AI15). By the time DQF was set up, only one TNE operation remained of the eight that the University operated in Country V. TEQSA was the main reason for the University insisting on '*absolute academic control*' of TNE operations (AI16), a non-negotiable that resulted in '*some push back (against the OP) by the University on that (a contract negotiation) because I think the University is more mature in its processes around managing those things*' (AI4).

Post-tipping point and especially after AUQA commenced, the University prioritised '*quality*' and '*pursue(d) accreditation*' (AI19), resulting in the termination of '*non-performing programs*' (AI7), leaving '*a few quality OPs*' (AI19) that are '*easier to manage*' (AI6) and '*control*' (AI2). The University viewed TNE operations '*through a different lens of quality, we didn't find those acceptable anymore ... so, we terminated some of those*' (AI6).

OPs that continuously ignore '*red flags*' in reviews such as student satisfaction surveys, and demonstrate no '*buy-in*' to improve, '*you've got to terminate*' (AI9). The University had let lapse the TMC FP contract because it was a '*poor quality provider*' (AI12); this is despite the operation contributing '*a major stream of students (to the home campus) for a long, long time ... (and) very commercially successful*' (AI3). The University even terminated a lucrative A\$7 million operation that failed to '*manage the entry requirements and enrolments*', sending a '*clear message ... (that) if they didn't guarantee quality in terms of the quality of the students and performance that they would be gone*' (AI6).

The University's focus on quality (AI19) brought about its accreditation by the BSA, a prestigious international business school accreditation, which



required *'assurance of learning'*, *'faculty sufficiency'* and partner equivalence (AI3). Some OPs were under *'a lot of pressure'* to employ BSA-accredited teaching staff (AI13), while some *'wouldn't budge'* on these BSA requirements and were terminated in what AI3 described as a *'real catalyst for cutting ties with PHS'*.

The University's Global University aspiration added more requirements on OPs, especially the operators of ic-IBCs (*'we require a lot more'* – AI11). These included involvement in, and funding of research and community engagement (AI5, AI9, AI10).

In TSW, the land developer who initiated the venture was reported to have been furtively motivated by the benefit of *'residential housing development'* within the vicinity of the University campus (AI12), a suspicion shared by AI9. The operation seemed to be somewhat adversely affected by high staff turnover (AI7) which resulted from low staff remuneration, paradoxically a TSW OP operational advantage (AI9). TSW on the whole is considered the most mature of the campuses (AI10) and the *'most genuine extension of University A'* (AI17), where TSW staff are *'fully engaged with (University A) colleagues'* (AI18). It was also reported that TSW undertakes a lot more research now, and there was more community engagement undertaken compared to the home campus (AI9). It is given a *'higher level of autonomy'* (AI8), resulting in their owning *'a couple of their courses'* and trialling unit coordination by OP teaching staff (AI19).

There were occasions of resistance by the VCS OP to University requirements, where the DVCI had to push *'pretty hard'* (AI1). The OP also resisted the imposition of research involvement, presumably due to ownership of IP, but gave in through a renewed contract (AI15). Although the OP also operates other campuses with *'a whole raft of partners'* (AI16), it runs an exclusive University A campus in Country V. It is

interesting to note that the University allowed the OP to run the OP's own Diploma feeders at the exclusive University A campus (AI15).

This OP has been collaborating with the University over a long period of time across several operations (AI3), and the partners have developed a high level of trust (AI14, AI16), providing the platform for the trialling of unit coordination by OP teaching staff (AI15). The VCS operation is quality-assured through joint governance entities (AI15), a University appointed on-site PVC, '*well-developed systems and processes*' and the University's '*absolute academic control*' (AI16).

The University's relationship with the OP of the UCT r-FP, which later became an ic-IBC (UCM), is '*long-standing*' (AI6) and '*mature*' (AI2), having built trust between the partners over an extended period of collaboration (AI14). The stability and high quality delivery at these operations can be attributed to the OP's motivation primarily for capacity-building (AI8), '*corporate business responsibility*' (AI6), '*social responsibility for their country*' (AI7), '*sense of society and ... developing the community*' (AI1), and nation-building (AI3). UCM was known to be '*quite research active ... due to the commitment of the leadership team there, rather than the impact of University A*' (AI12).

XCD is a very new TNE operation. The OP operating XCD had '*promised very high numbers*' which did not eventuate (AI7). It was also relied on to provide market research for a new University post-graduate program, but the research was found to be unreliable (AI14). Many of the study periods at XCD were not in sync with the University's and hence caused '*a bit of friction*' (AI7); AI7 described the OP as '*very strong*'.

The University continues to operate r-FPs for various reasons, e.g., '*community-building*' at the YSR r-FP (AI11). However, these operations are considered more risky (AI3, AI6), and AI14 considered them a '*crap shoot*' because '*there's no guarantee that at the end it's going to be*

*successful*. In some operations, the OP might resist the University's suggestions because they conflict with the OP's other university partners (AI7). Further, the University does not have any on-site representative to safeguard its interests, unlike the ic-IBCs' PVCs (AI6).

Behavioural uncertainty is thus evidenced in both r-FPs and ic-IBCs before and after the tipping point.

No.	Infor- mant	Perspectives	
		Direct Model	Outsourced Model
1	Strategic Role		
a)	AI1	VCS Uni DVCI had to push <i>'pretty hard'</i> UCT/UCM OP <i>'sense of society and ... developing community'</i>	
b)	AI2	GEN fewer OPs easier to <i>'control'</i> UCT/UCM <i>'mature'</i>	
c)	AI3	GEN Uni BSA <i>'assurance of learning', 'faculty sufficiency'</i> and partner equivalence GEN some OPs <i>'wouldn't budge'</i> on BSA requirements; a <i>'real catalyst for cutting ties with PHS'</i> VCS OP has been collaborating with Uni over a long period of time across several operations UCT/UCM OP <i>'nation-building'</i>	TMC <i>'a major stream of students ... very commercially successful'</i>
d)	AI5	GEN ic-IBC OP need to be in research and community engagement	
e)	AI6	GEN Uni viewed TNE <i>'through a different lens of quality'</i> GEN fewer OPs <i>'easier to manage'</i> UCT/UCM <i>'long standing'</i> UC/UCM OP <i>'corporate business responsibility'</i>	GEN r-FP OP employed poor quality faculty GEN Uni has no on-site representative to monitor r-FPs GEN r-FPs considered more risky
f)	AI10	GEN OP need to be in research and community engagement TSW considered the most mature of ic-IBC campuses	
g)	AI11	GEN Uni BSA <i>'we require a lot more'</i>	YSR for <i>'community-building'</i>
h)	AI16	GEN Uni <i>'absolute academic control'</i> VCS Uni and OP developed high trust levels VCS Uni PVC and <i>'well-developed systems and processes'</i> VCS OP operates with <i>'a whole raft of partners'</i>	
2	Managerial Role		
a)	AI7	TSW OP high staff turnover due to low remuneration UCT/UCM OP <i>'social responsibility for their country'</i> XCD OP <i>'promised very high numbers'</i> – did not eventuate XCD study period not in sync; OP <i>'very strong'</i>	
b)	AI9	GEN ic-IBC OP need to be in research and community engagement GEN OP that ignore <i>'red flags'</i> need to be terminated TSW OP low cost an advantage TSW more research now; more community	

		engagement compared to home campus	
c)	AI15	GEN 'dodgy players ... issuing fake degrees' in VCS Uni monitors through joint governance entities VCS OP resisted but finally acquiesced to research VCS OP teaching staff trialling unit coordination	
d)	AI17	TSW the ' <i>most genuine extension of Uni A</i> '	
e)	AI19	GEN Uni focus on quality lead to BSA accreditation TSW own ' <i>a couple of their courses</i> '; trialling unit coordination	
f)	AI20	GEN Uni used quarterly and annual reporting to monitor TNE	
3	Academic Role		
a)	AI4	UCT/UCM Uni and OP built trust over long period XCD OP market research unreliable	
b)	AI8	TSW OP given a ' <i>higher level of autonomy</i> ' UCT/UCM OP capacity-building	
c)	AI12	GEN Uni student surveys and staff evaluations to monitor TNE TSW OP ' <i>residential housing development</i> ' UCT/UCM OP ' <i>research active due to ... leadership team</i> '	TMC OP a ' <i>poor quality provider</i> '
d)	AI13	GEN OP under ' <i>a lot of pressure</i> ' to hire BSA-accredited staff	
e)	AI14	VCS Uni and OP developed high trust levels	
f)	AI18	TSW OP staff ' <i>fully engaged with colleagues</i> '	

Abbreviations : Uni – University; GEN – generic comments; Govt – Government

**Table 5.16 University A Informant Perspectives on Behavioural Uncertainty (Post-tipping Point)**

c) Transaction Frequency

Following discussions in 5.4.1.3.1b above, the lax regulatory environment prior to the University's tipping point meant that the TNE business transactions by the University and its OPs are fewer compared to post-tipping point.

(i) Pre-tipping Point

Although there was '*a lot less (regulatory) compliance*' before the tipping point (AI17), the University had '*too many partners*' (AI4), '*too many franchising, twinning arrangements*', operating at '*lots of different standards*' (AI9) which meant '*a huge amount of work*', e.g., at one time there were '*38 units that have been offered over 300 times a year*' (AI4). It was '*busy work, it doesn't strain your brain, it just takes a lot of time*'

(AI4). This state of affairs was driven by the University’s objective to ‘*try and partner with as many partners as possible; to get as many students as possible*’ at that time (AI6). All of these r-FP operations required frequent visits by University teaching staff (AI12, AI13).

No.	Infor- mant	Perspectives	
		Direct Model	Outsourced Model
1	Strategic Role		
a)	AI6		GEN Uni ‘ <i>try and partner with as many partners as possible; to get as many students as possible</i> ’
2	Managerial Role		
a)	AI7	No Direct Model	GEN Uni more than 40 staff to manage TNE
b)	AI9		GEN ‘ <i>too many franchising, twinning arrangements</i> ’ operating at ‘ <i>lots of different standards</i> ’
c)	AI17		GEN up to 28 offshore study periods at the peak GEN ‘ <i>a lot less compliance</i> ’ pre-tipping
d)	AI20		GEN Uni administered r-FPs through UBSI
3	Academic Role		
a)	AI4	No Direct Model	GEN Uni had ‘ <i>too many partners</i> ’; ‘ <i>a huge amount of work</i> ’ GEN Uni ‘ <i>38 units ... offered over 300 times a year</i> ’; ‘ <i>busy work, it doesn’t strain your brain; it just takes a lot of time</i> ’
b)	AI12		GEN Uni needed to visit OPs frequently
c)	AI13		GEN Uni needed to visit OPs frequently

Abbreviations : Uni – University; GEN – generic comments

**Table 5.17 University A Informant Perspectives on Transaction Frequency (Pre-tipping Point)**

(ii) Post-tipping Point

The poor delivery and outcomes arising from some of the pre-tipping point r-FPs, and the new imposts of TEQSA and BSA prompted the University to require absolute control over its TNE value chain activities (‘*we controlled absolutely everything*’ - AI19). These imposts included monitoring activities to maintain equivalence between delivery locations (AI3), ensure OP teaching staff are BSA-recognised (AI13) and comply with TEQSA’s ‘*campus reviews*’ (AI1).

The ic-IBCs are distinguished from the r-FPs by the presence of on-site PVCs, but ‘*the same labour is involved*’ in operating these modes of delivery (AI7). These basic activities involve a ‘*large number*’ of processes (AI5). The University used to administer these TNE activities

through the International office of its Business School (UBS), UBSI because the majority of TNE programs were from the UBS (AI20). At that time, UBSI had in excess of 40 staff to manage its TNE programs (AI7), being responsible for TNE administration, quality assurance, compliance and oversight of academic delivery (AI20). The University later re-structured its TNE administration into a hub-and-spokes model, around an International Administration Office (IAO) hub which services four faculties (spokes) and liaises with the OPs (AI20). The UBSI, which is the predecessor of the IAO, transferred a lot of work to the schools and the ic-IBCs (AI7).

The unit coordinators who are responsible for individual units are reported to be responsible for the most labour-intensive processes, i.e., academic processes, which include the vetting and approval of OP teaching staff (AI8), preparation of study unit outlines (AI7), writing assessments (e.g., mid-semester tests and assignments) and examinations (AI11, AI19), marking of assessments and examination scripts (AI7, AI12), moderation of offshore marking (AI19), and OP teaching staff orientation, training (AI13) and liaison (AI8). Unit coordination work was reported to have '*no low or peak time ... it's always peak*' (AI12).

Some ic-IBC OPs, e.g., VCS have invested in '*well-developed systems and processes*' to cope with the large number of TNE processes (AI15); these enabled them to '*respond to enquiries rapidly*' (AI16). The OP also invested in a '*careers officer*' to provide student (AI16) and alumni (AI8) support, while the University appointed the on-site PVC to enable OP staff to '*seek answers*' quickly (AI15). The PVCs allow the University's senior executive team to be '*very much in the room*' through weekly meetings '*by video link*' (AI2). The ic-IBCs also feature joint governance entities like joint academic boards, joint academic councils, joint management committees (AI15).

The frequency of TNE operations is also influenced by the number of study periods delivered offshore (which numbered 28 at the peak) (AI7), the number of delivery locations (AI12) and the frequency of OP teaching staff turnover (AI8).

No.	Infor- mant	Perspectives	
		Direct Model	Outsourced Model
1	Strategic Role		
a)	AI1	GEN Uni comply with TEQSA's ' <i>campus reviews</i> '	
b)	AI2	VCS Senior Executive ' <i>very much in the room</i> ' with PVC	
c)	AI3	GEN Uni maintain equivalence across delivery locations	
d)	AI5	GEN Uni ' <i>large number</i> ' of processes GEN Uni imposed research & community engagement on ic-IBCs as part of Global University	
e)	AI6	TSW has more community engagement than home campus	
f)	AI11	GEN Uni unit coordinators write assessments and exams	
g)	AI16	GEN OPs ' <i>respond to enquiries rapidly</i> ' VCS OP ' <i>careers officer</i> ' provide student support	
2	Managerial Role		
a)	AI7	GEN Uni transferred a lot of work to the schools and ic-IBC GEN Uni unit coordinators prepare study unit outlines GEN Uni unit coordinators mark assessments GEN ' <i>the same labour is involved</i> '	
b)	AI9	GEN Uni unit coordinators moderate offshore marking	
c)	AI15	VCS Uni-OP joint governance entities VCS OP staff can ' <i>seek answers</i> ' quickly from on-site PVC VCS ' <i>well-developed systems and processes</i> '	
d)	AI19	GEN Uni ' <i>we controlled absolutely everything</i> ' GEN Uni unit coordinators write assessments and exams GEN Uni unit coordinators mark exam scripts	
e)	AI20	GEN Uni TNE admin, QA, compliance and oversight of TNE GEN Uni hub-and-spokes model services four faculties	
3	Academic Role		
a)	AI8	GEN Uni unit coordinator work the most labour-intensive, including vetting and approval of OP teaching staff GEN Uni unit coordinators liaise with OP teaching staff VCS OP ' <i>careers officer</i> ' provide alumni support	
b)	AI12	GEN Uni unit coordinators work ' <i>no low or peak time ... it's always peak</i> '	
c)	AI13	GEN Uni ensure OP teaching staff are BSA-accredited GEN Uni unit coordinators training and orientation of OP staff	

Abbreviations : Uni – University; GEN – generic comments

**Table 5.18 University A Informant Perspectives on Transaction Frequency (Post-tipping Point)**

Finally, the University's Global University aspiration imposed research and community engagement onto its ic-IBC operations (AI5, AI10). TSW

was reported to have been involved in more community engagement than the home campus (A16).

While the TNE processes were fewer before tipping point, it was more voluminous. Post-tipping point, there were more TNE processes corresponding to the increased regulatory and compliance requirements, although they relate to fewer TNE operations.

d) Business and Legal-political Uncertainty

The TNE operating environments before and after tipping point were quite different, mainly due to changes in regulation within Australian higher education and in some host countries. The trend has been for tightening of regulations to curb non-genuine TNE operations.

(i) Pre-tipping Point

As discussed in 5.4.1.3.1b above, pre-tipping point TNE host country environments were reported to feature '*a lot less compliance*' (A17). Country V was reported to have '*over a thousand players*' in those early years of TNE (A15), some of which were '*fly-by-night*' operators (A16).

The University's Country P r-FPs were only one of many other university offerings delivered within each OP, and were described as indistinguishable baked bean brands on a supermarket shelf (A13). There was invariably intense competition (A16) amidst these '*substitutes*' (A12). A12 related how PHS had to be terminated because there was no growth despite '*a number of years*' of trying to '*increase the number of students*'. In the case of POL, a shift in student preferences led to falling student numbers, and ultimately closure (A11). The University continued with small research projects with Country P's local universities thereafter (A12).



The University also initiated numerous r-FPs in Country V, but all of them except VCS, were terminated. Unlike in Country P, these terminations were not due to the impact of the host country business environment, but to a deliberate consolidation as a response to the AUQA Cycle 2 audits (Section App I 6.0). It resulted in *'better control over quality, a uniform experience for students instead of four different experiences'* delivered by the four remaining r-FPs (AI9). The AUQA Cycle 2 audits helped ensure *'comparability of student experience'* (AI19) *'around the world'* (AI11), but led to many Australian universities *'downsizing their transnational because a lot of universities did have too many partners and we were included in that'* (AI9).

No.	Infor- mant	Perspectives	
		Direct Model	Outsourced Model
1	Strategic Role		
a)	AI1	No Direct Model	POL change in student preferences caused falling numbers
b)	AI2		PHS <i>'a number of years'</i> trying to <i>'increase the number'</i> GEN Uni continued with research partnerships in P GEN OP delivered <i>'substitutes'</i>
c)	AI3		GEN baked beans brand on a supermarket shelf
e)	AI6		GEN <i>'fly-by-night'</i> operators GEN intense competition
g)	AI11		GEN comparability <i>'around the world'</i>
2	Managerial Role		
b)	AI9	No Direct Model	GEN Uni had <i>'better control over quality, a uniform experience for students instead of four different experiences'</i>
c)	AI15		GEN <i>'over a thousand players'</i> in V
d)	AI17		GEN <i>'a lot less compliance'</i> pre-tipping
e)	AI19		GEN AUQA Cycle 2 helped ensure <i>'comparability of student experience'</i> GEN <i>'downsizing their transnational ... too many partners'</i>

Abbreviations : Uni – University; GEN – generic comments; Govt - government

**Table 5.19 University A Informant Perspectives on Business and Legal-political Uncertainty (Pre-tipping Point)**

(ii) Post-tipping Point

The initial market segments targeted by TSW were children of employees within the oil and gas industry (OGI), students from a neighbouring country and other domestic students (AI2, AI12, AI14). The students from the OGI and neighbouring country did not eventuate (AI12, AI17). Although the participation of the State government assured

stability (Leadership Case Studies 2011), the ic-IBC was up against the Country's *'tightly regulated'* and *'somewhat more ... opaque'* Federal level higher education regulations (AI11). AI11 explained that *'political influence around the regulation and what it means in terms of the operations of the campus can often change very quickly and without real explanation or justification'*. As an example, *'Country T requirements changed dramatically in the last couple of years, and they made it more difficult for on-shore campuses'*, noting a policy that required IBCs to recruit a minimum number of international students as a prerequisite for the retention of their operating licence (AI11). On the 2018 change of Federal government in Country T, AI9 was hopeful that TSW's large 3,500-student ic-IBC should buffer it against any adverse impact since TSW serves *'quite a big need in that region'*.

Country V's *'regulatory environment is clear and you know where you stand'* (AI9); *'what they say is what they mean'* (AI16), providing *'stability of the local system'* (AI17). Responding to *'dodgy players ... issuing fake degrees'* (AI15) and the *'many fly-by-night operators'*, the Country V government quickly enacted very stringent regulations governing the delivery of private education in 2011, which brought about a *'change in the whole landscape in education'* (AI15). These *'pretty tight'* (AI2), *'pretty stringent'* (AI3) regulations kept non-genuine operators out of the industry (AI15), but also restricted the existing providers from some sections of the market (AI16). Recent changes to Country V's immigration laws discouraged the entry of international students, triggering AI1's comment that the *'vagaries of the Country V government policies ... have hurt us a lot ... (and) limited its (ic-IBC) growth'* through *'policies around international students'*.

The set up of another three government-funded universities in Country V also increased the competition, and TNE *'numbers are declining significantly'* (AI12). The VCS seems to be *'losing its way'* (AI12) and facing *'an identity crisis at the moment ... (and) really needs to think*

*seriously about why it's there, and what it's offering to the Country V people as well as the internationals that come in'* (AI20). This has probably triggered the OP to plan for a campus re-location in *'trying to climb back'* (AI15), confirming AI3's belief that the University needs OPs who understood the operating environment.

Country X is considered *'unchartered territory'* (AI1) and a *'crowded market'* (AI12) which exposed the University to *'high risks of failure'* (AI1, AI9). AI11 commented that the University would not have entered the market had it not been for the agency of the OP because it was a *'completely new market'*. Given the unknowns and high risks, two University managers questioned if any due diligence of this venture had been done (*'we didn't do that for X' – AI20*), or *'whether we adhere to what the reports come out'* (AI7).

The first intake in January 2018 had *'been quiet to start with as expected'* (AI20). AI9 attributed the small intake to the newness of the University brand (*'still establishing our brand ... it's going to take some time'*) and that the January intake was *'not a traditionally big uptake of new students'* (AI9); *'Country X's high school finishes at a different time ... northern hemisphere ... their biggest intake is in September'* (AI7). The University *'probably have the highest ranking of all the universities there ... we just need to keep driving the rankings, and say, we're quality, we're quality, we're quality, we're global, we're great programs, great research, QS (Quacquarelli Symonds World University Rankings), ARWU (Academic Ranking of World Universities) ... I think that ... has to be a very strong message because the programs we're offering is offered in every other location as well by most other institutions'* (AI20). AI9 thinks that *'we have got a good brand'* but doubted that the brand *'extends to the MM region'*.

The Country X operating environment *'could be a challenge in particular ways ... around the law ... around a whole range of different social issues*

and how it affects us' (AI2), e.g., the Country is 'one of the more challenging locations ... for any university ... because ... (it is) different to Australia ... all the support for LGBT and stuff like that' (AI17). Similarly, AI19 commented that 'one of the issues that we have in most of the locations is around homosexuality ... for University A ethics and for University A policies and University A procedures'.

In the case of Country U, the partners are known to have 'a nation-building' aspiration (AI3), and 'the government is actually looking forward to more such opportunities of collaboration because that's what industry and the public wants'. The University and its OP 'work closely with the government', and hence the 'relationship with the government is clear' (AI1). The resulting operation 'appears to be less volatile ... we don't seem to have the same sort of shifts as with the others', contributing to the ic-IBC's being perceived as having the 'lowest risk' among the University's ic-IBCs (AI1).

The r-FP at Country W seems to face student issues of a 'cultural nature', including tardiness in adhering to academic deadlines and perception of plagiarism (AI7). These challenges were 'a cost factor, time factor and people get frustrated' trying to rectify the resulting problems, e.g., back-dating enrolments. The students also 'didn't see it as plagiarism', and 'so a lot of effort was put in place from University A to try and change ... the whole notion of plagiarism'.

No.	Informant	Perspectives	
		Direct Model	Outsourced Model
1	Strategic Role		
a)	LCS	TSW State govt assured stability	
b)	AI1	VCS 'vagaries of the Country V govt policies ... hurt us a lot ... limited its growth ... policies around international students' XCD Uni and OP 'work closely with the govt'; 'relationship with the govt is clear' XCD 'unchartered territory'; high risk of failure XCD 'appears to be less volatile'; 'lowest risk'	
c)	AI2	TSW children of oil & gas industry employees did not Eventuate VCS regulations in V 'pretty tight' XCD 'could be a challenge in particular ways'	
d)	AI3	GEN Uni needs OPs that understand operating	

		environment VCS regulations in V <i>'pretty stringent'</i> XCD OP <i>'nation-building'</i> aspiration; <i>'govt is actually looking forward to more such opportunities'</i>	
e)	AI11	TSW <i>'tightly regulated'</i> , <i>'somewhat more ... opaque'</i> TSW <i>'political influence around the regulation ...'</i> TSW <i>'Country T requirements changed dramatically ... more difficult for onshore campuses'</i> XCD Uni would not have entered the <i>'completely new market'</i> alone	
f)	AI16	VCS <i>'what they say is what they mean'</i> VCS regulations kept operators from some sections of the market	
2	Managerial Role		
a)	AI7	XCD <i>'whether we adhere to ... the reports'</i> XCD <i>'their biggest intake is in September'</i> XCD <i>'one of the more challenging locations'</i>	WSL Uni faced issues of a <i>'cultural nature'</i> ; <i>'a cost factor, time factor and people get frustrated'</i> WSL <i>'didn't see it as plagiarism'</i>
b)	AI9	TSW <i>'quite a big need in that region'</i> VCS <i>'regulatory environment is clear and you know where you stand'</i> XCD high risk of failure XCD <i>'still establishing our brand'</i> XCD <i>'not a traditionally big uptake of new students'</i> XCD <i>'one of the issues ... homosexuality'</i>	
c)	AI15	GEN <i>'dodgy players ... issuing fake degrees'</i> in V GEN <i>'many fly-by-night operators'</i> in V GEN <i>'a change in the whole landscape of education'</i> in V; kept non-genuine operators out of country VCS <i>'trying to climb back'</i>	
d)	AI17	VCS <i>'stability of the local system'</i>	
e)	AI19	XCD Uni <i>'have got a good brand'</i> but doubted if it <i>'extends to the MM region'</i>	
f)	AI20	VCS <i>'an identity crisis at the moment'</i> XCD Uni <i>'have the highest ranking'</i> XCD Uni <i>'we didn't do that for X'</i> XCD <i>'been quiet to start with as expected'</i>	
3	Academic Role		
a)	AI12	TSW students from neighbouring country VCS TNE <i>'numbers are declining significantly'</i> VCS <i>'losing its way'</i> XCD <i>'crowded market'</i>	
b)	AI14	TSW domestic students	

Abbreviations : Uni – University; GEN – generic comments; Govt – Government  
LCS – Leadership Case Studies (Leadership Case Studies 2011)

**Table 5.20 University A Informant Perspectives on Business and Legal-political Uncertainty (Post-tipping Point)**

The interviews identified high levels of business and legal-political uncertainties both before and after the tipping point, except at Countries U and O. The lower environmental uncertainties in Country U is attributed to the close relationship between the OP's holding company, one of the four largest conglomerates in the Country, which has strong

political connections. There was insufficient observation on Country O's operating environment to make any conclusion.

#### 5.4.1.3.2 Property Rights Theory

As discussed in Section 4.5.3, University A's TNE operations will be tested for control of mission-critical resources, risk of opportunism, *ex ante* alignment of incentives, information asymmetry and maturity of the socio-legal-political environment.

##### a) Control of Mission-critical Resources

University A's TNE portfolio was large and complex, comprising a total of 33 TNE operations since 1986 (AI4). It is still large but more structured and strategic (AI1). Informants enumerate the following as key resources for successful TNE delivery : University brand equity (AI19), contract management (AI11), student recruitment and engagement (AI19), teaching facilities (AI15), student support facilities (AI15), career placement and alumni relations (AI12) and research and community engagement (AI16). This section will explore the use and transfer of mission-critical resources between the University and its OPs.

##### (i) Pre-tipping Point

The University's r-FPs operated within lax regulatory environments which did not require close scrutiny and hence high resource commitments (Section 5.4.1.3.1b above). The University was observed to have provided its IP for OP delivery (AI6), organised teaching visits to support OP delivery (AI8) and quality-assured the programs through moderation of assessments (AI6). The OPs leverage on the University's reputation (AI3, AI19) in marketing the r-FP programs, and delivered some teaching through host country teaching staff (AI14). These operations were initiated and managed largely by the faculties in a decentralised fashion,

resulting in highly variable admissions standards, teaching and marking responsibilities (AI7, AI20), and sometimes '*poor examination processes*' (AI17). Many teachouts resulting from terminations were found to be costly and time-consuming (AI19).

On the part of the University, its TNE administration infrastructure was concentrated in the International Office of its Business School (UBSI) simply because the bulk of TNE students were enrolled in Business programs (AI3). At one point, it employed more than 40 staff to manage 31 TNE operations (AI7).

No.	Informant	Perspectives	
		Direct Model	Outsourced Model
1	Strategic Role		
a)	AI3	No Direct Model	GEN Uni TNE infrastructure concentrated in UBS, including UBSI TMC branding
b)	AI6		GEN Uni provide IP; moderate assessments
2	Managerial Role		
a)	AI7	No Direct Model	GEN r-FP OPs vary in admissions, teaching and marking Responsibilities GEN Uni employed 40 staff to manage 31 operations
b)	AI17		GEN OP ' <i>poor examination processes</i> ' UCT Uni visiting teaching staff
c)	AI19		GEN Uni reputation GEN teachouts costly and time-consuming
d)	AI20		GEN r-FP Uni vary in extent of offshore teaching
3	Academic Role		
a)	AI8	No Direct Model	GEN Uni staff visits beneficial
b)	AI12		UCT OP institute better than govt university UCT OP provide internships to every graduate
c)	AI13		UCT OP institute ' <i>one of the better</i> ' with ' <i>good staff</i> '
d)	AI14		GEN r-FP OPs do marketing, all local hire staff

Abbreviations : Uni – University; GEN – generic comments; Govt - government

**Table 5.21 University A Informant Perspectives on Control of Mission-critical Resources (Pre-tipping Point)**

(ii) Post-tipping Point

The post-tipping point TNE operating environment was more tightly regulated both by Australian and host country regulators (Section 5.4.1.3.1b above). In response, the University restructured its TNE administration infrastructure, converting the UBSI into the IAO, making it

a hub for liaison between the faculties (i.e., the spokes) and the OPs (*'the hub-and-spokes'* model) (AI19, AI20). Many of the UBSI's functions were transferred to the faculties and OPs, leaving the IAO with only three staff to manage fewer functions that are mainly coordination and *'policing'* (AI7). AI7 asserted that it would be difficult to replace these three highly experienced staff should they resign their positions.

The University's large number of TNE processes (AI5) were *'well-developed processes'* (AI7) that catered to both ic-IBCs and r-FPs. It was reported that the *'same labour is involved'* in servicing the two post-tipping point TNE models (AI7). These common resources include *'very tight due diligence'* (AI1) undertaken by specialists in *'strategy, finance, operations and risk management'* (AI5, AI18). These comprehensive due diligence processes have sometimes taken 18 months to complete (AI1).

The hub-and-spokes model handles the bulk of the University's TNE operations, including managing and supporting unit coordinators (AI12), training of OP teaching staff (AI13), administering quarterly and annual reporting (AI20), supporting TEQSA reviews (AI1), and ensuring BSA compliance (AI3). These often *'very labour intensive'* processes (AI4, AI12) are benchmarked against detailed infrastructure and operating standards specified in TNE contracts (AI19).

To support the ic-IBCs, the University appointed on-site PVCs who are the *'eyes on the ground'* (AI15) and function as *'relationship manager(s)'* (AI6). They also have research and community engagement KPIs to fulfil (AI6, AI8). The University provided seed funding to kick-start research at the VCS, XCD and UCM ic-IBCs (AI5, AI6), acknowledging research is the *'price of doing business'* (AI5).

Physical infrastructure, or *'bricks and mortar ... are a huge part'* of TNE operations (AI4), and constitute a large investment (*'the cost of the investment and infrastructure ... that's not a small amount either'* - AI11).



The University cannot provide offshore infrastructure (AI5, AI14) due to its asset-light TNE policy (AI1). This resource is invariably the OPs' (both r-FP and ic-IBC OPs), and includes classrooms, laboratories, library, internet access and computer software (AI11). These investments are thought to be cheaper for the OP to undertake (AI11). The ic-IBCs are required to replicate the '*look and feel*' (AI6) of University A's home campus to deliver a '*comparable experience*' for the students (AI1). No such requirement is expected of its r-FPs. The provision of offshore physical campuses that have '*comparable campus and facilities*' (AI9) by the OPs provide the University with an opportunity to grow its '*brand presence*' (AI5) and proliferate '*mini University As*' (AI14) as part of its Global University aspiration (AI1). These custom-designed campuses confer prestige in some communities and contribute to better student recruitment performance (AI15).

In the case of TSW, the OP provided the land, buildings and facilities exclusively for University A (AI2, AI8, AI9). Similarly, the XCD OP provided leased space for the exclusive delivery of University A programs (AI17). The VCS OP leased space exclusively for University A's campus (AI15), but also delivered its own Diploma feeder programs within the campus (AI16). While the UCM OP also used part of its campus to host the University's programs exclusively, it also hosted its own degree programs and the programs of two other Australian institutions (UCM 2019). The UCM campus is reported to be better than that of the government university's (AI12). The r-FPs are all hosted within the OPs' campuses, all of them being academic institutions (AI7).

While the University holds some equity in TSW, it does not do so in the other ic-IBCs (AI19). The licence to operate is held exclusively by the University only in XCD – by regulation (AI9). For TSW, the licence is held by the joint-venture company that includes the University (AI1, AI9). The operating licences of VCS and UCM are held by the respective OPs (AI1, AI12), which might explain the less exclusive nature of these ic-IBC

program offerings. The operating licences at all r-FPs are held by the OPs (AI1).

In most TNE operations, the University's IP and brand are considered critical resources (AI7) for the recruitment of both onshore and offshore students (AI6). However, the University's brand, while considered the highest ranking among Australian universities in Country X, is new to the market there and will therefore need time to translate into higher student enrolments (AI20).

In line with its asset-light approach, the University is gradually phasing out offshore teaching by its onshore teaching staff (AI20), leaving only some light-touch offshore teaching at selected r-FPs, e.g., WSL and YSR (AI20). Teaching is now undertaken wholly by the OP teaching staff because they can *'employ people much more cheaply than the University here'* (AI11). With the *'costly'* BSA accreditation (AI11), OPs are required to ensure that their teaching staff are *'faculty sufficient'* (AI3, AI17). This requirement has placed the OPs *'under a lot of pressure'*, but also assured the University of quality teaching staff hires (AI13). Some r-FP OPs like the PHS OP *'wouldn't budge'* on the BSA requirements because of their business delivery models, and therefore had to be let go (AI12).

Although the marking of examinations was once a tightly controlled academic process, it is now outsourced to the TSW, UCM and XCD OPs (AI7). Unit coordination, another critical academic process is also being trialled at TSW and VCS by OP teaching staff (AI15, AI19) – to take advantage of the availability of host country expertise (AI15) and lower cost (AI4). The level of trust and confidence in TSW is so high that the University was comfortable with the development of the ic-IBC's own courses and units (AI19) – responsibilities to *'input into new courses'* that AI9 expected of OPs that are part of the University's Global University network. However, the University retains *'absolute academic control'* of

all TNE operations through its '*very tight due diligence*' (AI1) and '*well-developed processes*' (AI7).

The recruitment and support of students are responsibilities undertaken by the OPs, for both r-FPs and ic-IBCs (AI5, AI15). For some other processes, the University allowed the OPs to '*capital-leverage central capabilities by not having to replicate those*', e.g., administration of student surveys, and '*use our teams rather than having their own strategy area, their own research area, their own risk management area*' (AI6).

In line with its Global University aspiration, the University has added research and community engagement as part of its ic-IBC deliverables, requiring the participating OPs to commit to these deliverables (AI5). To date, TSW has proven to be a '*very strong research arm*' of the University (AI2), while UCM was reported to have invested in upgrading its teaching staff to PhD, resulting in a '*quite strong ... research arm*' (AI1). As a consequence of a recent contract renewal, the VCS OP has also been required to fund research and community engagement jointly with the University (AI9). It has since then, organised teaching and learning symposia, published a teaching and learning journal and established a joint research committee with the University (AI15).

In view of the higher requirements of the University's Global University aspiration, it was not surprising that the University prefers the '*campus over small TNE*' (AI1) and a prospective OP will necessarily have to be '*a partner of substance. ... an organisation with resources*' (AI1). These OP resources include the OP's systems, processes and local regulatory knowledge (AI15). The University must equally be sufficiently resourced to be able to run TNE successfully, as AI19 concluded that '*we can do this because we're a big university ... if we were not a big university, we wouldn't have the resources to do it*'.

Amidst the variability of TNE operations, there were some high quality r-FP OPs, e.g., the UCT OP which operated a campus that was described as *'even better than the government university in Country U'* (AI12), with *'good staff'* (AI13). Its parent company, a large conglomerate developed an internship program for UCT's graduates (AI12).

No.	Informant	Perspectives	
		Direct Model	Outsourced Model
1	Strategic Role		
a)	LCS	TSW Land developer proposed to provide land, campus and approvals TSW IBC needed change in Statute TSW Town's city status through University presence TSW Uni to have full control over academic and key administrative appointments	
b)	AI1	GEN Uni <i>'very tight due diligence'</i> up to 18 months GEN Uni prefers campus model over small TNEs GEN Uni subject to 5-yearly TEQSA reviews GEN Uni built teachout costs into contracts GEN ic-IBC is asset-light GEN ic-IBC campus look and feel for <i>'comparable campus experience'</i> GEN ic-IBC OP owned or leased GEN Global Uni approach; multiple campuses TSW Govt can <i>'find another partner'</i> ; Uni <i>'problem'</i> in termination TSW Joint-venture (JV) holds local licence VCS Uni has <i>'absolute academic control'</i> VCS OP holds local licence; responsible for land, facilities, infrastructure, human resources VCS OP <i>'aren't naturally aligned to research'</i>	UCM Uni control academic matters UCM PVC on-site supervision UCM OP provide facilities and marketing
c)	AI2	GEN PVC in senior executive team GEN Uni and OP <i>'moderating each other'</i> aspiration TSW <i>'very strong research arm'</i> ; <i>'research and community development'</i> in contract TSW OP's <i>'bequeathed land'</i>	
d)	AI3	GEN BSA <i>'faculty sufficiency'</i> TSW research active due to full-time teaching staff	
e)	AI5	GEN Uni no infrastructure role GEN Uni relies on OP host country expertise GEN Uni <i>'large number of processes'</i> GEN Uni has more well-developed risk management approaches now GEN ic-IBC Uni seed-fund research GEN ic-IBC OP has to have good industrial relations GEN ic-IBC run through joint entities specified in contract GEN Global uni brand presence GEN Global uni research and community engagement roles GEN PVC community engagement role GEN research <i>'price of doing business'</i>	WSL a faculty-level collaboration through UIO
f)	AI6	GEN Uni reputation yields offshore and onshore students GEN Uni willing to terminate A\$7/annum OP due to poor admissions and delivery GEN OP required to do research and community engagement by contract GEN ic-IBC need <i>'quality facilities in the right location'</i> GEN ic-IBC <i>'look and feel'</i> of campus	GEN r-FP OP poor quality facilities

		<p>GEN ic-IBC Uni incentivise research  GEN ic-IBC PVC a relationship manager  GEN OP can '<i>capital-leverage central capabilities</i>'  TSW OP has capacity-building interests  VCS OP '<i>getting a slice of the revenues</i>' for Uni's IP  TSW, XCD OP engineering facilities cost more</p>	
g)	AI10	<p>GEN Global uni '<i>do more than teaching</i>'  GEN Uni proper academic structure rather than profit-making  GEN Uni seeding research resources in V, X and U  VCS OP's T and L symposium and journal investment  XCD Govt requirement for infrastructure provider</p>	<p>GEN r-FP Uni IP  GEN r-FP OP capital investments  GEN r-FP OP may damage Uni brand</p>
h)	AI11	<p>GEN Uni key resources : contract management  GEN BSA a '<i>costly</i>' commitment  GEN ic-IBC infrastructure by OP; cheaper than Uni investment  GEN ic-IBC IP and QA by Uni  GEN Uni shift r-FP to ic-IBC due to higher ranking  GEN OP classrooms, labs, library, internet access, computer software  GEN OP '<i>employ people much more cheaply</i>'  XCD Uni have no local expertise in '<i>new market</i>'  XCD Uni invest in IP and QA; asset-light model  XCD OP invest in infrastructure and people</p>	<p>GEN r-FPs require less investments than ic-IBCs  UCM conversion is about branding</p>
i)	AI16	<p>GEN Uni key resources : research and community engagement  VCS OP admin staff services Uni and OP programs  VCS OP's '<i>well-developed systems and processes ... and market reach</i>'  VCS Uni and OP '<i>plays to each other's strengths</i>'  VCS Uni and OP in partnership for a long time  VCS using OP's systems and processes  VCS PVC '<i>to increase our engagement with industry</i>'</p>	
j)	AI17	<p>XCD infrastructure, staff by OP  XCD Uni responsible for QA, staff appointment  XCD OP responsible for infra, buildings, staff hiring</p>	<p>WSL Uni access to students</p>
2	Managerial Role		
a)	WS	XCD OP looking for uni to make use of facilities	
b)	AI4	<p>GEN Uni '<i>gotten better</i>' at selecting partners  GEN Uni academic processes very labour intensive  GEN OP '<i>bricks and mortar ... a huge part</i>' of TNE  GEN OP non-compliance usually with teaching staff  GEN OP '<i>deliver the program much more cheaply</i>'  GEN comparability '<i>easier said than done</i>'  TSW Uni has equity in JV</p>	
c)	AI7	<p>GEN UBSI had 40 staff to manage 31 operations  GEN IAO has 3 staff and fewer functions compared to UBSI predecessor; '<i>policing</i>' OP function  GEN IAO staff difficult to replace due to experience  GEN '<i>same labour is involved</i>' for ic-IBC and r-FP  GEN ic-IBC custom-designed campus  GEN ic-IBCs '<i>taken on a lot more responsibilities</i>'  XCD different study periods a resource issue  TSW, UCM, XCD OPs allowed to mark all assessments and exams</p>	<p>GEN r-FP uses OP's own infrastructure  WSL UIO '<i>a lot of effort</i>' managing</p>
d)	AI9	<p>GEN comparable campus and facilities  GEN Global uni '<i>input into new courses</i>'  TSW Uni had no initial equity  TSW joint-venture holding company  TSW started in temporary premises  TSW OP pay for research infra  VCS Uni and OP to fund research by contract  VCS early consolidation a better managed campus  XCD Uni long process of approval  XCD Uni brand being established; not sure it extends to the region</p>	<p>GEN r-FPs '<i>non-accredited</i>'  UCM Uni reported '<i>material change</i>' to TEQSA</p>

		XCD Uni given <i>'corporate vehicle ... to hire people'</i>	
e)	AI15	<p>GEN Uni key resources : teaching facilities, student support services</p> <p>VCS Uni benefit from OP's systems, processes and local regulatory knowledge</p> <p>VCS Uni trialling OP unit coordination for expertise and economic (AI4) reasons</p> <p>VCS Uni <i>'putting a lot of resources in research'</i></p> <p>VCS Uni PVC <i>'eyes on the ground'</i></p> <p>VCS Uni and OP draw on long business relationship</p> <p>VCS Uni and OP joint governance entities</p> <p>VCS Uni and OP joint research committee set up</p> <p>VCS OP uses Uni content exclusively for Uni program</p> <p>VCS OP has <i>'well-developed systems and processes'</i></p> <p>VCS OP <i>'huge resources dumped into ... technology'</i></p> <p>VCS OP employed 5 full-time and 70 part-time lecturers</p> <p>VCS OP full-time lecturers required for research</p> <p>VCS OP employs <i>'faculty-sufficient'</i> staff from local uni who also do research</p> <p>VCS a <i>'smaller scale'</i> version of home campus</p> <p>VCS campus confers prestige</p>	
f)	AI17	<p>GEN Uni lost working adult students due to loss of Country V r-FP OPs</p> <p>GEN OP must employ <i>'suitably qualified staff'</i> on-site</p> <p>TSW <i>'the most genuine extension of Uni A'</i></p> <p>UCM OP upskill its own teaching staff</p>	
g)	AI19	<p>GEN Uni TNE <i>'well-developed processes'</i></p> <p>GEN Uni key processes : student recruitment and engagement, branding</p> <p>GEN TNE contracts specify detailed infrastructure; standards <i>'all dictated, all defined in our contracts'</i></p> <p>GEN BSA processes for comparability</p> <p>GEN IAO a single contact between Uni and OP</p> <p>TSW Uni reinvested royalty in equity</p> <p>TSW JV develop own units and courses; trialling unit coordination</p> <p>VCS OP relocating campus</p> <p>VCS OP teaching infrastructure <i>'very structured, very detailed'</i></p> <p>XCD OP will have free-standing campus for comparable campus experience</p>	
h)	AI20	<p>GEN Uni set up hub-and-spokes TNE administration</p> <p>GEN Uni account for all TNE costs now</p> <p>GEN UBSI the predecessor of IAO</p> <p>GEN OP <i>'regular checks'</i> needed, including quarterly and annual reports</p> <p>XCD Uni have highest ranking in Country X</p> <p>XCD needs to establish its identity; <i>'can't just be another campus there'</i></p>	<p>GEN Uni sends teaching staff to YSR and WSL</p> <p>GEN r-FPs <i>'look very similar to'</i> ic-IBCs</p>
3	Academic Role		
a)	AI8	<p>GEN PVC research and community engagement KPIs</p> <p>GEN Uni lack alumni office</p> <p>GEN Uni staff visits beneficial</p> <p>TSW CM wanted institution for capacity-building</p> <p>TSW Govt provided land, campus and start-up capital</p> <p>UCM OP has capacity-building interests</p>	
b)	AI12	<p>GEN Uni unit coordinators' role <i>'very intense'</i></p> <p>GEN Uni monitor teaching staff and student surveys</p> <p>GEN Uni key resources : career placement and alumni relations</p> <p>GEN BSA OPs <i>'wouldn't budge'</i></p> <p>GEN ic-IBC OP feeders accredited</p> <p>TSW contribute to State's economy</p> <p>VCS sessionals lack research motivation</p>	
c)	AI13	GEN Uni's systems, e.g., oLecture and Grade Centre	GEN r-FP not

		GEN Uni unit coordinators train OP teaching staff GEN BSA largely impacted UBS GEN BSA restricted OPs GEN BSA OPs under 'a lot of pressure' on teaching staff GEN BSA tight vetting enable outsourcing OP staff	required to do research UCM has ' <i>quite strong research arm</i> '
d)	AI14	GEN Global uni – mini Uni As GEN Uni cannot provide offshore infrastructure GEN r-FPs serviced by Uni staff VCS OP's ' <i>collaborative campus</i> ' VCS lost working adult students due to location XCD Uni relied on faulty OP market research	
e)	AI18	GEN Uni due diligence by specialists in strategy, finance, operations, risk management TSW Uni and OP fully engaged	

Abbreviations : Uni – University; GEN – generic comments; Govt – Government  
LCS – Leadership Case Studies (Leadership Case Studies 2011)  
WS – Personal discussion with former University C Dean International (2018)

**Table 5.22 University A Informant Perspectives on Control of Mission-critical Resources (Post-tipping Point)**

The table below summarises the mission-critical resources for both the University and its OPs. OP resources that are not under the control of the University are highlighted in ***bold italics***.

Pre-tipping point, the University's r-FPs were initiated and managed largely by the faculties, especially UBS (AI7). These operations, which were run within a lax regulatory environment, required only rudimentary processes and infrastructure – and were marked by highly variable admissions standards, teaching and marking standards (AI7, AI20). The number of operations grew to a large number (up to 31), requiring about 40 University staff to administer (AI7).

The OPs were mostly non-academic institutions which did not have customised campus facilities to deliver the TNE programs (Table 5.11). They relied on the reputation of the University to market the programs (AI3, AI19).

The University essentially provided the IP for OP delivery (AI6) in a 'hands-off' manner (AI10), supported the OPs through teaching visits

No.	Partner	Mission-critical Resources	
		Direct Model	Outsourced Model
1	University		
a)	Pre-tipping (r-FP)	No Direct Model	<ul style="list-style-type: none"> <li>i) decentralised TNE approval</li> <li>ii) IP/curriculum</li> <li>iii) unit coordinators</li> <li>iv) fly-in-fly-out faculty</li> <li>v) onshore decentralised TNE administration</li> <li>vi) quality assurance</li> <li>vii) brand/reputation</li> <li>viii) regulatory compliance</li> </ul>
b)	Post-tipping (ic-IBC and r-FP)	<ul style="list-style-type: none"> <li>i) centralised TNE approval</li> <li>ii) statutory approval to run branch campuses</li> <li>iii) licence (only for XCD)</li> <li>iv) IP/curriculum</li> <li>v) unit coordinators</li> <li>vi) on-site PVC (teaching, research and community engagement)</li> <li>vii) joint Uni-OP governance entities</li> <li>viii) onshore hub-and-spokes TNE administration</li> <li>ix) online learning</li> <li>x) quality assurance</li> <li>xi) brand/reputation</li> <li>xii) central administrative infrastructure that OP outsources</li> <li>xiii) regulatory compliance</li> </ul>	<ul style="list-style-type: none"> <li>i) centralised TNE approval</li> <li>ii) IP/curriculum</li> <li>iii) unit coordinators</li> <li>iv) onshore hub-and-spokes TNE administration</li> <li>v) online learning</li> <li>vi) quality assurance</li> <li>vii) brand/reputation</li> <li>viii) central administrative infrastructure that OP outsources</li> <li>ix) regulatory compliance</li> </ul>
2	OP		
a)	Pre-tipping (r-FP)	No Direct Model	<ul style="list-style-type: none"> <li><b>i) OP campus facilities</b></li> <li><b>ii) OP-held licence</b></li> <li><b>iii) marketing</b></li> <li>iv) support teaching staff</li> <li>v) quality assurance</li> <li><b>vi) student services</b></li> <li><b>vii) local knowledge</b></li> <li><b>viii) regulatory compliance</b></li> </ul>
b)	Post-tipping (ic-IBC and r-FP)	<ul style="list-style-type: none"> <li>i) University A branded campus</li> <li><b>ii) OP-held licence (except XCD)</b></li> <li>iii) joint Uni-OP governance entities</li> <li><b>iv) marketing</b></li> <li>v) teaching staff</li> <li>vi) research and community engagement infrastructure</li> <li>vii) curriculum development being trialled</li> <li>viii) quality assurance</li> <li><b>ix) student services</b></li> <li><b>x) local knowledge</b></li> <li><b>xi) regulatory compliance</b></li> <li><b>xii) career placement and alumni relations</b></li> </ul>	<ul style="list-style-type: none"> <li><b>i) OP campus facilities</b></li> <li><b>ii) OP-held licence</b></li> <li><b>iii) marketing</b></li> <li>iv) support teaching staff</li> <li>v) quality assurance</li> <li><b>vi) student services</b></li> <li><b>vii) local knowledge</b></li> <li><b>viii) regulatory compliance</b></li> </ul>

**Table 5.23 Mission-critical Resources controlled by University A and its OPs**



(A18) and quality-assured the marking of assessments through moderation (A16). The OPs were allowed to *'run them at their own way'* (A120). Some OPs were running *'substitute'* programs (A12) from several partner universities *'like a supermarket'* (A13). This resulted in *'lots of different partners, with lots of different standards'* in Country V (A19), and the University was losing *'line of sight with too many partnerships'* (A16).

The pre-tipping point r-FP operations were benchmarked against the University's own academic standards and existing Australian and host country regulations, which were minimal.

Post-tipping point, the TNE environment was characterised by tightening regulations in Australia and some host countries (Section 5.4.1.3.2e). The University responded by tightening and centralizing its due diligence and approval processes (A15, A18), and setting up *'well-developed systems and processes'* (A16).

These processes were rolled out through a hub-and-spokes administration model that acted as a liaison between the faculties and the OPs (A19, A120). Coupled with the on-site PVCs at the ic-IBCs, the University acquired *'absolute academic control'* over its TNE operations (A16). The new TNE administration structure also transferred a number of responsibilities to the faculties and the OPs (A17). A17 commented that *'the same labour is involved ... operationally, we're still providing the same thing, same functionality regardless'* for both r-FPs and ic-IBCs. However, *'the big difference between these (i.e., r-FPs) and these (i.e., ic-IBCs) is that we have a Pro Vice-Chancellor, who is a University A staff member who works at that campus and is the head of that campus'* (A16). The PVCs were *'relationship manager(s)'* who had responsibilities for teaching, research and community engagement at the ic-IBC locations (A16, A18). Further, the OPs were also able to *'capital-leverage central capabilities by not having to replicate those'*, e.g., administration of student surveys, and *'use our teams rather than having their own*

*strategy area, their own research area, their own risk management area'* (AI6).

The University have had long collaborations with three of its ic-IBC OPs (viz., TSW, VCS and UCM). This long association was the basis for the delegation of examination marking to TSW and UCM (AI7) and the trialling of unit coordination at TSW and VCS (AI15, AI19). TSW was also allowed to developed its own courses and units (AI19).

As the University cannot invest in offshore infrastructure, it relies on the OPs to provide the campus facilities, some of which are owned, e.g., TSW and UCT/UCM (AI2, AI8) and some leased, e.g., VCS and XCD (AI15, AI17). It was interesting to note that the VCS and UCT/UCM OPs were also running their own academic programs on the same campus with the concurrence of the University (AI16, AI12).

With the exception of XCD and TSW, the host country operating licenses of all r-FPs and ic-IBCs are held by the respective OPs (AI1, AI12). In XCD, the University is required by regulation to hold the operating licence, while the joint-venture held the TSW operating licence (AI1, AI9). The University's brand and IP are critical resources that the OPs rely on for student recruitment, and the University rely on for onshore international student recruitment (AI7).

The University now requires all its ic-IBCs to commit to research and community engagement, in addition to teaching (AI5) as part of its Global University vision (AI1). The commitment across the OPs vary from highly committed at TSW and UCM (AI2, AI1), to reluctant commitment at VCS (AI15) and untested commitment at XCD (AI1). To kickstart research, the University has had to provide seed funding at VCS, UCM and XCD (AI5, AI6).

Given the tightened regulatory conditions, the University's Global University vision and its BSA accreditation, it comes as no surprise that an ic-IBC OP will necessarily have to be *'a partner of substance. ... an organisation with resources, and ... of substance'* (A11). Equally, *'we can do this because we're a big university ... if we were not a big university, we wouldn't have the resources to do it'* (A119).

Apart from the ic-IBCs' on-site PVCs and the trialling of unit coordination, the administration of r-FPs is similar to that for ic-IBC (A17). Although the r-FP OPs provide teaching and learning facilities, they are not required to develop the same *'look and feel'* of the home campus, like the ic-IBCs (A16). Post-tipping point, all the University's r-FPs OPs are academic institutions (Table 5.11). The University still retained light-touch teaching visits to some r-FPs, e.g., WSL and YSR (A111).

b) Risk of Opportunism

The potential for opportunism exists in an environment lacking in trust and with a potential for profitable exploitation (Section 2.6.2). These possibilities are very real in TNE because OPs (and the University) are *'motivated by profits and returns to shareholders'* as a *'commercial organisation'* (A12). A19 pulled no punches in saying *'let's not beat around the bush ... they will say and they might mean it; I am sure they do mean it that they are about education and stuff like that and they have to be for their business models, they have to be focused on that because that's what they are delivering ... (but) at the end of the day, they have to appease their shareholders'*. The profit motivation can result in poor delivery practice and even malpractices such as *'degree mills setting up in unregulated areas'* (C110) and *'dodgy players ... issuing fake degrees'* (A115).

There were concerns with the *'operator not delivering your IP properly, the risk of them using staff that are not properly equipped to deliver the*

*IP, the risk that they won't deliver the IP in the style that you would want it delivered because obviously their costs, space and methods of delivery are not yours'* (AI10). There were also concerns with poor quality students admitted (AI6, AI13), poor quality facilities (AI6), accreditation of feeder institutions and the courses that they can offer (AI12).

(i) Pre-tipping Point

Some OPs deliver a multiplicity of university partner programs '*like a supermarket*' (AI3). These '*substitute*' programs (AI2) are likened to baked beans brands on a supermarket shelf and prevent the University from developing '*its own brand*' (AI3). The University was itself collaborating with four different OPs in Country V at one time, such that '*each one is doing a different thing*' (AI15), resulting in '*four different experiences*' for the students (AI9).

There were instances where OP teaching staff had taught in their host country native language instead of English and delivered classes in unapproved delivery modes, presumably to save on costs ('*as a block of classes every 5 weeks instead of 12 weeks*' – AI4).

These opportunistic behaviours can be detected and rectified through regular monitoring of TNE operations, e.g., '*quarterly reports*' and '*annual reports*' (AI20). These reports focus on '*pass rates, retention rates, student enrolment, ... student enrolment trends, student feedback on facilities, student feedback on teaching and learning*' (AI9), student satisfaction surveys, teaching staff evaluations (AI12), and moderation of marking (AI3). The University's International Administration Office (IAO) was also required to '*police the (TNE) situation*' for any violation of policies and procedures (AI7).

On the part of the University, it also strives to promote 'onshore transfers' through its TNE operations to grow its onshore international student

enrolments, because *'the main source of our revenue is our onshore activities at this campus'* (AI6). The University has seen *'a lot of student transfers'*, including *'a major stream of students for a long, long time'* coming from its TMC operations (AI3). The University TNE operations contribute to *'building new markets'* for the University's programs (AI3).

No.	Infor- mant	Perspectives	
		Direct Model	Outsourced Model
1	Strategic Role		
a)	AI2	No Direct Model	GEN OP <i>'motivated by profits and returns to shareholders'</i> GEN OP <i>'substitute'</i> programs
b)	AI3		GEN Uni moderate OP teaching staff marking GEN Uni <i>'a lot of student transfers'</i> ; <i>'a major stream of students for a long, long time'</i> GEN OP <i>'like a supermarket'</i> ; <i>'baked beans on shelf'</i> ; prevent Uni from developing <i>'its own brand'</i>
c)	AI6		GEN Uni promote <i>'onshore transfers'</i> ; <i>'the main source of our revenue is our onshore activities at this campus'</i> GEN OP poor quality students admitted; poor quality facilities
d)	AI10		GEN OP <i>'not delivering your IP properly'</i> VCS <i>'degree mills setting up in unregulated areas'</i>
2	Managerial Role		
a)	AI7	No Direct Model	GEN Uni IAO <i>'police the situation'</i>
b)	AI9		GEN Uni review reports focus on <i>'pass rates, retention rates, ... student enrolment trends, student feedback'</i> GEN OP <i>'have to appease their shareholders'</i> VCS OPs <i>'four different experiences'</i> for the students
c)	AI15		VCS OPs <i>'each one is doing a different thing'</i> VCS <i>'dodgy players ... issuing fake degrees'</i>
d)	AI20		GEN Uni uses <i>'quarterly reports'</i> and <i>'annual reports'</i>
3	Academic Role		
a)	AI4	No Direct Model	GEN OP teaching staff taught in non-English medium GEN OP teaching staff attempting to use unapproved delivery modes
b)	AI12		GEN Uni concerns with accreditation of OP feeder institutions GEN Uni student satisfaction surveys, teaching staff evaluations
c)	AI13		GEN OP poor quality students admitted

Abbreviations : Uni – University; GEN – generic comments; Govt - government

**Table 5.24 University A Informant Perspectives on Risk of Opportunism (Pre-tipping Point)**

(ii) Post-tipping Point

Opportunism was clearly identified in the TSW land developer's interest in *'residential housing development'* in the vicinity of the TSW campus (AI12). These *'land development objectives'* were also detected by AI9. However, the other partner, the State government is *'not a company*

*that's out for money and ... they want to build research infrastructure; they want to be enhancing the possibility of research ... so they see it as a benefit* (AI10). They have been observed to be *'altruistic ... not share price'* focussed (AI4), *'less focussed on money'* (AI2) and have capacity-building interests for the region (AI8). TSW is now known to be a *'very strong research arm of the University'* (AI2), and *'have a research culture ... a Dean of Research ... a research office'*, which are all funded by the *'partner'*. It is contributing *'more than money ... rather than just traditional offshore campus for the generation of revenue'* (AI9), and *'a lot more research'* (AI17). On community engagement, AI6 observed that TSW is highly engaged with the local community, and believes that *'they do more than we do here'*.

Although the VCS OP holds the operating licence of the University A campus in Country V (AI1), it also delivers its own Diploma programs alongside the University's as *'seamless'* feeders to the University's degree programs (AI16). The University seems to be comfortable with these feeders as a *quid pro quo* for the OP running its campus, as demonstrated by the same arrangements with this OP over a long period of time across several operations (AI3). The long partnership developed a high level of trust between the partners (AI14, AI16). The high trust level resulted in the trialling of TNE unit coordination by OP teaching staff (AI15).

The recent VCS OP contract renewal was a test of the OP's commitment to the University's Global University aspiration when the University required the OP to engage in research and community engagement. Although reluctant for the previous ten years, the OP acceded to the incorporation of these commitments in the new contract (AI10); they were *'built into the contract ... they have to honour it ... there's an investment agreement'* (AI6). The partners agreed to set up a joint research committee in mid-2018 so that *'together with University A, we can move it in that one direction'* (AI15). The challenge in initiating research at VCS

would probably come from the reluctance of sessional teaching staff to participate (AI8, AI12). However, the OP recognised that *'all these three things (viz., teaching, research and community engagement) are ... what the university strongly focus on ... that's why we are very involved in that process right now'*, and have invested in organizing teaching and learning symposia and publishing a teaching and learning journal (AI15).

Although the VCS OP invested in a *'careers officer'* to support students (AI16), there was no evidence of its involvement in alumni relations, which AI2 thinks *'we can do better'*, especially in light of the University's Global University aspiration.

The VCS operation is quality-assured through joint governance entities (AI15), a University appointed on-site PVC, *'well-developed systems and processes'* and the University's *'absolute academic control'* (AI16). AI19 described the teaching infrastructure as *'very structured, very detailed ... we know exactly ... (if) they (viz., students) are having a comparable experience'*.

The UCM OP's motivation for the collaboration was *'very much almost humanitarian ... capacity building ... in Country U'*, resulting in a *'very good driver ... politically, economically, socially ... very important campus stakeholder in Country U'* (AI12). The *'humanitarian'* drive arose out of the OP's concern for *'the high level of unemployment and low skill in Country U'*. The operation was considered *'quite research active ... due to the commitment of the leadership team there, rather than the impact of University A ... (and) very much determined by the culture that exists at that campus'*. While the OP's motivation is in good alignment with the University, there seems to be some potential for opportunism in the delivery of vocational programs from two other Australian partners and the OP's own certificate, diploma and degree programs at the same campus (UCM 2019).

XCD is a new ic-IBC operation that started in early 2018. There seems to be *'a bit of friction there (with the OP), in finetuning units ... because X's gone completely different study periods to the others'* (A17); A17 also described the OP as *'very strong'*, alluding to its influence on the operation. It has also exhibited some signs of resistance to the impost of research although it is clearly a contractual commitment (A11). This behavior was anticipated by A17, arguing that *'once the operations commence, then I think the partner wields a bit more power in terms of making amendments or deeds of variation to the contract'*.

The r-FPs present *'a much higher risk'* as a result of the OP having to *'deal with ... 25 - 30 different sets of universities'* (A13). For example, *'You might kind of say 'Look! We want you to introduce this policy', and then they would say 'No, that it doesn't fit with what we are doing with Middlesex and Sheffield Hallam, and Wollongong; so no, we are not doing it'*. Further, these r-FPs are run *'largely hands-off'* because *'you are giving control over your IP largely to a different operator'* (A10). In the case of the WSL r-FP, the IAO encountered persistent tardiness in meeting deadline and occurrences of plagiarism, and had to expend a lot of effort in rectifying records and educating the OP administration staff (A17).

The r-FP terminations over the years have been observed to be due to poor quality students admitted (A13), poor *'quality facilities ... (and) teaching staff'* (A16), poor quality students and academic results (A16), *'issues with strategic alignment and quality'* (A15), and *'viability in terms of numbers of students, and ... quality of students'* (A14). A14 noted that the *'major problem from University A's perspective is that franchised arrangements create potentials for quality issues'*, and are hence *'avoided'* (A13). The University still operates r-FPs for specific purposes, but have been *'conformed ... more to University A policy and procedures'*, e.g., *'getting students to enrol directly with us, to pay directly to us'* (A120).



AI13 commented that *'it will be a lot less risky for us to exercise greater control and set up branch campuses'*. AI2 is of the view that the *'much closer operational engagement with our branch campuses'* can confer *'more control ... more integration'* with the home campus. Similarly, AI7 asserted that the University has *'got more control and say over the way things are done'* (in an ic-IBC, compared with a r-FP) *... whereas when you are working with a partner you are one of many universities'*. The risk of opportunism is mitigated through the appointment of on-site PVCs as the University's *'eyes on the ground'* (AI15), and joint entities (e.g., joint boards, joint management committees) (AI5) – *'ensuring that we're meeting our targets and our KPIs ... ensuring that we can react ... in the instances where we're not meeting our KPIs ... (and) stretching people to meet targets'* (AI6).

No.	Infor- mant	Perspectives	
		Direct Model	Outsourced Model
1	Strategic Role		
a)	AI1	VCS OP holds operating licence XCD OP reluctant to do research	
b)	AI2	GEN Uni <i>'we can do better'</i> at alumni relations GEN IBC <i>'much closer operational engagement'</i> TSW OP State govt <i>'less focussed on money'</i> TSW <i>'very strong research arm of the University'; 'have a research culture ... a Dean of Research';</i> all funded by State govt	
c)	AI3	VCS OP has been running its programs in Uni campuses over a long period of time	GEN r-FPs <i>'a much higher risk'</i>
d)	AI5	VCS Uni-OP joint entities	GEN r-FPs <i>'issues with strategic alignment and quality'</i>
e)	AI6	GEN Uni <i>'meeting our targets and our KPIs'</i> TSW <i>'they do more than we do here'</i> VCS OP <i>'built into the contract ... they have to honour it ... there's an investment agreement'</i>	GEN r-FPs poor <i>'quality facilities ... teaching staff'</i> GEN r-FPs poor quality students and academic results
f)	AI10	TSW OP State govt <i>'not a company that's out for money ... build research infrastructure'</i> VCS OP acceded to research and community engagement impost in renewed contract	GEN r-FPs <i>'largely hands-off'</i>
g)	AI16	VCS Uni has on-site PVC; <i>'absolute academic control'</i> VCS Uni and OP developed trust over long period VCS OP delivers its own programs in VCS campus VCS OP invested in <i>'careers officer'</i>	
2	Managerial Role		
a)	AI7	GEN Uni has <i>'got more control'</i> of IBC XCD Uni-OP <i>'a bit of friction there, in finetuning units'; OP 'very strong'</i>	GEN r-FP <i>'one of many universities'</i>
b)	AI9	TSW OP State govt <i>'more than money ... rather than</i>	

		<i>just traditional offshore campus for the generation of revenue'</i> TSW OP developer ' <i>land development objectives</i> '	
c)	AI15	VCS Uni trialling unit coordination by OP staff VCS Uni PVC ' <i>eyes on the ground</i> ' VCS Uni-OP joint governance entities VCS Uni and OP agreed to set up a joint research Committee VCS OP ' <i>all these three things are ... what the Uni strongly focus on</i> ' VCS OP organised teaching and learning symposia and published T&L journal	
d)	AI17	GEN OP ' <i>wields more power</i> ' TSW ' <i>a lot more research</i> '	WSL Uni had to rectify and educate
e)	AI19	VCS OP ' <i>very structured, very detailed ... comparable experience</i> '	
f)	AI20		GEN r-FPs ' <i>conformed ... more to Uni A policy</i> '
3	Academic Role		
a)	AI4	TSW OP State govt ' <i>altruistic ... not share price</i> ' VCS Uni and OP developed trust over long period	GEN r-FPs ' <i>viability in terms of numbers ... and ... quality</i> '
b)	AI8	TSW OP State govt wants capacity building for region VCS OP teaching staff reluctant to do research	
c)	AI12	TSW OP developer ' <i>residential housing development</i> ' VCS OP teaching staff reluctant to do research UCT/UCM OP ' <i>very much almost humanitarian</i> ' due to ' <i>the high level of unemployment and low skill</i> ' UCU/UCM ' <i>quite research active ... due to the commitment of the leadership team there</i> '	
d)	AI13	GEN IBC ' <i>less risky</i> '; ' <i>greater control</i> '	GEN r-FPs poor quality students
e)	AI14		GEN r-FPs ' <i>potentials for quality issues</i> '

Abbreviations : Uni – University; GEN – generic comments; Govt – Government

**Table 5.25 University A Informant Perspectives on Risk of Opportunism (Post-tipping Point)**

The risk of opportunism was high for all r-FPs before and after the tipping point by virtue of the lower University involvement. After the tipping point, the ic-IBCs also exhibited opportunism, except for UCT/UCM – and which required the appointment of on-site PVCs to help monitor and mitigate.

c) Information Asymmetry

Pre-tipping point, the University's TNE requirements were less stringent. They consist of making '*sure that you understand all the local drivers like*

*government policy, financial, economic, all those things that could impact the success of the program, (including) the competitive landscape'* (AI20). After starting, monitoring was *'a process of ... ensuring that we're meeting our targets and our KPIs ... ensuring that we can react ... in the instances where we're not meeting our KPIs ... (and) stretching people to meet targets'* (AI6).

Post-tipping point, the University's TNE standards were further circumscribed by AUQA (and later TEQSA), BSA accreditation and enhanced host country regulations. They reflect concerns around comparability of *'students' experience, students' satisfaction, and students' grade outcomes'* (AI19), arising from the *'operator not delivering your IP properly, the risk of them using staff that are not properly equipped to deliver the IP, the risk that they won't deliver the IP in the style that you would want it delivered because obviously their costs, space and methods of delivery are not yours'* (AI10). The ultimate concern is with the risk that poor quality outcomes *'can damage the brand ... because the degrees are being marketed ... as University A degrees'* (AI10).

(i) Pre-tipping Point

Pre-tipping point r-FPs were operating within an environment of *'a lot less compliance'* (AI17), driven mainly by entrepreneurial academics who were benefiting financially from starting r-FPs *'with as many partners as possible, to get as many students as possible'*. (Section App I 1.4). The majority of these terminations were attributed to poor quality delivery and outcomes (Section App I 1.5), including deliveries which were *'not at appropriate standards'* (AI6), *'woeful'* pass rates (AI13) and *'poor exam processes'* (AI17). In the case of PHS, the University was reported to have sold its programs *'too cheap'* (AI19). With the exception of one, all r-FPs lasted more than five years. It is thus surprising that these operations were allowed to continue for such a long time. This state of

affairs may be attributed to information asymmetry because *'you can't confirm compliance'* (AI4) due to the distance and the environment of *'a lot less compliance'* (AI17).

In the past, there is really no one r-FP delivery model (*'franchised programs ... each model is different ... so, it's really hard to put them all in one basket, and say this is how they operated, and this is good and that was bad'* – AI20). There was even variation between faculties, e.g., the extent of offshore teaching by faculty staff (AI20). There seems to be a tacit concurrence within the University *'to allow them (i.e., the OPs) to run them at their way'* (AI20). Moreover, these r-FPs were run *'largely hands-off'* because *'you are giving control over your IP largely to a different operator'* (AI10). The University thus risked losing *'line of sight with too many partnerships'* (AI6).

No.	Infor- mant	Perspectives	
		Direct Model	Outsourced Model
1	Strategic Role		
a)	AI6		GEN Uni <i>'line of sight with too many partnerships'</i> GEN Uni <i>'select few ... principal quality partnerships'</i> GEN OP delivery <i>'not at appropriate standards'</i>
b)	AI10		GEN r-FP <i>'largely hands-off'; 'giving control over your IP largely to a different operator'</i>
2	Managerial Role		
a)	AI17		GEN OP <i>'poor exam processes'</i> GEN r-FPs in <i>'a lot less compliance'</i>
b)	AI19		PHS Uni sold programs <i>'too cheap'</i>
c)	AI20		GEN Uni <i>'to allow them to run them at their way'</i> GEN Uni <i>'getting students to enrol directly with us, to pay directly to us'</i> GEN r-FP <i>'each model is different'</i> GEN r-FP variation in offshore teaching
3	Academic Role		
a)	AI4	No Direct Model	GEN Uni <i>'you can't confirm compliance'</i>
b)	AI12		GEN OP <i>'a multitude of small ones'</i>
c)	AI13		GEN OP <i>'woeful' pass rates</i>

Abbreviations : Uni – University; GEN – generic comments; Govt - government

**Table 5.26 University A Informant Perspectives on Information Asymmetry (Pre-tipping Point)**

The University addressed the poor quality deliveries and outcomes by reducing *'the number of partners because we had a multitude of small ones'* which were not performing (AI12). It retained a *'select few ...*

*principal quality partnerships* to *consolidate* its r-FP operations for *easier management* and *better control* (AI6). The remaining r-FPs were *conformed ... more to University A policy and procedures*, e.g., *getting students to enrol directly with us, to pay directly to us* (AI20).

(ii) Post-tipping Point

The early years of TNE *matured* UBS (AI18), and changed its focus to one that prioritised *quality* and *pursue accreditation* (AI19). These resulted in the culling of *non-performing programs* (AI7) to *a few quality OPs* (AI19) that are *easier to manage* (AI6) and *control* (AI2). As the University viewed TNE operations *through a different lens of quality, we didn't find those acceptable anymore ... so, we terminated some of those* (AI6). The University now asks if a potential TNE operation is *strategic for our region?*, and is part of the University's *Global University* agenda (AI18). Central to TNE quality assurance is the aspiration for comparable *students' experience, students' satisfaction, and students' grade outcomes* (AI19).

Despite the focus on strategic aspirations, information asymmetry remains a concern. In the case of TSW, the land developer that approached the University to initiate the ic-IBC had his own interest in *residential housing development* (AI12) or *land development objectives* (AI9) for the land surrounding the campus. Although he promised to provide land for the campus, the land was ultimately bequeathed by the State government (Leadership Case Studies 2011). This ic-IBC turned out well, becoming *the most genuine extension of University A* (AI17). Transparency was enhanced through the appointment of a PVC and Deputy PVC on-site to be responsible for the vetting of all key administrative and teaching positions, and the establishment of a joint Council (AI1). The ic-IBC fully subscribed to the University's focus on all three roles of teaching, research and community engagement due to the State government's own priority for *nation-building* (AI3).

The University acknowledged its dependence on its OPs for local host country knowledge (AI5, AI11). In the case of VCS, it relied on its OP to select its campus location in the suburbs which did not have good public transportation linkage (AI14). This resulted in the loss of working adult students who required easy access to their campus location. The OP was in the midst of planning a re-location to rectify this weakness during the interviews (AI17).

The VCS OP was also reluctant to be involved in research because they *'aren't naturally aligned to research'* (AI1) and they had concerns relating to the ownership of research outputs (AI15). The OP however acquiesced in the recent contract renewal, *'starting now to recognise that to be a university campus, it needs to do more than teaching'* (AI10). The on-site PVC has been tasked to *'establish the research program ... and to increase our engagement with industry, and that's both from a research point of view ... and also ... internships, work placements, guest lectures, all of those things in terms of benefits of industry engagement'* (AI16). A joint research committee was to be set up by mid-2018 so that *'together with University A, we can move it in that one direction'* (AI15).

UCM was converted to an ic-IBC from a r-FP after 14 years of collaboration (AI5) and building trust through time (AI14). Due to the OP's *'nation-building'* focus (AI3), there was close alignment with the University's Global University aspirations. The operation *'appears to be less volatile ... we don't seem to have the same sort of shifts as with the others'*. This contributes to the perception that the ic-IBC has the *'lowest risk'* among the University's ic-IBCs.

At the University however, there seems to be differences in perceptions of UCM - AI6 who has strategic responsibilities, claimed that it does not engage in any research, but AI12 who works closely with the ic-IBC

reported that it is *'quite research active'*. Its research endeavors seem to have a life of their own *'due to the commitment of the leadership team there, rather than the impact of University A'* and was *'very much determined by the culture that exists at that campus'* (AI12). This demonstrates the impact of a close working arrangement on accurate partner perception.

The University's participation in XCD seems to have divided its staff. AI12 claimed that *'99% of people ... are against X ... it's a flooded market ... we're unknown in X ... why starting up TNE when it's a flooded market? ... so, there's lots of opposition'*. AI12 added that the decision *'almost smells like ... one of the decisions of the past'*, where *'agreements were signed over drinks and dinner, KPI-driven for numbers only'*. Sharing the views of the schools, AI7 related that *'we were promised very high numbers from the partner, that has not eventuated ... a lot of the schools turning round and saying 'I told you so; I told you so''*.

Some staff questioned the due diligence on XCD (AI20) or *'whether we adhere to what the reports come out'* (AI7). AI20 also doubted the conduct or quality of the market survey since there was no attempt at *'differentiating from the other programs there'* but *'we decided to continue with the same programs University C was offering ... does that make sense that we're offering the exact same courses that University C is offering, and they're staying there?'*. This reliance on the OP's in-country expertise (AI5) is because *'we would have little idea of what to do ... how much to charge students, how to market to students, and how to deal with the local economy ... we just don't have the expertise'* (AI11).

While AI12 commented that *'clearly I think it's a political decision that outweighs the financial value at this point in time ... maybe it's a longer term strategy that the rest of us are missing'*.

AI7 reported that that *'there is a bit of friction there (with the XCD OP), in finetuning units ... because X's gone completely different study periods to the others'*, and the OP is *'very strong'*. In AI7's view, these complications could have been better handled if the University decision-makers have paid *'enough attention'* and listened *'to people who are in the know'*, e.g., on the topic of *'study periods'*. AI7 also remarked that *'we're happy to sign off contracts where we have these (senior decision-makers at the faculties) saying we'll go ahead with it without asking relevant questions ... drill down ... how are we going to resource this?'*

Although research has been incorporated in the XCD relationship, AI1 expects some resistance from the OP *'similar in X (to Country V)'*. Further, AI20 remarked that it *'really needs to establish what is the identity ... you can't just be another campus there'*. AI12 also made the same comparison, identifying *'how we position ourselves on what is the value'* of the ic-IBC's deliverables in Country X.

For the WSL r-FP, information asymmetry seems to come from cultural and business perceptions, e.g., tardiness of OP processes and perception of plagiarism (AI7). For most r-FPs, information asymmetry can potentially arise from having to *'deal with ... 25 - 30 different sets of universities'* (AI3). For example, *'You might kind of say 'Look! We want you to introduce this policy', and then they would say 'No, that it doesn't fit with what we are doing with Middlesex and Sheffield Hallam, and Wollongong; so no, we are not doing it' (AI3).*

More generally, the OP's teaching staff (for both r-FPs and ic-IBCs) employment arrangement also have an influence on how much they engage the University's unit coordinators. Full-time OP teaching staff, e.g., in TSW, are *'less likely to engage with you because ... they have their employment, that's their job'*, while the majority of VCS teaching staff who are part-timers would *'proactively engage with me ... I suspect*



No.	Informant	Perspectives	
		Direct Model	Outsourced Model
1	Strategic Role		
a)	AI1	TSW Uni appointed PVC and DPVC; joint Council VCS OP <i>'aren't naturally aligned to research'</i> XCD Uni expects resistance from OP on research	
b)	AI2	GEN OP fewer are easier to <i>'control'</i>	
c)	AI3	TSW OP <i>'nation building'</i> UCT/UCM has nation building focus; <i>'less volatile'</i> and <i>'lowest risk'</i>	GEN OP <i>'deal with ... 25-30 different sets of universities'</i> GEN OP <i>'doesn't fit with ... Middlesex'</i>
d)	AI5	GEN Uni depends on OP for host country knowledge UCM UCT r-FP converted to ic-IBC after 14 years XCD Uni reliance on OP's in-country expertise	
e)	AI6	GEN Uni viewed TNE <i>'through a different lens'</i> GEN OP fewer are <i>'easier to manage'</i> UCM does not engage in research	
f)	AI10	VCS OP TNE is <i>'more than teaching'</i>	
g)	AI11	GEN Uni depends on OP for host country knowledge XCD Uni <i>'just don't have the expertise'</i>	
h)	AI16	VCS Uni PVC tasked to <i>'establish ... research ... increase our engagement'</i>	
2	Managerial Role		
a)	AI7	XCD Uni <i>'whether we adhere to ... the reports'</i> XCD Uni <i>'a bit of friction ... in fine tuning units'</i> XCD Uni should listen <i>'to people ... in the know'</i> XCD OP <i>'very high numbers ... has not eventuated'</i> XCD OP <i>'very strong'</i>	WSL OP tardy process and plagiarism
b)	AI9	TSW OP developer <i>'land development objectives'</i>	
c)	AI15	VCS Uni-OP joint research committee VCS OP concerns on ownership of research outputs	
d)	AI17	GEN Uni culled <i>'non-performing programs'</i> TSW <i>'the most genuine extension of Uni A'</i> VCS OP planning campus re-location out of suburbs	
e)	AI19	GEN Uni UBS priority on <i>'quality'</i> and <i>'pursue accreditation'</i> GEN Uni retained <i>a few quality OPs'</i> GEN Uni comparable <i>'students' experience, students' satisfaction and students' grade outcomes'</i>	
f)	AI20	XCD Uni due diligence questioned XCD Uni <i>'offering the exact same courses'</i> XCD <i>'can't just be another campus there'</i>	
3	Academic Role		
a)	AI4	GEN OP teaching staff did not comply with standards	
b)	AI8	TSW OP staff <i>'less likely to engage with you'</i> VCS OP staff <i>'proactively engage with me'</i>	
c)	AI12	TSW OP developer <i>'residential housing development'</i> UCM <i>'quite research active'; 'commitment of the leadership team'</i> XCD Uni <i>'99% of people ... are against X'; 'almost smells like ... one of the decisions of the past'</i> XCD Uni <i>'it's a political decision'</i> XCD Uni <i>'what is the value?'</i>	
d)	AI14	VCS Uni relied on OP for selecting campus location UCT/UCM trust built up through time	
e)	AI18	GEN Uni <i>'matured' UBS</i> GEN Uni <i>'strategic for our region?' and 'Global Uni?'</i>	

Abbreviations : Uni – University; GEN – generic comments; Govt – Government

**Table 5.27 University A Informant Perspectives on Information Asymmetry (Post-tipping Point)**

*the ones who are doing it on a part-time basis probably recognise the precarious nature of their employment'* (A18). A14 demonstrated this difficulty through the examples of the OP teaching staff who taught in a non-English medium of instruction and the other who decided to change the teaching mode without consultation with the unit coordinator.

Information asymmetry was observed to be high for r-FPs both before and after the tipping point, possibly due to the lower University involvement and the lack of an on-site presence. The University's longer-running ic-IBCs, viz., TSW, VCS and UCM, were seen to exhibit less information asymmetry, partly due to the long association and the presence of an on-site PVC as the University's '*eyes on the ground*' (A15). There still seems to be a high level of information asymmetry at XCD, possibly due to the newness of the collaboration.

#### d) Incentives Alignment

Although the University's OPs were consistent in their motivations for TNE participation both before and after the tipping point, the University's TNE objectives changed over time. Later OPs had to conform to the University's demands in order to collaborate.

##### (i) Pre-tipping Point

As discussed in Section 5.4.1.3.1a, the early r-FPs were initiated and managed largely by highly entrepreneurial University staff under lax regulatory conditions. It was an environment '*that provided opportunities to academics to earn extra*', where they were '*paid to travel ... for every exam paper ... for every unit outline*'; '*a great model for academics to make more money*' (A17). Academics were reported to have been paid '*excessively*', and '*some academics were earning more from the offshore teaching operation than they were from their regular academic activities*' (A17).

These entrepreneurial forays were '*very profitable venture(s)*' (AI13) which brought in '*significant revenue*' (AI3). The University's motivation was clearly '*income generation*' (AI10) and '*financial for all of them*' (AI1). In fact, a number of r-FPs, e.g., PHS and POL were terminated because of insufficient '*financial returns*', and incurring '*opportunity costs*' (AI2).

The University also leveraged on its r-FPs to increase its onshore international student enrolments (AI3, AI19) through '*building new markets*' (AI3) and growing its reputation and profile in r-FP countries (AI19). The VMI, VBP, VSH and VSI r-FPs were considered good feeders for onshore enrolments (AI16).

It was clear that the OPs, being mostly commercial organisations were motivated by profit, as AI9 asserted '*let's not beat around the bush ... they will say and they might mean it; I am sure they do mean it that they are about education and stuff like that and they have to be for their business models, they have to be focused on that because that's what they are delivering ... (but) at the end of the day, they have to appease their shareholders*'. The not-for-profits, like the professional/trade associations of Country V provided training to their members in addition to pursuing financial returns (AI1, AI17). When the University terminated its PHS r-FP, the OP was reported to be '*disappointed that we were pulling out because they were losing more than we were*' (AI2).

The rapidly growing r-FPs encountered many quality issues, i.e., a number of r-FPs were '*not at appropriate standards*' (AI6), e.g., low quality students admitted with '*sceptical entry*' qualifications, '*woeful*' pass rates (AI13), and poor examination processes (AI17). These quality issues began to impact on the University's reputation (AI2, AI19), causing the University (and more specifically, the UBS) to re-examine its quality assurance processes (AI19) as well as financial models (AI7, AI17) for TNE. This resulted in the termination of a number of poorly

performing r-FPs (AI1, AI7), and retention of a *'select few ... principal quality partnerships'* to *'consolidate'* its r-FP operations for *'easier management'* and *'better control'* (AI6). It was interesting to note that all the pre-tipping point r-FPs had very long business operations, ranging from ten years (VSH) to 26 years (PHS), evidencing good alignment of interests (Table 5.11).

No.	Infor- mant	Perspectives	
		Direct Model	Outsourced Model
1	Strategic Role		
a)	AI1	No Direct Model	GEN Uni r-FPs <i>'financial for all of them'</i> GEN Uni terminate poorly performing r-FPs GEN OP professional associations provide training for members
b)	AI2		GEN r-FPs' quality issues impact Uni reputation PHS Uni terminated due to low financial returns, opportunity Costs PHS OP <i>'were losing more than we were'</i> POL Uni terminated due to low financial returns
c)	AI3		GEN Uni r-FPs increase Uni onshore enrolments GEN r-FPs <i>'significant revenue'</i> GEN Uni r-FPs <i>'building new markets'</i>
d)	AI6		GEN Uni <i>'select few ... principal quality partnerships'</i> GEN OP fewer are <i>'easier to manage'</i> ; <i>'better control'</i> GEN OP <i>'not at appropriate standards'</i>
e)	AI10		GEN Uni r-FPs <i>'income generation'</i>
f)	AI16		GEN Uni onshore feeders : VMI, VBP, VSH, VSI
2	Managerial Role		
a)	AI7	No Direct Model	GEN Uni re-examine financial models GEN Uni terminate poorly performing r-FPs
b)	AI9		GEN OP <i>'appease their shareholders'</i>
c)	AI17		GEN Uni <i>'academics to earn extra'</i> ; <i>'academics paid excessively'</i> GEN Uni re-examine financial models GEN OP professional associations provide training for Members GEN OP poor examination processes
d)	AI19		GEN Uni r-FPs increase Uni onshore enrolments GEN Uni r-FPs growing reputation and profile GEN Uni re-examine quality assurance processes GEN r-FPs' quality issues impact Uni reputation
3	Academic Role		
a)	AI13		GEN Uni r-FPs were <i>'very profitable ventures'</i> GEN OP <i>'sceptical entry'</i> qualifications; <i>'woeful'</i> pass rates

Abbreviations : Uni – University; GEN – generic comments; Govt - government

**Table 5.28 University A Informant Perspectives on Incentives Alignment (Pre-tipping Point)**

(ii) Post-tipping Point

Post-tipping point, the University's priority shifted gradually towards non-monetary objectives, while ensuring all TNE operations '*make a return ... in a fixed period of time*' (AI1). AI14 reported that '*there's pressure to make sure that our offshore locations are breaking even, certainly ... the University wouldn't stomach for very long ... huge losses in offshore locations*'.

The non-monetary objectives were influenced by both internal and external factors. The external factors include the impact of AUQA (from 2000), AUQA Cycle 2 (from 2008), TEQSA (from 2012) and the BSA accreditation (from 2016). Interestingly, five out of the six pre-tipping point r-FPs were terminated within the 2008 – 2010 period, corresponding to the AUQA Cycle 2 audits (Table 5.11). A total of fifteen r-FPs were terminated within that period, including eight that were short-lived (i.e., five years old or less).

Internally, the University brought its decentralised TNE workload into a centralised workload management model in 2011 (AI7) for more equitable sharing of revenue and costs (AI11). More strategically, the University's own strategic priorities changed from treating r-FPs merely '*as little side appendages that are out there doing their own thing*' to viewing all its TNE operations as '*part of the network of University A*' (AI9), or part of the University's Global University network of '*mini University As*' (AI14).

While the University '*expects to make money out of all of these operations; otherwise there's no reason to be there ... but it isn't the defining factor ... it was much more our brand, our reputation, our global footprint*'. The global footprint is expected to grow the brand presence of the University, and thus provide '*opportunities for recruiting students*' (AI5). AI8 explained that '*having these campuses and building brand in*

*those locations will ... assist in building our reputational capital in those regions which improves our rankings on the QS (QS World University Rankings) and THE (Times Higher Education World University Rankings) surveys ... which again lifts our status globally which in return stimulates student demand, both onshore international and at those campus locations and the ones that are outsourced (FPs)'.*

The Global University aspiration requires all its ic-IBCs to deliver all three roles of teaching, research and community engagement (AI10), including the hosting of staff and student exchanges (AI6). All these endeavours are underpinned by strict adherence to *'our quality and TEQSA quality ... total deal breakers'* in all recent TNE contracts (AI1).

In presenting to the University Council on the proposed TSW ic-IBC, the DVCI asserted that *'the greatest risk would be in not securing the University's long-term future in Country T* through TSW (Leadership Case Studies 2011, 4). The University benefited from the joint venture because the ic-IBC was *'largely run by the State Government'* (AI19) and subsidised by the State Government (AI2). AI5 also observed that the ic-IBC receives *'government funding for development'*. The ic-IBC was actively involved in research (AI2) and community engagement (AI6). While the State government benefited through capacity-building in the northern region and the hosting town gained city status (Ibid., 3), the land developer benefited from *'residential housing development'* in the vicinity of the University (AI12).

The VCS ic-IBC was a consolidation of four other r-FPs, providing the University with *'easier management'* and *'better control'* of academic delivery (AI6), *'diversification of revenue streams, reputation building and global positioning'* (AI6). The OP was at that time looking for a university partner to help it expand into the AA region (AI3). As a long-term partner of the University, the OP adopted a proven delivery model which included delivering its own Diploma feeder programs within the

University's campus (AI16) – *'it's business model is taking universities' IP, teaching it, and getting a slice of the revenues'* (AI6). As a *'commercial organisation'*, the OP was *'motivated by profits and returns to shareholders'* (AI2). Although reluctant, the OP finally acquiesced to support research and community engagement in the recent contract renewal (AI10, AI15, AI16), perhaps convinced that research can lend much prestige, prevents the ic-IBC looking *'shallow'*, *'builds ... reputation ... gives stronger credibility in the market as a university'* (AI6), and promote the University's reputation and ultimately result in better ic-IBC student enrolments (AI15).

The motivation for starting the UCT r-FP was *'definitely revenue'* (AI17). Although UCT OP was concerned about the *'financial aspect'* of the r-FP, it was primarily driven by *'corporate business responsibility'* (AI6), *'social responsibility for their country'* (AI7), *'developing the community'* (AI1) and *'nation-building'* (AI3).

The conversion of the UCT r-FP into the UCM ic-IBC was for a *'strategic fit'* with the University's Global University aspiration, providing *'access to new markets ... have the ability to have good access into the AA region'* (AI17). It was to be an enabler to *'foray into that market there ... and ... attract students from the AA region to come into Country U and study there'* (AI13). More broadly, AI10 *'looked at the Indian Ocean as an area where we can have considerable strengths ... and by adding in Country U, in fact, we have campuses all around the Indian Ocean'*. The OP's motivation for TNE had not changed after the conversion. AI13 argued that *'basically it's the same structure, same staff, there is no change just rebranding ... its basically the OP institute ... just being re-modeled and re-branded'*. AI11 added that *'there is no fundamental change in terms of the underlying financial and commercial arrangement'*.

In the case of XCD, the University had a *'much more strategic'* focus on the MM region (AI1), seeing Country X *'as a gateway ... to attract*

*students from non-traditional markets ... from countries Q and L ... students who may not qualify for a visa for Australia'* (AI17) and hosting student mobility (AI17). It also anticipated tapping into '*potential research funding*', being able to network with '*those corporations that are based in X who are potential research partners*' (AI19). Although research has been incorporated in the contract, AI1 expects some resistance from the OP '*similar in X (to Country V)*'. The OP was driven by '*money, profile and reach*' (AI1), and the contracted financials seem to favour the OP (AI12); the University '*don't get much*' (AI20).

AI3 explained that r-FPs are now avoided '*from a quality perspective, and certainly from a branding perspective*'. However, for the University, some of the r-FPs serve specific purposes and could possibly become ic-IBCs, like in Country U (AI5). In fact, there are no strategic plans for r-FPs, unlike ic-IBCs, and '*they've become part of a bigger machine*', i.e., the Global University network (AI6). In WSL, the University was keen on '*access to a lot of ... Country W students ... where if University A ... didn't have a presence in Country W, it would slip*'. (AI17).

Some of these FPs '*are important*', e.g., the '*mature*' YSR FP arrangement '*is important ... very much because of the community-building type status of that particular arrangement rather than commercial ... and I don't think it is a big supplier of students here, into Australia ... it is sort of an unusual arrangement*' (AI11). The YSR OP's motivation is for '*upskilling*' staff, while for the University, they are helpful in '*cross-selling*' the University's '*leadership programs*' (AI2). On the other hand, the TMC r-FP provided '*a major stream of students for a long, long time*' (AI3).

In Country O, the collaborations are a combination of articulation and TNE delivery, where upon graduation, '*they get a Bachelor's degree from their university and a Bachelor's degree from our university*' (AI19).



Although the University *'don't make much money ... it brings students here, to Australia'* (AI11).

Most of the University's existing TNE operations as at 2018 are long-running operations ranging from seven years (ONJ) to 19 years (TSW), surpassing the 'reasonable rate of return' business longevity benchmark (Section 2.7.4.3). The only exceptions were the UCM ic-IBC (which was converted from the UCT r-FP after 14 years), the XCD ic-IBC which had just started in 2018, and ODB r-FP (which as a re-starting of a five-year long r-FP that was terminated eight years earlier (Table 5.11). These long-running operations attest to the TNE operations' close alignment of interests.

No.	Infor- mant	Perspectives	
		Direct Model	Outsourced Model
1	Strategic Role		
a)	AI1	GEN Uni <i>'our quality and TEQSA quality'</i> in contracts GEN TNE <i>'make a return ... in a fixed period of time'</i> XCD <i>'much more strategic focus on the MM region'</i> XCD OP resistance to research expected XCD OP driven by <i>'money, profile and reach'</i>	UCT OP <i>'developing the community'</i>
b)	AI2	TSW subsidised by the State government TSW actively involved in research VCS OP <i>'motivated by profits and returns to shareholders'</i>	YSR <i>'upskilling'</i> staff; cross-sell programs
c)	AI3	VCS OP looking for a university to help expand in AA	GEN r-FPs avoided <i>'from quality perspective'</i> UCT OP <i>'nation building'</i> TNC <i>'major stream of students'</i>
d)	AI5	GEN Uni <i>'expects to make money'; 'much more our brand, our reputation, our global footprint'</i> GEN Uni Global Uni <i>'for recruiting students'</i> TSW receives <i>'government funding for development'</i>	GEN r-FPs some could become ic-IBCs
e)	AI6	GEN Uni Global Uni host staff and student exchange GEN Uni research prevents ic-IBC looking <i>'shallow'</i> TSW actively involved in community engagement VCS <i>'easier management'; 'better control'; 'diversification of revenue streams, reputation building and global positioning'</i> VCS OP <i>'getting a slice of the revenues'</i>	GEN r-FPs no strategic plans UCT OP <i>'corporate business responsibility'</i>
f)	AI10	GEN Uni Global Uni requires all three roles VCS OP acquiesced to research and community Engagement UCM Uni <i>'campuses all around the Indian Ocean'</i>	
g)	AI11	GEN Uni centralised workload for more equitable sharing of revenue and costs UCM <i>'no fundamental change'</i>	YSR for community building
h)	AI16	VCS OP delivered its own Diploma on campus VCS OP acquiesced to research and community engagement	

2	Managerial Role		
a)	AI7	GEN Uni centralised workload management	UCT OP ' <i>social responsibility</i> '
b)	AI9	GEN Uni r-FPs ' <i>not little side appendages ... part of network of Uni A</i> '	
c)	AI15	VCS research leads to better student enrolments VCS OP acquiesced to research and community engagement	
d)	AI17	UCM conversion a ' <i>strategic fit</i> '; ' <i>access into the AA region</i> ' XCD ' <i>students from non-traditional markets</i> '; hosting student mobility	UCT Uni ' <i>definitely revenue</i> ' WSL Uni ' <i>access ... Country W students</i> '
e)	AI19	TSW ' <i>largely run by the State government</i> ' XCD Uni ' <i>potential research funding</i> '; ' <i>potential research partners</i> '	GEN Country O ' <i>brings students to Australia</i> '
f)	AI20	XCD Uni ' <i>don't get much</i> '	
3	Academic Role		
a)	AI8	GEN Uni ' <i>campuses ... building our reputational capital ... improves our rankings ... stimulates demand</i> '	
b)	AI12	TSW OP developer ' <i>residential housing development</i> ' XCD financials seem to favour OP	
c)	AI13	UCM OP ' <i>attract students from the AA region</i> ' UCM ' <i>no change, just branding</i> '	
d)	AI14	GEN Uni ' <i>mini Uni As</i> ' GEN Uni ' <i>wouldn't stomach for very long ... huge losses</i> '	

Abbreviations : Uni – University; GEN – generic comments; Govt – Government

**Table 5.29 University A Informant Perspectives on Incentives Alignment (Post-tipping Point)**

e) Maturity of Socio-legal-political Environment

Like TCE, PRT is also premised on the incompleteness of contracts to govern business partnerships. PRT calls for the allocation of property rights that requires governance via strong formal legal institutions and non-formal social conventions. Further, the ownership of brand name and organisational reputation can act as influential implicit *ex ante* arrangements to ensure compliance (Klein and Leffler 1981).

University A's TNE experience since 1986 demonstrates how the evolving operating environments have influenced its TNE decisions, e.g., the tightening Australian and Country V higher education and related regulations. In some countries, informants view the regulatory regimes as highly variable. The University's improving international rankings also influenced its preference for ic-IBCs over r-FPs. The tightening of

Australian regulations started right after the tipping point with the launch of AUQA in 2000 (Section App I 3.0). This was followed by the AUQA Cycle 2 audits (2008) that included Internationalisation as a mandatory theme for universities involved in TNE, and then TEQSA (2012) which replaced AUQA, having regulatory powers. The University further subjected itself to the BSA international accreditation to enhance its reputation and prestige (AI13).

The University is observed to be operating within tightly regulated environments before and after its TNE tipping point *'because there is a limited tolerance by governments in the countries in which we operate for mistakes and for breaches'* (AI5). It typically looks out for *'the local drivers like government policy, financial, economic, all those things that could impact the success of the program'* (AI20) and *'legal risks'* (AI13). The preference for better regulated country environments might explain the University's long-term view of TNE participation, as AI1 noted that *'even if we were in a contract that's 10 years long, we're really looking at 20, 50 years ahead'*.

Some social conventions have also been observed to have impacted the University's TNE decisions, e.g., Country V's students perceiving VCS as being *'more prestigious'* than other private university programs because it has *'a campus on its own ... not easy to get in'* (AI15).

Pre-tipping point, University A's r-FPs were operating within Countries P, T and V. Although Mok classified V as a market accelerationist state, i.e., a state that have strong state and civil regulations (Section 5.2.2.2.2), the University A interviews seem to indicate that pre-2011, Country V had strong civil regulation (*'actively solicited foreign overseas'* institutions – CI10) but weak state regulation (AI7) – exhibiting the characteristics of a market facilitator state. Prior to 2011, the TNE sector was said to be in *'a shambles ... they had so many fly-by-night operators offering courses in shopping malls ... and all sorts of weird places and ... non-accredited'*

(AI19), with *'a lot of dodgy players ... issuing fake degrees'* (AI15). Country V responded to this state of affairs by introducing *'new sets of regulations'* in 2011 (AI15, AI17). The Country did not seem to have pushed the regional education hub aspiration as much after 2011, instead emphasizing quality over GDP share of revenue (Tan 2016). The strengthening of state regulations reflected a shift towards a market accelerationist state. Mok's classification of Country T as a market accelerationist state and Country P as a market facilitator state seems to hold both before and after tipping point.

Post-tipping point, the University operated TNE in Countries O, R, U, W, X and Y, in addition to P, V and T. As discussed in Section 5.2.2.2.2, Country X is classified as a market accelerationist state, O, R and Y as interventionist states, Country U as a market coordinator state, and Country W as unclassified.

In terms of risk, the 2015 Coface Risk Assessment Map categorised P, V and T as 'low risk' countries, and O, R, U and X as countries with 'acceptable risks' (Section 5.2.2.2.3). Investing in Countries W and Y carry 'significant risk'. The 2015 IESE-Emlyon Country Attractiveness Index locates P, V and T within its top 10% of 125 countries surveyed (Section 5.2.2.2.4), O and X within the top quartile, and R, U, W and Y within the second quartile. The IESE-Emlyon survey also recommended investors consider increasing their exposure in Countries T, U and X due to improvements in these Countries' attractiveness.

(i) Pre-tipping Point

The University's quest for *'building new markets'* (AI3) subjected it to a range of host country operating environments, most of which were of *'a lot less compliance'* (AI17). The Australian legislative and regulatory environment was then rudimentary with respect to TNE (Section 5.2.2.1). A majority of informants reported that the early r-FP terminations

occurred post-tipping point when the regulatory environment became more stringent (Section App I 1.5). The gradual tightening of regulations brought TNE delivery quality into sharp relief, and led the University to see TNE operations *‘through a different lens of quality, we didn’t find those acceptable anymore ... so, we terminated some of those’* (AI6).

These early years of TNE experience *‘matured’* UBS the lead TNE school (AI8) and changed its focus to one that prioritised *‘quality’* and *‘pursue accreditation’* (AI19). From then on, the University focussed on ensuring comparable *‘students’ experience, students’ satisfaction, and students’ grade outcomes’* (AI19). Its TNE contracts also incorporated specific clauses (AI9) and costs for quality teachouts (AI11).

No.	Infor- mant	Perspectives	
		Direct Model	Outsourced Model
1	Strategic Role		
a)	AI2	No Direct Model	PHS termination upset alumni
b)	AI3		GEN Uni <i>‘building new markets’</i> PHS <i>‘push back from the local community’</i>
c)	AI6		GEN Uni <i>‘a different lens of quality’</i>
d)	AI11		GEN Uni teachout costs in contracts
2	Managerial Role		
a)	AI9	No Direct Model	GEN Uni teachout clauses in contracts
b)	AI17		GEN environment <i>‘a lot less compliance’</i> GEN Country V OPs accessed working adult students
c)	AI19		GEN Uni UBS priority on <i>‘quality’</i> and <i>‘pursue accreditation’</i> GEN Uni comparable <i>‘students’ experience, students’ satisfaction and students’ grade outcomes’</i> PHS Uni prevented <i>‘long term damage’</i> to reputation VCS lost working adult students with move to suburbia
3	Academic Role		
a)	AI8	No Direct Model	GEN <i>‘matured’</i> UBS
b)	AI12		GEN Country V OPs <i>‘quite well politically connected’</i> PHS termination a <i>‘tragedy’</i>

Abbreviations : Uni – University; GEN – generic comments; Govt - government

**Table 5.30 University A Informant Perspectives on Maturity of Socio-legal-political Environment (Pre-tipping Point)**

In Country P, the termination of PHS was considered a *‘tragedy’* because the r-FP was run by *‘professionals in industry’* (AI12). The termination was almost derailed because of *‘push back from the local community’* (AI3), or more specifically, upset alumni (AI2) – demonstrating the power

of social conventions. Close liaison with the remaining students and alumni prevented '*long term damage*' to the University's reputation (AI19).

In Country V, the University's largely trade and professional association OPs were '*quite well politically connected*', and provided access to a large cohort of working adult students (AI17, AI12). It lost access to these students when these r-FPs were terminated and the new OP located the campus in a suburban location that lacked transport connectivity (AI19).

(ii) Post-tipping Point

Starting TSW was considered a significant TNE event because it required a change in State government statute and consequently, convincing a host of stakeholders from University Council to State legislators (Leadership Case Studies 2011). It is the only one equity joint-venture among the University's TNE operations (AI9).

The TSW ic-IBC experience demonstrates the difference between the host Country's State and Federal governments' influence on the operation. The ic-IBC obviously enjoys favourable State government treatment, including State subsidy (AI2), '*funding for development*' (AI5) and funding of research infrastructure (AI9), as it is '*largely run by the State government*' (AI19). However, the regulatory authorities at Federal level were '*pretty stringent*' (AI3), e.g., fees are tightly regulated and increases are permitted only every three years (AI12), leading to a regulatory environment that was '*tightly regulated and somewhat more opaque*' (AI11). AI11 explained that the '*political influence around the regulation and what it means in terms of the operations of the campus can often change very quickly and without real explanation or justification*'. This was demonstrated when '*Country T requirements changed dramatically in the last couple of years, and they made it more difficult for on-shore campuses*' (AI20). As an example, AI20 noted that

the Federal Ministry of Education had recently required all private tertiary institutions (including IBCs) to enrol a certain proportion of international students in order to be able to retain their approval to recruit international students. To meet this requirement, the University had *'plundered 400 architecture students to go there'*. AI9 does not think that the 2018 change in Federal Government in Country T will impact TSW because the 3,500-student ic-IBC serves *'quite a big need in that region'*.

The tightening of education regulations in Country V post-tipping point led to *'a change in the whole landscape in education'* (AI15), e.g., students are *'finger-printed in and out'* of class to mark their attendance, as part of the government's stringent regulations (AI16). Later, the tightening in the host Country immigration reduced the entry of international students into the country, and hence threatened this important source of students for the ic-IBC (AI1). Although the tightened regulations helped prevent students from *'getting ripped off'* (AI9), the *'vagaries of the Country V government policies ... have hurt us a lot ... (and) limited its (ic-IBC) growth'* (AI1), the regulations *'preferences the autonomous (i.e., local host Country) universities'* (AI16), and kept providers like VCS out of *'parts of the market'* (AI16). However, *'one of the advantages of the system here is what they say is what they mean, is what they do'*, and *'whilst you might not always be happy with that, you know what's required'*. AI9 concurred, remarking that *'the regulatory environment is clear and you know where you stand'*, resulting in the *'stability of the local system'* (AI17).

On social conventions driving TNE behavior, Country V's TNE operators have had to cater to the large working adult student market through delivering evening and weekend classes (AI17) and ensuring transport connectivity of their campuses (AI19). The VCS OP was in the midst of re-locating its suburban campus during the interviews because its lack of transport connectivity resulted in the loss of the working adult student market (AI19).

Although Country X was considered *'unchartered territory'* when the University commenced its XCD ic-IBC (A11), its regulations were *'clear and you know where you stand ... the government makes it very clear, these are the rules, this is how you register, this is what you will be classes as when you register, this is what we are going to do annually ... they are very clear, very prescriptive'* (A19). However, the operating environment *'could be a challenge in particular ways ... around the law ... around a whole range of different social issues and how it affects us'* (A12). As an example, A17 identified cultural and social limitations prescribed by the authorities in Country X, because the Country is *'one of the more challenging locations ... for any university ... because ... come through as different to Australia ... all the support for LGBT and stuff like that'*. A19 agreed, saying that *'one of the issues that we have in most of the locations is around homosexuality ... for University A ethics and for University A policies and University A procedures'*.

To date, the University is *'reasonably comfortable at the moment ... we have to see, we have to try it out'* because the *'political environment ... legislative frameworks, the business environment, the political social environment all have a bearing on what you can or can't do'* (A12). A17 added that *'you contextualise what you do'*.

In terms of risk comparison, A14 sees Country X has having the highest risk for the University, followed by Countries V, U and T. This view of the riskiness of Country operating environments did not conform to the Coface risk ratings for Countries U and X, but can be understood in terms of micro level characteristics and circumstances. Country X was considered risky because of its newness (A13), while Country V for its highly competitive environment (*'struggling to find a niche area'* because *'there're so many competitors ... so, we're a very small, very small fish in a big sea at the moment'* – A12). Country U was less risky because UCM was anchored by a large conglomerate that was close to the



government (AI11). Country T was considered the '*most stable*' because of the direct involvement of and funding by the State government and the long partnership (AI4).

Post-tipping point, the University continued to rely on its brand in its TNE operations. It relied on its highest international ranking amongst Australian universities in Country X to attract students to XCD (AI20). Its BSA accreditation was also a leverage to promote the University's prestige offshore and onshore (AI13).

The University have had a '*very solid relationship*' with the UCT OP for about 14 years before converting the r-FP to an ic-IBC (UCM). The OP's '*almost humanitarian reason*' for running the r-FP, i.e., '*capacity-building*' to address the '*high level of unemployment and low skill in Country U*' (AI12) resulted in a '*very good driver ... politically, economically, socially*', endearing it to the host Country government (AI13). The University and OP '*work closely with the government*', making the ic-IBC one of the University's '*lowest risk*' TNE operations (AI1).

The TNE market in Country U is characterised by a healthy demand for an international qualification that will give students an '*edge over others*' in both Country U as well as outside the Country (AI13). Students '*view higher education ... a significant investment ... so a student wants to look at reputation and long term ... want to make sure you recover that money and a lot more in a quick period of time*' (AI13). The University's high international ranking and brand profile seem to meet these students' expectations.

The University however had to give in to some host country regulatory demands, e.g., the insistence of Country Y regulators for the OP to collect student fees rather than for the University to receive the fees (AI20). Some host country social conventions were observed to have caused a measure of annoyance and required rectification ('*try and*

*change that culture*' – AI7), e.g., the tardiness and interpretation of plagiarism at WSL (AI7).

The University's brand has been observed to play a part in TNE decisions, e.g., the difficulty the University encountered in re-starting TNE in Country T after its TMC termination because of the '*difficult relationships*' which limited the University's opportunities (AI1).

All pre-tipping point r-FPs operated in mature and stable socio-legal-political environments. After the tipping point, the University was observed to have continued focusing on mature and stable environments, with the exception of WSL and YSR where the environment is not considered stable and mature for TNE.

No.	Infor- mant	Perspectives	
		Direct Model	Outsourced Model
1	Strategic Role		
a)	LCS	TSW Uni required State statue change for IBC	
b)	AI1	VCS regulatory tightening restricted international students VCS ' <i>vagaries of ... policies ... have hurt us a lot ... limited growth</i> ' XCD ' <i>unchartered territory</i> ' UCM Uni and OP ' <i>work closely with government</i> '	TMC Uni ' <i>difficult relationships</i> ' after termination
c)	AI2	TSW enjoyed State subsidy XCD Uni ' <i>reasonably comfortable ... have to try it out</i> ' XCD environment ' <i>a challenge in ... social issues</i> '	
d)	AI3	TSW Federal government ' <i>pretty stringent</i> '	
e)	AI5	TSW enjoyed ' <i>funding for development</i> '	
f)	AI11	TSW ' <i>tightly regulated and somewhat more opaque</i> ' TSW environment ' <i>can often change very quickly</i> ' UCM less risky due to govt-connected OP	
g)	AI16	VCS students ' <i>finger-printed in and out</i> ' VCS autonomous universities preferenced, and kept Uni out of ' <i>parts of the market</i> ' VCS ' <i>what they say is what they mean, is what they do</i> '	
2	Managerial Role		
a)	AI7		WSL Uni ' <i>try and change that culture</i> '
b)	AI9	TSW Uni's only equity joint-venture TSW enjoyed funding of research infrastructure TSW recent change in Federal government not expected to impact operation due to size of operation VCS regulatory tightening prevented students from ' <i>getting ripped off</i> ' VCS ' <i>regulatory environment is clear</i> ' XCD regulations ' <i>very clear, very prescriptive</i> '	
c)	AI15	VCS ' <i>change in the whole landscape in education</i> '	
d)	AI17	VCS ' <i>stability of the local system</i> ' VCS cater to working adult student market	

		XCD ' <i>cultural and social limitations</i> ' XCD Uni ' <i>you contextualise what you do</i> '	
e)	AI19	TSW ' <i>largely run by the State government</i> ' VCS transport connectivity important; OP planning re- location out of suburbia XCD ' <i>one of the issues ... around homosexuality</i> '	
f)	AI20	TSW ' <i>more difficult for on-shore campuses</i> ' TSW Uni ' <i>plundered 400 architecture students</i> ' to fulfil international student quota XCD Uni international ranking attract students	YSR government required OP to receive fees
3	Academic Role		
a)	AI4	GEN Risk gradation : X>V>U>T (lowest) TSW ' <i>most stable</i> ' due to State government	
b)	AI12	TSW fees tightly regulated VCS risky due to ' <i>so many competitors</i> ' UCM OP's ' <i>almost humanitarian reason</i> '	
c)	AI13	GEN Uni BSA accreditation provide prestige XCD risky due to newness UCM OP ' <i>very good driver</i> ' UCM international qualification gives ' <i>edge over others</i> ' UCM ' <i>recover that money ... in a quick period of time</i> '	

Abbreviations : Uni – University; GEN – generic comments; Govt – Government  
LCS – Leadership Case Studies (Leadership Case Studies 2011)  
WS – Personal discussion with former University C Dean  
International (2018)

**Table 5.31 University A Informant Perspectives on Maturity of  
Socio-legal-political Environment (Post-tipping Point)**

#### 5.4.1.3.3 Agency Theory

This section explores four reflectors of AT, including *ex ante* incentives alignment which was already analysed in Section 5.4.1.3.2d.

##### a) Costs of Search and Monitoring

The selection and monitoring of OPs are based on agreed benchmarks. The University's pre-tipping point benchmarks were minimal and mostly based on prevailing academic standards. Post-tipping point, the TNE sector was gradually circumscribed by an increasing number of Australian regulatory frameworks, viz., AUQA (2000), AUQA Cycle 2 (2008) and TEQSA (2012). TNE operations were also impacted by the evolution of host country regulations, and the University's own external BSA accreditation exercise (2016).

(i) Pre-tipping Point

The pre-tipping point TNE ventures were largely driven by entrepreneurial University staff (AI18), as *'academics would get paid extra to teach ... out of load ... so there was quite an appetite to have programs in different locations, and to be entrepreneurial and ... there was a direct benefit for the academic staff to be involved and be supportive'* (AI17). This entrepreneurial drive coincided with an operating environment of *'a lot less compliance'* (AI17), and spawned as many as 41 TNE and related operations (AI19). Most of the TNE investigated were started opportunistically, *'it's been, 'Hey, this guy walked in yesterday; he wants to start ... let's do it''* (AI20). There seemed to have been a drive to *'try and partner with as many partners as possible; to get as many students as possible'* (AI6). There does not seem to have been any clearly articulated standard for OP selection (AI18).

The delivery of r-FPs was *'basically outsourcing something ... providing IP through the programs that are being taught ... moderating assessments'*, which translate into the University having *'a little less control'* (AI6). The monitoring of r-FPs was undertaken largely through frequent travels by University staff to service the offshore operations (AI12, AI13). These offshore travels were designed for *'intensive'* teaching deliveries (AI14), OP staff training (AI8), moderation of assessments (AI8, AI17), and building *'relationships with students'* (AI8). AI15 described this model as a *'more prescriptive type of relationship ... the University would prescribe that this must be done, and this must be done, and follow this'*.

In the case of the PHS termination, the University took some trouble over *'a number of years'* to help the OP to *'increase the number of students'* but to no avail (AI2).

No.	Infor- mant	Perspectives	
		Direct Model	Outsourced Model
1	Strategic Role		
a)	AI2	No Direct Model	PHS Uni tried to help OP 'increase the number of students' over 'a number of years'
b)	AI6		GEN Uni 'partner with as many partners as possible' GEN Uni 'basically outsourcing something ... a little less control'
2	Managerial Role		
a)	AI15	No Direct Model	GEN Uni 'more prescriptive type of relationship'
b)	AI17		GEN Uni 'academics would get paid extra' GEN environment 'a lot less compliance'
c)	AI19		GEN Uni started 41 TNE and related operations
d)	AI20		GEN Uni 'he wants to start ... let's do it'
3	Academic Role		
a)	AI8	No Direct Model	GEN Uni send staff to train OP staff GEN Uni send staff to moderate assessments and build 'relationships with students'
b)	AI12		GEN Uni monitor through frequent staff travels
c)	AI13		GEN Uni monitor through frequent staff travels
d)	AI14		GEN Uni 'intensive' teaching trips
e)	AI18		GEN Uni has no clearly articulated standard for OP selection GEN r-FPs driven by entrepreneurial staff

Abbreviations : Uni – University; GEN – generic comments; Govt - government

**Table 5.32 University A Informant Perspectives on Costs of Search and Monitoring (Pre-tipping Point)**

(ii) Post-tipping Point

As the Australian regulatory environment tightened up, the University's TNE benchmarks for OP selection and monitoring were found to be wanting. OPs were found to have poor quality facilities (AI6), poor admissions standards (AI13) and poor examination processes (AI17), resulting in 'woeful' pass rates (AI13) and potential reputational damage to the University (AI2, AI19). The University responded by shifting its OPs' focus from merely '*traditional profit-making*' to developing a '*proper academic structure*' (AI10).

The 'matured' UBS (AI18) changed its focus from entrepreneurship to one that prioritised '*quality*' and '*pursue accreditation*' (AI19). It later pursued the prestigious BSA international accreditation, a '*costly*' (AI11) commitment that brought much prestige (AI13) but also higher compliance costs (AI11). For the University, '*our model now is that we*

*develop content, we control content, we moderate content and quality from Australia, ... we control all academic matters ... they (i.e., the OPs) control delivery' (AI19).*

As the University progressed, its strategic aspirations evolved and it now strives for a Global University with many '*mini University As*' (AI14) around the world to grow its '*global footprint*' (AI19), branding and influence (AI19) as it pursues teaching, research and community engagement with distinctive foci in each host country (AI5). This aspiration is built into all its newer TNE contracts (AI13), and entails increased monitoring of OPs, especially OPs that are reluctant to engage in the non-revenue generating activities like research and community engagement (AI1, AI15).

The due diligence on prospective OPs was '*done by the DVCI's office ... done centrally ... it's become much more central*' (AI18). Schools '*might put forward a recommendation of an opportunity, but it will have to go through the faculty ... it would be determined by central*'. The central team will '*have to do their due diligence ... that it's strategic, it's viable, and ... make sure you have safeguards ... a viable relationship ... organisations and institutions that have come forward ... provide evidence of what they've done ... show what they have achieved with other partners*'. Specialists in strategy, finance, operations and risk management are called upon to undertake due diligence and '*are responsible for making the right choices, and committing to strategic and financial ... and making sure all the due diligence ... contracts ... that's absolutely critical ... that they do make the right decisions on behalf of the University*' (AI18). It is also critical that there is buy-in from senior management, and that decisions are clearly and consistently communicated to all involved ('*it makes a huge difference when you've got buy-in from the very top; from the Vice-Chancellor down ... and ... really, consistently telling the message to all staff* – AI9).

The approval process, which can take up to 18 months (AI1), involves developing a comprehensive business plan that includes *'understanding the market, understanding the risks, the return ... how much we are going to gain or lose. ... an exit strategy if we have to go ... contracts, so all the legal stuff and also understanding who does what'* (AI4).

While the centralisation above applies to all campus arrangements, there is evidence that some existing FPs might have been set up via memoranda of understanding between the Faculty and the OP. AI13 mentioned one such FP, where *'joint PhD programs that we have got with Country Q's Technology University partner ... is still through MOUs'*. AI5 reported that WSL, which commenced in 2001, *'operates at a faculty level; not at a uni-to-uni level'*. It is likely that these TNE operations are legacy operations that were set up prior to the centralisation of TNE approvals. This is evidenced by AI20's description of TEQSA's involvement in the more recent 2006 set up of the YSR FP operation.

To enable the effective management and monitoring of TNE operations to meet more stringent standards, the University reviewed its *'large number'* of processes (AI5) and restructured its internal TNE administration into a hub-and-spokes model where the IAO hub liaises with its four faculty spokes and acts as a conduit between the University and its OPs (AI20). This arrangement resulted in shifts of responsibilities among these entities, increasing TNE responsibilities at the faculties and the TNE operations (AI7, AI20). AI7 noted that *'the same labour is involved ... operationally, we're still providing the same thing, same functionality regardless'* for both r-FPs and ic-IBCs. However, *'the big difference between these (i.e., r-FPs) and these (i.e., ic-IBCs) is that we have a Pro Vice-Chancellor, who is a University A staff member who works at that campus and is the head of that campus'* (AI6). These PVCs attend *'weekly senior executive team meetings by video link'* (AI1). Therefore the running of ic-IBCs *'is more costly, there are commitments around things like the BSA accreditation that you wouldn't necessarily do*

*if you are doing it just on a commercial basis ... around appointment of academics, and the like* (AI11). AI19 reasoned that *'we can do this because we're a big university ... if we were not a big university, we wouldn't have the resources to do it'*.

Although there were strong merits for sending University staff for teaching visits, the new *'well-developed processes'* (AI8, AI19) and BSA-accreditation of OP staff (AI13) enabled the University to save on such costs (AI7).

The increased regulatory imposts, the University's BSA accreditation and its Global University aspiration resulted in the University viewing TNE operations *'through a different lens of quality, we didn't find those acceptable anymore'* (AI6). A number of *'non-performing programs'* (AI7) were terminated, leaving *'a few quality OPs'* (AI19) that are *'easier to manage'* (AI6) and *'control'* (AI2). When considering any new TNE venture, the University now enquires if it is *'strategic for our region?'*, and is part of the University's *'Global University'* agenda (AI18).

More specifically, the start-up of the TSW ic-IBC involved a massive amount of due diligence, culminating in a change in State government statute after one year of effort (Leadership Case Studies 2011). The need for monitoring this ic-IBC was relatively less compared to other TNE operations because of the tight alignment of interests between the partners – the OP pursued capacity-building and nation-building (AI3), while the University similarly pursued relationship building and providing services for constituents (AI8). The OP has earned the trust of the University sufficiently to be permitted to undertake limited unit coordination and develop the ic-IBC's own courses and units (AI19). The University's monitoring efforts were also aided by a *'pretty stringent'* (AI3) and *'tightly regulated'* operating environment (AI11).



Like any other ic-IBC, the VCS is-IBC was monitored by the same University hub-and-spokes processes, an on-site PVC who was the University's *'eyes on the ground'* and various joint entities, e.g., joint academic council, joint academic board and joint management committee (AI15). To the University's advantage, the OP *'always had a close relationship with University A'* through other collaborations (AI3), and had thus developed *'trust'* as a result of the long association (AI14, AI16). As a TNE provider with *'a whole raft of partners from around the world'* (AI16), the OP had very good internal governance (AI1), was known to be *'really smart when it comes to managing its programs and managing its relationships with the industry'* (AI3) and had *'well-developed'* systems, processes and technology platforms (AI15). AI5 also described the OP as a *'partner who can see ... and understand those regulatory environments and deal with them effectively'*. The relationship has matured to the point where the University is comfortable trialling unit coordination by the OP teaching staff (AI15).

There were some commendable OPs that shared the University's ethos and academic objectives, e.g., UCT which was described as *'one of the better campuses'* (AI13) that *'are able to get good staff and the quality of students are also really better'*. The OP had at the onset also invested in the PhD training of their staff (AI13). UCT's motivation for delivering r-FPs was for national capacity-building, *'very much almost humanitarian reason for doing it'* out of its concern for *'the high level of unemployment and low skill in Country U'* (AI12).

In the case of the UCM ic-IBC, its conversion from the UCT r-FP after 14 years of collaboration was not a trivial decision; *'even though we knew they've been a really good partner for many, many years, it's still not a trivial decision to allow them to become a campus ... that's a big deal'* (AI3). Similar to the TSW OP, this OP was driven by *'corporate business responsibility'* (AI6) and *'developing the community'* (AI1), and its campus recognised as *'even better than the government university'*

(AI12). This close alignment of interests with the University made monitoring easier, although the monitoring of this ic-IBC was subject to the same processes as any other ic-IBC, including an on-site PVC (AI1).

The XCD ic-IBC due diligence was a *'long approval process'* of about 18 months, although the University considered the proposal for about three-and-a-half years before embarking on formal due diligence (AI9, AI17). Its market survey reported that *'there's still a niche for us'* in Country X (AI9). The administration of this OP produced *'a bit of friction'* (AI7) because of the ic-IBC's *'out-of-sync'* study periods (AI11) and the OP's *'very strong'* character (AI7). AI7 commented that the *admin involved for the unit controller (or unit coordinator) is phenomenal'*.

Some of the University's r-FPs, e.g., WSL are faculty-level collaborations that are administered and monitored via its IAO (AI5); some are administered and monitored by the faculties (AI20). The University does not deploy on-site PVCs at r-FPs. Some r-FPs continue to feature *'light touch'* University staff visits for teaching and monitoring (AI20). Therefore, r-FPs are considered *'largely hands-off'* (AI10) and hence, more risky compared to ic-IBCs (AI13) and avoided *'from a quality perspective, and certainly from a branding perspective'* (AI3).

The enthusiasm and financial benefits of r-FPs led to lower levels of search and monitoring before the tipping point. After the tipping point, the focus on ic-IBCs drew large amounts of resources to search and monitoring towards ensuring comparability of student experience across all campuses. The post-tipping point r-FPs continue to be considered secondary to ic-IBCs with the result that they consumed less search and monitoring attention on the part of the University.

No.	Infor- mant	Perspectives	
		Direct Model	Outsourced Model
1	Strategic Role		
a)	LCS	TSW Uni required State statute changed	
b)	AI1	GEN Uni new TNE can take up to 18 months for Approval GEN Uni on-site PVCs attend <i>'weekly senior executive team meetings by video link'</i> VCS OP had good internal governance UCM OP monitored via on-site PVC	UCT OP <i>'developing the community'</i>
c)	AI2	GEN OP fewer easier to <i>'control'</i>	GEN potential reputational damage
d)	AI3	TSW OP pursued capacity building, nation building TSW <i>'pretty stringent'</i> regulations VCS OP had <i>'close relationship with Uni A'</i> VCS OP <i>'really smart ... managing its programs'</i>	GEN r-FPs avoided from <i>'quality and branding perspectives'</i> UCT conversion <i>'a big deal'</i>
e)	AI5	GEN Uni Global Uni with distinctive foci in each host Country GEN Uni reviewed its <i>'large number'</i> of processes VCS OP <i>'understand those regulatory environments'</i>	WSL faculty level collaboration
f)	AI6	GEN Uni PVC is the difference between ic-IBC and r-FP GEN OP fewer <i>'easier to manage'</i> GEN Uni <i>'different lens of quality'</i>	GEN poor quality facilities UCT OP <i>'corporate business responsibility'</i>
g)	AI10	GEN Uni <i>'proper academic structure'</i>	GEN r-FPs <i>'largely hands-off'</i>
h)	AI11	GEN Uni BSA a <i>'costly'</i> commitment; higher compliance costs GEN Uni ic-IBC <i>'more costly'</i> TSW <i>'tightly regulated'</i> XCD <i>'out-of-sync'</i> study periods	
i)	AI16	VCS OP developed <i>'trust'</i> through long association with Uni A VCS OP <i>'a whole raft of partners from around the world'</i>	
2	Managerial Role		
a)	AI7	GEN Uni set up hub-and-spokes model; increased work loads at faculties GEN Uni ic-IBC <i>'same labour involved'</i> GEN Uni saved costs by relying on OP staff GEN Uni terminated <i>'non-performing programs'</i> XCD OP <i>'a bit of friction'; 'very strong'</i> XCD Uni unit coordinator work is <i>'phenomenal'</i>	
b)	AI9	GEN Uni <i>'buy-in from the very top'</i> XCD Uni <i>'long approval process'</i> of 18 months XCD Uni <i>'still a niche for us'</i>	
c)	AI15	VCS Uni PVC <i>'eyes on the ground'</i> and joint entities VCS OP had <i>'well-developed'</i> infrastructure VCS OP trialling unit coordination	WSL <i>'operates at a faculty level'</i>
d)	AI17	XCD Uni considered for three-and-a-half years	GEN poor exam processes
e)	AI19	GEN Uni UBS priority on <i>'quality'</i> and <i>'pursue accreditation'</i> GEN Uni <i>'we control all academic matters'</i> GEN Uni Global Uni to grow <i>'global footprint'</i> , branding and influence GEN Uni ic-IBC <i>'because we're a big university'</i> GEN Uni strong merits for sending staff offshore GEN OP reduced, leaving <i>'a few quality OPs'</i> TSW OP developed units and courses, trialled unit coordination	GEN potential reputational damage
f)	AI20	GEN Uni set up hub-and-spokes model; increased	GEN r-FPs : some

		work loads at faculties	administered by faculties GEN r-FPs : some 'light touch' visits YSR r-FP set up
3	Academic Role		
a)	AI4	GEN Uni comprehensive business plan	
b)	AI8	GEN Uni strong merits for sending staff offshore TSW Uni pursued services for local constituents	
c)	AI12	UCT/UCM ' <i>better than the government university</i> '	UCT OP ' <i>almost humanitarian reason</i> '
d)	AI13	GEN Uni BSA brought much prestige GEN Uni built Global Uni into all new contracts GEN Uni some contracts ' <i>through MoUs</i> '	GEN poor admission standards GEN r-FPs more risky than ic-IBCs GEN 'woeful' pass Rates UCT OP ' <i>one of the better campuses</i> ' UCT OP ' <i>good staff ... students better</i> ' UCT OP staff PhD training
e)	AI14	GEN Uni ' <i>mini Uni As</i> ' VCS OP developed ' <i>trust</i> ' through long association with Uni A	
f)	AI18	GEN Uni ' <i>matured</i> ' UBS GEN Uni due diligence ' <i>much more central</i> ' through Specialists GEN Uni ' <i>strategic for our region?</i> ' and part of ' <i>Global University</i> ' agenda	

Abbreviations : Uni – University; GEN – generic comments; Govt – Government  
LCS – Leadership Case Studies (Leadership Case Studies 2011)  
WS – Personal discussion with former University C Dean International (2018)

**Table 5.33 University A Informant Perspectives on Costs of Search and Monitoring (Post-tipping Point)**

b) University Risk Aversion

As discussed in Section 5.4.1.3.2e, the 2015 Coface Risk Assessment Map categorised the University's pre-tipping point TNE Countries P, V and T as 'low risk' countries. The University later expanded its TNE footprint to Countries O, R, U, W, X and Y. The Coface risk ratings located Countries O, R, U and X within the 'acceptable risks' category while relegating W and Y as countries that carry 'significant risks' (Section 5.2.2.2.3). The University's existing ic-IBCs are thus rated as either 'low risk' (i.e., V and T) or 'acceptable risk' (i.e., U, X), while its

current r-FPs are rated 'acceptable risk' (i.e., O) or 'significant risk' (i.e., W and Y).

The informants provided a glimpse into the University's risk concerns, viz., the type of business delivery model (AI6), the operating environment (AI6, AI13), University knowledge of the operating environment (AI6), the background and experience of the OP (AI6), the phase and size of the TNE operation (AI6), and the requirements of regulatory authorities and accreditation bodies (AI11).

For ic-IBCs, the view is that *'naturally as soon as you have an organisation branded as University A, then there's a risk, a much greater risk of your reputation ... (because) your name is on the gate'* (AI2). However, the risk of operating an ic-IBC seems to be mitigated by *'a lot more control ... over ... development of the curriculum, the organisational management ... appointment of staff ... facilities ... teaching staff ... much stronger line management control over those operations'*, resulting in *'less (reputational) risk'* due to *'much closer operational engagement with our branch campuses'* (AI2). The r-FPs on the other hand are observed to carry *'a much higher risk'* (AI3) because of the *'largely hands-off'* approach (AI10).

Through its long experience in delivering TNE, the University *'learnt a lot about risk control'* (AI5). Its due diligence processes now *'measure risk quite avidly'* through more well-developed *'risk management approaches'* (AI5). The University was even criticised for being too rigid and *'need to be a bit more creative'* since *'universities are always low risk-taking ... from the commercial perspective'* (AI18).

(i) Pre-tipping Point

As discussed in Section 5.4.1.3.1a, the University's pre-tipping point experience had been characterised by faculty-driven, income-motivated

r-FPs which operate within low compliance regulatory environments. These operations were '*basically outsourcing something ... providing IP through the programs that are being taught ... moderating assessments*', which translate into the University having '*a little less control*' and '*assuming more risk*' (AI6). As the next two examples demonstrate, the risk was focused mainly on financial sustainability.

PHS was terminated despite the University extending a helping hand for '*a number of years*' to '*increase the number of students*' (AI2). The r-FP generated insufficient '*financial returns*' and was an '*opportunity cost*' considering the other more profitable operations that required University inputs (AI2). The University also risked being unable to develop '*its own brand*' (AI3) amongst a range of '*substitutes*' (AI2). On termination, '*the alumni ... were upset*', resulting in some '*push back from the local community*' (AI2). Paradoxically for the University, there was no reputational damage because the r-FP was '*flying under the radar because you are in the supermarket*'. Like PHS, the POL r-FP was terminated because it '*lack(ed) student numbers*' and hence generated '*low financial returns*' (AI17).

The four Country V r-FPs (viz., VMI, VBP, VSH and VSI) were operating profitably, but were terminated as part of a consolidation exercise in Country V because of a growing awareness of the need for consistency of quality across TNE operations, a requirement of AUQA. The consolidation gave the University '*better control over quality, a uniform experience for students instead of four different experiences*' (AI9). AI9 noted that the changes leading to 2008 had to be accelerated to ensure the University complied with AUQA's Cycle 2 expectations. The termination of these r-FPs also resulted in the loss of a large swath of working adult students, an important income stream for the University (AI17).

No.	Infor- mant	Perspectives	
		Direct Model	Outsourced Model
1	Strategic Role		
b)	AI2		PHS Uni helped for 'a number of years' to 'increase the number of students' but to no avail; insufficient 'financial returns'; an 'opportunity cost' PHS Uni 'alumni ... were upset' resulting in 'push back from the local community' PHS Uni no reputational damage 'flying under the radar'
c)	AI3		PHS Uni risked being unable to develop 'its own brand' among 'substitutes'
d)	AI5		
e)	AI6		GEN Uni 'a little less control'; 'assuming more risk' for r-FPs
2	Managerial Role		
b)	AI9		GEN Country V consolidation 'better control over quality' GEN Country V consolidation accelerated because of AUQA Cycle 2 expectations
d)	AI17		GEN Uni lost working adult student market as a result of Country V consolidation POL 'lack student numbers'; 'low financial returns'

Abbreviations : Uni – University; GEN – generic comments; Govt - government

**Table 5.34 University A Informant Perspectives on University Risk Aversion (Pre-tipping Point)**

(ii) Post-tipping Point

The University had '*learnt from our own mistakes*' (AI5), and was '*able to draw experience*' to address '*the pitfalls of governance ... risk control ... handle regulatory in the new environment ... quality control*' (AI15). Coupled by the emergence of AUQA, and subsequently TEQSA, as well as the UBS's BSA accreditation, the University's TNE motivation morphed into one that is more quality-driven ('*our quality and TEQSA quality ... total deal breakers*' - AI1).

Internally, the University's risk management now starts with doing '*your due diligence and primary market research ... understand that you are in the right market at the right time, with the right courses, (then) you are able to exercise a greater degree of confidence*' (AI13). After starting the TNE operation, the University relies on '*quality control ... a lot more control*' to mitigate risks (AI2).

The emergence of AUQA and later, TEQSA brought about a higher awareness of TNE risks. The AUQA Cycle 2 audits and the TEQSA set up corresponded to seasons of numerous TNE terminations (Table 5.11). These quality imposts helped the University view TNE operations *'through a different lens of quality, we didn't find those acceptable anymore ... so, we terminated some of those'* (AI6). Central to TNE quality assurance is the aspiration for comparable *'students' experience, students' satisfaction, and students' grade outcomes'* (AI19). TEQSA now requires a re-registration of universities every five years (AI5), and a five-yearly 'campus review (AI1). The University compliance with TEQSA requirements and close liaison with TEQSA generated good dividends, viz., that the *'head commissioner of TEQSA raves about the University'* (AI1), TEQSA considered the TSW IBC as the *'gold standard for offshore campuses'* (AI11), and the University has been seen as a *'TNE leader'* (AI19).

The University considered that it was *'a lot less risky for us to exercise greater control and set up branch campuses'* (AI13), based on *'absolute academic control ... we control the quality of the programs, what's delivered, what staff to be employed, all of that ... that is important to the reputation of the University, that is important to the students getting quality education, students' experience'* (AI16). It now has a *'much closer operational engagement with our branch campuses'*, resulting in *'less (reputational) risk'* (AI2), and the capacity to sign on long-term contracts such that *'even if we were in a contract that's 10 years long, we're really looking at 20, 50 years ahead'* (AI1).

The University took a *'risk averse strategy'* with the set up of TSW (Leadership Case Studies 2011, 4). Although the VC initially faced a hesitant Council, the plan for *'minimal financial exposure'* where there is no upfront equity investment by the University (AI9) convinced the Council to support the ic-IBC (Ibid., 4). The DVCI also added that *'the greatest risk would be in not securing the University's long-term future in*



*Country T* (Ibid., 4). This risk averse strategy comprised equity participation by the State government (AI9), bequeathed land by the State government (Ibid.), campus construction funded by the State government, and start-up capital (Ibid.) and development funding (AI5) by the State government (AI8). This ic-IBC has proven itself so that the University is comfortable with letting it develop its own courses and units, as well as trial unit coordination by the OP teaching staff (AI19). With respect to the operating environment, although *'pretty stringent'* (AI3), *'can often change very quickly and without real explanation or justification'* (AI11). It was interesting to note that the Acting Deputy Vice Chancellor International (DVCI), who became the next VC, remarked years later, that the IBC would not have been approved if current TNE standards and processes were applied (Ibid., 8).

The operating environment in Country V was tightened with the set up of the Country DQF regulator in 2011, following a spate of fraudulent TNE operations (AI15). The regulatory regime was described as an advantage because *'what they say is what they mean, is what they do'*, and *'whilst you might not always be happy with that, you know what's required'* (AI16). AI9 concurred that *'the regulatory environment is clear and you know where you stand'*, while AI17 noted the *'stability of the local system'*. However, the *'vagaries of Country V policies ... have hurt us a lot'* and *'limited its growth'* (AI1).

The start up of the VCS ic-IBC in 2008 was a *'testing phase for everyone, and there is a lot of uncertainty as well'* but the partners were able to *'draw experience'* from their long business relationship to make the arrangement work (AI15). It helped that the OP is a highly experienced campus operator, whose *'business model has always been teaching and learning'* (AI15). However, the OP's selection of a suburban campus which lacked public transport accessibility resulted in the loss of working adult students (AI17); it was planning a re-location at the time of the interviews (AI19).

Although the OP delivers its own Diploma programs within the VCS campus, the University seemed to be comfortable with this arrangement because of *'trust'* developed from their long association (AI14, AI16) and close relationship (AI3).

The UCM ic-IBC which was converted from the UCT r-FP was considered one of the *'lowest risk'* among the University's ic-IBCs (AI1). This is because of the OP's *'nation-building'* aspiration (AI3) and its *'almost humanitarian'* quest for capacity building amidst the Country's *'high level of unemployment and low skill'* (AI12), motivations that endear them to the host Country government (AI13). The long association between the partners nurtured trust and inspired the conversion from r-FP to ic-IBC (AI14).

The University entered *'unchartered territory'* when it commenced its XCD ic-IBC (AI1). The market was seen as a *'crowded market'* (AI12) which exposed the University to high risks of failure (AI1, AI9) and *'financial is a big part of ... risk'* of operating in *'X ... quite a different place'* (AI9). The low numbers of students recruited led some staff to question the due diligence and market research on this ic-IBC (AI12, AI20). However, the University went ahead and relied on the OP which was *'considered to be stable'* (AI14). AI9 is of the view that *'it is too early to tell really and the real litmus test is going to be around September this year when we have an intake'*.

The r-FPs on the other hand are observed to carry *'a much higher risk'* (AI3) because of the *'largely hands-off'* approach (AI10) and also because *'when you are working with a partner you are one of many universities'* (AI7). For example, *'You might kind of say 'Look! We want you to introduce this policy', and then they would say 'No, that it doesn't fit with what we are doing with Middlesex and Sheffield Hallam, and Wollongong; so no, we are not doing it'* (AI7).

The University however, retained several r-FPs *'because they do us no harm and they might serve a specific purpose ... and perhaps in the fullness of time, they might show the promise to become more of an IBC like in Country U (AI5)*. For example, YSR was a *'community-building type ... of ... arrangement rather than commercial ... and I don't think it is a big supplier of students here, into Australia ... it is sort of an unusual arrangement'* (AI11). The OP's motivation for delivering this r-FP is for *'upskilling'* staff, while for the University, they are helpful in *'cross-selling'* the University's *'leadership programs'* (AI2). The WSL, ONJ and ODB r-FPs are geared for the recruitment of host Country students for onshore study (AI11, AI17).

Additionally, the University deployed a range of *'different models'* like *'campuses, articulation, onshore, offshore ... to diversify its risk'* (AI4). The *'profit ... which helps diversify our revenue base which reduces our financial risk because we've got things in a number of different places'* (AI2).

The University's post-tipping point TNE strategy for both r-FPs and ic-IBCs called for risk mitigation through *'simply licensing or franchising to someone else and get them to run it'* (AI13), because *'they carry the risk around ... employment costs, leases'* (AI6). *'When you look at overseas campuses, your risks around operations are in large part passed on to a third party provider ... they are also able to employ people much more cheaply than the university here ... the university has employment arrangements that mean that it would make it a much more costly arrangement even if you are trying to do it overseas ... we don't have the expertise to employ people overseas : the HR, the taxation, all those stuff around health and safety and managing the staff overseas'* (AI11). The OP *'would make more but then they are also taking on much more risk and much more cost'* (AI9). AI6 supported this view, saying that *'they would need to benefit more to be worth their while'*.

The r-FPs, both before and after the tipping point, were considered to be risky investments because of the University's hands-off approach. The ic-IBCs on the other hand are considered less risky due to the University's close involvement through its on-site PVCs and well-developed TNE processes.

No.	Infor- mant	Perspectives	
		Direct Model	Outsourced Model
1	Strategic Role		
a)	LCS	TSW Uni took a <i>'risk averse strategy'</i> TSW Uni <i>'greatest risk ... not securing the Uni's long-term future in Country T'</i> TSW OP State government bequeathed land, funded campus construction TSW Uni DVCI ic-IBC would not have been approved under current standards and processes	
b)	AI1	GEN Uni <i>'total deal breakers'</i> GEN Uni TEQSA five-yearly <i>'campus review'</i> GEN Uni <i>'TEQSA raves about the Uni'</i> GEN Uni <i>'we're really looking at 20, 50 years ahead'</i> VCS <i>'vagaries of Country V policies ... hurt us a lot'</i> and <i>'limited its growth'</i> XCD Uni entered <i>'unchartered territory'</i> XCD Uni exposed to high risks of failure	UCT/UCM one of the <i>'lowest risk'</i>
c)	AI2	GEN Uni <i>'a lot more control'</i> to mitigate risks GEN Uni has <i>'much closer operational engagement with our branch campuses ... less risk'</i> GEN Uni <i>'profit ... helps diversify our revenue base which reduces our financial risk'</i>	YSR Uni <i>'upskilling'</i> staff; <i>'cross-selling'</i>
d)	AI3	TSW operating environment <i>'pretty stringent'</i> VCS Uni and OP developed <i>'trust'</i> from close relationship	GEN r-FPs <i>'a much higher risk'</i> UCT <i>'nation building'</i>
e)	AI5	GEN Uni <i>'learnt from our own mistakes'</i> GEN Uni TEQSA requires re-registration every five Years TSW OP State government provided development funding	GEN r-FPs might become ic-IBCs
f)	AI6	GEN Uni <i>'a different lens of quality'</i> GEN OP <i>'would need to make more ... to be worth their while'</i>	GEN OP <i>'carry the risk'</i>
g)	AI10		GEN r-FP <i>'largely hands-off'</i> approach
h)	AI11	GEN Uni <i>'gold standard for offshore campuses'</i> GEN Uni <i>'risks ... passed on to a third party provider'</i> GEN OP <i>'employ people much more cheaply'</i> TSW operating environment <i>'can often change very quickly'</i>	YSR OP <i>'community building'</i> WSL r-FP for recruitment onshore
i)	AI16	GEN Uni <i>'absolute academic control'</i> VCS regulator <i>'what they say is what they mean, is what they do'</i> VCS Uni and OP developed <i>'trust'</i> from long association	
2	Managerial Role		
a)	AI7		GEN Uni <i>'one of many universities'</i> at r-FP
b)	AI9	GEN OP <i>'make more but ... much more risk ... cost'</i> TSW Uni <i>'minimal financial exposure'</i> assured	

		TSW OP State government equity VCS ' <i>regulatory environment is clear</i> ' XCD Uni exposed to high risks of failure XCD Uni ' <i>financial is a big part of ... risk</i> '; ' <i>X ... quite a different place</i> ' XCD ' <i>too early to really tell</i> ' of performance	
c)	AI15	GEN Uni ' <i>able to draw experience</i> ' from past VCS new regulator DQF set up to address fraud VCS start up was a ' <i>testing phase for everyone</i> ' VCS OP ' <i>business model has always been teaching and learning</i> '	
d)	AI17	VCS ' <i>stability of the local system</i> ' VCS OP's suburban campus lost working adult students	WSL r-FP for recruitment onshore
e)	AI19	GEN Uni comparable ' <i>students experience, students' satisfaction, students' grade outcomes</i> ' GEN Uni a ' <i>TNE leader</i> ' TSW OP develop units and courses, trialled unit Coordination VCS OP planning re-location of campus	
f)	AI20	XCD low numbers cast doubt on due diligence	
3	Academic Role		
a)	AI12	XCD Uni entered ' <i>crowded market</i> ' XCD low numbers cast doubt on due diligence	UCT OP ' <i>almost humanitarian</i> '
b)	AI13	GEN Uni comprehensive due diligence GEN Uni ' <i>a lot less risky ... branch campuses</i> '	GEN Uni ' <i>simply licensing or franchising to someone else</i> ' UCT OP endeared to government
c)	AI14	GEN Uni used ' <i>different models</i> ' VCS OP runs its own programs on campus XCD OP ' <i>considered to be stable</i> '	UCT Uni and OP nurtured trust with long association

Abbreviations : Uni – University; GEN – generic comments; Govt – Government  
LCS – Leadership Case Studies (Leadership Case Studies 2011)  
WS – Personal discussion with former University C Dean International (2018)

**Table 5.35 University A Informant Perspectives on University Risk Aversion (Post-tipping Point)**

c) Incentives Alignment

As analysed in Section 5.4.1.3.2d, the University's incentives for TNE involvement evolved over time, especially after its TNE tipping point in 1999. Its pre-tipping point r-FPs were largely initiated and managed decentrally at the faculties, led by entrepreneurial staff who benefited '*excessively*' from off-load remuneration (AI17). The University also gained from onshore international student enrolments that resulted from strong brand presence at the r-FP locations (AI3, AI19). It is noteworthy that the pre-tipping point r-FPs had run for long periods before

termination, ranging from ten years (VSH) to 26 years (PHS) – providing evidence of close alignment of interests.

As regulatory conditions matured post-tipping point, the University was confronted with tightening standards of delivery and outcomes. The tightening of standards started with the establishment of AUQA in 2000, and continued with AUQA Cycle 2 from 2008 to 2012, TEQSA from 2012 and the University's BSA accreditation from 2016) (Table 5.11). The University's own strategic positioning as a Global University from 2017 also imposed research and community engagement on its ic-IBC OPs (in addition to teaching) (AI5, AI10). These quality imposts resulted in the termination of numerous r-FPs (AI12), many of which were short-lived (i.e., five or less years) (Table 5.11).

On the part of the OPs, many of which are commercial organisations, their key incentive for TNE involvement is profit – both before and after the University's TNE tipping point (AI3, AI9, AI20). The trade/professional association OPs also benefited from the training of their members (AI1). Post-tipping point, the University's Global University aspiration imposed on the ic-IBC OPs the additional roles of research and community engagement. While most OPs bought into these additional roles, the XCD OP was observed to be reluctant to do so (AI1). Most post-tipping point TNE operations were long run, i.e., from seven (ONJ) to 19 years (TSW), indicating close incentives alignment.

#### d) Maturity of Legal-political Environment

Organisations which execute governance decisions from the AT lens view contracts as complete (AI3, AI19) and thus rely on strong legal environments for enforcement (Kivisto 2011). The following analysis will be based on the discussion of Section 5.4.1.3.2e.

Although the pre-tipping point r-FPs operated within relative lax education regulatory environments, these Countries, viz., P, T and V were known to have strong overall state regulations. They are also 'low risk' countries according to the Coface risk ratings, and within the top 10% among 125 countries in attractiveness for investment (IESE-Emlyon Country Attractiveness Index for 2015).

Although the government policies in these Countries were sometimes described as variable (AI1, AI11, AI20), their regulatory environments were considered '*tightly regulated*' (AI11) and stable (AI17).

After the tipping point, the University and its OPs were subjected to operating environments that were increasingly tightened, both in Australia and in the respective host countries. The University was keenly aware that '*there is a limited tolerance by governments in the countries in which we operate for mistakes and for breaches*' (AI5).

The Countries that University A operated in, post-tipping point, were O, R, U, W, X and Y, in addition to the pre-tipping point Countries of P, T and V. Countries O, R, X and Y have strong state regulations, while U and W have weak state regulations with respect to higher education. While the highly regulated operating environments may explain the University's long-term approach to TNE ('*even if we were in a contract that's 10 years long, we're really looking at 20, 50 years ahead*' - AI1), Countries U and W seem to go against the grain. In the case of Country U, the University is partnered with one of the four largest conglomerates in the Country that has close governmental connections (AI3). On the other hand, the legacy WSL r-FP has been in operation for the past 17 years.

#### 5.4.1.3.4 Rival Theories

The University A focus group did not evidence any other related organisational economics theory driving its TNE decisions. However, the in-depth interviews discovered some indications of the practice of Upper Echelon Theory (UET). These were observed in the comments on how the XCD ic-IBC was started – it was reported that despite *'lots of opposition ... at the end of the day, the VC wanted it ... so, we moved with it* (AI7). There was also concern that, despite the market being *'an unknown ... very very new, ... financially, (it was) not a good decision'*, and that *'we've had some ethical dilemmas ... (it) appears to have come about because of the relationship ... our new PVCI already had with the senior people running that ... institute'*, and *'based not on the market research'* (AI12). AI12, an academic, concluded that *'clearly I think it's a political decision that outweighs the financial value at this point in time ... maybe it's a longer term strategy that the rest of us are missing'*. There were however, no such views expressed by executives with strategic responsibilities. Secondary data analysis of the TSW start-up in 1999 indicated that this ic-IBC was a 'top down' decision (Leadership Case Studies 2011, 9), possibly evidencing UET.

While the University A focus group did not indicate any possibility of the Resource-based View driving TNE decisions because of the absence of any profit maximisation objective on the part of the University, the in-depth interviews provided mixed views on the application of this theory. The University was seen to be driving for an increase in ic-IBC profit margins from the 1% - 2% band to 5% (AI2). Additionally, the termination of PHS was attributed to insufficient *'financial returns'* and *'opportunity cost'* (AI2). However, at XCD *'the financial model is certainly, from what I understand, is in favor of X and not us ... so it's actually costing us'* (AI12). AI20 rued that the University *'don't get much ... it is a very, very small percentage; these are our courses ... and they are paying the business partner, not us'*. Further, the resources that the OPs provide to



the University are not considered rare, inimitable or non-substitutable, e.g., AI1 remarked that the State government partner of TSW would be able to '*find another partner*' to utilise the facilities on termination, while the University would find terminations a '*problem*'. AI2 also noted that '*the building's a building ... they could potentially find other partners or run it themselves or do something else*'.

The University's Global University aspiration and current TNE network seem to provide some support for Strategic Nets (Butler and Soontiens 2015). This is seen in the University's quest to establish a network of multinational universities (AI1), '*mini University As*' (AI14), each with a distinctive focus to serve its host country or region (AI5).

#### 5.4.1.3.5 University A Case Study Findings

The TNE Decision Model construct (Fig. 3.2) identified the possible influence of University characteristics, University TNE perspectives and TNE operating environments on TNE business delivery model selection. Based on this construct, the case study of University A will explore the three research questions. The findings relate only to TNE operations that were identified and discussed. Some TNE operations were identified but were not discussed, and are hence not included in these findings.

##### a) University A Criteria for TNE Business Delivery Model Selection

This section reviews the University's motivation for TNE both before and after its TNE tipping point using Guimon's construct for multinational universities (Section 2.6.5.3) as it tracks the University's first r-FP in 1986 to its current multinational Global University approach.

The University's early TNE operations were all r-FPs focussed largely on income generation for the participating faculties and staff (AI1, AI10), and secondarily on onshore international student enrolments through its

offshore TNE presence (AI3, AI19). There were no research and community engagement activities undertaken by these r-FPs, which were initiated and managed substantially by the faculties (AI18, AI19). Under a risk averse approach, the University outsourced the delivery of its programs to offshore OPs with minimal quality monitoring (AI1, AI10). This hands-off TNE delivery was possible courtesy of a lax regulatory environment both onshore and offshore (AI17). The University thus sought market access and OP expertise and resources for its TNE teaching business. Although there were a number of profitable r-FPs, there was no structured international network of r-FPs to provide cross-border efficiency gains.

The set up of the University's first ic-IBC in 1999 heralded the start of the University's ic-IBC network (Section App I 2.0) and also the tightening of legislative and regulatory conditions pertaining to TNE delivery (Section 5.2.2.1). From then on, resource-seeking took on a more important role, endearing the University to more experienced and better resourced OPs (*'a partner of substance. ... an organisation with resources, and ... of substance'* - AI1).

As the University increased its research and community engagement activities in TSW, it gradually developed a multinational university vision for a Global University, with many *'mini University As'* (AI14) in various key global locations (Section App I 5.0). All ic-IBCs are now contractually required to undertake research and community engagement (AI5, AI10); some legacy OP contracts have been renewed to incorporate these roles, e.g., VCS (AI15). The University is therefore able to expand its international market access through outsourcing OP resources and ic-IBC network efficiencies to undertake all three roles of teaching, research and community engagement. These ic-IBCs are preferred by the University over the r-FPs because of the higher level of control (AI3).

However, a few r-FPs continue to deliver offshore teaching for various strategic reasons, e.g., capacity-building (AI11) and offshore branding to promote onshore international student enrolments (AI17). They do not undertake research and community engagement. Unlike the ic-IBCs, the University does not have strategic plans for its r-FPs (AI6). These r-FPs clearly tap into their offshore delivery locations for market access. They continue, like their pre-tipping point predecessors, to operate on a largely hands-off fashion, relying on the expertise and resources of their respective OPs (AI10). There is no indication that these operations contribute to cross-border efficiency.

b) Theoretical Drivers for University A's TNE Business Delivery Model Selection

The analysis of reflectors of the three theories (Section 5.4.1.3) were analysed based on the propositional framework of Table 4.12. Table 5.36 below summarises the analyses of Section 5.4.1.3. The TNE operations that have been observed to satisfy all the propositions for a particular theory are highlighted in grey scale.

There was insufficient data to fully analyse two pre-tipping point r-FPs (viz., VIF and TLK), and 14 post-tipping point r-FPs (viz., PCI, PHK, PHM, RBI, RPN, KPU, VIF, VIP, VCA, TIP, LIB, LBH, WIC, JSH and YUE).

The focus group for University A suggested that AT drives both pre- and post-tipping point r-FPs (or Outsourced Models), while TCE and to some extent PRT might drive the selection of ic-IBCs (or Direct Models) after its TNE tipping point (Table 4.11).

(i) Pre-tipping Point

The University operated TNE within an environment of low regulatory requirements pre-tipping point. It coincided with an aggressive push by its highly entrepreneurial business school, UBS to initiate as many r-FPs as possible. Its early OPs were mainly non-academic organisations, e.g., private companies and professional/trade associations which were driven chiefly by profit. Many of these OPs were also collaborating with other universities to hedge their risks. The close alignment of financial returns between the University and its OPs resulted in the quick start up of many r-FPs, and which lasted more than the five-year reasonable rate of return period before all of them were eventually terminated.

The lax regulatory environment (AI17) permitted the quick start up of r-FPs with low TNE-specific asset investments (AI10). The University however, had to live with being one of many university partners of its OPs (AI2, AI3), and more generally with high OP behavioural uncertainties and hence, the potential for higher risks of opportunism (AI7). The reliance on OPs to deliver high transaction frequency TNE processes resulted in low University control of OP TNE delivery infrastructure and quality (AI10, AI20). Further, these distant r-FPs introduced high levels of information asymmetry, which were not well mitigated through the University's periodic teaching staff visits (AI4).

It was hence not surprising that the University operated r-FPs, i.e., Outsourced Models – in order to risk aversely grow TNE operations quickly within a lax regulatory environment by relying on OPs who share the University's pre-tipping point motivation for financial returns. This reflects the AT approach to TNE model selection, the approach that had been predicted through focus group studies. Low asset specificity precluded the TCE approach, while OP control of mission critical resources precluded PRT as a driver for pre-tipping point selection of the Outsourced Model.

No.	TNE Operation	Term (years)	TNE Business Delivery Model Type	TCE Asset Specificity	TCE Behavioural Uncertainty	TCE Transaction Frequency	TCE Environment Uncertainty	PRT MCR Control	PRT Concern for Opportunism	PRT Information Asymmetry	PRT Incentives Alignment	PRT Governance Environment	AT Costs of Search & Monitor	AT University Risk Aversion	AT Incentives Alignment	AT Environment Maturity
<b>A Pre-tipping Point</b>																
1	PHS	26	OM	L	H	H	H	OP	H	H	H	H	L	H	H	H
2	POL	14	OM	L	H	H	H	OP	H	H	H	H	L	H	H	H
3	VMI	22	OM	L	H	H	H	OP	H	H	H	H	L	H	H	H
4	VBP	13	OM	L	H	H	H	OP	H	H	H	H	L	H	H	H
5	VSH	10	OM	L	H	H	H	OP	H	H	H	H	L	H	H	H
6	VSI	9	OM	L	H	H	H	OP	H	H	H	H	L	H	H	H
<b>B Post-tipping Point</b>																
1	WSL	17+	OM	L	H	H	H	OP	H	H	H	L	L	H	H	H
2	TMC	10	OM	L	H	H	H	OP	H	H	H	H	L	H	H	H
3	TLK	15	OM	L	H	H	H	OP	H	H	H	H	L	H	H	H
4	YSR	12+	OM	L	H	H	H	OP	H	H	H	L	L	H	H	H
5	ONJ	7+	OM	L	H	H	NR	OP	H	H	H	H	L	H	H	H
6	ODB1	5	OM	L	H	H	NR	OP	H	H	H	H	L	H	H	H
7	ODB2	3+	OM	L	H	H	NR	OP	H	H	H	H	L	H	H	H
8	UCT	14	OM	H	L	H	L	UP	L	L	H	H	L	L	H	H
9	UCM	1+	DM	H	H	H	L	UP	L	L	H	H	H	L	H	L
10	TSW	19+	DM	H	H	H	H	UP	H	L	H	H	H	L	H	H
11	VCS	11+	DM	H	H	H	H	UP	H	L	H	H	H	L	H	H
12	XCD	1+	DM	H	H	H	H	UP	H	H	H	H	H	L	H	H

Abbreviations : L – Low; H – High; UP – University; OP – Offshore Partner; NR – Not Referenced  
DM – Direct Model; OM – Outsourced Model  
ODB1 – first r-FP contract terminated; ODB2 – re-started r-FP  
Shaded cells indicate fulfillment of all reflectors for one of the theories

**Table 5.36 University A Responses to Propositions**

(P – Present; A – Absent; ? – Possibly Present; NR – Not Referenced)

(ii) Post-tipping Point

The University’s post-tipping point operations were administered within a tightening legislative and regulatory environment, which heightened the University’s concerns for quality TNE delivery (AI1). With growing experience, the University established well-developed processes (AI19) and organisational infrastructure to administer its TNE operations (AI20); it also pursued a prestigious Business school accreditation to benchmark its standards (AI1, AI19) and lend prestige to its brand (AI7, AI13).

With the exception of the UCT r-FP, the in-depth interviews confirmed that all the few remaining post-tipping point r-FPs are observed to have

been driven by AT considerations (Table 5.36). This is not surprising given the University's '*largely hands-off*' approach (AI10) and lower strategic priority (AI6) for r-FPs, amidst a higher level of TNE regulation. The University's continued hands-off approach to r-FPs resulted in low asset specificity (AI10), thus precluding TCE as a driver for r-FP. Further, the continued hands-off reliance on the OP for mission-critical resources resulted in lower control of r-FPs (AI20), thus precluding PRT as a driver. It seems that the absence of University strategic agenda for the usually small enrolment r-FPs over-rode its concerns for control of its OPs' academic responsibilities.

The UCT r-FP seems to be the only anomaly among post-tipping point r-FPs. Compared to the other r-FPs, the University seemed to have a lower risk aversion for UCT (AI2, AI13). The informants' current perspectives of a lower risk aversion might have been influenced by the positive experience over the past 14 years of collaboration (AI2, AI6, AI12) and the OP's close host country political connections (AI1, AI13). It might not have represented the University's risk perceptions at the inception of the UCT r-FP. The Mok Regulatory Regimes construct (Table 5.4) located Country U as a market coordinator state with weak civil and state regulations (Table 5.5), while the Coface country risk rating considered the Country as having 'quite acceptable' investment risks (Table 5.7). Given that the University was highly risk averse in low risk Countries like P and V, it is highly likely that the University was also highly risk averse with respect to Country U at the inception of UCT. If so, the University can also be said to have considered AT in selecting an Outsourced Model (i.e., r-FP) to operate UCT.

In the case of the ic-IBCs (or Direct Model), two operations conformed to TCE considerations, viz., TSW and VCS. The ic-IBC model at XCD seems to have been possibly selected under TCE and PRT considerations, while the driver for the UCM ic-IBC was unclear.

In the cases of TSW, VCS and XCD, there clearly were high levels of asset specificity where the OPs were required to reproduce the look and feel of the home campus at their respective locations (AI6, AI9), and to invest in research and community engagement (AI10, AI13). Further, the University trialled the devolvement of its unit coordination to the TSW and VCS OPs' teaching staff (AI19, AI15), and in the case of TSW, permitted the ic-IBC to develop its own units and programs (AI19).

Although there were still some concerns over opportunism by the OPs, information asymmetry at TSW was observed to be low because of the stature and motivation of the OP, a State government (AI2, AI4). There was similarly low information asymmetry at VCS, which resulted from the University's long association with this OP and thus, the high trust levels developed (AI3, AI14, AI16). The low information asymmetry precluded PRT as consideration for the University's choice of the ic-IBC (i.e., Direct Model) for both TSW and VCS.

The cost of search for TSW was high, involving the entire university and the State legislature (Section App I 2.1). Monitoring TSW was also a costly affair requiring compliance with the University's own benchmarks, its BSA accreditation benchmarks, TEQSA requirements and host country regulations (Section App I 10.4). While the cost of search was low for VCS, the cost of monitoring was, like for TSW, high (Section App I 10.4). For XCD, both the cost of search (AI1, AI2) and monitoring were high (Section App I 10.4). However, by virtue of the tight control and monitoring infrastructure, the University was less risk averse to these three ic-IBCs (compared to r-FPs) (AI3, AI14). Hence, AT could not have been the University's consideration in selecting these ic-IBCs.

In the case of XCD, the PRT considerations differed from the other two TCE-driven ic-IBCs (viz., TSW and VCS) in informant perspectives on information asymmetry (Table 5.36). The TSW and VCS ic-IBCs have been set up based upon perceptions of OPs with high integrity (viz., a

State government and an international TNE provider of long University association respectively) (AI2, AI3), and hence perception of lower information asymmetry. These contrast with the XCD OP, which although large, do not have a long history of working with the University and had also recently fallen out of another TNE collaboration (AI7). On the face of the four PRT propositions, it would seem that PRT could have been a driving approach for the selection of the ic-IBC for XCD. However, informants also reported that the OP was the partner that had the most to gain from the collaboration, and the most to lose in the event of a termination (Section App I 10.6), thus negating the influence of the University as the controller of mission-critical resources (Section 3.7.5.4). The ic-IBC model therefore could not have been selected for XCD based on PRT considerations.

Informants reported lower environmental uncertainty for UCM. Their positive perspectives on Country U have been noted in (i) above to be based on the OP's national-level economic influence as one of the Country's four largest conglomerates, and its close political connections with the host country government. There has been no clear direct informant description of the Country's business and legal-political environment during its inception. However, the Mok classification highlighted Country U as a market coordinator state with weak civil and state regulations, while the Coface risk rating indicated 'quite acceptable' investment risks. Therefore, the UCM ic-IBC (Direct Model) can be said to have possibly been driven by TCE considerations.



These theoretical drivers are summarised in the table below.

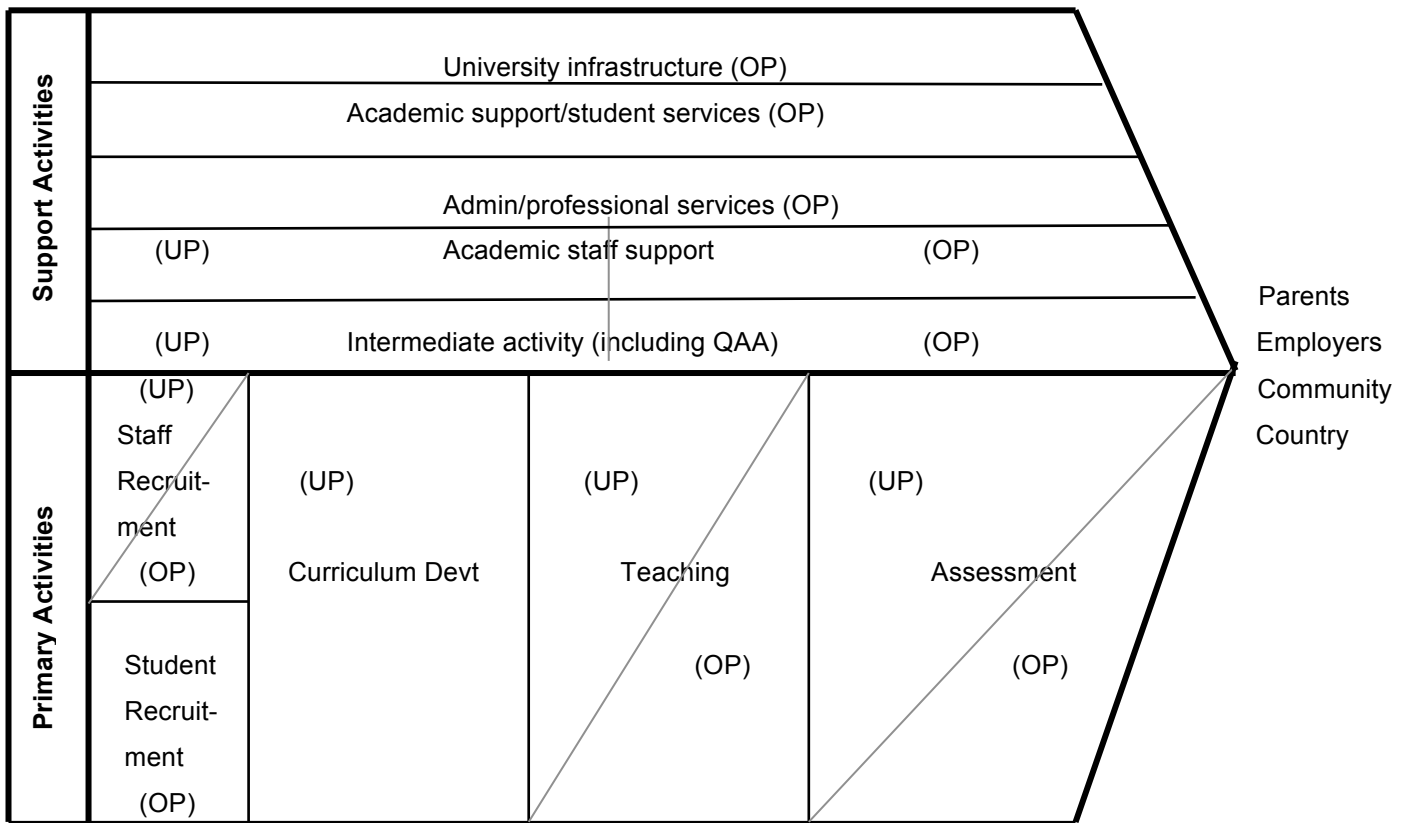
No.	In Relation to Tipping Point	Type of TNE Business Delivery Model	Direct/ Outsourced	Possible Rationale for Model Selection
1	Before	Franchised (remote oversight) (r-FP)	OM	AT
2	After	Franchised (remote oversight) (r-FP)	OM	AT
		Collaborative IBC ( <i>in situ</i> oversight) (ic-IBC)	DM	TCE (TCE and PRT in one case)

**Table 5.37 University A Theoretical Perspectives in Deploying TNE Business Delivery Models**

c) University A Value Chains

Based on the generic TNE value chain of Fig. 4.6, the University’s pre- and post-tipping point TNE value chains are reproduced below.

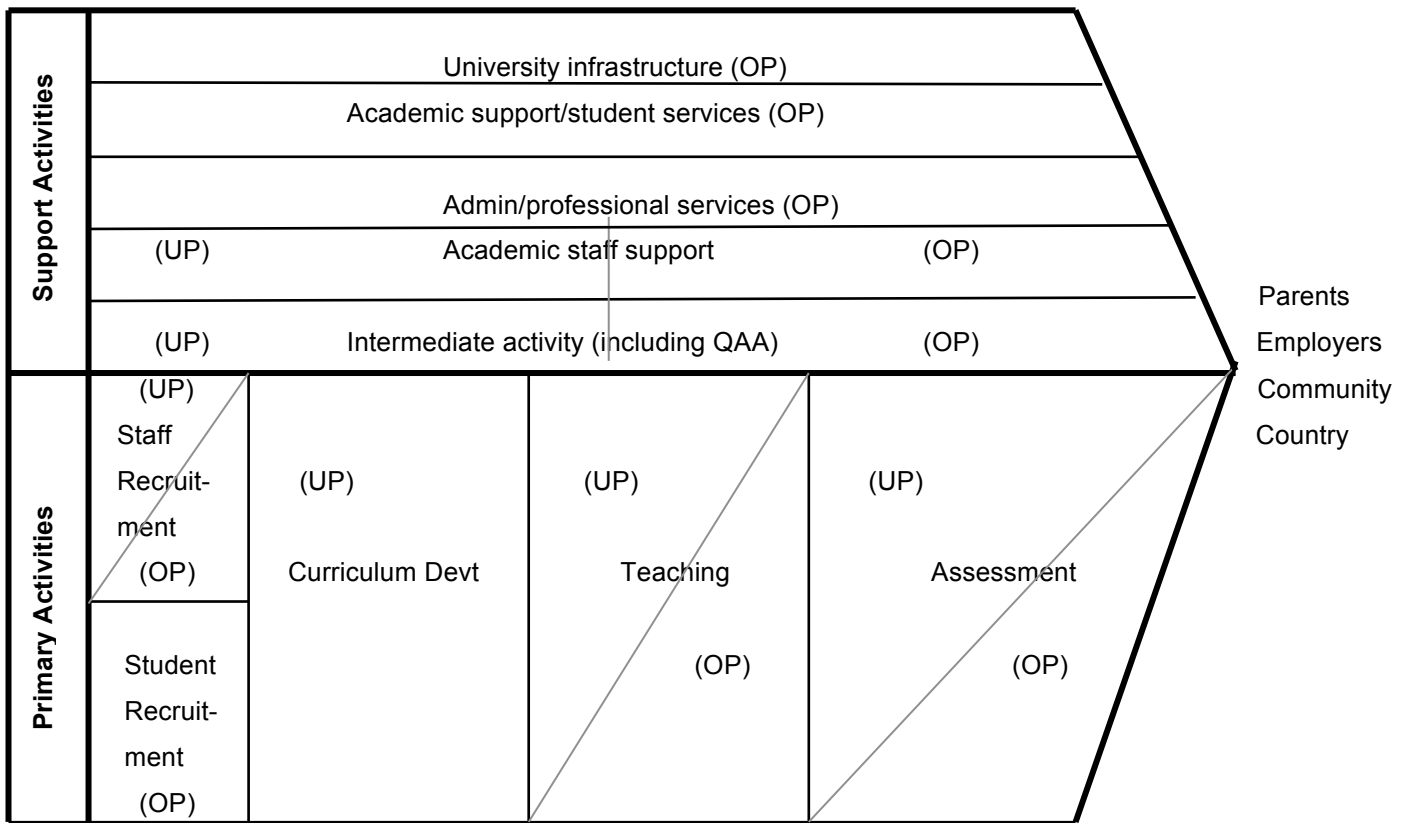
Pre-tipping point, the University deployed an Outsourced Model (the r-FP) exclusively. In this model, the University provided its curriculum to the OP for delivery, while retaining control over the approval of OP teaching staff recruitment, teaching pedagogy and delivery, and student assessments. It also provided academic staff support through both its onshore TNE administration and its visiting teaching staff. The OP delivers the University’s programs as prescribed, through its teaching infrastructure, its hired teaching staff and on-site administration. It is also fully responsible for student recruitment, student support and campus administration.



Abbreviations : UP for University Partner; OP for Offshore Partner

**Fig. 5.4 University A TNE Outsourced Model Value Chain (Pre-tipping Point)**

After the tipping point, the University deployed both the Outsourced and Direct Models, viz., the r-FP and ic-IBC respectively. The ic-IBC operations undertook all three university roles of teaching, research and community engagement, while the r-FPs focussed solely on teaching. Research and community engagement are mission goods that the University delivered in collaboration with its ic-IBC OP only, while teaching was a revenue good for both the r-FPs and ic-IBCs.



Abbreviations : UP for University Partner; OP for Offshore Partner

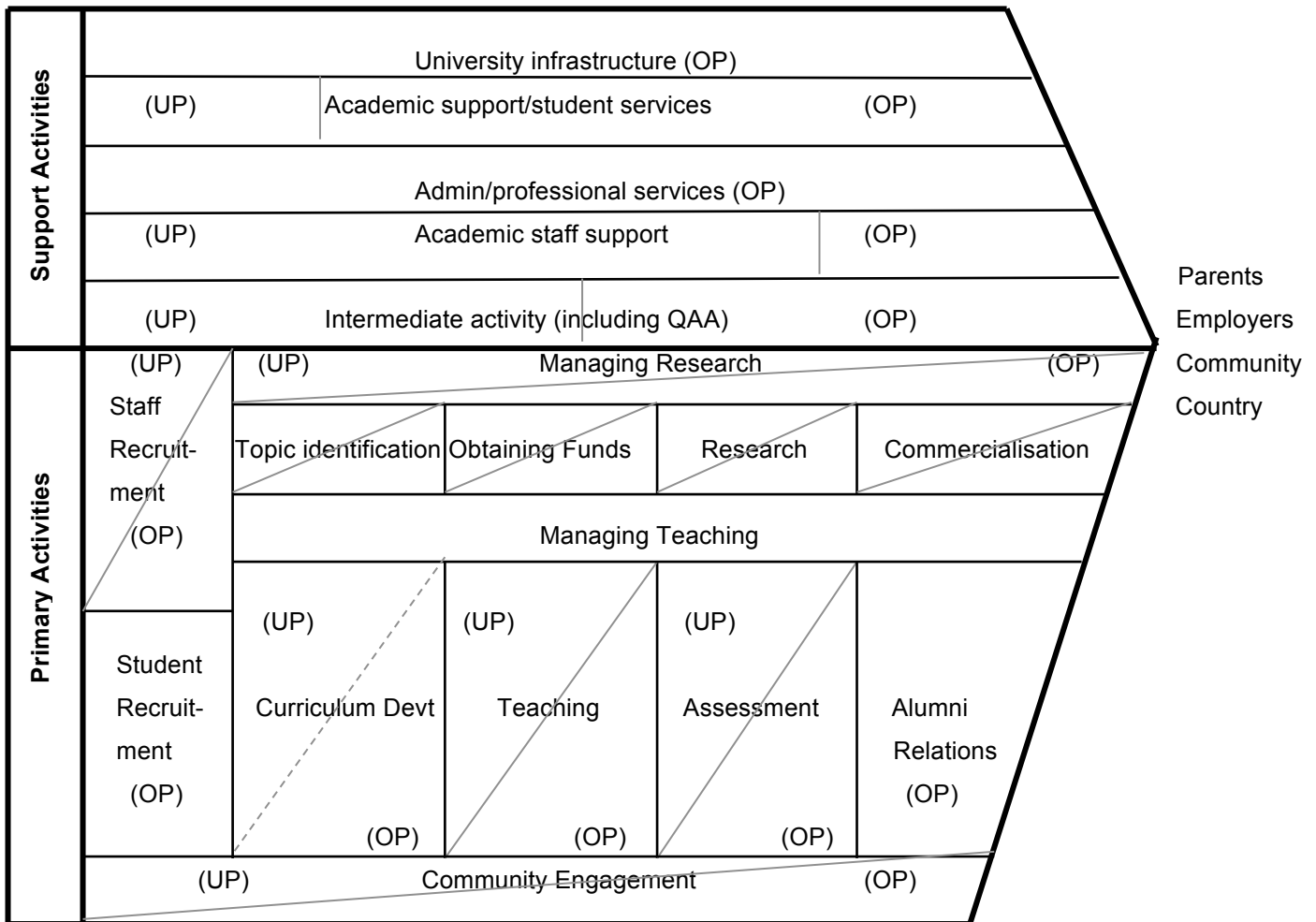
**Fig. 5.5 University A TNE Outsourced Model Value Chain (Post-tipping Point)**

The post-tipping point r-FPs operated like the pre-tipping point r-FPs because of the University’s lower strategic priority for r-FPs and hands-off approach to administering these small (in terms of enrolments) TNE operations.

The ic-IBCs, by virtue of their teaching, research and community engagement roles, and their exclusive positioning as a ‘mini University A’ (AI14) required additional value chain activities to quality assure. In addition to the r-FP value chain activities, the ic-IBCs also have

- (i) contractually-mandated roles of research and community engagement, in addition to teaching

- (ii) the presence of the University's on-site PVC, acting as the University's 'eyes on the ground' (AI15) and being responsible for teaching, research and community engagement KPIs. The PVCs also provided academic support to both OP teaching staff and students



Abbreviations : UP for University Partner; OP for Offshore Partner

Dashed line indicate devolved responsibility at TSW only

**Fig. 5.6 University A TNE Direct Model Value Chain (Post-tipping Point)**

- (iii) responsibility for alumni relations, which is largely undertaken by the OP

For TSW and VCS, the University was trialling the devolvement of unit coordination by OP teaching staff. The University also permitted TSW to develop its own units and programs, possibly because of the long association and familiarity with the OP.

d) The Influence of Theoretical Perspectives on TNE Longevity

The history of the University's TNE experience was impacted by the gradually tightening TNE regulatory environment, starting from its TNE tipping point (Section 5.2.2). Under lax regulations, all of the University's pre-tipping point r-FPs enjoyed longer operating periods before termination (Table 5.11). These operations lasted between nine and 26 years before termination. Five of them were terminated within the AUQA Cycle 2 period, two within the University's centralisation of workload management period and one corresponding to the University's BSA accreditation.

Post-tipping point, the variation in operational longevity for terminated TNE operations was wider, i.e., from two years to 14 years. All were r-FPs. Three of them lasted less than three years, and were terminated around the AUQA Cycle 2 period. Four of them lasted less than the five-year reasonable rate of return business longevity period (but longer than the three-year breakeven business survival period); two were terminated around AUQA Cycle 2, while one around the centralisation of workload management period. Ten r-FPs lasted more than the five-year period, with five terminated around the AUQA Cycle 2 period, three around the centralisation of workload period, one prior to TEQSA and one prior to the BSA accreditation.

All the University's ic-IBCs were still operating at the time of the interviews. TSW is the longest running at 19 years, VCS at 11 years, XCD at one year, and UCM just started in 2018. It is noteworthy that UCM was converted from a r-FP (UCT) after 14 years of collaboration.

All pre-tipping point r-FPs lasted more than the five-year business longevity period, but nevertheless terminated on quality shortcomings. Out of 20 post-tipping point r-FPs, only four remain. Similarly, the terminated r-FPs were culled on quality grounds. The large number of short-lived r-FPs after the tipping point reflect the tightening TNE regulatory environment.

However, on the basis of the distinction between the Outsourced Model and the Direct Model, there is no discernible trend in the operational longevities of the University's TNE operations.

#### 5.4.2 Case Study of University C

The University commenced TNE operations in the early 1990s. Early TNE ventures were opportunistic and reactive. With experience, the University began to be more strategic in partner selection and TNE management. One of the University's Country V TNE operations experienced rapid growth, triggering a university-wide TNE review to address threats to academic integrity, University reputation and revenue streams. This review produced a White Paper for a more deliberate, strategic growth of its TNE operations, supporting the University's 2017 - 2020 Strategic Plan. It also led to the set up of a host country office (HCO) in Country V to manage the large numbers of TNE students there. From then on, the mantra has been to set up a HCO in every major TNE location, suggesting that high TNE growth rates have driven the University to select on-site monitored or Direct Model TNE operations.

Focus group findings indicated that the University earned more than A\$15 million from TNE in 2015, making up 24% of its annual income of A\$62 million. This financial performance is considered very high within its IRU university group. This group was reported to have derived on average 9% of their total 2015 revenue from TNE, the highest among Australian universities.

The tabulation of Australian public universities by student population (Table 5.1) shows that the majority of Universities with TNE operations are within the first and second quartiles of the range. Indeed, CI4 asserted that *'we are a small university'*, while CI6 commented that University C is merely a regional university. According to CI1, the University is *'here (i.e., in TNE) only to the extent to broaden our base ... (because) University C was very subject to government funding ... we don't have a big foundation ... we have land but we don't have other income ... so, we are very at the vagaries of the government policies here ... so (we need) to have other operations ... (in) diversifying (our*

income sources)'. It was also reported that the University encountered *'funding pressures ... so basically the Australian government has said to all universities, 'you can't grow your domestic load' or at least, 'you can but we're not going to fund you anymore ... for growth in your domestic load' ... so the options are international onshore or offshore ... (and) international onshore is sort of, maxed out'* (CI10). While not conclusive, these evidence suggest that smaller universities have a greater propensity to engage in TNE activities because of funding constraints.

The focus group identified four remaining FP operations (viz., one each in Countries T and X, and two in Country V), and one terminated FP operation at Country N. However, the in-depth interviews revealed that there are three terminated r-FPs (Countries N, T and V), one terminating ic-IBC (Country X), one new ic-IBC (Country X) and one running i-FP (Country V). The difference between the focus group and interview findings was partly due to a mislabelling of the terminated Country X ic-IBC as a r-FP and new developments occurring since the focus group was held. These developments included the termination of Country T r-FP, one of the Country V r-FPs and the Country X ic-IBC by the time of the interviews. Further, the other Country V r-FP became an i-FP, while a new ic-IBC was set up in Country X – the only two remaining TNE operations at the time of the interviews.

A total of eleven University staff were interviewed. They came from three different roles, viz., strategic, managerial and academic roles, and across central, schools and offshore divisions. The informants have between five and twenty years of TNE experience, with the majority (i.e., eight) of them having chalked up more than ten years. Among them, spread across the three roles, a majority (i.e., eight) of informants have private sector work experience. Three of the four academic staff also have TNE managerial experience in the past. The lived experiences transcribed from these informants were thus much richer and more accurate compared to the focus group insights, which were gathered from one



TNE manager and an academic (although they were very experienced TNE practitioners).

No.	Role	ID	Experience		Organisational Entity	Area
			Private	TNE		
<b>A</b>	<b>Strategic</b>					
1	Strategic	C2		11	Chancellery	Central
2	Strategic	C11	Y	20	Chancellery	Central
3	Strategic	C10	Y	12	Host country office	Central
<b>B</b>	<b>Managerial</b>					
1	Managerial	C1	Y	10	School of Communication	Division
2	Managerial	C3		12	Transnational Education Office	Central
3	Managerial	C7	Y	10	Host country office	Offshore
4	Managerial	C9	Y	9	Host country office	Offshore
<b>C</b>	<b>Academic</b>					
1	Academic/Managerial	C8	Y	9	Host country office	Offshore
2	Academic/Managerial	C5	Y	5	School of Psychology	Division
3	Academic/Managerial	C6	Y	18	School of Engineering	Division
4	Academic	C4		11	School of Business	Division

**Table 5.38 Profiles of University C Informants**

This section analyses the perspectives of University C staff with respect to TNE motivations, and possible theoretical reflectors driving TNE business delivery model decisions and TNE operational longevity. The analysis explores informants' insights on the early years of the University's TNE journey, the Country V TNE experiences that triggered the tipping point, the potentially reputation-wracking swap of offshore partners (OP) in Country X, and the University's plans for the future. It will also scrutinise the University's current TNE value chain activities and the influence of the operating environments on TNE business delivery model selection.

#### 5.4.2.1 University C Criteria for TNE Business Delivery Model Selection

CI10 argued that '*University C has become a multinational*' and that '*the next steps we're thinking about in terms of our maturity in this space as an institution*' is to address the missing '*governance framework that oversees all of transnational education ... to tie everything together*'. Using the Guimon eclectic paradigm construct for multinational universities (Section 2.6.5.3), the University's motivations for TNE involvement were identified and tabulated as Table 5.39 below.

University C's priorities and approach to TNE involvement are observed to be strikingly different before and after its TNE tipping point (CF2). The TNE tipping point was represented by the university-wide TNE review that was triggered by a phenomenal growth of student enrolments at the VKP i-FP operation. The review resulted in the promulgation of new policies, processes and financial models, and the set up of the Country V HCO. The following discussion is based on observations summarised in Table 5.37.

Early TNE operations were mostly focussed on teaching for profit. Informants reported that after its TNE tipping point, the University now has interests in seeing all three university roles (viz., teaching, research and community engagement) being undertaken in its TNE operations.

##### 5.4.2.1.1 Pre-tipping Point TNE Teaching Role

The University started its TNE operations in the early 1990s. This was following the Dawkins revolution which liberalised university funding initiatives (Section 5.2.2.1.1). The liberalisation coincided with the starting of the first Australian TNEs in the SS region to satisfy pent-up demands (Section 2.1.2.4). University C was seen to be sporadic in its TNE involvement where '*different schools or faculties were doing bits and pieces*' of TNE (CI10). These initiatives were described as

*'opportunistic'* and *'reactive'* (CI10), and even *'experimental'* (CI4). CI6 reported that *'a lot of schools would get involved as a source of discretionary income'*. The means to earn discretionary income was seen to be through delivering for-profit university programs of study in markets with pent-up demands, and where local host country resources were available to enable program delivery.

Before the tipping point, the University's TNE operations (viz., r-FP and ic-IBC) were all primarily teaching endeavours that were motivated by offshore TNE teaching royalty income (CI1, CI2, CI7) and by onshore international student fee income via host country branding and marketing presence (*'a good brand in Country V ... we'll also get Country V students, or students from a wider area ... coming here (i.e., Australia) as international onshore, full-fee paying students and they're the ones who bring us significant amounts of money'* - CI5). These early TNE operations were aimed at growing TNE student enrolments and fee income (*'we wanted to grow'* VSM – CI2) through leveraging on the lower cost host country OP resources (CI2, CI6, CI11). An exception to the market, resource and efficiency motivations was the NCE r-FP operation which was described as *'experimental'* (CI4). There was no indication of efficiency-seeking for teaching via cross-border entities.

The University subsequently brought these decentralised TNE activities together for central planning and monitoring (CI3, CI10). This period coincided with the Nelson reforms of 2003, where the Australian government was of the view that *'there was no case for increased public funds to expand the sector'* (Birrell and Edwards 2009, 5), confirming the reports from several informants that the University was adversely affected by government funding constraints (CI6, CI10) and decreasing domestic student enrolments (CI3). It was during this period that the University initiated two key TNE operations, viz., the VSM r-FP and XGI ic-IBC. VSM ran for about eleven years before termination, while XGI ran the full course of its ten-year contract (Table 5.69). Like previous TNE

operations, these were similarly driven by revenue through new market capture and delivered offshore largely through the agency of its OPs. Both OPs were known to be good partners with satisfactory resources and facilities for TNE delivery (CI1, CI3, CI6). There were however no cross-border entities to leverage for efficiency benefits (Table 5.37).

University Role	Ref Tipping Point	TNE Model	TNE Motivations		
			Market-seeking	Resource-seeking	Efficiency-seeking
Teaching	Pre	r-FP	Grow TNE enrolments for TNE income and build offshore branding for onshore enrolments and income	Engage OP expertise and resources to reach more students at lower costs	Not applicable
		lc-IBC	Grow TNE enrolments for TNE income and build offshore branding for onshore enrolments and income	Engage OP expertise and resources to reach more students at lower costs	Not applicable
	Post	i-FP	Grow TNE enrolments for TNE income and build offshore branding for both TNE and onshore enrolments and income	Engage OP expertise and resources to reach more students at lower costs	Leverage on OP efficiencies and HCO coordination
		lc-IBC	Grow TNE enrolments for TNE income and build offshore branding for both TNE and onshore enrolments and income	Engage OP expertise and resources to reach more students at lower costs	Leverage on OP efficiencies and HCO coordination
Research	Pre	r-FP	No activity identified	No activity identified	No activity identified
		lc-IBC	No activity identified	No activity identified	No activity identified
	Post	i-FP	Access research projects in host country and region	Tap into government and private sector research funding, and collaborate with researchers in host country and region	Leverage on the University's existing international research networks, VKP OP marketing network and HCO coordination
		lc-IBC	New HCO in Country X to access research projects in host country and region	New HCO in Country X to tap into government and private sector research funding, and collaborate with researchers in host country and region	New Country X HCO to leverage on the University's existing region AA research networks, XNV OP marketing network and HCO coordination
Community Engagement	Pre	r-FP	No activity identified	No activity identified	No activity identified
		lc-IBC	No activity identified	No activity identified	No activity identified
	Post	i-FP	Expand University commercialisation and research in host country to contribute to host country and regional development	Collaborate with host country entities and investors for commercialisation and capacity-building in host country and region	Leverage on HCOs in different countries for efficiency
		lc-IBC	New Country X HCO to expand University commercialisation and research in host country to contribute to host country and regional development	New Country X HCO to collaborate with host country entities and investors for commercialisation and capacity-building in host country and AA region	Leverage on HCOs in different countries for efficiency

**Table 5.39 Criteria for University C TNE Models Across Its Three Roles (adapted from Guimon 2016, 222)**

#### 5.4.2.1.2 Pre-tipping Point Research and Community Engagement Roles

There was no evidence of research and community engagement activity undertaken by these early rudimentary TNE operations. It was however, interesting to note that unlike TNE, the University's research presence in various countries (e.g., Countries O and R) did not result in better onshore enrolments of students from those countries (CI2).

#### 5.4.2.1.3 Post-tipping Point Teaching Role

Post-tipping point, the University's TNE approach was more strategic. In fact, the TNE review was undertaken to align with the University's 2012-2020 Strategic Plan (University C TNE Project Team 2013a, 3). As CF2 alerted in the focus group, TNE contracts were scrutinised for alignment with the strategies and recommendations of the White Paper.

After the TNE review, the University's TNE teaching role was set to grow more aggressively. Its strategic plans call for *inter alia*, growth in both onshore and offshore international student enrolments (*'there are certainly plans and certainly ... a desire to build (more TNE operations), and to increase TNE numbers'* – CI3). It has for instance, re-negotiated the VKP contract which enabled *'growing our student base now (and) we're getting a more equitable share of revenue'* (CI11). It also envisages *'very big plans with the new Country X OP'* (CI6) under improved contractual terms (CI11), compared to the previous XGI OP contract (CI3). The modus operandi remains the same, viz., to leverage on its OP's capabilities as CI11 explained, *'we partner with infrastructure providers ... they provide ... all the infrastructure to deliver IP ... it's the lower of risk modeling in terms of capital-intensive risk ... for the University'*.

The two new contracts enabled the University to leverage on two international providers with highly efficient TNE delivery infrastructure, effective marketing and international agent networks (CI4, CI10). The University's HCOs in each of these Countries provide administrative, teaching and systems support to their respective OPs (CI3, CI7). The Country V HCO Dean also provided contract negotiation, new business development and leadership for the University's global TNE operations (CI3, CI4).

Offshore branding is a priority for the University as seen in the White Paper's recommendation to engage an external marketing agency to 'enhance the appeal of its TNE offerings', which will also benefit its Country V HCO's onshore international student enrolment portfolio.

CI10 is of the view that onshore enrolment growth is limited and the University needs to focus on offshore growth. The University was also reported to be planning for TNE operations in another five new countries. It is starting with a Country H market entry in 2019 (CI10).

Its Country H entry to deliver post-graduate Business programs will be undertaken jointly with the VKP OP and leveraged on the OP's '*local knowledge, the agent network ... their reputation ... (and) the efficiency of their model*' (CI10). In the future, the Country V HCO will take an active role in initiating and managing the University's worldwide TNE operations (CI3, CI4, CI10), thus improving TNE operational efficiency.

#### 5.4.2.1.4 Post-tipping Point Research and Community Engagement Roles

After its TNE tipping point, the University was able to extend its TNE scope of business beyond its teaching role to undertake research and community engagement, starting with its Country V TNE operation. CI10 asserted that '*it does distinguish I think a university where it has other*

*locations where it delivers its programs, where it has research offshore, where it has engagement, it has alumni that is global ... they're really points of distinction'* (CI10).

The University was able to fund a research centre (SCORE) within its Country V HCO from royalty income earned from its VKP operation (*'good gross margin ... that's seeded the research centre'* - CI2; *'diversify the University's interests ... our research centre'* – CI10). All VKP HCO teaching staff have research responsibilities built into their employment, enabled by a two-trimester teaching/one-trimester research schedule (CI9). While SCORE's research projects are also supported by host country researchers (CI4) and home campus faculty (CI5), there is no imposition of research on the OP or its teaching staff, many of whom are part-timers (CI11).

SCORE has been reported to have successfully sourced funds from both Country V government and private sector organisations, and developed a growing reputation in Country V (CI4). The University is looking forward to replicating the SCORE research centre at the new Country X HCO (CI11) through leveraging on its own *'great coverage with some really good universities across the continent'* and synergies with the XNV OP which has a *'good record, good grounding in region AA'* (CI2). It is also considering extending its research activities to countries around its TNE delivery centres (*'opportunities for research ... connect with the country and partners we're looking to work with'* – CI11).

The income generated by the VKP operations also spawned commercialisation initiatives, one of which secured venture capital funding (CI10). These ventures are similarly targeted for roll-out in new TNE countries in the hope that they can *'add quality back into that community and the government in that part of the market'* (CI11). CI10 added the aspiration of *'nation building, capacity building ... if we can do*



*some good, and if we can do it in a commercially savvy way that's sustainable economically, then I think, why not?'*

#### 5.4.2.2 Longevity of University C TNE Operations

The age of each of the University's six main TNE operations were tracked with respect to three key dates, viz., the AUQA Cycle 2 audits in 2008, the University's re-registration with TEQSA in 2012 and the University's TNE tipping point (Table 5.40). These TNE operations include the TKD, NCE and VSM r-FPs, the VKP r-FP that became an i-FP, the XGI ic-IBC and the XNV ic-IBC. At the time of the interviews, only VKP remained and XNV had just commenced. See table below.

The 2008 introduction of the internationalisation theme in AUQA Cycle 2 audits is a watershed year that affected all universities that had TNE operations. But it did not seem to have any impact on the University's TNE operations. That year saw the commencement of two new TNE operations, viz., VKP and XGI.

The 2012 TEQSA re-registration was another watershed event for University C. It is observed that NCE was terminated just before the start of the University's TEQSA re-registration.

No.	TNE Operation	Year of Start and Termination (if applicable)																																		
		1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018		
1	TKD																																			
2	NCE																																			
3	VSM																																			
4	VKP																																			
5	XGI																																			
6	XNV																																			
Legends		X	Year of termination of TNE operation														2000	AUQA Cycle 1 audits commence																		
		r-FP	Franchised operation with remote oversight														2008	AUQA Cycle 2 audits commence																		
		i-FP	Franchised operation with <i>in situ</i> oversight														2012	Start of TEQSA operations																		
		ic-IBC	Collaborative international branch campus with <i>in situ</i> oversight														2013	Tipping point year when TNE review was initiated and Country V HCO set up																		

**Table 5.40 Duration of University C TNE Operations**

The 2013 tipping point was significant because the University took a proactive decision to review its TNE operations, with a view to setting up a robust TNE infrastructure to enable high quality TNE operations that are financially sound. CF2 reported that the University would review all TNE operations that did not align with the new White Paper strategies. Interestingly, TKD was terminated in the year the TNE review was conducted. Further, CI6 did allude to the high resource requirements at VKP that restricted the University’s commitment to TKD.

The durations of the University’s terminated TNE operations were investigated through the lens of Falck’s age-related firm liabilities (Section 2.7.4.4), identifying the reasons for failure at the four stages of a business lifecycle, viz., newness, adolescence, obsolescence and senescence. The remaining TNE operations were also analysed for their potential for failure.

All the University’s terminated TNE operations lasted beyond the three-year business survival age as well as the five-year business longevity age (Section 2.7.4.3). A possible exception to the financial sustainability of its apparently long-run TNE operations is XGI, where its ten-year

operation was reported to be unsustainable financially (*'we certainly didn't generate enough profit to sustain'* - CI2).

No.	TNE Operation	Age-related Liability	Informant Perspective
1	TKD	Obsolescence due to value propositions	University college status restricted TNE participation (CI2, CI6)
2	NCE	Failure from adolescence due to rejection by supplier	Quality control issues (CI2, CI4)
3	VSM	Obsolescence due to management strategies	Change in management; loss of focus (CI3)
4	XGI	Failure from adolescence due to rejection by students	Unable to grow (CI2, CI6)
5	VKP1	Obsolescence due to value propositions	Set up of HCO and increased control over academic processes (CI1, CI2)
6	VKP2	Potential failure from obsolescence due to value propositions	Danger of levelling of pricing, program duration and ranking advantages (CI6, CI7, CI10)
7	XNV	Potential failure from newness due to uncompetitiveness	Danger of inability to attract sufficient number of enrolments due to competition (CI3, CI11)
8	HKP	Potential failure from newness due to uncompetitiveness	Danger of inability to attract sufficient number of enrolments due to mispricing (CI10)

**Table 5.41 Age-related TNE Liabilities for University C TNE Operations**

While the University's Business programs at TKD had a long run of twelve years, its IT programs did not last beyond three years due to poor growth of student numbers (CI6). The reason for TKD's termination was reported by CI6 to be due to insufficient number of students. However, CI2 who is a senior staff with strategic responsibility ascribed the failure to the TKD OP having been upgraded to a university college. Under Falck's lens, TKD was identified to have suffered failure at obsolescence arising from a change in the OP's value proposition represented by the elevation of its status to university college. After termination, the teachout process took an unusually long five years to complete (CI2). In the case of NCE, it was observed to have been terminated in adolescence by the University due to quality control issues.

After delivering the University's TNE programs for eleven years, VSM failed at obsolescence through a loss of focus of the OP resulting from a change in its management. XGI operated for ten years before being terminated in adolescence by the University for its inability to grow its student enrolments.

While XNV was too new for performance assessment, CI6 expressed doubts for its survival, saying *'I don't believe it covers the costs ... I fail to see how classes with so few students can be profitable'*. However, CI11 commented that *'at this stage, I don't think we can judge the benefits of being in Country X for University C, fully ... I think in 25 years time we might or 20 years time, maybe even in ten years when we've been there 20 years ... (because) if you looked at some of the others that have been there 20 years, they ... (have) very much more substantial numbers ... play a greater role in the community, or in business ... have got a higher profile, and they've got their own campuses'*.

The VKP partnership had its initial five-year contract renewed once before the recent ten-year contract was signed (CI10). It was however observed to be in danger of obsolescence because of the levelling of its pricing, program duration (CI2) and ranking advantages (CI7).

CI10 expressed some reservations about the pricing of the new Country H TNE post-graduate program that is scheduled for launch in 2019 with the VKP OP (HKP). There were concerns that students in Country H, an emerging economy might not be able to afford the Country V pricing level that was proposed.

#### 5.4.2.3 Analysis of University C Reflectors of the Theories of the Firm

The reflectors analysed for University C will follow the propositional framework of Table 4.12, and compared against *a priori* expectations formulated in Section 5.1.2.

The sections below will quote from selected informants to demonstrate key points of the analysis. Other supporting perspectives will be incorporated in the tables summarising all the perspectives observed. These tables distinguish perspectives expressed on the Direct and Outsourced Models, as well as separate out perspectives of informants with different TNE roles (viz., strategic, managerial and academic). The latter distinction provides a framework to separate perspectives that reflect the University community from mere conjectures. Reference is also made to focus group observations for data triangulation, especially for value chain activities which were very detailed.

##### 5.4.2.3.1 Transaction Cost Economics

This section will analyse the interview data for evidence of support for, or disconfirming evidence of the theoretical propositions for TCE at University C's TNE operations.

###### a) Asset Specificity

Both the University and its OPs were seen to have invested in TNE-specific assets. While there were several common TNE-specific assets, there were also a few unique ones associated with specific TNE operations. The analysis considered asset specificity that was observed both before and after the University's TNE tipping point. The interviews focussed on the pre-tipping point TKD, NCE and XGI operations, and the post-tipping point VKP and XNV operations.

Although there were a large number of TNE-specific assets deployed both before and after the University’s TNE tipping point, not all TNE-specific assets can be considered investment-specific in the TCE sense.

(i) Pre-tipping Point

It was evident that the University’s pre-tipping point TNE operations deployed many TNE-specific assets, e.g., intellectual property (IP) and materials (CI1), staff specialised in TNE administration (CI3), teachout infrastructure (CI2, CI3, CI4), the University’s out-of-load teaching staff (CI6, CI10), and University reputation (CI2, CI5).

The OPs were responsible for investing in campus infrastructure (CI1, CI6), dedicated studios and equipment (CI2), and teaching staff (CI1).

No.	Infor- mant	Perspectives	
		Direct Model	Outsourced Model
1	Strategic Role		
a)	CI2	XGI film and media infrastructure XGI ‘failed’ on-site Deans	TKD teachout is specialised NCE teachout is very expensive
b)	CI10		GEN out-of-load teaching staff
2	Managerial Role		
a)	CI1	XGI OP wanted Uni IP XGI OP infrastructure debt XGI full-time OP core teaching staff XGI Dean and admin staff XGI Uni reputation	
b)	CI3	XGI Deans institutionalised XGI poor Uni TNE management XGI Uni reputation	VSM on-site Principal
3	Academic Role		
a)	CI6	XGI OP infrastructure provider	TKD education institution campus
b)	CI4		VSM out-of-load Accounting staff

Abbreviations : Uni – University; GEN – generic comments

**Table 5.42 University C Informant Perspectives on TNE-specific Assets (Pre-tipping Point)**

(ii) Post-tipping Point

After the University’s TNE tipping point, the University was observed to have engaged the Direct Model exclusively, i.e., the i-FP at VKP and the

ic-IBC at XNV. The University invested in all of the pre-tipping point assets, except the out-of-load teaching staff which were phased out. Additionally, the University invested in a host country office (HCO) in Country V (CI10), with full-time academic staff (CI5), learning support staff (CI3) and a research centre (CI2). It also provides teacher training and alumni support (CI7, CI9). This was corroborated by the University C focus group participants (CF1, CF2). At the time of the interviews, the University was planning to expand the small office in the XNV operation into a HCO (CI11) and employing full-time program coordinators who would function like the Country V HCO full-time academic staff (CI3). This XNV HCO is expected to provide a regional academic presence (CI4).

Its home campus University TNE Office (UTO) is a key coordinator between the schools and the OPs (CI3), while its alumni office actively supports Country V alumni (CI7, CF2). The schools also employ specialist TNE staff to administer TNE programs (CI5, CI6).

The OPs invested in the campus infrastructure (CI2, CI6, CI9), marketing expertise (CI3, CI5, CI6, CF2), recruitment agent networks (CI2, CI10, CF2), brand equity (for itself as well as the University's) (CI2, CI4), program management team, lecturer management team, examination management team (CI3, CI5), and host country regulatory compliance expertise (CI7). They are also the holders of the TNE operating licence in each country (CI3, CI10), and are valued for their local knowledge of the host country operating environment (CI2, CI5).

A detailed scrutiny of the pre-tipping point and post-tipping point TNE-specific assets indicate that almost all of them are replicable and can be re-deployed if the TNE operation ceases, as has been demonstrated in the swapping of OPs in Country X (Section App J 3.0). These assets include teaching staff, specialist administrators and campus facilities. This observation is also made by CI10 when he remarked that while

*‘certainly they (i.e., the OP) probably value the IP, ... they've got other university partners that offer business degrees ... there's nothing particularly novel about that’ (C110). Similarly, C18 commented that the OP ‘does not ever put all the eggs in one basket – you see all the schools they have, all the universities – and last year they made another*

No.	Informant	Perspectives	
		Direct Model	Outsourced Model
1	Strategic Role		
a)	WP	GEN Full-time Uni academic staff at TNE location GEN Full-time Uni learning support staff at TNE location GEN Uni teacher training at TNE location	No outsourced model
b)	C12	VKP OP extensive agent network VKP Uni's flexible curriculum VKP OP local knowledge, reputation and brand, efficient TNE administration model and contemporary campus VKP teaching seeded HCO research centre XNV new premises XNV OP has proven track record	
c)	C110	VKP HCO boots on the ground VKP OP value Uni IP, but IP not particularly novel VKP OP holds licence of TNE operation XNV OP very experienced, good agent network	
d)	C111	XNV HCO helmed by Dean	
2	Managerial Role		
a)	C11	VKP HCO minimise compliance risk VKP curriculum change led to dip in student numbers VKP HCO greater cost but more secure	No outsourced model
b)	C13	VKP Uni UTO coordination VKP HCO control and oversight VKP OP marketing machine VKP two-year completion of three-year degree VKP OP's proprietary vehicle XNV OP holds licence of TNE operation XNV HCO new program coordinators XNV previous OP recruiting for new OP	
c)	C17	VKP HCO headed by a Dean VKP Uni home campus alumni office support VKP HCO support for alumni VKP OP's regulatory compliance	
	C19	VKP HCO support for alumni VKP OP's classroom scheduling IT system	
3	Academic Role		
a)	C14	VKP OP investment in University brand and reputation XNV HCO regional academic presence	No outsourced model
b)	C15	VKP OP sales management, program management, lecturer management and exam management teams VKP Uni schools' specialist TNE administrators XNV OP teaching staff local knowledge	
c)	C16	VKP Uni's IP, quality assurance, student admin system VKP OP's premises and facilities, marketing	

Abbreviations : Uni – University; WP – White Paper; GEN – generic comments

**Table 5.43 University C Informant Perspectives on TNE-specific Assets (Post-tipping Point)**



*agreement with, I don't know which Australian university, for engineering – they now have a university for nursing, they are I think, diverging, diversifying so that if one is eliminated, they will still have the ... numbers ... when the star is dying out, you know, there will be others that are already there, but merging and getting bigger'.*

An exception to the replicability and redeployability of these assets is the University's brand equity and host country operating licence, which are invested by the OPs (CI3, CI4, CI10). The investment-specific nature of these assets had been demonstrated in the near-termination of the University's Country X TNE operation, where the partners almost invoked the ire of the host country regulator and risked serious reputational damage (*'unhappy with both parties ... it caused some level of concern among Australian circles as well; this was the way the Regulator viewed it ... it was 'can we trust Australian institutions?' ... they might have had a flow-on effect there ... it looked bad for the University to pull out after making commitments to the city - in the Regulator's view ... they take a long view of it obviously'* - CI1).

On the possibility of a VKP termination, CI10 mused that *'we really depend upon each other quite a lot ... it's almost a situation where there would be mutually-assured destruction if either one of us pulled out of the relationship ... although you know, I think that the Country V OP will probably continue on without us, and we probably continue without them ... but it is acknowledged I think by both sides that it is a relationship that works for both parties'*. The HCO, which represents the sum of many TNE-specific assets demonstrates the University's concern over the OP's hold-up potential (*'they (i.e., the VKP OP) know when to say no, pack their briefcases and walk away from the table ... they attempted to do so'* – CI4).

The analysis provides evidence that the pre-tipping point TNE operations incurred less investment-specific assets. All the University's TNE terminations were of operations started before the tipping point. The pre-tipping point XGI OP was also replaced by the new XNV OP, with a view to seeing more students enrolled in the future. In fact, the University encountered a minor hold-up by the XGI OP during the seven-month transition between XGI and XNV, due to the XGI OP's control of the TNE infrastructure brand association. On the other hand, post-tipping point operations were highly committed in investment-specific assets, where there would be '*mutually-assured destruction*' if either partner pulls out of the operation (CI10). Although displaying high TNE asset investments, the termination of XGI did not result in major losses by either partner because the operation was small (about 500 – 600 students, compared to 6,000 students at VKP) and these assets could be re-deployed to service the OP's new university partner.

b) Behavioural Uncertainty

This section explores the University's efforts in assessing the credibility of potential OPs and in monitoring OP performance in complying with University and regulatory requirements (CI1). The compliance required the TNE operation to ensure comparability of student experience across all campuses '*in enrolments, ... assessment of students, quality of student feedback, completions, retention, all of the same variables that we require through TEQSA*' (CI2).

(i) Pre-tipping Point

The University's pre-tipping point TNE history had been peppered with individual schools' collaborations with '*small companies*' (CI4), many of which do not have experience in running education institutions (CI1, CI3, CI4, CI10). Many potential OPs were known to have preferred over-

inflated promises of student and financial projections (CI4), which were not backed up with proper due diligence (CI2).

The University responded to the schools' poor OP choices by centralizing its due diligence processes at senior executives' level (CI3), and tightening it up by considering *'everything from emerging markets, sovereign risks, alignment to our strategic goals ... and ... how does our brand, product, if you like ... connect with the country and partners we're looking to work with'* (CI11).

No.	Informant	Perspectives	
		Direct Model	Outsourced Model
1	Strategic Role		
a)	CI2	XGI failed Deans XGI OP not done market research NCE OP unclear assessment	
b)	CI10	VSC OP secondary business	
c)	CI11	GEN Uni exhaustive due diligence on OP GEN TEQSA's requirements	
2	Managerial Role		
a)	CI1	XGI OP no educational experience XGI OP follow strict rule XGI OP another entity for new TNE GEN comparable experience	VSM OP an industry association
b)	CI3	XGI Uni poor monitoring and control XGI OP do not know education XGI Uni program coordinator control	VSM OP management and direction change; not focussed VSM Uni on-site Principal to oversee academic delivery, but institutionalised by being at OP
3	Academic Role		
a)	CI4	XGI OP no academic background XGI OP over-inflated promises	NCE OP quality concerns NCE Uni fly-in-fly-out required
b)	CI6		TKD OP became university college GEN setting up with small companies

Abbreviations : Uni – University; GEN – generic comments

**Table 5.44 University C Informant Perspectives on Behavioural Uncertainty (Pre-tipping Point)**

The University's pre-tipping point TNE experience included unclear student assessment methods, quality delivery concerns at the OP (CI2), holding the University to *'the strict rule of the contract'* during the transition of OPs at Country X (CI1), and a termination resulting from the upgrading of an OP to university college status (CI6). These concerns arose out of the OP pushing against established standards, the lax

University control of academic processes (CI3), change of OP circumstances (CI3, CI6) and possibly poorly constructed contracts (CI4).

Focus group discussions also identified the VSM OP's insistence on '*block teaching*' and the variability of University-OP staff interactions as impacting the quality of TNE delivery (Section 4.4.1.3.1e).

To address these concerns, the University appointed Principals at the OP delivery locations to monitor OP behaviour (CI2, CI3). However, a number of these Principals failed as they were compromised by being institutionalised by the OPs (CI3).

(ii) Post-tipping Point

During the tipping point, the University resorted to the set up of a HCO in Country V, headed by a Dean (CI7). It employed full-time academics who had responsibilities for teaching students, coaching OP teaching staff and conducting research (CI4). The University also re-negotiated its VKP contract, resulting in better academic processes and financial benefits (CI2, CI10). Its choice of the VKP OP over the VSM OP was due to the VKP OP's size, brand, resources, marketing network, local knowledge and TNE administration efficiency, capabilities that the University lacked (CI1, CI10).

The HCO at VKP provided the University with '*a lot more control and oversight of our whole operation*' (CI3), '*better understanding about how we should work together*' and the ability to remind the OP to comply with agreed protocols (CI10). In fact, '*everything is still governed by University C, not by the OP ... they only help us to facilitate, provide the premises, undertake marketing ... but still overall controlled by University C*' (CI7).

There were musings on the lack of University staff travel to get to know '*how the campus works there, ... how the teaching gets done, ... what*

*the rooms are like ... and if you have not met that group of students, again it's just a list of names in a class list ... and until you get to actually sit down and talk to the academics in Country V, again there is a temptation ... to not take them seriously'* (CI6), and being distant from the students (CI4). CI6 also reported that liaison with OP teaching staff was conducted with great difficulty via *'email, skype and so on'*. However, CI6 admitted that the previous fly-in-fly-out mode of teaching

No.	Informant	Perspectives	
		Direct Model	Outsourced Model
1	Strategic Role		
a)	CI2	XNV Uni and OP scrutinised closely by Regulator after swap	No outsourced model
b)	CI10	VKP OP need reminder on protocols VKP HCO better understanding now between OP and Uni VKP OP capabilities that Uni lack VKP 10-year contract reflect confidence of both partners	
2	Managerial Role		
a)	CI1	VKP OP was big, with greater resources and marketing network VKP HCO involved Uni more VKP HCO more control over admissions which was a bit loose VKP Uni unit coordinator talk to OP teaching staff directly	No outsourced model
b)	CI3	VKP HCO a lot more control and oversight of whole operation	
c)	CI7	VKP OP overall controlled by Uni	
3	Academic Role		
a)	CI4	GEN Uni-OP time needed to build up trust VKP OP teaching staff with lower turnover in past 3-4 years VKP OP attempted to walk out of contract re-negotiation VKP OP's multiple university partners a risk diversification XNV HCO Dean located at OP, unlike VKP HCO	No outsourced model
b)	CI5	VKP OP classroom size limitation	
c)	CI6	GEN fly-in-fly-out needed to understand how campus works GEN academic liaison – done with great difficulty VKP OP risk of OP sales team bias	

Abbreviations : Uni – University; GEN – generic comments

**Table 5.45 University C Informant Perspectives on Behavioural Uncertainty (Post-tipping Point)**

and support was not scalable, and *'think the models now are far more pragmatic and that changed because they had to change to actually make things work ... because I don't think that we could do it the way we used to do'*. These concerns are partially addressed by having University appointed full-time academic staff at the HCO. CI4 further reported that in the last 3 – 4 years, the turnover of VKP OP teaching staff had improved to about 10 per cent only, and that a lot of time was required to

build up trust between the University's unit coordinators and the OP's teaching staff to produce the academic consistency required of the University.

CI4 raised the issue of conflict of interest in working with an OP that also delivers programs of other universities. However, these concerns which CI4 thinks the University is not worried about, are probably mitigated by VKP's size, i.e., that *'the OP has come to the realisation I think, over the last few years, that they need the University maybe more than the University needs them ... (since) we're their biggest partner ... we must be making the most money for them'* (CI3).

The success of the VKP HCO motivated the University to replicate it in Country X, and includes the appointment of program coordinators who function as unit coordinators (CI3). However, CI4 noted that the XNV HCO Dean was located within the OP's office, a practice that the University avoided in Country V because of the institutionalisation of previous Deans by the OPs.

CI4 reported that the VKP OP almost walked away from the contract renewal negotiations despite the long collaboration, while CI10 intimated that the University did contemplate going it alone - indicating a commercially-focussed relationship between the University and the OP. The negotiations were 'exhausting' and 'complex', but *'both parties saw the future potential ... and I think when both parties did their financial modelling ... (and) when we both ... looked at the total value of the partnership, it was quite striking for both parties over the ten-year period'* (CI10). The partners concluded the negotiations with a ten-year renewed agreement which *'says a lot about the confidence on both sides'* (CI10).

Concerns were expressed by CI4 about the risk diversification strategy of the VKP OP in delivering multiple university partner programs having potential conflicts of interest, while CI6 pointed out that there is a

possibility of bias in the recruitment of students by the OP for multiple partner universities. These concerns, together with the contract re-negotiation exercise potentially reflect a lack of trust in the relationship.

The pre-tipping point TNE operations exhibited a lot of uncertainties with respect to OP behaviour, mainly because of the lack of on-site monitoring but also due to less mature TNE administration infrastructure operating within a University TNE environment driven by individual schools. Post-tipping point, the University's new policy of establishing a HCO in both its TNE operations has helped it closely monitor and control OP behaviour. Its White Paper strategies also established clear policies to circumscribe OP behaviour. These measures have not reduced the potential for OP behavioural uncertainty, but merely act as brakes on such behaviours as evidenced in CI10's remark that *'occasionally we get a bit muddled up by our partner ... we have to remind them that there're certain protocols that need to be followed and just keep everyone on the same page'*. CI6 also worries about the potential for the VKP OP sales team's bias, while CI4 was concerned about the VKP OP's conflicting interests in managing multiple university partners.

c) Transaction Frequency

The focus group study pointed to TNE operations that involved very high frequency transactions, servicing about 6,000 students through the efforts of 73 University unit coordinators and a pool of 144 OP teaching staff (Section 4.4.1.3.1g). The interviews demonstrated the high frequency and complexities of TNE at University C in more detail.

(i) Pre-tipping Point

The University's pre-tipping point TNE models engaged more fly-in-fly-out University teaching staff, but were thin on compliance processes, compared to post-tipping models. The TNE terminations were also cause

for concern because of the obligation for the University to see all students through their program of study; this was clearly demonstrated in the long teachout at TKD (CI2).

No.	Infor- mant	Perspectives	
		Direct Model	Outsourced Model
1	Strategic Role		
a)	CI2		TKD dual mode teaching TKD long teachout duration NCE costly fly-in-fly-out mode
b)	CI10		VSN fly-in-fly-out mode VSC fly-in-fly-out mode
2	Managerial Role		
a)	CI7		VSM-VKP replication of resources
3	Academic Role		
a)	CI4		VSM MBA joint delivery was less demanding for Uni
b)	CI6		TKD Uni resources occupied at VKP

Abbreviations : Uni – University; GEN – generic comments

**Table 5.46 University C Informant Perspectives on Transaction Frequency (Pre-tipping Point)**

The resource demand on the University at VKP was so high that it had to reduce its support for TKD in preference for VKP which was growing rapidly (CI6). The University also discontinued VSM to focus on VKP (CI7). As the University considered reducing its offshore TNE resource commitments, it trialed the joint delivery teaching mode, where the University and the OP shared teaching resources (CI4). This was still considered high cost and of questionable quality (CI6).

(ii) Post-tipping Point

The University's tipping point marked its shift towards higher compliance as seen in the White Paper's insistence on establishing 'non-negotiable minima' in TNE delivery in line with TEQSA requirements (University C TNE Project Team 2013a). This shift resulted in re-negotiated contracts that were legally '*quite extensive*' (CI4), more thorough in due diligence (CI11), and involved a re-organisation of its TNE management infrastructure (among its HCO, UTO and schools) (CI3). The fly-in-fly-out



teaching model was also replaced by a combination of full-time on-site University teaching staff and OP teaching staff (CI4, CI5, CI6).

No.	Informant	Perspectives	
		Direct Model	Outsourced Model
1	Strategic Role		
a)	CI2	GEN new contracts quite extensive	No outsourced model
b)	CI10	VKP three-piece TNE management seems to work VKP HCO research and commercialisation VKP HCO participation in community engagement	
c)	CI11	GEN thorough TNE due diligence	
2	Managerial Role		
a)	CI1	GEN all ic-IBCs have academic boards	No outsourced model
b)	CI3	VKP annual contract review GEN multiple study periods always a challenge GEN Uni UTO to work with all 8 schools GEN TNE a lot of complexities and challenges GEN use blended learning to reduce student contact hours	
c)	CI7	VKP HCO offer letters within 24 hours VKP HCO enter enrolments three times a year VKP OP lecturer management team distributes unit guides each trimester GEN Uni UTO informs unit coordinators to prepare materials 4 weeks before each study period	
d)	CI9	VKP OP thrice-yearly enrolment projections for 88 classrooms in 2 campuses across multiple university programs are a lot of work and a 'headache' VKP OP sales administration to cope with large student volume VKP OP issue mandated DQF student contracts VKP OP collect all fees VKP HCO encumber students who have not paid fees VKP OP conducts orientation for about 800 new students each trimester VKP HCO enter about 10,000 enrolments each trimester VKP HCO holds supplementary exams VKP OP hold two graduations per year for about 1,000 students each	
3	Academic Role		
a)	CI4	GEN OP teaching staff vetted and approved by unit coordinators GEN comparability monitoring is a lot of work GEN 3-part moderation process GEN Uni and OP student surveys	No outsourced model
b)	CI5	VKP OP teams to handle admissions, enrolments, program management, lecturer management, exam management VKP Uni UBS has large number of students VKP HCO 'don't know how CI7 does it' (i.e., key in enrolments) VKP daily liaison with OP teaching staff GEN shift of workload from UTO to the schools GEN Uni staff never get a break from multiple study periods	
c)	CI6	GEN previous fly-in-fly-out mode not scalable due to large TNE cohorts	

Abbreviations : Uni – University; GEN – generic comments

**Table 5.47 University C Informant Perspectives on Transaction Frequency (Post-tipping Point)**

The set up of the University's three-piece TNE management infrastructure at VKP incorporating the HCO, UTO and OP (CI10) was in recognition of the size of the operation, processing about 10,000 enrolments per trimester (CI9), and making up about one-third of the University's student body) (University C TNE Project Team 2013a). It also addressed the acknowledged '*complexities and challenges*' of TNE delivery (CI3), which encompass student recruitment, student enrolment, orientation, fee collection and encumbrance, teaching, distribution of study materials, assessment, student support, facilities planning, quality assurance, regulatory compliance and graduations (Table 5.49).

Due to the large student cohorts at VKP, the OP has had to set up teams to manage marketing, admissions, program administration, lecturer administration, student support, examinations and graduations (CI5). The OP had to project facilities utilisation for about 88 classrooms across two campuses each trimester (CI9).

The infrastructure put in place by the University and the OP with respect to VKP were however not able to ease the tight assessment turn arounds of the trimester delivery model (CI5), although blended learning provided some relief (CI3). In fact, CI5 reported that CI5 needed to be in communication with CI7 almost on a daily basis.

The income from the VKP operation '*seeded the research centre*' SCORE within the HCO, providing the University with a platform to conduct research and community engagement (e.g., the commercialisation spin-off mentioned by CI10) in Country V and the region (CI2). The introduction of research and community engagement to the HCO's portfolio added more TNE transactions to the already high volume TNE operations at VKP.

It can be concluded that TNE transactions were frequent in pre-tipping point TNE operations, but became even more frequent post-tipping with

the imposition of tighter quality standards, and the need to address a rapidly growing TNE student population and the University's offshore research aspirations.

d) Business and Legal-political Uncertainty

The aim of the analysis of the business and legal-political operating environment is to ascertain if the University incurred transaction costs in adapting to its operating environment, and if there are differences in the adaptation before and after its TNE tipping point (Rindfleisch and Heide 1997, 46). The analysis focussed on the two largest pre-tipping point TNE operations in Countries V and X.

(i) Pre-tipping Point

During the negotiations leading to the start up of XGI, the economy in Country X was '*flourishing*' and '*we were in some way, like many organisations, buoyed or seduced even, to go to ... Country X*', although '*it was not part of ... the University's strategic plan*' (C11). The University also went along with the OP's recommendation to start the TNE operation with '*media and film*' programs, instead of the more popular business programs – a strategy that turned out to be poorly conceived and led to low student enrolments (C12). C12 explained that '*they (i.e., the OP) hadn't done the market intelligence ... as well as they should have because it's an expensive start-up and it's more expensive to deliver (Communication programs) than Business (programs)*'. Similarly, C11 commented that '*we (i.e., the University) just didn't do any research on this ... I presume that they proposed something interesting ... you've got to understand this was 2007, before the ... global financial crisis*'. These early approaches to TNE initiatives were described as '*often quite opportunistic, a bit reactive*' (C110).

No.	Informant	Perspectives	
		Direct Model	Outsourced Model
1	Strategic Role		
a)	CI2	XGI incredibly competitive environment XGI affected by financial crisis XGI mistake in curriculum offerings XGI Regulator very concerned; Uni and OP scrutinised closely thereafter XGI-XNV transition delayed by legal requirements XGI country X risk higher than in V XGI paucity of free speech	NCE language issue
b)	CI10	GEN opportunistic and reactive approach	
2	Managerial Role		
a)	CI1	XGI economy flourishing XGI Uni destroyed trust through reversal XGI OP followed strict rule of contract	
b)	CI3	XGI Regulator frown on reversals XGI market rumours on termination XGI higher risk at transition of OPs XGI Uni back in Regulator's good books	VSM Uni tried all sorts of things to help OP succeed, including on-site Principal VSM teachout students transferred to VKP VSM affected by VKP's growth VSM on-site Principal institutionalised
c)	CI7		VSM Uni introduced exactly the same programs at VKP
3	Academic Role		
a)	CI4	XGI mindful of cultural and religious background of jurisdiction	VSM Accounting requirement for Uni teaching staff
b)	CI5	XGI Uni ' <i>lean on</i> ' OP teaching staff for local sensitivities	
c)	CI6	XGI careful of lecture recordings	VSM market disappeared due to move to the suburbs TKD insufficient students; university college upgrade

Abbreviations : Uni – University; GEN – generic comments

**Table 5.48 University C Informant Perspectives on Business and Legal-political Uncertainty (Pre-tipping Point)**

The XGI operation later encountered the global financial crisis which adversely affected Country X and led to an '*incredibly competitive environment in 2009 ... (where) a prominent American public university had just closed down and that was very significant*' (CI2). The partners tried to salvage the operation by introducing business programs, and '*we worked relatively cooperatively I think for six, seven, eight years but the last few years became difficult when we wanted to grow*' (CI2). On the

part of the OP, they *'did try very hard, but I'm sure they lost money, and we certainly didn't generate enough profit to sustain'* (CI2).

The decision to terminate XGI was met with concern by the Country X Regulator, which scrutinised the University more closely thereafter (CI2). The University's subsequent decision to re-start its TNE operation with another OP encountered negative market perception, delays in transitioning caused by the previous OP's insistence on the *'strict rule of the contract'*, and higher risk resulting from the continued participation of the previous OP in marketing during the transition (CI3). The University and the new OP had to just sit out the transition, *'can't do anything just at the moment'* and not even *'employing anybody'* (CI1). However, the University and its new OP started to make plans for infrastructure and teaching resources, and initiated discussions with the Regulator. These initiatives brought the University back into the Regulator's *'good books'* (CI3). Interestingly, CI1 asserted that the University destroyed the trust that was built up with the previous OP.

Staff of the University had reservations about the paucity of free speech in Country X (CI2), resulting in concerns about the suitability of lecture recordings (CI6) and the need to be mindful of cultural and religious sensitivities (CI4). CI5 reported that the OP teaching staff were relied on for advice on the appropriateness of study materials within that jurisdiction.

The University collaborated with the VSM OP for about 12 years before terminating the operation because of declining student numbers (CI1). CI3 explained that the VSM OP, an industry association, later had a change of management and lost focus. Its market *'disappeared almost overnight'* as a result of a move from the CBD to the suburbs (CI6). VSM's performance was also adversely affected by the University's appointment of another OP to operate its VKP programs in the same city,

howbeit delivering different programs initially (CI3). The University later duplicated its VSM programs at VKP, intensifying the competition (CI7).

In attempting to help VSM to grow its student enrolment, the University *'did all sorts of things together ... we held their hand and we tried'*, and even employed an on-site Principal (CI3). It however failed to grow the student numbers and led to its termination. Fortunately for the University, the teachout for VSM was trouble-free because VKP could absorb all its students (CI3).

The University encountered language issues in its (now defunct) NCE operation in Country N (CI2), a country known to have unclear TNE regulations. Its TKD termination was attributed to insufficient students and the OP's upgrade to university college status (CI6).

(ii) Post-tipping Point

As discussed in Section 5.4.2.1.4, Country X operating environment is an *'incredibly competitive'* environment, with unique cultural and religious sensitivities. The Regulator there required that the OP be *'just in the background helping the University to run it ... so no one really knows about the OP ... they (i.e., the Regulator) don't want anyone to really know about the OP'* (CI3). Further, the Regulator *'don't want them (i.e., the OP) involved in the actual delivery of courses ... (but) they're just an infrastructure provider ... (although the OP is) an education provider'* (CI3). The restriction on the OP to run its own programs is a financial advantage to the University (CI3).

Country V has been described as *'politically stable'* and *'peaceful'* (CI9). This perception belie a *'very regulated'* private education sector (CI7), and *'a high risk environment for foreign institutions'* (CI8), where *'some of the big brands of course came here and then left'*, referring to several world renowned universities, some of which were set up to support the

No.	Infor- mant	Perspectives	
		Direct Model	Outsourced Model
1	Strategic Role		
a)	CI2	VKP HCO research centre has more traction in Country V VKP lost 2-year degree advantage VKP UBS over-exposure to VKP is a massive risk XNV incredibly competitive environment XNV OP and Uni have good synergies on locations for research	No outsourced model
b)	CI10	VKP OP carries the VKP TNE registration VKP OP invested significantly in Uni brand and reputation VKP Uni-OP mutually-assured destruction on pull-out VKP some big brands came and left Country V VKP previously 60% domestic students VKP Country V students very price sensitive VKP Country V liberalisation followed by re-regulation VKP Regulator disapprove programs that are not run in home country; quite pedantic	
c)	CI11	XNV Uni to add research opportunities to new HCO GEN Uni aim to give back, while making money	
2	Managerial Role		
a)	CI1	VKP OP engaged because it was anticipated to grow the market VKP OP also delivering degrees from other universities XNV Regulator no longer permit OP to run programs	No outsourced model
b)	CI3	VKP 2-year degree attractive to students VKP weak Country V economy VKP Country V government changed regulations discouraging recruitment of international students, delaying new MBA VKP OP needs Uni because of large VKP student number XNV Uni holds licence of TNE operation XNV OP operating in the background	
c)	CI7	VKP very regulated operating environment VKP Uni should look at opportunities elsewhere due to a very saturated market VKP criteria for students ' <i>location, price, ranking and duration of the course</i> '	
d)	CI9	VKP operating environment politically stable and peaceful VKP market facing low population growth, impacting numbers VKP domestic students not used to accessing materials online	
3	Academic Role		
a)	CI4	VKP lower performance causing HCO to be shrunk VKP Uni mindful of cultural and social standards prevailing VKP students reluctant to be active learners	No outsourced model
b)	CI5	VKP DQF slow in approving new program	
c)	CI6	VKP DQF overzealous VKP Uni wants a good brand in Country V VKP tightened regulations due to high profile failures and outcome of recent elections VKP majority of students are part-time students; some civil servants VKP need public transport and telecommunication infrastructure	
d)	CI8	VKP high risk operating environment VKP local universities enrolling both ' <i>top tier</i> ' and ' <i>the bulk of the</i> ' students	

Abbreviations : Uni – University; GEN – generic comments

**Table 5.49 University C Informant Perspectives on Business and Legal-political Uncertainty (Post-tipping Point)**

development of local government institutions (CI10). The domestic students who at one time made up 60% of VKP's student population (CI10) select their programs based on '*location, price, ranking and ... duration of the course*' (CI7). The loss of students at VSM when it moved from the CBD to the suburbs demonstrate the importance of location for a predominantly part-time student cohort (CI6). To address the '*price sensitive*' nature of the bulk of the VKP students (CI10), the University's programs were set to be '*pretty cheap ... we're at the bottom end*' (CI1).

While the University revels and brands itself as an international university with multiple offshore campuses and Times Higher Education (THE) ranking (CI2, CI3), there no longer seems to be any '*competitive advantage between universities ... all our Australian universities, you can only look at their rankings*', which are similar (CI7). As for program duration, VKP used to have an advantage, delivering 3-year degrees that can be completed within two years (CI3). It no longer has that advantage because other universities are also delivering such programs (CI2). Further, the University has to contend with another eleven universities within the OP's stable of programs (CI3).

The informants reported that the operating environment in Country V was becoming more competitive from increased supply, demographic changes, change in government higher education emphases and regulatory tightening. The Government had set up more local universities, resulting in the mopping up of the '*bulk*' of the domestic students; this contrasts with the previous focus on '*top tier*' students when there were fewer local universities (CI8). CI9 also reported on the declining prospective students arising from low population growth.

Of grave concern were the Government's campaign to encourage vocational careers (instead of white collar careers), and the tightening of immigration regulations restricting the entry of international students



(CI10). Although some high profile TNE failures and recent election outcomes necessitated the tightening of private higher education regulations, the higher education regulator was also perceived as 'overzealous' (CI6), where 'everything needs to be approved by DQF' (CI7). This has resulted in one post-graduate program launch being delayed (CI5).

Coupled with a weakening economy which is adversely impacting the performance of the whole TNE sector (CI3), the above developments have resulted in falling student enrolments, and the need to give up some leased HCO office space (CI4). The HCO Dean is now also deployed to explore and manage business development for Country X and other new locations.

The current operating environment has also imposed severe limitations on TNE growth, leading CI7 to remark that '*the growing market no longer is Country V ... our universities should also look at opportunities elsewhere*' (CI7). CI10 confirmed that the University is exploring four other new TNE locations, including one in Country H, an emerging economy (CI10, CI3).

Although Country V students were not used to accessing blended learning materials online, the University pressed on with the change in teaching mode, and CI9 reported that these students have gotten used to the new mode. CI4 makes it a point to convey his expectations to students to address his concerns with the students' reluctance to be active learners.

There was no perceivable difference in the impact of host country environmental uncertainties before and after the University's TNE tipping point. The above discussion highlighted the mainly adverse impact of changing economic conditions on TNE performance in both Countries V and X. In the case of Country V, the University's TNE operation was

further buffeted by tightening immigration rules which limited international enrolments, a highly regulated education sector, changing government emphases and policies choking competition, and increased competition from new government universities. In exasperation, CI10 remarked that the environment is '*really unclear*'. CI1 added that the University's TNE operations were also affected by the vagaries of Australian government policies.

The University responded in various ways to the environmental influence on its TNE performance, e.g., terminating the NCE operation, appointing the new VKP OP to backstop the falling VSM performance, reducing program duration and pricing in Country V to compete, introducing blended learning and changing program scheduling (from 12-weekly to 6-fortnightly) to reduce delivery cost, and giving up leased space in its Country V HCO to reduce expenditure.

The University also benefited financially from the change in Country X TNE policies restricting the OP from delivering its own programs. It's fortunes were however dragged down by the VSM OP's decision to move to the suburbs, resulting in a drastic drop in student enrolments – displaying poor understanding of Country V's market environment. The University's lead in program duration, pricing and ranking in the Country V market is observed to be gradually narrowing by the competition, leading CI7 and CI10 to remark that the University has been exploring the market in other countries to diversify its TNE operations. It is scheduled to launch a post-graduate program in Country H in 2019.

The regulatory environment in Australia post-tipping point has seen a tightening of regulations with the launch of TEQSA which has regulatory powers. Holloway et. al (2013) argued that the quest to generate onshore and offshore international student fee income to compensate for reduced government funding has introduced systemic risks of deterioration of the quality of university programs and student experience, resulting in the set

up of TEQSA (Holloway et al. 2013, 10). They also reported on the high costs of compliance of the TEQSA self-accrediting institution re-registration (Ibid., 2).

#### 5.4.2.3.2 Property Rights Theory

This section explores the validity of the PRT propositions with respect to the University's pre-tipping and post-tipping point TNE operations.

##### a) Control of Mission-critical Resources

The University and its OPs deployed a large number of TNE-specific assets (Section 5.4.2.1.1). However, not all of these assets can be considered mission-critical. To determine if the TNE-specific asset is mission-critical, emphasis is placed on the '*capabilities that we don't have as an institution*' identified by CI10, the chief negotiator of the VKP contract renewal, viz., the OP's local knowledge, agent network, reputation and brand, efficient delivery model and contemporary campus. CI6, a TNE veteran of 18 years noted that the OP's marketing expertise and student services are also key to the success of the TNE operation.

Although the University's IP was considered '*nothing particularly novel*', it is still a mission-critical resource in TNE (CI10, CI7). CI6 added the University's brand, quality assurance, student management systems as key to TNE success.

Tables 5.50 and 5.51 have been refined using the foregoing filters to identify mission-critical resources identified in the University's TNE operations.

(i) Pre-tipping Point

It was obvious that the University's IP/curriculum, academic staff, on-site TNE leadership, reputation and onshore TNE management infrastructure (including '*very expensive*' teachout infrastructure – CI2) were key to the sustainability of its TNE operations (Table 5.52). Prior to the University's TNE tipping point, it relied on fly-in-fly-out teaching staff, a practice that brought significant '*discretionary income*' to participating University teaching staff and their schools (CI10).

The OP's key contribution to TNE success was identified as campus facilities, marketing, teaching staff, student services, government liaison and local knowledge.

The pre-tipping point TNE operations demonstrated some exercise and transfer of, and benefit from each partners' property rights, e.g., the University was comfortable with the program delivery by TKD because of TKD's status as an '*education institution*' (CI6); '*staff were very disappointed when TKD ended*' (CI2). On the other hand, the University passively relied on the XGI OP's poorly conceived decision to offer media and film programs, resulting in poor student enrolments and XGI's termination (CI4), although the University holds the TNE licence (CI3) – reflecting a failure on the part of the University in exercising its legally-enforceable decision rights. The NCE operation also demonstrated the failed experiment to deliver in bi-lingual mode, a reflection of the University's reliance on the OP's teaching in the Country N medium of instruction.

There were numerous examples of the exercise of the partners' residual rights of control. The University exercised its own residual rights when it started up VKP and subsequently offered the '*same programs*' while still in partnership with VSM (CI7), and quietly initiated XNV while withdrawing from XGI (CI2). It also engaged an external marketing

agency to manage its TNE positioning, independently of its OP's marketing initiatives (University C TNE Project Team 2013a).

No.	Informant	Perspectives	
		Direct Model	Outsourced Model
1	Strategic Role		
a)	CI2	XGI film and media infrastructure XGI 'failed' on-site Deans	TKD good quality instruction TKD fully-equipped campus TKD teachout is specialised NCE teachout is very expensive
b)	CI10		GEN out-of-load teaching staff
2	Managerial Role		
a)	CI1	XGI OP wanted Uni IP XGI OP infrastructure debt XGI full-time OP core teaching staff XGI Dean and admin staff XGI Uni reputation	
b)	CI3	XGI Deans institutionalised XGI poor Uni TNE management XGI Uni reputation	VSM on-site Principal GEN centralised TNE approvals by senior executives
3	Academic Role		
a)	CI4		VSM out-of-load fly-in-fly-out Accounting staff
b)	CI6	XGI OP infrastructure provider	VSN, VSC required fly-in-fly-out teaching staff TKD education institution campus

Abbreviations : Uni – University; GEN – generic comments

**Table 5.50 University C Informant Perspectives on Control of Mission-critical Resources (Pre-tipping Point)**

The OPs similarly demonstrated such behaviour, e.g., when the TKD OP converted to a university college and terminated its partnership with the University (CI2). In XGI, the OP was free-riding by making '*their money*' (CI1) from the delivery of its own Foundation program as a feeder to the University's degree programs. The XGI OP later also exercised its residual rights by setting up '*another (legal) entity*' to work with University A in a new TNE venture (CI1), while transitioning out of the XGI operation.

(ii) Post-tipping Point

Previously, the '*often quite opportunistic, (and) a bit reactive*' approach to TNE set-ups (CI10) led to problems in program delivery, and drove the

University to centralise future TNE approvals (*'very much controlled by our senior executive group'* – CI3).

No.	Informant	Perspectives	
		Direct Model	Outsourced Model
1	Strategic Role		
a)	WP	GEN Full-time Uni academic staff at TNE location GEN Full-time Uni learning support staff at TNE location GEN Uni teacher training at TNE location	No outsourced model
b)	CI2	VKP OP extensive agent network VKP Uni's flexible curriculum XNV new premises XNV OP has proven track record	
c)	CI10	VKP HCO boots on the ground VKP OP value Uni IP, but IP not particularly novel VKP OP holds licence of TNE operation VKP OP local knowledge, reputation and brand, efficient TNE administration model and contemporary campus XNV OP very experienced, good agent network	
d)	CI11	XNV HCO helmed by Dean	
2	Managerial Role		
a)	CI1	VKP HCO minimise compliance risk VKP curriculum change led to dip in student numbers VKP HCO greater cost but more secure	No outsourced model
b)	CI3	VKP Uni UTO coordination VKP HCO control and oversight VKP OP marketing machine VKP two-year completion of three-year degree VKP OP's proprietary vehicle XNV Uni holds licence of TNE operation XNV HCO new program coordinators XNV previous OP recruiting for new OP	
c)	CI7	VKP HCO headed by a Dean VKP Uni home campus alumni office support VKP HCO support for alumni VKP OP's regulatory compliance	
	CI9	VKP HCO support for alumni VKP OP's classroom scheduling IT system	
3	Academic Role		
a)	CI4	VKP OP investment in University brand and reputation XNV HCO regional academic presence	No outsourced model
b)	CI5	VKP OP sales management, program management, lecturer management and exam management teams VKP Uni schools' specialist TNE administrators XNV OP teaching staff local knowledge	
c)	CI6	VKP Uni's IP, quality assurance, student admin system VKP OP's premises and facilities, marketing	

Abbreviations : Uni – University; WP – White Paper; GEN – generic comments

**Table 5.51 University C Informant Perspectives on Control of Mission-critical Resources (Post-tipping Point)**

The phenomenal growth in VKP triggered the urgent set up of the HCO (Section App J 2.3.3) which provided the University with a means for *'control and oversight'* of the whole operation (CI3). The span of control

covered OP liaison (CI10), provision of full-time teaching staff (CI5), training of OP teaching staff (CI8), student advisory support and training (CI8), hosting of supplementary examinations (CI9) and alumni support (CI7, CI9). The University also re-structured its onshore TNE infrastructure into a central coordinating University TNE Office (UTO), liaising with its eight schools (CI3) to provide academic and quality assurance support for its TNE operations (CI6).

The OP, an international education provider, has an '*efficient model*' of TNE (CI10) delivery comprising marketing, admissions, program management, lecturer management, and examination management teams (CI5). It also provided the University operation with a proprietary limited vehicle to hold its operating licence (CI3), and a contemporary campus for program delivery (CI10). Although the OP manages various TNE processes, it is subject to the University's absolute control, except for marketing (*'everything is still governed by University C, not by the OP ... they only help us to facilitate, provide the premises, undertake marketing ... but still overall controlled by University C'* - CI7).

Although the HCO hosted a research office (SCORE), research and community engagement were not imposed on the OP (CI10).

No.	Partner	Mission-critical Resources	
		Direct Model (ic-IBC/i-FP)	Outsourced Model (r-FP)
1	University		
a)	Pre-tipping (ic-IBC and r-FP)	<ul style="list-style-type: none"> <li>i) IP/curriculum</li> <li>ii) Uni-held licence (only XGI)</li> <li>iii) unit coordinators</li> <li>iv) fly-in-fly-out faculty</li> <li>v) on-site Principal</li> <li>vi) onshore TNE management</li> <li>vii) light-touch quality assurance</li> <li>viii) brand/reputation</li> <li>ix) regulatory compliance</li> </ul>	<ul style="list-style-type: none"> <li>i) IP/curriculum</li> <li>ii) unit coordinators</li> <li>iii) fly-in-fly-out faculty</li> <li>iv) onshore TNE management</li> <li>v) light-touch quality assurance</li> <li>vi) brand/reputation</li> <li>vii) regulatory compliance</li> </ul>
b)	Post-tipping (ic-IBC)	<ul style="list-style-type: none"> <li>i) centralised TNE approval</li> <li>ii) IP/curriculum</li> <li>iii) Uni-held licence (only XNV)</li> <li>iv) unit coordinators</li> <li>v) on-site faculty</li> <li>vi) on-site Dean</li> <li>vii) onshore TNE management</li> <li>viii) quality assurance</li> <li>ix) brand/reputation</li> <li>x) research and community</li> </ul>	No outsourced model

		engagement regulatory compliance	
	Post-tipping (i-FP)	i) centralised TNE approval ii) IP/curriculum iii) unit coordinators iv) on-site faculty v) on-site Dean vi) onshore TNE management vii) quality assurance viii) brand/reputation ix) alumni relations x) research and community engagement xi) regulatory compliance	No outsourced model
2	OP		
a)	Pre-tipping (ic-IBC)	i) University C branded campus facilities <b>ii) marketing</b> iii) teaching staff <b>iv) student services</b> <b>v) local knowledge</b> <b>vi) quality assurance</b> <b>vii) regulatory compliance</b>	<b>i) OP campus facilities</b> <b>ii) OP-held licence</b> <b>iii) marketing</b> iv) support teaching staff <b>v) student services</b> <b>vi) local knowledge</b> <b>vii) quality assurance</b> <b>viii) regulatory compliance</b>
b)	Post-tipping (ic-IBC)	i) University C branded campus <b>ii) marketing</b> iii) program management iv) lecturer management v) examination management <b>vi) student services</b> vii) graduations <b>viii) local knowledge</b> ix) quality assurance <b>x) regulatory compliance</b>	No outsourced model
	Post-tipping (i-FP)	i) OP campus facilities <b>ii) OP-held licence (only VKP)</b> <b>iii) marketing</b> <b>iv) program management</b> <b>v) lecturer management</b> <b>vi) examination management</b> <b>vii) student services</b> viii) graduations <b>ix) local knowledge</b> <b>x) quality assurance</b> <b>xi) regulatory compliance</b>	No outsourced model

**Table 5.52 Mission-critical Resources controlled by University C and its OPs**

In summary, the mission-critical resources controlled by the partners are identified in the table above. OP resources that are not under the control of the University are highlighted in ***bold italics***.

Pre-tipping point, the University took a ‘*hands-off*’ approach where TNE delivery was fully in the hands of the OP (CF2). It is noteworthy that



those early TNE operations functioned within an environment of low regulatory conditions, where the OP, with *'no academic background ... simply recruited sufficient staff that they needed to deliver our units, and a couple of academic managers/administrators to have oversight of the program'* (C14). The fewer mission-critical resources required for TNE delivery then were controlled by the OP, resulting in the University discovering non-compliance much later in some instances.

Post-tipping point, the University's TNE operations were subject to greater regulatory control both in the host country as well as by TEQSA. These imposts required greater monitoring and control, resulting in additional resources required for central due diligence and deployment of on-site faculty. In Country V, the set up of the VKP HCO, which C14 referred to as a necessary bureaucracy, effected the transfer of some mission-critical OP rights to an on-site University team, providing *'more control and oversight'* (C13). The University also added research and community engagement as part of its on-site TNE roles.

In Country X, the University re-gained its right to deliver all programs in XNV, including the Foundation program and effectively controlled all academic processes while the OP delivered the programs (*'the OP are just in the background, helping the University to run it'* – C13). It continued to rely on the XNV OP's local knowledge, marketing expertise and infrastructure, and student services, while controlling all other functions.

In the case of VKP, the University relied on the OP's local knowledge, and highly efficient marketing, program management, lecturer management, examination management, and student services expertise. The VKP OP's modularised processes and infrastructure are designed to cater to a multiplicity of university and program specifications, and are therefore not university-specific.

The VKP OP clearly exercised its residual rights of control, as seen in the VKP OP's control of the University's choice of programs to deliver in Country V (CI3), its delivery of a multiplicity of university partner programs (CI4), and its insistence on trimester study periods and small classroom delivery (CI3). The VKP OP also stands to gain from delivering skills development programs that the Country V government currently favours, demonstrating possible value dissipation (CI7). In the case of XGI, the OP exercised its residual rights of control by determining the choice of programs to deliver, and insisting on the '*strict rule of the contract*' during the XGI-XNV transition.

Clearly, the University considers its teaching, research and community engagement roles as mission-critical to its TNE operations ('*we're not in these countries just to make money off teaching ... we're ready to give back on the research and we're a research-intensive university*' – CI11; '*the idealism around transnational education for me is around nation building, capacity building ... if we can some good, and if we can do it in a commercially savvy way that's sustainable economically then I think, why not?*' – CI10). This observation reflects Weisbrod et. al's argument that the university needs sufficient revenue goods to pay for its mission goods (Section 2.4.1). While teaching is traditionally considered a revenue good, University C's SCORE research centre demonstrated that research can also be revenue-generating.

#### b) Risk of Opportunism

Opportunism may arise in an environment that lacks trust and where opportunities for profitable exploitation exists. CI6 hints at this possibility in saying that '*there is always risk when you don't have control over all aspects of your business*'. It is also part of the debate on the merits of having one OP against having multiple OPs (CI1, CI7 in Section App J 5.2).

(i) Pre-tipping Point

The XGI OP was said to have premised the TNE operation on the training of its own workforce, but which did not eventuate (CI1). The OP clearly ‘see that there’s money to be made’ out of private education and capitalised on the delivery of its own Foundation programs (CI3). Ultimately, although the University ‘didn’t generate enough profit to sustain’, the OP ‘made their money with the Foundation’ program (CI2).

No.	Infor- mant	Perspectives	
		Direct Model	Outsourced Model
1	Strategic Role		
a)	CI2	XGI insufficient profit for Uni to sustain	
2	Managerial Role		
a)	CI1	XGI OP’s TNE motive is mainly financial XGI OP’s initial staff training objective not implemented XGI OP made their money from their own Foundation program XGI OP upset with University for ending contract XGI OP followed strict rule of contract XGI OP recruited for XNV; XNV OP cannot do anything in transition XGI Uni destroyed trust through reversal	
b)	CI3	XGI Regulator permitted the OP to run its own Foundation program XGI OP revenue motive for TNE XGI Deans institutionalised XGI OP pushed against TNE standards XGI Uni was to blame for poor TNE set up XGI OP marketing for Universities A and C at the same time, causing dip in student enrolments for XNV XGI Uni strategic plan to increase onshore and offshore enrolments	VSM on-site Principal institutionalised VSM teachout students transferred to VKP smoothly
c)	CI7		VSM Uni introduced exactly the same programs at VKP
3	Academic Role		
a)	CI4		VSM Principal captured by organisation

Abbreviations : Uni – University; GEN – generic comments

**Table 5.53 University C Informant Perspectives on Risk of Opportunism (Pre-tipping Point)**

CI3 related the story of how one of the Country X Deans was compromised by being institutionalised by the XGI OP, and became '*one of them*'. The presence of a University Dean could not ensure the University's interests were safeguarded, e.g., violations in teaching staff approvals and lax admission standards (CI3). CI3 however pinned the blame on the University's poor TNE set-up. Similarly, the University's on-site Dean at VSM was also institutionalised by the OP.

The University's reversal of decision at Country X upset the XGI OP and '*destroyed trust*' between the partners (CI1). What followed was a dip in University student enrolments (CI3) during the transition between the XGI and XNV operations, where the XGI OP insisted on following the '*strict rule of the contract*' (CI1) and recruited students for both XNV and its new University A partner TNE operation (CI3). The XNV OP was rendered unable to '*do anything*' during the seven-month transition (CI1).

(ii) Post-tipping Point

Part of the reason for the VKP success was attributed to the University's willingness to be flexible with its curriculum, providing the OP with a three-year degree that can be completed within two years (CI2). The University was also willing to price the programs at '*the bottom end*' (CI1). These strategies effectively enabled the operation to make '*the most money for*' the OP (CI3). CI10 however warned that the Country V higher education market '*has become very mature and challenging*'. As discussed in Section 5.4.2.1.4b, VKP has lost its two-year degree advantage (CI2) as well as its ranking advantage (CI7).

No.	Infor- mant	Perspectives	
		Direct Model	Outsourced Model
1	Strategic Role		
a)	WP	GEN imposed 'non-negotiable minima' in TNE delivery GEN outsource external marketing agency to enhance TNE appeal	No outsourced model
b)	CI2	VKP Uni curriculum more flexible for two-year degree VKP Uni income is significant VKP Uni research centre seeded by TNE VKP Uni research centre obtained good government funding	
c)	CI10	VKP OP can continue on without Uni C, and vice-versa VKP Uni-OP mutually-assured destruction on pull-out VKP Country V market very mature and challenging	
d)	CI11	GEN Uni recruitment for onshore more important than TNE revenue XNV OP in TNE for the same reason as the University XNV Uni will ' <i>add research opportunities there</i> '	
2	Managerial Role		
a)	CI1	VKP HCO minimise compliance risk VKP HCO more control over admissions which was a bit loose VKP OP exploited Uni ' <i>pretty cheap</i> ' program pricing	No outsourced model
b)	CI3	VKP HCO a lot more control and oversight of whole operation VKP OP making the most money from Uni C VKP OP do not want to run programs suggested by Uni C VKP two-year completion of three-year degree	
c)	CI7	VKP OP's ' <i>other uni</i> ' programs for backup	
d)	CI9	VKP HCO replacing some OP roles, e.g., exam venue, student support, alumni support VKP HCO Learning Advisor supports students at HCO and OP VKP OP marketing team is highly rewards-driven	
e)	CF2	VKP HCO has onshore enrolment KPI	
3	Academic Role		
a)	CI4	VKP HCO Dean ' <i>a focal point, a regional academic presence</i> ' VKP OP investment in University brand and reputation VKP OP runs its own diploma programs VKP OP's other partners as ' <i>risk diversification</i> ' – a potential conflict of interest VKP OP attempted to walk out of contract re-negotiation VKP Uni research centre obtained more funding in Country V than from Australia for some areas VKP Uni re-negotiation weakened by its own traumas	No outsourced model
b)	CI5	VKP Uni earns significant amounts from onshore international students	
c)	CI6	VKP OP risk of OP sales team bias VKP OP an MNC, will not be ' <i>bamboozled by some regional university</i> ' VKP Uni recruitment for onshore more important than TNE revenue	
d)	CI8	VKP OP are strategic-minded, highly intelligent operational Management VKP OP's multiple uni partners as insurance	

Abbreviations : Uni – University; GEN – generic comments; WP – White Paper

**Table 5.54 University C Informant Perspectives on Risk of Opportunism (Post-tipping Point)**

The VKP OP's modus operandi leveraged on a multiplicity of university partners, which CI4 described as a '*risk diversification*' strategy which poses '*potential conflicts of interest*'. Given the OP sales team's rewards-driven approach (CI9), CI6 worries that '*the sales team will direct students to the course ... that gives them the most benefit*'. The OP also benefited from the delivery of its own diploma programs as feeders to the degree programs of the other eleven partner universities (CI4).

To ensure that the appeal of the University's TNE offerings is enhanced, the White Paper recommended 'engaging a professional marketing agency', and hence, not rely only on the OP's marketing team which have to promote a multiplicity of university partners (University C TNE Project Team 2013a). The University's independent marketing initiative reflects a low level of dependence on the OP to promote its brand interests.

Similar to its experience in Country X, the University encountered the institutionalisation of its Deans in Country V (CI3). Coupled with the phenomenal growth of VKP, the University's White Paper recommended the set up of a HCO and the adoption of 'non-negotiable' minima in delivery standards to minimise OP non-compliance (University C TNE Project Team 2013a). The establishment of the HCO inadvertently also benefited the OP with additional space for supplementary examinations, University student support services and alumni relations (CI9).

Opportunistic OP behaviour was identified in the re-negotiation of the VKP contract, where the OP threatened to walk out of the negotiation with a University weakened by '*its own traumas ... with (governance issues and changes in) its Vice Chancellor*' (CI4), and the knowledge '*that the Country V OP will probably continue on without us*' if need be (CI10).

It is interesting to note that the University also likely exhibited opportunistic behaviour in its dealings with its OPs. CI1 described how the University destroyed trust in terminating the XGI operation in favour of starting a new XNV operation in Country X with a new OP described as *'very experienced'*, a *'good partner'*, with *'good agent network'* and *'proven track record'* (CI10, CI2). Similarly, in Country V, the University initiated the VKP competing TNE operation alongside VSM, offering *'exactly the same'* University programs (CI7) – driven by the aspiration that VKP is *'likely to get more students attracted through them to our programs'* (CI4). The VKP OP was described as a *'marketing machine'* with *'extensive agents'* and *'they were big, and they had greater aspirations, greater resources, the means to deliver the kinds of things ... to be a better partner than the VSM OP'* (CI1).

The University's opportunistic behaviour extends to its strategic plan for more onshore international enrolments (CI3), leveraging on its HCO (which in the case of the VKP HCO, has established KPIs to achieve enrolment targets by an on-site marketing manager) which is funded by the VKP programs (CF2). Onshore enrolments of international students is a University priority (CI6) because it earns significant revenue (CI5). Further, the HCO provides the University with a means to station a research centre on location (CI2). In the case of the VKP HCO, the research centre has proven to be successful in attracting both government (CI2) and private sector funding (CI10). Finally, the HCO *'gives the University a strategic focal point to deal with not just the Country V partner, but to use the Country V Dean as a kind of regional academic presence'*, including negotiating with the XNV OP (CI4).

Pre-tipping, there were instances of opportunism represented by the institutionalisation of the University Deans in both XGI and VSM, which resulted in low quality delivery. The XGI OP lured the University into the market through promises of staff training and regional expansion, which did not eventuate. It was also reported to have generated income from

delivering its own Foundation program as a feeder into the University's programs. The University was seen to have taken advantage of the expiry of the XGI contact to engage a better-performing OP in Country X, and similarly dropped the VSM OP for the better-resourced VKP OP.

Post-tipping, the VKP OP benefitted from the University's generous program pricing and flexibility, delivery of its own Diploma feeders and student services delivered by the HCO. CI4 also intimated that the OP took advantage of the University's weaker bargaining position during contract re-negotiation. On the other hand, the University was observed to have made use of its HCO to drive onshore international enrolments and host its SCORE research centre.

c) Information Asymmetry

The University has come a long way and '*learn(t) a lot from the past*' (CI3), which was spotted with a lack of market research (CI1), failed on-site deans (CI2) and non-compliant OP behaviours (CI3). It now scrutinises '*everything*' in its due diligence for new TNE initiatives (CI11) and has in place formal quality assurance processes (CI3). A number of opportunistic behaviours in Section 5.4.2.2.2 (Risk of Opportunism) have been observed arising from information asymmetry.

(i) Pre-tipping Point

The University went along with the XGI OP's focus on Media and Film without conducting any market research (CI1, CI2), possibly convinced by the OP's inflated student enrolment projections (CI4). In fact, the OP promised to send their staff for the TNE programs and extend the TNE programs to the AA region (CI1). Both did not materialise.

The University's XGI on-site deans were institutionalised by the OP, and led to non-conformance with various TNE delivery standards, which were



discovered after the tipping point (CI3). The institutionalisation of deans recurred in Country V as well (CI3), and resulted in the expeditious set up of the HCO in a location separate from the OP (CI7). The separation of the HCO from the OP was not replicated in the XNV operation though (CI4).

No.	Informant	Perspectives	
		Direct Model	Outsourced Model
1	Strategic Role		
a)	CI2	XGI failed Deans XGI OP not done market research; convinced Uni on program viability XGI insufficient profit for Uni to sustain	
2	Managerial Role		
a)	CI1	XGI OP ' <i>didn't do any research</i> ' on TNE viability XGI OP's TNE motive is mainly financial XGI OP's AA region business penetration did not materialise XGI OP's initial staff training objective not implemented XGI OP another entity for new TNE XGI OP recruited for XNV during transition	VSM OP unhappy with Uni's VKP start
b)	CI3	XGI Deans institutionalised XGI OP pushed against TNE standards XGI Uni was to blame for poor TNE set up XGI OP marketing for Universities A and C at the same time, causing dip in student enrolments for XNV and higher risk of failure	VSM on-site Principal institutionalised VSM OP closely assisted by Uni
c)	CI7		VSM Uni introduced exactly the same programs at VKP
3	Academic Role		
a)	CI4	XGI OP over-inflated promises	VSM Principal captured by organisation
b)	CI5	XGI Uni ' <i>lean on</i> ' OP teaching staff for local sensitivities	

Abbreviations : Uni – University; GEN – generic comments

**Table 5.55 University C Informant Perspectives on Information Asymmetry (Pre-tipping Point)**

The Country V HCO employed Country V nationals who were experienced TNE professionals (CI7, CI9), and addressed CI3's concerns about having experienced '*people on the ground*' and CI10's priority for local knowledge that is '*difficult to reproduce*'. CI5 also

emphasised the need to *'lean on'* XGI OP teaching staff for an appreciation of local sensitivities.

During the transition between XGI and XNV, the University was in the dark about the XGI OP's plans with its new University A partnership which was set up through a new corporate entity (CI1). It also had to endure a risky seven months of poor student recruitment by the XGI OP for the new XNV operation (CI3).

The close collaboration between the University and the VSM OP in trying to grow the TNE student enrolments demonstrated a high level of transparency between the two partners (CI3). These efforts however failed, and the University had to appoint another OP (VKP), which took over VSM's programs (CI7). CI1 noted some displeasure on the part of the VSM OP with the program replication at VKP.

(ii) Post-tipping Point

The new XNV operation featured University-appointed on-site program coordinators that the University hoped to provide *'a lot more control over all their teaching staff'* (CI3). These appointments might be able to mitigate the lack of cultural and social sensitivities of home campus unit coordinators (CI4) and improve the ownership, dedication and integrity of the OP's *'taxi-cab'* teaching staff (CI6).

The strategic decision to re-enter Country X was said to have been decided by senior executives of the University under a cloak of secrecy, and that academics and home campus deans were not consulted (CI1). The secrecy was necessary because of the sensitive nature of the commercial negotiations and the potentially adverse impact on the University's reputation (CI1).

No.	Informant	Perspectives	
		Direct Model	Outsourced Model
1	Strategic Role		
a)	WP	GEN imposed 'non-negotiable minima' in TNE delivery GEN policy framework around very large student cohorts GEN high quality Uni-OP digital interface GEN outsource external marketing agency to enhance TNE appeal VKP HCO set up expeditiously	No outsourced model
b)	CI2	VKP OP track record scrutinised in contract renewal	
c)	CI10	VKP HCO being local helps align Uni-OP interests VKP OP local knowledge ' <i>difficult to reproduce</i> ' VKP CI10 speaks at OP marketing previews VKP three-piece TNE management seems to work	
d)	CI11	GEN Uni ' <i>scrutinised everything</i> '	
2	Managerial Role		
a)	CI1	VKP HCO minimise compliance risk VKP HCO more control over admissions which was a bit loose XNV Country X re-entry ' <i>no one else was consulted on it ... not the Deans</i> '	No outsourced model
b)	CI3	VKP HCO a lot more control and oversight of whole operation VKP HCO employed experienced ' <i>people on the ground</i> ' VKP Uni-OP annual contract review VKP OP have read-only access to Uni systems XNV HCO program coordinators assist in OP teaching staff control	
c)	CI7	VKP Uni ' <i>cannot control</i> ' OP marketing VKP CI7 is a Country V national employed in TNE for 10 years	
d)	CI9	VKP CI9 is a Country V national employed in TNE for 9 years	
3	Academic Role		
a)	CI4	GEN 3-part moderation process VKP OP's other partners as ' <i>risk diversification</i> ' – a potential conflict of interest VKP OP runs its own diploma programs VKP OP attempted to walk out of contract re-negotiation VKP Uni research centre obtained more funding in Country V than from Australia for some areas XNV HCO Dean located at OP, unlike VKP HCO XNV Uni academics not consulted much on Country X re-entry XNV distance accentuates need for mindfulness of cultural and social sensitivities	No outsourced model
b)	CI5	VKP OP teaching staff requires minimal monitoring	
c)	CI6	VKP Uni unit coordinators need on-site experience for empathy and ownership of TNE unit coordination VKP OP risk of OP sales team bias VKP OP questionable ownership, dedication and integrity of OP's <i>'taxi-cab'</i> teaching staff	
d)	CI8	VKP CI8 speaks at OP marketing previews	

Abbreviations : Uni – University; GEN – generic comments

**Table 5.56 University C Informant Perspectives on Information Asymmetry (Post-tipping Point)**

To address OP non-compliance, the University instituted various policy, organisational, systems and procedural improvements, including the 'non-negotiable minima' in TNE standards, the policy framework for large

student cohorts, HCO set-up, University-OP digital interface, access to University information systems, set up of the three-piece TNE administration infrastructure, annual contract reviews and three-part moderation process.

The set up of the HCO in particular, provided better understanding between the partners and helped address gaps in perceptions of teaching and learning on the ground (*'there's been different structures but probably a gap for the teaching and learning aspects of what's happening on the ground'* – CF2). While (*'there are still, occasionally the odd points of friction but most of the time, we realise that our interests are actually quite aligned and ... being local really helps'* – CI10). Greater transparency was also achieved by the participation of the Country V HCO staff in OP marketing activities, e.g., previews (CI8, CI10).

However, the VKP OP's marketing is still an area that the University *'can't control'* (CI7), giving rise to suspicions of OP marketing team bias (CI6) and potential conflicts of interest (CI4). It is also interesting that the University recommended the engagement of an *'external marketing agency'* to enhance the appeal of its TNE programs offshore, and not rely on the OP's marketing team.

The re-negotiation of the VKP contract and the negotiation with the new XNV OP provided the University with an opportunity to *'re-weight'* the previously OP-favoured contracts (CI11), which were not *'strong'* or *'tight'* (CI2). The University was described as being *'relatively new in the TNE environment'* when the first VKP and XGI contracts were signed (CI2). It has since *'learnt so much over the last ten years'* (CI3). Surprisingly, while the University had planned on a 2019 launch of its post-graduate programs in Country H, it is still *'figuring out how to do it at our level which is affordable'* (CI10).

Pre-tipping, the University was disadvantaged in its two main TNE delivery locations, viz., Countries V and X. At XGI, the University failed to undertake market research and relied on the OP's choice of Media and Film programs, which proved later to have limited traction in Country X market. Its on-site Dean who was supposed to be safeguarding its interests was found to be institutionalised by the OP, leaving the University in the dark about non-compliance in teaching staff approvals and lax student admissions standards. It was thus strange to observe that the new XNV HCO and Dean will be situated within the OP's premises. Finally, the seven-month transition from XGI to XNV also demonstrated high information asymmetry as the two parties worked on their respective salvage plans.

While the University's on-site VSM Dean was also institutionalised, the University demonstrated a high level of transparency in trying to help VSM grow its student enrolments. Learning from experience with the institutionalised Dean, the VKP HCO and its Dean were located away from the OP.

After the tipping point, the University's HCO in Country V led to a closer alignment of interests between the University and the OP because of the closer proximity. To improve local knowledge, the HCO employed two Country V nationals with long experience in TNE. University systems, processes and TNE organisation were revamped to improve communication among TNE executives, including communication between unit coordinators and OP teaching staff leading to familiarisation and minimal need for monitoring. The new HCO at XNV is also expected to result in higher transparency and closer alignment of interests.

The re-negotiation of the VKP contract and the set up of the new XGI contract provided the University with the opportunity to undertake in-depth scrutiny of the prospective partners (CI2). Regular student surveys

and annual contract reviews also afforded the opportunity for greater transparency at a more regular frequency.

d) Maturity of Socio-legal-political Environment

CI4 summed up the need for strong governance in saying that '*the problem with contract enforcement is that they're only as good as you are willing to put effort in to hold people accountable for their responsibilities and obligations*'. This section explores the maturity of formal legal institutions and non-formal social conventions in governing the exercise of property rights by the TNE partners. It also identifies branding and organisational reputation as possible implicit influences (Section 2.6.3).

(i) Pre-tipping Point

The University operated TNE in Countries N, T, V and X prior to its TNE tipping point. Countries T and X are considered market accelerationist states providing both strong state and civil regulations, while V was considered a market facilitator state with strong civil regulations but weak state regulations in Mok's Regulatory Regimes construct (Section 5.2.2.2.2). N has strong state regulations but weak civil regulations, and is therefore an interventionist state. The Coface Risk Assessment Map locates all four countries within acceptable risk levels for private investment (Section 5.2.2.2.3), while the IESE-Emlyon Country Attractiveness Index recognises all four countries within the top quartile of the 125 countries studied in terms of relative attractiveness for investment (Section 5.2.2.2.4). The Index further identified Countries T and X as countries to increase investment exposure within the 2015-2016 period. CI1 confirmed that the University looks for '*stable markets ... with proper governance*' in selecting TNE locations.

The transition from XGI to XNV in Country X demonstrated the deference that the University and its OPs showed to the rule of law as well as the

higher education Regulator. All parties had to abide by the rule of law, resulting in the University and its new XNV OP being unable to ‘do anything’ for XNV during the transition (CI1). The XGI OP was similarly unable by law to commence with its new university partner until the legalities were sorted out (CI2). The University was clearly very sensitive to the Regulator’s views and response to the TNE termination and reversal (‘very concerned’, ‘scrutinised us closely thereafter’ – CI2; ‘unhappy with both parties’ – CI1). After appointing a new OP, the University and the new OP visited the Regulator to mend fences, and ‘we’re back in their good books’ (CI3).

No.	Infor- mant	Perspectives	
		Direct Model	Outsourced Model
1	Strategic Role		
a)	CI2	GEN contracts not as strong/tight XGI OP’s new TNE with Uni A had to wait for legal clearance to start XGI Regulator very concerned; Uni and OP scrutinised closely thereafter	TKD teachout is specialised NCE teachout is very expensive
b)	CI10		VSN, VSC, VSM pre-dated tightened host country regulations
2	Managerial Role		
a)	CI1	XGI Uni reputation in doubt after reversal XGI OP followed strict rule of contract XGI OP another entity for new TNE XGI Regulator ‘take a long view’	
b)	CI3	XGI Regulator frown on reversals XGI Uni back in Regulator’s good books XGI market rumours on termination	
c)	CI7		VKP, VSM possible Regulator query on program duplication
3	Academic Role		
a)	CI4		NCE not recognised by Country N VSM Uni requirement for teaching under Accounting accreditation
b)	CI6		TKD education institution campus

Abbreviations : Uni – University; GEN – generic comments

**Table 5.57 University C Informant Perspectives on Maturity of Socio-legal-political Environment (Pre-tipping Point)**

The University was also concerned about possible damage to its own reputation in Country X arising from the initial pull-out (‘can we trust

*Australian institutions?')* and rumours allegedly spread by a rival institution (CI3).

In the case of TKD, the OP was acknowledged and appreciated as a formally constituted and accredited higher education institution, compared to some other non-education OPs (CI6). TKD was terminated by mutual agreement as a result of the OP's upgrade to university college status (CI2). On the other hand, the NCE OP, an industry association delivered the University's program within a regulatory environment that has unclear 'territorial principle' recognition of foreign awards (Ohmori 2015). It was interesting that this TNE operation was terminated prior to the University's TNE tipping point because of '*quality issues*' (CI2).

In early TNE operations, teachouts were seen as University obligations to the TNE students ('*we don't want them to feel that we've abandoned them*' – CI2). They are now mandated by TEQSA (TEQSA 2016).

The VSN, VSC and VSM operations in Country V commenced when the country was promoting itself as a hub for international education ('*actively solicited foreign overseas*' institutions – CI10), prior to the tightening of the country's education regulations (CI7). The regulatory tightening, a welcome development to improve industry reputation (CI10), reflected a move from a market facilitator state to a market accelerationist state (Section 5.2.2.2.2). The delivery of 'exactly the same' University programs in both VSM and VKP was consciously flagged as a possible query by the Regulator (CI7), reflecting the University's acknowledgement of the Regulator's keen oversight of the industry. While the compliance to Accounting accreditation requirements at VSM is required by the Accounting accreditation body, it was also seen as deference to market expectations in the marketplace (CI4).



(ii) Post-tipping Point

After its TNE tipping point, the University operated TNE only in Countries V and X. The tightening of regulations in Country around 2011 increased its state regulations, making Country V a market accelerationist state. These countries therefore have good regulatory governance and as reported in (a) above, also feature attractive investment climates. The University was reported to be planning to deliver new TNE programs in 2019 at Country H, an emerging country with 'Very High' Coface Country Risk rating (Section 5.2.2.2.3).

The transition from XGI to XNV in Country X and the contract renewal at VKP provided the University with opportunities to '*re-weight*' contracts that previously favoured OPs (CI11) and were thought to be '*weren't as strong as we've got now*' (CI2). The White Paper also contributed to various contractual improvements (CI1). However, CI4 is still of the view that these new contracts are not good enough '*in terms of quality control measures and holding people accountable*'. CI4 also added that '*that is where the bureaucracy and senior management take over*' (to monitor and enforce the contracts). These reflections demonstrate the view that the University's TNE contracts are incomplete and require either *ex ante* incentives alignment or *ex post* governance or adaptation.

In Country X, the Regulator continued to require the University to hold the licence of the TNE operation (CI3). The OP must remain '*in the background*' although it is effectively running the TNE operation under the University's tight supervision (CI3) - emphasizing the value of the University's brand in that market.

On the contrary, the Country V Regulator requires the VKP OP to hold the TNE operating licence (CI3), thus limiting the University's latitude in TNE delivery, including the delivery of new programs, some of which had been resisted by the OP (CI3). By requiring the VKP OP to hold the TNE

licence, the Regulator seems to be emphasizing the OP's liability to ensure compliance to local regulatory requirements. The University's interest in regulatory compliance seems assured by the OP's 'government connections' (CI11).

The tightening of Country V's education sector involved the need for TNE operators to register their operations and programs, and obtain approvals for teaching staff (CI7), change of major and name of unit (CI6) from DQF the Regulator. OPs are also required to sign DQF-compliant contracts with students (CI7). While CI6 thought that the Regulator might have been 'overzealous', and CI10 considered it 'quite pedantic', the tightening was in response to dubious TNE programs operated by 'fly-by-night' operators and several 'high profile failures' (CI6).

Country V's higher education market is characterised by cost-sensitive full-time students who prefer local university programs and part-time students who respond to convenience and accelerated programs (Section App J 2.4). These behaviours have dictated the structure and pricing of TNE programs to ensure a competitive appeal. Further, the Country's higher education policy directions favouring STEM and vocational skills have also hurt TNE providers who are not in these sectors (CI10).

No.	Infor- mant	Perspectives	
		Direct Model	Outsourced Model
1	Strategic Role		
a)	WP	GEN outsource external marketing agency to enhance TNE appeal	No outsourced model
b)	CI2	GEN Uni in Times Higher Education ranking GEN contracts ' <i>weren't as strong as we've now got</i> ' GEN risks higher in Country X compared to Country V	
c)	CI10	GEN Uni home funding pressures motivating TNE GEN regulations can lift industry reputation GEN TNE pull back due to TEQSA; push back due to funding VKP OP holds licence of TNE operation VKP Regulator disapprove programs that are not run in home Country; quite pedantic VKP education environment ' <i>unclear actually</i> ' VKP Country V policies ' <i>hurt us a little bit</i> '	
d)	CI11	GEN Uni due diligence considers sovereign risks, emerging markets and first mover advantage VKP Uni fairer contract after re-weighting	

		VKP OP favoured in previous contract VKP OP has government connections XNV Uni ' <i>really good outcomes</i> ' in 15-year contract XNV Uni-OP share same reasons for TNE participation XNV Uni engaged Regulator on research initiatives	
2	Managerial Role		
a)	CI1	GEN Uni ranked ' <i>14<sup>th</sup> in the world</i> ' GEN Uni ' <i>at the vagaries of</i> Australian government policies GEN WP contributed to changes in contract VKP HCO minimise compliance risk XNV Uni has higher risk in transition due to contract XNV OP ' <i>can't do anything</i> ' during transition XNV Regulator no longer permit OP to run programs	No outsourced model
b)	CI3	GEN Uni learnt a lot from shortcomings of previous contracts GEN Uni's home funding compel Uni to seek offshore income VKP OP holds licence of TNE operation VKP OP used HCO Dean as ' <i>white person</i> ' in previews XNV Uni holds licence of TNE operation XNV OP operating in the background XNV OP cannot deliver its own program	
c)	CI7	GEN Uni's home funding compel Uni to seek offshore income VKP Uni has no competitive advantage from levelled rankings VKP OP's regulatory compliance VKP OP intends to deliver skills programs VKP Country V education regulations tightened up in 2011 with DQF set up; TNE and lecturers require registration with DQF VKP mandatory DQF student contract	
3	Academic Role		
a)	CI4	GEN Uni TNE cannot be subsidised by onshore income VKP HCO research has reputation with Country V government VKP OP investment in University brand and reputation VKP re-negotiated contract not good enough VKP OP quality compliance requires Uni bureaucracy and senior management oversight	No outsourced model
b)	CI5	VKP DQF slow in approving new program	
c)	CI6	VKP DQF set up in 2011 in response to high profile failures VKP DQF approval required for changes in major and unit name VKP DQF overzealous VKP Uni fear of adverse publicity	
d)	CI8	VKP OP used Learning Advisor as ' <i>white person</i> ' in previews	

Abbreviations : Uni – University; WP – White Paper; GEN – generic comments

**Table 5.58 University C Informant Perspectives on Maturity of Socio-legal-political Environment (Post-tipping Point)**

The University's branding and reputation in Country V is well recognised by University informants as well as the VKP OP. Several informants mentioned the value of the University's Times Higher Education (THE) ranking in internationalisation as benefiting the University's TNE operations (CI1, CI2, CI3, CI10). The HCO's research unit SCORE is also becoming '*better known, especially within the Country V government authorities*' (CI4), providing another branding advantage in the country.

On the flip side, the University is keenly aware of the reputational damage adverse publicity can have on its TNE operations (CI6). The University's White Paper also emphasised the need to promote the 'distinctive University advantages e.g. local academic and administrative staff, local Principal, blended learning, internships, local research capability, increased face-to-face contact with University staff with international reputations' (University C TNE Project Team 2013a).

The VKP OP knew how to leverage on the University's HCO staff for marketing previews, especially because they are '*white people*' (CI3, CI8) – demonstrating a recognition of the University's brand value. In fact, CI4 observed that the OP '*also have a significant amount invested in being related to own our brand name and our reputation*'.

Apart from host country regulations, the University must also comply with its home country regulations, chiefly TEQSA regulations (CI11), including the observance of comparability of student experience across all delivery locations (CI1). TEQSA proactively engages and coordinates with the regulators of other TNE-active countries, e.g., Countries T, V and P, in regulating TNE (CI6). The University is further constrained to seek alternative funding through TNE by funding pressures in Australia (CI4, CI10), some of which CI1 considered unpredictable ('*at the vagaries of the government policies here*').

The University initiated TNE operations within well-regulated countries both prior to and after its TNE tipping point. These Countries have been proven to provide a secure environment for the enforcement of TNE contracts, e.g., the orderly terminations at Countries T and N, the swapping of OPs in Country X, and the signing of the 10-year VKP contract. In a perverse turn, the Country V regulation that requires the OP to hold the TNE licence has resulted in the OP controlling what programs the University can deliver in the Country.

Given the University's preference for stable and well-governed country environments, it was therefore surprising to note that the University will be launching a new TNE operation with its VKP OP in Country H, a country that is classified as having a Very High Coface risk rating, and unclassified in the other rating systems.

Both the University and its OPs recognise the brand equity of the University, as demonstrated by the investment of the OPs in the University's brand and reputation, and the University's celebration of its the ranking. The University has also benefitted financially and reputation-wise from the performance of its research centre, SCORE in Country V.

#### 5.4.2.3.3 Agency Theory

University C TNE operations are tested against AT reflectors to determine if AT has any traction in the University's TNE decisions.

##### a) Costs of Search and Monitoring

The University was observed to have been lax in its due diligence of prospective TNE partners in the past, e.g., signing up '*small companies*' as OPs (CI6) and passively allowing its XGI OP to dictate the types of programs for Country X market (CI1). CI2 attributed these mis-steps to a lack of familiarity with TNE (CI2). The previously '*opportunistic, a bit reactive*' approaches have been replaced by more in-depth scrutiny by the University's senior executives (CI1, CI3). In some instances, the tighter scrutiny was motivated by the dread of adverse publicity (CI6).

University staff acknowledge that due diligence needs to be followed up with close monitoring of and holding OPs responsible for compliance with the University's agenda and quality standards (CI4), especially in view of the physical distance (CI4, CI10). The benchmarks are largely based on

TEQSA's requirements (CI2), but requires investment in mechanisms for monitoring and adaptation (CI1).

(i) Pre-tipping Point

The University's XGI operation demonstrated a lack of research on the prospective partner (CI2), which failed to deliver on training for its own staff and a promised regional expansion (CI1). CI2 described the University's passive consent to the OP's choice of TNE programs as its 'biggest risk'. CI1 suggested that this could have been due to the OP's interesting proposal amidst the Country's booming economy at that time – which *'buoyed or even seduced'* the University to act outside of its strategic plan. On retrospect, CI3 noted that the OP was not *'great at marketing'* and *'don't know education'*. CI4 agreed, remarking that the OP had *'no educational institution of their own'* and had *'no academic background'*.

CI3 concluded that the University's senior executive who signed the contract and *'the people that worked in TNE at the University (did not) set things up as well as they could have been set up'*, contributing to poor monitoring (*'we let the OP have too much control'*) of OP teaching staff approvals and lax admissions standards.

In NCE, the University failed to identify the need to support the OP in an expensive *'experimental'* fly-in-fly-out bi-lingual program, and allowed the operation to continue with quality issues for seven years before terminating it just before TEQSA commenced (CI2).

At VSM, the University was closely monitoring the OP and started to increase its assistance when it discovered that the OP had a change in management and was not focussed on TNE (CI3). It was in Country V that the University first deployed its own on-site Principals to monitor and quality assure its TNE programs (CI3). This monitoring episode failed

because the Principals were compromised by being institutionalised by the OP (CI3, CI4). On termination, VSM students were easily transferred to VKP and hence minimised the University's teachout monitoring costs.

No.	Infor- mant	Perspectives	
		Direct Model	Outsourced Model
1	Strategic Role		
a)	CI2	XGI Uni biggest risk in following OP's choice of programs XGI Uni new in TNE XGI OP not done market research; convinced Uni on program viability	NCE operated for 7 years NCE costly fly-in-fly-out mode VSM Uni had '5 deans in 11 years'
2	Managerial Role		
a)	CI1	XGI OP's AA region business penetration did not materialise XGI OP's initial staff training objective not implemented XGI OP 'didn't do any research' on TNE viability; proposed something interesting XGI Uni buoyed by market exuberance	
b)	CI3	XGI OP not 'great at marketing'; 'don't know education' XGI Uni to blame for not setting up well, giving OP 'too much control'	VSM Uni tried 'all sorts of things' to help OP succeed VSM OP 'weren't focussed' VSM on-site Principal institutionalised; now dean located separately VSM teachout students transferred to VKP smoothly
3	Academic Role		
a)	CI4	XGI OP 'no academic background'; 'no global network'	NCE Uni quality control concerns VSM Principal captured by organisation

Abbreviations : Uni – University

**Table 5.59 University C Informant Perspectives on Costs of Search and Monitoring (Pre-tipping Point)**

(ii) Post-tipping Point

CI2 remarked that recent contract preparations were '*much more thorough than ... we did in 10 or 11 years ago ... (and) so obviously the data on their (i.e., OP's) track record, their financials, then their ability to recruit, their network of recruiting agents, their reputation with the government and regulatory body*' were scrutinised.

The negotiations with the XNV OP took a long time, where the University invested in in-depth scrutiny of the prospective OP. In the process, it

discovered an OP that was *'very experienced'*, a *'good partner'*, with *'good agent network'* and *'proven track record'* (CI10, CI2), and very importantly, a partner that was in TNE for the *'same reasons'* as the University (CI11). It was noted that the negotiations were shrouded in secrecy because of the commercial sensitivity of the OP transition (CI1).

The VKP OP was *'big, and they had greater aspirations, greater resources, the means to deliver ... to be a better partner than the VSM OP'* (CI1), and *'likely to get more students attracted through them to our programs'* (CI4). The VKP OP turned out to be a *'marketing machine'* with *'extensive agents'*, delivering the largest TNE student population among its university partners (CI1). The issue with the VKP OP was not adverse selection, but monitoring its compliance with University and regulatory requirements in a rapidly growing TNE operation which CF2 described as a *'very large beast'*. The set up of the HCO was the first step in monitoring and supporting the rapidly growing TNE operation (CI11). The second step was instituting clear policies from the White Paper recommendations (CI3). Finally, the negotiations for contract renewal provided added opportunity for building in additional requirements (CI10).

The University's investment in the HCO at VKP provided leadership by a Dean (CI7), greater control of the TNE operation (CI3), closer alignment of interests (CI10) and better OP monitoring (CI10) – a necessary bureaucracy (CI4). CI1 concluded that the HCO made the operation more secure because there were *'more people paid by the University'* on site, including Country V nationals with extensive TNE experience (CI7, CI9). The HCO is however not considered capital intensive (CI11).

The close monitoring by the HCO enabled the University to innovate, e.g., change its 12-weekly class delivery mode to a 6-fortnightly one to ease the pressure on students (CI1). The introduction of its blended



learning delivery is also seen to possibly help reduce monitoring costs (CI3).

To provide greater monitoring and control in Country X, the University was in the process of establishing a HCO at XNV (CI11) staffed by a Dean and an admissions executive (CI1). Unlike at VKP, the XNV Dean is located '*where the teaching is done*' (CI4). This HCO will also employ program coordinators who are expected to have '*a lot more control over all their (i.e., OP) teaching staff*' (CI3).

It was interesting to note that the tightened education industry regulations in Country V provided a proxy for the University's TNE monitoring, as '*everything needs to be approved by DQF*', the Regulator (CI7). While there are costs of compliance, the regulations can reduce the University's monitoring costs. Further, CI10 commented that the tight regulations were beneficial in lifting the reputation of the industry, although the Regulator can sometimes be pedantic.

Recommendations of the White Paper on '*non-negotiable minimas*' in TNE delivery, policy on large cohorts and a high quality digital interface provided the HCO with greater clarity in dealing with the VKP OP (University C TNE Project Team 2013a), and thus help reduce the cost of monitoring.

TNE monitoring also involves infrastructure investments in the home campus of the University, including the setting up of the UTO and the TCG (CI3). Senior executives were required to undertake annual TNE contract reviews (CI3). The schools were required to take on additional responsibilities (CI5), e.g., implementing a three-part moderation process and administering student surveys (CI4). In some cases, the OP's teaching staff have been found to be extremely reliable and have contributed to the content of study materials (CI5). However, the development of these OP teaching staff, and the nurturing of trust

between the University's unit coordinators and OP teaching staff take time to develop (CI4).

No.	Informant	Perspectives	
		Direct Model	Outsourced Model
1	Strategic Role		
a)	WP	GEN Uni identified threats to reputation and revenue GEN imposed 'non-negotiable minima' in TNE delivery GEN policy framework around very large student cohorts GEN high quality Uni-OP digital interface VKP HCO full-time academic staff to be appointed	No outsourced model
b)	CI2	VKP OP track record scrutinised in contract renewal XNV OP has proven track record	
c)	CI10	GEN regulations can lift industry reputation GEN opportunistic and reactive approach GEN governance framework that oversees all of TNE VKP Regulator can be quite pedantic VKP OP need reminder of protocols VKP three-piece TNE management seems to work XNV OP very experienced, good agent network	
d)	CI11	GEN Uni ' <i>scrutinised everything</i> '; HCO ' <i>not capital intensive</i> ' XNV HCO helmed by a Dean XNV OP in TNE for the ' <i>same reasons</i> ' as Uni XNV negotiations took a long time	
2	Managerial Role		
a)	CI1	VKP Uni unit coordinators work directly with OP teaching staff VKP Uni changed delivery mode from 12-weekly to 6-fortnightly classes in response to market VKP HCO minimise compliance risk; ' <i>involve ourselves more</i> ' VKP OP ' <i>greater aspirations</i> ', ' <i>greater resources</i> ', ' <i>better partner</i> ' than VSM VKP more secure than at XNV due to more paid Uni people XNV HCO ' <i>two staff employed by the Uni</i> ' XNV ' <i>a lot of commercial-in-confidence</i> '	No outsourced model
b)	CI3	GEN TNE due diligence controlled by senior executive group GEN use blended learning to reduce student contact hours VKP Uni-OP annual contract review VKP HCO a lot more control and oversight of whole operation VKP HCO employed experienced ' <i>people on the ground</i> ' XNV HCO program coordinators, paid by Uni, assist in OP teaching staff control XNV OP ' <i>a much more experienced partner ... that understands</i> ' education	
c)	CI7	VKP HCO headed by a Dean VKP ' <i>everything needs to be approved by DQF</i> ' VKP CI7 is a Country V national employed in TNE for 10 years	
d)	CI9	VKP CI9 is a Country V national employed in TNE for 9 years	
3	Academic Role		
a)	CI4	GEN 3-part moderation process GEN Uni needs to hold ' <i>people accountable</i> ' for better contract compliance GEN Uni-OP time needed to build up trust VKP Uni distance results in concerns with cultural and social sensitivities, and meeting unit coordinator expectations VKP Uni and OP student surveys VKP HCO a necessary bureaucracy for comparable student experience VKP OP quality compliance requires Uni bureaucracy and senior management oversight XNV HCO ' <i>Dean located where the teaching is done</i> '	No outsourced model

		XNV OP <i>'more likely to get more students'</i>	
b)	CI5	VKP Uni need not <i>'look over shoulder'</i>	
c)	CI6	GEN setting up with small companies GEN Uni unit coordinator monitoring OP teaching staff directly VKP Uni unit coordinator-OP teaching staff liaison <i>'with great difficulty'</i> VKP Uni fear of adverse publicity VKP Uni moderate assessments, including exams	

Abbreviations : Uni – University; WP – White Paper; GEN – generic comments

**Table 5.60 University C Informant Perspectives on Costs of Search and Monitoring (Post-tipping Point)**

CI10 envisions the future of the University's TNE management to require the set up of a high level governance framework involving senior executives of the University that oversees all of TNE in the University in a more strategic, rather than adhoc fashion.

In summary, pre-tipping point, the University, or rather its schools (which were the principal drivers of TNE) were seen to have been less particular and stringent in selecting its OPs. These selections were opportunistic and reactive, and resulted in poor selection of marketable programs, unacceptable quality delivery and low financial returns for the University. The University's TNE administration systems and processes were rudimentary (CF2) and hence, failed to closely monitor its TNE operations. Early deployment of on-site Principals to monitor and support OPs, while exemplary, was thwarted by the institutionalisation of these Principals by the OPs. While the University picked up VSM's change of management and loss of TNE focus, and provided increased support, the TNE operation ultimately failed. The University's perception of the costs of search and monitoring was thus low because of the lack of familiarity with the industry and lower quality benchmarks.

Post-tipping point, the University invested a lot more in its due diligence and contract preparations. It also invested in both its onshore TNE administration infrastructure, as well as its offshore HCOs. The White

Paper was the driver for many of the changes in the planning and monitoring of its TNE operations.

b) University Risk Aversion

This section explores the University's perspectives on TNE risks and its responses to risk mitigation. These risks relate to both the quality of the OP (e.g., concerns on adverse selection and moral hazard), and the operating environment. Going by CI1's comment that the University prefers stable country operating environments, it is not surprising to observe the University operating within countries that are in the three lowest Coface risk classifications (Section 5.2.2.2.3). Its new Country H TNE venture however, seems to be an anomaly because of the Country's 'Very High' risk classification.

The University's TNE history is marked by shifts from a laissez-faire delivery of r-FPs (*'didn't do any research'* – CI1) to tighter control via ic-IBC and i-FP (*'a lot more control and oversight'* – CI3), and through to a future vision for a proactive, strategic management via a high level governance framework (CI10).

The University is observed to have accepted the need for TNE to generate much-needed funding (CI10), or to diversify its funding sources (CI1). It was also clear that *'transnational always has moderate risks'* despite engaging *'experienced global provider(s)'*, who may be *'well established ... with other universities'* (CI2).

For the University, TNE risks are usually financial (CI4), capital commitments (CI11), reputational (e.g., risk of adverse publicity (CI6), adverse market rumours (CI3)) and legal incrimination (CI4). CI4 also noted the risk of mismatched expectations arising from the *'tyranny of distance'* (CI10).

Apart from generic TNE risks, the University has to assess risks associated with adverse selection and monitoring of OPs (*'risk has really been just related to the partner (i.e., the XGI OP)'* - CI2), the competitive business environment (CI2), the regulatory environment (CI8, CI7, CI10), and the social environment (*'biggest risk we took there'* – CI3). In comparing countries, CI2 remarked that the *'risk was always greater in Country X (compared to Country V)'*.

(i) Pre-tipping Point

The University's early TNE ventures were invariably r-FPs and described as *'opportunistic'* and *'reactive'* (CI10). They included bi-lingual experiments in Country N (CI6).

CI10 reported that *'different schools or faculties were doing bits and pieces'* of TNE. These early *'risk-taking'* operations were initiated and administered by individual schools, motivated by offshore revenue (CI4). The delivery of these operations was usually undertaken by non-education OPs, including *'small companies'* (CI6), giving rise to *'very high risks'* (CI11). The sole TKD *'education institution'* OP brought a lot of assurance and was described as *'like being at home'* (CI6). The early TNE r-FPs were more prone to teachouts, which were sometimes *'very expensive'* because of the small numbers of remaining students (CI2).

No.	Informant	Perspectives	
		Direct Model	Outsourced Model
1	Strategic Role		
a)	WP		
b)	CI2	XGI Uni biggest risk in following OP's choice of programs XGI OP not done market research; convinced Uni on program viability XGI OP risk related to partner XGI Regulator very concerned; Uni and OP scrutinised closely thereafter	NCE operated for 7 years NCE costly fly-in-fly-out mode NCE teachout is very expensive TKD teachout is specialised
2	Managerial Role		
a)	CI1	XGI OP ' <i>didn't do any research</i> ' on TNE viability XGI Uni reputation in doubt after reversal XGI Regulator ' <i>take a long view</i> '	
b)	CI3	XGI Uni back in Regulator's good Books XGI Uni gave OP too much control XGI OP not ' <i>great at marketing</i> '; ' <i>don't know education</i> ' XGI Regulator frown on reversals XGI difficult to get back in market XGI market rumours on termination	VSM on-site Principal institutionalised; now dean located separately
c)	CI7		VKP, VSM possible Regulator query on program duplication
3	Academic Role		
a)	CI4	XGI OP ' <i>no academic background</i> '; ' <i>no global network</i> ' XGI complaints to government	NCE was experimental VSM Principal captured by organisation
b)	CI5		
c)	CI6		TKD education institution campus TKD ' <i>like being at home</i> '

Abbreviations : Uni – University; GEN – generic comments

**Table 5.61 University C Informant Perspectives on University Risk Aversion (Pre-tipping Point)**

(ii) Post-tipping Point

The schools' entrepreneurial and independent (of the University's central management) TNE approach in early TNE ventures was picked up by senior executives as potential reputational risks (CI10), and thereafter, all TNE operations were initiated and monitored centrally (CI3). This represented the first stage of the University's gradual tightening of control over TNE operations.

The second stage was represented by the University's TNE review, which was triggered by risks to its academic integrity, reputation and revenue streams. It provided an opportunity to explore various TNE business delivery models, ranging from the w-IBCs to the r-FPs (University C TNE Project Team 2013a). Acknowledging its limited size and capacity for offshore investment, the University avoided the w-IBC model (CI4). Moreover, the w-IBC entailed '*higher risk*' (CI7), higher infrastructure requirement (CI1), higher capital expenditure (CI11) and higher operating investments (CI11).

The ic-IBC and i-FP models, using on-site HCOs, were affirmed as TNE business delivery models of choice in the White Paper (Ibid.) because they represent '*the lower of risk modelling*' (CI11), '*somewhere between*' the w-IBC and the r-FP (CI11). In fact, the VKP contract was re-negotiated to effect a re-weighting of risk-sharing between the partners (CI11). The dropping of the VSM OP in favour of the VKP OP, and the swapping of OPs in Country X is seen as risk mitigation initiatives in favour of the more experienced OPs (CI1, CI3, CI4, CI10).

In terms of the operating environment, the University was acutely conscious of the gravity of potential regulatory violations in Countries V ('*question why we have two partners*' – CI7) and X ('*we're back in their good books*' – CI3). It employed its SCORE research centre to engage the Country V government (CI4), and proactively visited the Country X Regulator with its new XNV OP (CI3) – to cultivate good governmental relations.

While the ic-IBC and i-FP are preferred models of delivery, they also come with various other risks. In the case of the Country X ic-IBC (XNV), the University risks having its on-site Dean institutionalised (again) by the new OP. For the i-FP in Country V (VKP), the University have had to live

No.	Informant	Perspectives	
		Direct Model	Outsourced Model
1	Strategic Role		
a)	WP	GEN Uni identified threats to academic integrity, reputation and revenue GEN imposed 'non-negotiable minima' in TNE delivery GEN policy framework around very large student cohorts GEN high quality Uni-OP digital interface	No outsourced model
b)	CI2	GEN 'always a risk transnationally'; 'moderate risk' GEN risks higher in Country X compared to Country V XNV incredibly competitive environment XNV OP has proven track record	
c)	CI10	GEN opportunistic and reactive approach GEN governance framework that oversees all of TNE GEN Uni home funding pressures motivating TNE GEN schools 'doing bits and pieces' VKP OP holds licence of TNE operation XNV OP very experienced, good agent network	
d)	CI11	GEN Uni 'scrutinised everything'; HCO 'not capital intensive' GEN Uni due diligence considers sovereign risks, emerging markets and first mover advantage GEN w-IBC has high capital risk GEN early TNE were very high risk GEN risk of not complying with TEQSA GEN HCO is the lower of risk modelling VKP Uni fairer contract after re-weighting in risk share XNV HCO helmed by a Dean; admissions executive XNV Uni engaged Regulator on research initiatives	
2	Managerial Role		
a)	CI1	GEN 'has to be stable' GEN 'very high risk in those days' GEN 'a little bit more secure ... more people paid by Uni' GEN other operations to diversify income GEN HCO 'somewhere in between' r-FP and w-IBC	No outsourced model
b)	CI3	GEN TNE due diligence centralised VKP HCO a lot more control and oversight of whole operation VKP OP do not want to run some Uni programs XNV HCO program coordinators, paid by Uni, assist in OP teaching staff control XNV OP 'a much more experienced partner ... that understands' education	
c)	CI7	GEN ic-IBC risk higher than w-IBC GEN 'reputational risks' VKP 'very regulated environment'	
d)	CI9	VKP Country V 'politically stable'	
3	Academic Role		
a)	CI4	GEN Uni risk-taking by schools GEN Uni small size GEN risk of mismatched expectations VKP OP potential conflicts of interest	No outsourced model
c)	CI6	GEN Uni schools engaged 'small companies' GEN w-IBC 'high risk of not having numbers' VKP Uni fear of adverse publicity VKP OP risk of OP sales team bias	
d)	CI8	VKP high risk for foreign institutions	

Abbreviations : Uni – University; WP – White Paper; GEN – generic comments

**Table 5.62 University C Informant Perspectives on University Risk Aversion (Post-tipping Point)**



with the OP's multiplicity of university partners (CI4), control of the TNE operating licence (and hence, control of University C programs approved to be delivered) (CI3), and the risk of termination by the OP (CI7).

Prior to its tipping point, the University was involved in TNE largely through the entrepreneurial agency of its schools within an environment of low onshore and offshore regulatory requirements. The University did not commit a lot of TNE-specific assets in those early TNE operations, but relied on the OP's delivery infrastructure due to its high risk aversion.

The rapid growth of the VKP TNE operation triggered the University to consider threats to its academic integrity, reputation and revenue streams arising from poorly managed TNE operations. The TNE review that followed heightened the University's sensitivity to TNE risk, and brought about many proactive policy, process and structural changes to the '*very large beast*' of the TNE administration (CF2). Its preference is for an on-site presence which provides leadership, administration and support services to both the OP and TNE students. The measures taken by the University to ameliorate TNE risks have afforded the University the latitude to explore high risk countries such as Country H.

### c) Incentives Alignment

The aim of this section is to determine if the University and its OPs take *ex ante* incentives alignment into consideration when developing TNE collaborations. Most informants identified monetary gain as the motivating factor for TNE participation of both the University and the OPs (CI1, CI2, CI5, CI6, CI7, CI9). For the OPs, this was obvious because of their commercial nature, including TKD a higher education institution that was operated privately (CI6).

In the case of the University, TNE seems to be an important source of alternative funds (CI3, CI10), mainly due to reducing Australian

government funding (CI10) and decreasing domestic student enrolments (CI3). CI2 asserted that *'it has to generate an income for the University ... we can't be there with a sense of service and benevolence and things like that ... it has to fund the research here, for example'*. In addition to TNE income, the University is keen to generate income from international students studying on the University's home campus (*'significant amounts of money'* – CI6). Independently, four University C researchers have published a paper asserting that *'a significant reduction in public funding ... has driven a financial imperative for higher education providers to diversify their revenue sources'* and *'that period of time has also seen higher education providers developing a significant focus on recruiting international fee-paying students as well as expanding into offshore/transnational education (TNE) operations'* (Holloway et al. 2013, 11).

The Country V HCO seeded the SCORE research centre that was later able to tap into funding from both Country V government and the private sector (*'good government funding'* and *'traction from investors in Country V'* - CI2). CI11 noted that the research portfolio enabled the University to *'balance the two off'*, i.e., between teaching and research/community engagement.

(i) Pre-tipping Point

The early TNE operations were opportunistic and reactive, resulting in *'bit and pieces'* of TNE operations (CI10), many of which are delivered by *'small companies'* which have no education background (CI6). These were initiated and administered by the schools, without central university coordination, and motivated by profit (CI10). Some OPs lured the schools with promises of *'hundreds of students'* which did not materialise (CI4). Only two TNE operations stood out in longevity, viz., TKD (21 years) and VSM (11 years) among the early TNE operations. The TKD OP is a private higher education provider and thus was more closely aligned with

the University compared to other non-education OPs. The VSM OP, although a trade association, had an interest in the training of its

No.	Informant	Perspectives	
		Direct Model	Outsourced Model
1	Strategic Role		
a)	CI2	XGI Uni ' <i>didn't generate enough profit to sustain</i> XGI Uni ' <i>some failed Deans</i> XGI OP's Media and Film focus XGI OP's focus misplaced	NCE operated for 7 years NCE costly fly-in-fly-out mode NCE teachout is very expensive TKD teachout is specialised
b)	CI10		VSN, VSC, VSM pre-dated tightened host country regulations
c)	CI11		
2	Managerial Role		
a)	CI1	XGI Uni motivation is financial XGI Uni destroyed trust through reversal XGI OP made money from Foundation program XGI OP's AA region business penetration did not materialise XGI OP's initial staff training objective not implemented XGI OP upset with Uni leaving XGI OP followed strict rule of contract XGI OP's TNE motive is mainly financial XGI OP recruited for XNV; XNV OP cannot do anything in transition XGI Uni and XNV OP ' <i>can't do anything</i> '	
b)	CI3	XGI OP ' <i>there's money to be made</i> XGI Uni one Dean institutionalised XGI OP recruited students for XNV	VSM OP ' <i>weren't focussed</i> '; ' <i>don't do education anymore</i> '
c)	CI7		VSM Uni introduced exactly the same programs at VKP VSM and VKP same programs a ' <i>waste of resources</i> '
d)	CI9		
3	Academic Role		
a)	CI4		VSM Principal captured by organisation
b)	CI5		
c)	CI6		TKD education institution campus
d)	CI8		

Abbreviations : Uni – University; GEN – generic comments

**Table 5.63 University C Informant Perspectives on Incentives Alignment (Pre-tipping Point)**

members. It however, lost focus in education as a result of a change in management, and ultimately '*don't do education anymore*' (CI3). The

demise of the VSM operation was also precipitated by the University's decision to start the VKP operation, offering '*exactly the same*' programs as in VSM (CI7).

At XGI, both the University and the OP were motivated by profit (CI1, CI3). However, while the University '*didn't generate enough profit to sustain*' (CI2), the OP '*made their money with the Foundation*' program, a feeder into the University's programs (CI1). The failure to grow the University's programs was attributed to the OP's '*misplaced*' choice of Media and Film programs that were not as popular as Business programs (CI2). The OP also failed to deliver on the training of its staff and the promised regional expansion (CI1).

The initial appointment of University Deans to monitor the XGI operation failed due to institutionalisation by the OP, resulting in a number of non-compliance (CI2, CI3).

The termination of the XGI contract on expiry '*upset*' the OP and '*destroyed the trust*' between partners (CI1). The subsequent re-entry of the University into the Country V market via the XNV OP encountered some difficulties resulting from the XGI OP's insistence on the '*strict rule of the contract*'. The University had to rely on the XGI OP to recruit students during the final seven months of the XGI operation (CI3), while the XNV OP had to wait in the wings, unable to '*do anything*' (CI1).

It was interesting to note that on termination, the teachout of remaining students becomes the sole responsibility of the University as demonstrated in the TKD, NCE and VSM teachouts. Fortunately for the University, the VSM teachout was effected by the transfer of VSM students to the VKP operation (CI3).

(ii) Post-tipping Point

In reversing the decision to terminate TNE operations in Country X, the new VC argued that it would have been a waste to throw away the 10 years of reputation-building there (CI3). CI3 added that the University have *'very big plans with the new XNV OP'*, which have a *'proven track record'* (CI11), and known to be *'very experienced'*, a *'good partner'*, with *'good agent network'*. The University anticipates that this OP is *'more likely to get more students'* (CI4). The OP is also favoured because of its network in the AA region which the University is interested to synergise with its own research interests in that region (CI2).

The phenomenal growth at VKP triggered the TNE review which highlighted the threat to the University's revenue streams, among other things (University C TNE Project Team 2013a). The set up of the HCO was expedited as an intermediate White Paper strategy (Ibid.). The HCO also benefitted the OP through the University's oversight of OP teaching staff (CI5), timely issuance of offer letters (CI7), academic support for students (CI8), host country University brand presence (CI3), hosting of supplementary examinations (CI8) and leveraging on the University's international staff for marketing (CI3, CI8).

No.	Infor- mant	Perspectives	
		Direct Model	Outsourced Model
1	Strategic Role		
a)	WP	GEN Uni identified threats to academic integrity, reputation and revenue	No outsourced model
b)	CI2	GEN TNE <i>'has to generate income for Uni'</i> VKP HCO SCORE <i>'attract good government funding'</i> VKP HCO SCORE <i>'traction from investors'</i> VKP HCO SCORE seeded by HCO VKP Uni better return; committed to growth VKP OP benefit from curriculum advantages VKP Uni-OP <i>'win-win'</i> new contract VKP lost 2-year degree advantage XNV Uni-OP good research synergies	
c)	CI10	GEN Uni needs to focus on TNE because onshore maxed out VKP Uni don't have OP capabilities VKP Uni strategic plan to be gateway for AS, SS and SA regions VKP Uni-OP contract re-negotiations exhausting and complex VKP Uni and OP financial modelling quite striking VKP Uni-OP mutually-assured destruction on pull-out	

		VKP Uni-OP expand into Country H due to mature Country V VKP OP getting ' <i>bigger flow of income</i> ' VKP OP local knowledge, reputation and brand, efficient TNE administration model and contemporary campus	
d)	CI11	VKP HCO SCORE ' <i>balance the two off</i> ' VKP Uni fairer contract after re-weighting in risk share VKP OP carrying more infrastructure and capital risks XNV OP has proven track record	
2	Managerial Role		
a)	CI1	GEN Uni at the vagaries of government policies GEN Uni need to diversify income GEN Uni priority for ' <i>stable</i> ' countries with ' <i>proper governance</i> ' VKP Uni better fee share; ' <i>involve ourselves more</i> ' VKP Uni changed delivery mode from 12-weekly to 6-fortnightly classes in response to market VKP OP benefit from ' <i>pretty cheap</i> ' Uni programs VKP OP ' <i>greater aspirations</i> ', ' <i>greater resources</i> ', ' <i>better partner</i> ' than VSM VKP OP operates in Country P and can help Uni expansion	No outsourced model
b)	CI3	GEN Uni onshore climate motivational push for TNE GEN Uni strategic plan to grow onshore and offshore VKP Uni use blended learning to reduce student contact hours VKP Uni more favourable financial returns from new contract VKP HCO control and oversight VKP OP used HCO Dean as ' <i>white person</i> ' in previews VKP OP runs programs of 11 uni partners VKP OP did not want to run Uni programs XNV Uni not throw away 10-year reputation XNV Uni has ' <i>very big plans with the new XGI OP</i> '	
c)	CI7	VKP Uni has no competitive advantage from levelled rankings VKP HCO quick issuance of offer letters	
d)	CI9	VKP HCO alumni considered PR asset	
3	Academic Role		
a)	CI4	GEN Uni try placing as much financial risk as possible on OP GEN OP ' <i>potential for hundreds of students</i> ' VKP Uni executives are ' <i>not business people</i> ' VKP Uni research centre obtained more funding in Country V than from Australia for some areas VKP OP invested in Uni brand/reputation VKP OP runs its own diploma programs VKP OP's other partners as ' <i>risk diversification</i> ' – a potential conflict of interest VKP OP attempted to walk out of contract re-negotiation XNV OP ' <i>more likely to get more students</i> '	No outsourced model
b)	CI5	VKP Uni earns significant amounts from onshore international students VKP HCO oversight of OP teaching staff VKP OP sales management, program management, lecturer management and exam management teams	
c)	CI6	GEN international onshore generate significant amounts of money	
d)	CI8	VKP HCO Learning Advisor provide student support VKP HCO provide supplementary examinations VKP OP used Learning Advisor as ' <i>white person</i> ' in previews	

Abbreviations : Uni – University; WP – White Paper; GEN – generic comments

**Table 5.64 University C Informant Perspectives on Incentives Alignment (Post-tipping Point)**

The VKP OP reciprocated with investments in its admissions, program management, lecturer management and examinations management teams to cater for the University's programs (CI5), and in the University's brand (CI3, CI4). The VKP OP was considered '*big, and they had greater aspirations, greater resources, the means to deliver ... to be a better partner than the VSM OP*' (CI1), and '*likely to get more students attracted through them to our programs*' (CI4). The assumption of responsibility over a large number of TNE processes, and infrastructure and capital risks (CI11) meant that the VKP can enjoy a '*bigger flow of income*' (CI10). Indeed, CI10 reported that the University did not have the capabilities that the OP had, and thus have to '*try and place as much of the financial investment risk on the organisation that chooses to be the one that manages and delivers our programs, and they are the ones that have to enter into building leases, equipment leases ... they are the ones with the sunk costs*' (CI4).

The success of the VKP operation was to some extent due to the University's willingness to be flexible in permitting the completion of 3-year degrees within two years (CI2) and pricing the programs '*pretty cheap ... at the bottom end*' (CI1). Some informants pointed out the danger of a levelling playing field, where the advantages of a shorter duration program (CI2) and University ranking (CI17) are being matched by the competition. To maintain its competitiveness, the University changed its delivery mode (CI1) and introduced blended learning (CI3). The HCO also proactively reached out and serviced its alumni, and in the process, considered them as the University's PR (public relations) assets (CI9).

Before the expiry of the VKP contract, the two parties entered an '*exhausting*' and '*complex*' 18-month negotiation (CI10), which was almost aborted (CI4). During the negotiations, the partners developed 10-year financial models where '*the total value of the partnership was ... quite striking for both parties*' (CI10). The '*win-win*' contract (CI2) was

ultimately re-weighted in terms of commercial outcomes *'to be a lot fairer towards the University in terms of both risk sharing and IP development and the infrastructure partner requirement ... their overheads ... the models are now ... settled, in place in the University in that we've got a better way to share the revenues coming from the partnership with respect to relevant risks, overheads and development costs for IP, etc'* (CI11). The University now receive a *'higher fee share ... but involve ourselves more'* (CI1).

Both the University and the VKP OP have ambitions to expand throughout the region, particularly into the AS, SS and SA regions, where the University has identified five new countries for exploration (CI10). These ambitions are motivated by the OP's own Country P presence and large network of agents region-wide (CI1). The first TNE to be jointly launched outside of Country V will be in Country H, an emerging economy (CI3, CI10) – which seems incongruent with the University's stated TNE criteria for *'stable'* countries with *'proper governance'* (CI1).

While the interests of the University and the VKP OP *'are actually quite aligned'* (CI10), the University have had to accommodate the OP's delivery of its own (CI4) and 11 other university programs (CI3) in the same location. CI4 remarked that the University *'doesn't share these concerns'* of the OP's *'potential conflicts of interests'*. The University have had to also live with the control the OP has on the choice of programs to deliver in Country V (*'the VKP OP sometimes don't want to run programs that we feel ... should run well'* – CI3). These are the trade-offs that the University and the VKP OP have had to make as they *'really depend upon each other quite a lot'*, and a termination of the operation might lead to *'mutually-assured destruction'* (CI10).

The University's experience with incentive alignment can be observed in the swapping of OPs in Country X and the market dominance of VKP (over VSM) in Country V. The XGI and VSM operations seem to have



encountered poor alignment of incentives, triggering the University to re-assess its partnerships and ultimately favouring the XNV and VKP OPs due to their superior experience and resources. The negotiations to renew the VKP contract was also an exercise in refining incentive alignment between the two parties.

Prior to the University's TNE tipping point, the University and its OPs shared rudimentary incentives, viz., TNE income and branding. There were obvious alignment of incentives in the case of TKD, VSM and XGI considering the length of the TNE operations.

Post-tipping point, the University's TNE objectives were more refined, viz., revenue growth, regional expansion, enhanced brand equity, offshore research opportunities and community development contributions at TNE countries and regions. These are now seen to be well aligned with the OPs' own largely financial and regional growth objectives, as observed in the VKP and XNV contract negotiations. These alignments require the University and its OPs to accommodate certain trade-offs. For instance, the University had to accommodate the VKP OP's eleven other university partners and its control over the TNE operating licence in Country V, while the OP had to live with the University HCO's competing marketing objective of international onshore enrolments. In the case of XNV, the OP had to forego delivering its own programs due to regulatory restrictions.

#### d) Maturity of Legal-political Environment

While PRT operates within environments with strong formal legal institutions and non-formal social conventions, AT requires only the presence of strong formal legal institutions to ensure the enforcement of 'complete' contracts (Kivisto 2011). The discussion in this section will thus be based on the observations made in Section 5.4.2.2.4.

(i) Pre-tipping Point

The discussion in Section 5.4.2.3.2 identified a pattern of opportunistic TNE start-ups that were initiated and administered by individual schools of the University. There were no clear strategic directions guiding these schools. However, the Countries where these early TNE operations functioned were considered countries with acceptable risk and investment attractiveness levels.

While there is no direct evidence of a deliberate choice of these Countries, the legal-political environments within these Countries provided a robust framework for the enforcement of TNE contracts, e.g., the orderly teachouts in Countries N, T and V, the overly strict regulations governing Country V TNE operations, and the careful transition from XGI to XNV in Country X.

(ii) Post-tipping Point

The University operated only within Countries V and X, countries with good legal-political governance. The TNE operation at XNV was a deliberate decision of the VC to remain in the Country so as to not lose the reputation built up over the past ten years (C13).

The VKP TNE contract was recently successfully re-negotiated after a gruelling 18-month negotiation (C110), which saw a 'win-win' outcome that re-weighted the risks and benefits of each partner, allowing the University to negotiate better returns for its investments (C12).

The University's new TNE operation to be launched jointly with the VKP OP in Country H seems like an anomaly since the Country has the highest Coface risk rating (Section 5.2.2.2.3) in light of University preference for 'stable' countries with 'proper governance' (C11). It is possible that this decision might have been influenced by a desire to be a

first mover in a new market (*'we're looking at other countries at the moment, with emerging markets that have some instability but are growing markets, and you have to be very careful ... so, we are looking at them because if you have first mover advantage in some of those countries, then obviously, you know you can build a better reputation, a strong reputation over time ... but it comes with higher sovereign risk obviously'* (CI11). Although it is not possible to conclude that the University exclusively favours operating within strong legal-political environments, the University prefers such environments but will explore options that can provide first-mover advantage and the building of brand equity.

#### 5.4.2.3.4 Rival Theories

Although the University C focus group did not pick up any evidence of the Upper Echelon Theory (UET), the in-depth interviews detected some evidence that UET might be at work in the University's TNE decisions. These UET occurrences were observed in the decisions of two VCs. The first VC called for the University-wide TNE review (University C TNE Project Team 2013a), approved the delivery of VSM programs in VKP (bewildering even some University staff – CI1) and informed the XGI OP that the University was terminating the operations on contract expiry (CI3). The second VC (who *'had the final say'* – CI3) convinced University staff about the merits of staying in Country X and reversed the pull-out (CI3, CI10).

Further, the leadership shown by CI10 and CI11 in the negotiations with OPs and the resulting better returns negotiated are possibly a reflection of their long experience in managing TNE across multiple universities and their private sector work experience. These senior executives have been observed to have been responsible for various strategic TNE decisions of the University.

The University C focus group found that the Resource-based View was not evidenced because there was no evidence of profit maximisation in the University's TNE operations. The in-depth interviews however did find some evidence of such behaviour through the negotiations for the renewal of the VKP contract, where the University succeeded in negotiating for better returns (CI2, CI3). This is further supported by the acknowledgement that the University is dependent on TNE income for operational funding (*'it has to generate an income for the University ... we can't be there with a sense of service and benevolence and things like that ... it has to fund the research here, for example'* – CI2; CI3; CI10). Further, the drive for growth in funding might have motivated the decisive changes in OPs in Countries V and X, in favour of high-performing OPs.

There is some indication that the University might be moving towards the development of Strategic Nets (Butler and Soontiens 2015) in its quest to grow its international network of TNE operations. This is evidenced by the set up of its offshore HCOs, the modularised VKP OP TNE management teams, and the University's joint regional expansion plans with the VKP OP. The University has been reported to also have *'big plans'* with its new XNV OP in the AA region.

Although all pre-tipping point TNE operations were adduced to have yielded fair financial returns, XGI reportedly *'didn't generate enough profit to sustain'* (CI2). There were also reports of *'very expensive teachout'* commitments on termination of TNE operations (CI2). Post-tipping point, the University used TNE financial models that were scrutinised and recommended by the White Paper; these models were founded on a minimum 45% revenue share for the University. It can be concluded that post-tipping point TNE operations are all required to be financially self-sustainable.

While the University had clear post-tipping point financial objectives, its pre-tipping point TNE financial considerations were observed to be less

clear. There is a possibility of some loss-making pre-tipping point TNE operations that might have been cross-subsidised by other profit-making TNE operations.

#### 5.4.2.3.5 University C Case Study Findings

This section will address the three research questions, based on the TNE Decision Model construct (Fig. 3.2), which takes into consideration the characteristics and perspectives of the University with regards to TNE operations, and the prevailing operating environment.

##### a) University C Criteria for TNE Business Delivery Model Selection

The University's pre-tipping point TNE operations, which were sporadically initiated by individual schools, were focussed only on teaching for profit, and its motivation for TNE teaching was confined to only market-seeking and resource-seeking (Section 5.4.2.1). The r-FP model, an Outsourced Model was the model of choice because it required minimum University offshore involvement, and there were ready OPs with similar profit motives. Pre-tipping point, the regulatory environment was less stringent and hence, the OPs could get away with rudimentary TNE delivery infrastructure and services. And indeed, some were '*small companies*' (C16) while others had '*no academic background*' (C14).

Post-tipping point, the University centralised TNE initiation and management, driven by clear revenue-generating objectives, including a 45% revenue share target (University C TNE Project Team 2013a, 19). TNE operations are now involved in teaching, research and community engagement. The University operates in partnership with OPs that have proven TNE teaching track record, international student recruitment and teaching delivery networks, and highly efficient teaching delivery infrastructures. With the set up of the Countries V and X HCOs, the

University was able to leverage on efficiencies enabled by cross-border entities. The University's post-tipping point TNE operations are thus market-seeking, resource-seeking and efficiency-seeking in pursuing its three-fold roles of teaching, research and community engagement. Its preference was for a Direct Model of either an ic-IBC or an i-FP to enable closer monitoring and control, as well as provide infrastructure for the delivery of research and community engagement activities.

b) Theoretical Drivers for University C's TNE Business Delivery Model Selection

The analysis of informants' perspectives on the reflectors of the three theories of the firm (Section 5.4.2.3) are summarised below; these analyses were based on the propositional framework of Table 4.12.

Note that in two cases, there was insufficient data or evidence to enable any meaningful identification of the reflectors of the theories. The TNE operations that have been observed to satisfy all the propositions for a particular theory are highlighted in grey scale.

VKP was started before the tipping point, and continues to this day. The tipping point coincided with the renewal of its OP contract. It is therefore investigated under both pre-tipping point and post-tipping point conditions.

No.	TNE Operation	Term (years)	TNE Business Delivery Model Type	TCE Asset Specificity	TCE Behavioral Uncertainty	TCE Transaction Frequency	TCE Environment Uncertainty	PRT MCR Control	PRT Concern for Opportunism	PRT Information Asymmetry	PRT Governance Environment	AT Costs of Search and	AT University Risk Aversion	THE Incentives Alignment	AT Environment Maturity
A	Pre-tipping Point														
1	TKD	21	OM	L	H	H	NR	OP	NR	NR	H	L	H	H	H
2	NCE	7	OM	L	H	H	NR	NR	NR	NR	H	L	H	NR	H
3	VSM	11	OM	L	H	H	H	OP	H	H	H	L	H	H	H
4	XGI	10	DM	L	H	H	H	OP	H	H	H	L	H	H	H
5	VKP1	5	OM	L	H	H	H	OP	H	H	H	L	H	H	H
B	Post-tipping Point														
1	VKP2	5+	DM	H	H	H	H	UP	H	L	H	H	L	H	H
2	XNV	1+	DM	H	H	H	H	UP	H	L	H	H	L	H	H

Abbreviations : L – Low; H – High; UP – University; OP – Offshore Partner; NR – Not Referenced  
DM – Direct Model; OM – Outsourced Model  
VKP1 – VKP under previous contract; VKP2 – VKP under new contract  
Shaded cells indicate fulfilment of all reflectors for one of the theories

**Table 5.65 University C Responses to Propositions**

Focus group findings predicted that University C’s r-FPs that were in operation prior to its TNE tipping point were driven by AT considerations, while its ic-IBCs (post-tipping point) could be driven by either TCE or PRT considerations. The focus group did not identify XGI as an ic-IBC presumably because the two participants were not in strategic roles and therefore were not privy to the corporate structure of XGI. The in-depth interview informants have identified XGI as an ic-IBC, according to the Observatory’s definition of an IBC with regards to its ownership, exclusive branding, delivery of entire programs and award of degrees (Garrett et al. 2017). Following the focus group findings, XGI should also be expected to be driven by either TCE or PRT considerations.

(i) Pre-tipping Point

The University’s early TNE operations were initiated by individual schools in ‘bits and pieces’ (CI6) through out-of-load payments (‘paid ... on top of their normal salaries’ – CI10) ‘so they could have some money to spend on themselves’ (AI6). These ‘very high risks’ (CI1), ‘often quite opportunistic, a bit reactive’ ventures (CI10) were initiated mostly with

OPs that do not have education backgrounds, e.g., '*small companies*' (CI6). In the early years of the University's TNE ventures, there was little competition; hence, these offshore teaching ventures prospered (CI2, CI3, CI1) as the University's revenue good. The University imposed no requirement for research and community engagement at its TNE operations.

The early TNE operations were reported to have been initiated with very little due diligence (CI1). Although the University appointed Principals at the delivery locations, a number of these Principals were found to have been compromised by the OPs (CI3), and thus diminished the University's efforts to reduce information asymmetry. Further, the OPs were reported to have been operating with multiple university partners as a risk diversification strategy, but considered an opportunistic '*danger*' to the University's interests (CI4). However, the mutually beneficial financial incentives ('*we're their biggest partner ... we must be making the most money for them*' – CI3) ensured the longevity of many of the TNE operations, all of which lasted beyond the five-year reasonable returns period (Table 5.65).

Admittedly, as a small university, its TNE approach was '*probably 10 or 12 years ago ... (to find) the right partnership institution who had the responsibility to provide all the infrastructure and then in essence we provide the intellectual assets*' (CI4). This asset-light approach enabled the University to address the highly risky TNE operations (CI1), and resulted in low asset specificity. Hence, TCE can be precluded from having contributed to the r-FP and ic-IBC models prior to the University's TNE tipping point.

In conclusion, it would seem that AT had been the driving approach in four pre-tipping point TNE operations. Three of these are r-FPs, while one is an ic-IBC, i.e., the XGI operation. There was insufficient data to



enable any meaningful analysis of the University's business delivery model selection for the NCE r-FP.

Following the focus group findings, it was not surprising that the r-FPs were seen by the interview informants to be driven by AT considerations, but XGI seems like an anomaly. It has however been noted that XGI is '*not really a branch campus but people do refer to it as a branch campus*' (CI3). For all intents and purposes, XGI actually operated as an r-FP with a light-touch University presence in the form of an on-site Principal (who was later found to be institutionalised by the OP) (CI3). The White Paper corroborates this by stating that 'University C operates franchised models with all offshore partners' (University C TNE Project Team 2013a, 10).

The r-FPs operated within pent-up high demand business environments which were lightly regulated. Consequently, costs of search were low, while monitoring was light touch. It was not surprising that the r-FP was deployed to address the '*very high risk*' (CI11) of TNE delivery, including extended and expensive teachouts that followed terminations (CI2).

The Countries where the University delivered its pre-tipping point TNE programs were observed to be low risk countries that also have highly regulated education sectors, suitable for the enforcement of contracts. The Australian regulatory environment was seen to be promoting university efforts in generating additional funding, and this possibly emboldened schools to initiate '*risk-taking*' TNE operations (CI4).

It can be concluded that AT was a possible driver for the University's choice of the Outsourced Model of TNE business delivery before its TNE tipping point.

Although the OP was in control of mission-critical resources, the high levels of concern for opportunism and information asymmetry precluded

PRT as a consideration for the selection of the r-FP (an Outsourced Model) as the pre-tipping point models.

(ii) Post-tipping Point

TNE growth rate and experience impacted the University's TNE decisions favourably. Its phenomenal growth at VKP prompted the TNE review and precipitated its TNE tipping point. Its pre-tipping point experience provided the basis for the promulgation of the White Paper strategies and recommendations, and the successful re-negotiation of its VKP OP contract and the new highly favourable XNV OP contract.

Post-tipping point, VKP was observed to have been driven solely by TCE considerations. The difference lies in the higher level of post-tipping point transparency between the University and its VKP OP resulting from greater operational proximity between the two partners, thus reducing information asymmetry (*'our interests are actually quite aligned and ... being local really helps'* – CI10). The remaining post-tipping point TNE operation, XNV was also seen to be similarly driven by TCE considerations.

To manage the high transaction frequency TNE operation amidst tightened regulatory environments (CI10), the University and its OPs were seen to have deliberately invested in TNE-specific assets, some of which like IP and branding are clearly asset-specific to the TNE operations (CI2, CI3). Its research and community engagement KPIs were undertaken by its SCORE research centre and HCO teaching staff (CI10). Behavioural and environmental uncertainties continue to be concerns that the University now addressed via its on-site HCOs (CI10). The University was sensitive to a number of key transaction costs, viz., closer scrutiny of OPs (CI1, CI11), set up of the HCO for performance monitoring, operational efficiency and communication (CI1, CI3, CI10),

more intense contractual bargaining with OPs (CI2, CI3), and new business development to address business obsolescence (CI11).

Post-tipping point, the University's TNE agenda was more strategic, guided by its 2012 – 2020 Strategic Plan and the White Paper. It was possibly driven by home country funding constraints (CI10) and its limited resources ('*we are a small university*' – CI4; '*University C was very subject to government funding ... we don't have a big foundation ... we have land but we don't have other income ... so, we are very at the vagaries of the government policies here ... so (we need) to have other operations ... (in) diversifying (our income sources)*' (CI1)). Secondary data analysis indicated the possibly higher propensity of small universities to engage in TNE (Section 5.4.2). The University also expanded its TNE scope to undertake research and community engagement as its mission goods, funded largely by its TNE teaching, a revenue good.

The foregoing findings suggest that TCE is a possible driver for the University's preferred Direct Model of TNE business delivery post-tipping point. The post-tipping point higher costs of search and monitoring (CI11), and lower risk aversion associated with the University's on-site HCO and Dean's '*boots on the ground*' monitoring (CI10) precluded AT as a driver for the University's choice of the i-FP and ic-IBC (both Direct Models). Similarly, the close University monitoring of the OP via the Dean and HCO enabled the reduction of information asymmetry and hence precluded PRT as a possible driver for the post-tipping point Direct Models.

In summary, the in-depth interviews identified AT as the driving perspective pre-tipping point for the selection of the r-FP, an Outsourced Model, as well as a pseudo ic-IBC, which operated as an Outsourced Model (Table 5.66). After the tipping point, the University no longer deployed any Outsourced Model; it relied on two variants of the Direct

Model, viz., the FP model with *in situ* oversight (i-FP) and the collaborative IBC with *in situ* oversight (ic-IBC). Both of these Direct Models were observed to have been driven by TCE perspectives.

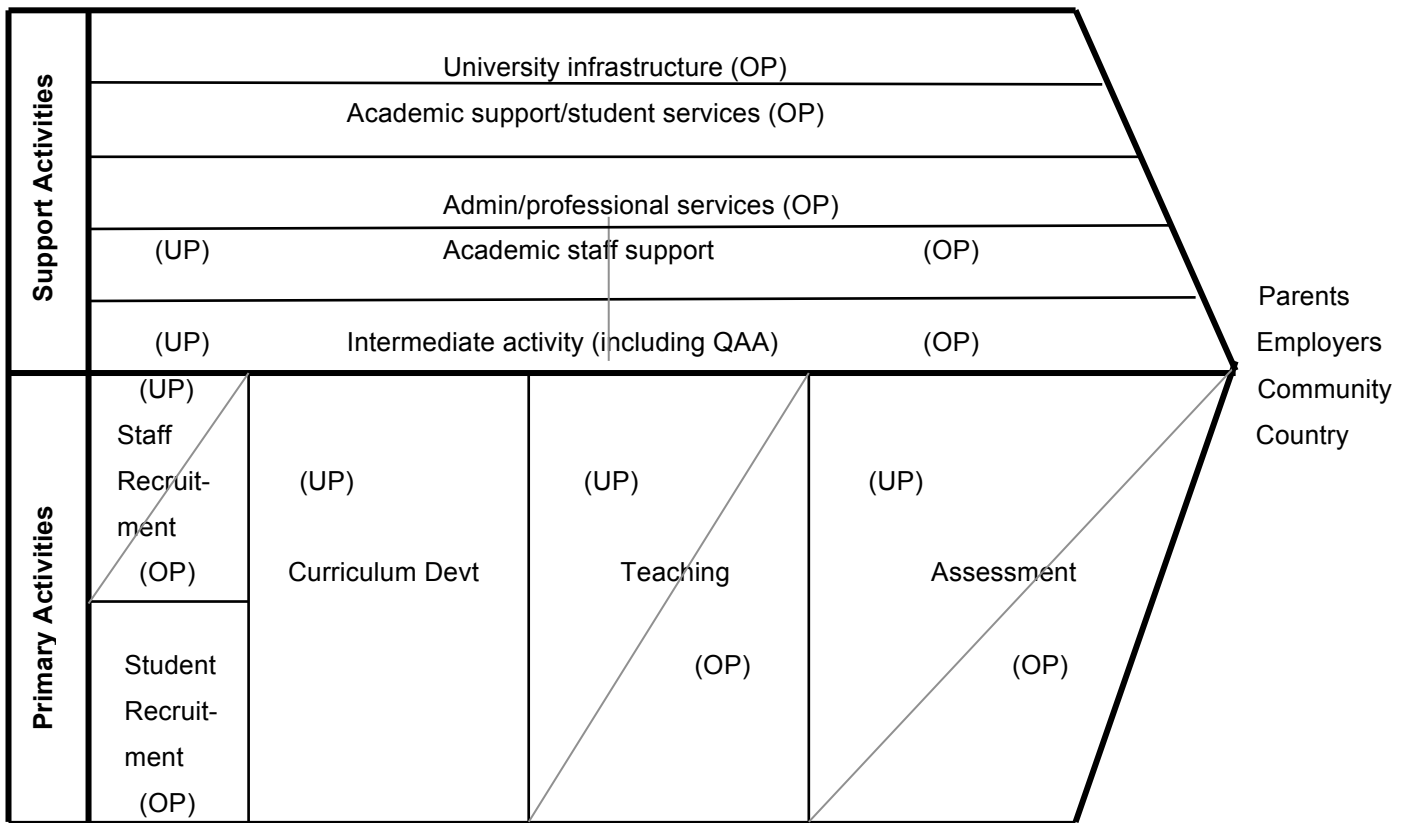
No.	In Relation to Tipping Point	Type of TNE Business Delivery Model	Direct/ Outsourced	Possible Rationale for Model Selection
1	Before	Franchised (remote supervision) (r-FP)	OM	AT
		Pseudo-collaborative IBC ( <i>in situ</i> oversight) (pseudo ic-IBC)	OM	AT
2	After	Franchised ( <i>in situ</i> oversight) (i-FP)	DM	TCE
		Collaborative IBC ( <i>in situ</i> oversight) (ic-IBC)	DM	TCE

**Table 5.66 University C Theoretical Perspectives in Deploying TNE Business Delivery Models**

c) University C Value Chains

Drawing from the generic TNE value chain of Fig. 4.6, the University's pre-tipping point and post-tipping point TNE value chains are reproduced below.

In the pre-tipping point Outsourced Model, the OP provides all of the TNE operation's physical infrastructure, academic support and student services, administration and professional services and marketing. The University provides all of the curricula for program delivery. The two partners share responsibilities for academic staff support, intermediate activity, staff recruitment, teaching and assessment.

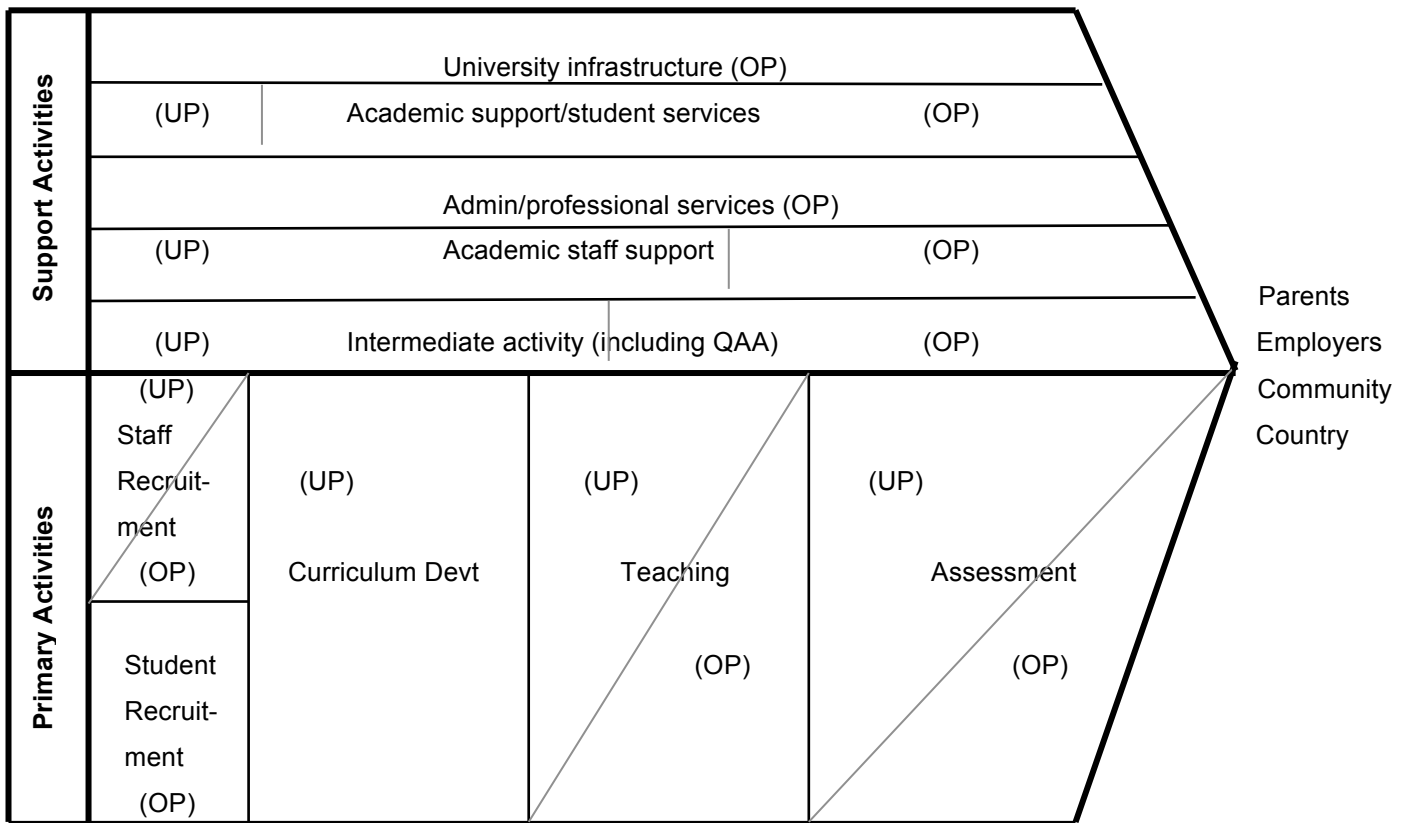


Abbreviations : UP for University Partner; OP for Offshore Partner

**Fig. 5.7 University C TNE Outsourced Model Value Chain (Pre-tipping Point)**

The pre-tipping point pseudo Direct Model is similar to the pre-tipping point Outsourced Model, except for the additional presence of an on-site Principal who was supposed to have provided academic support, student services and additional academic staff support, but was found to have been compromised by the OP.

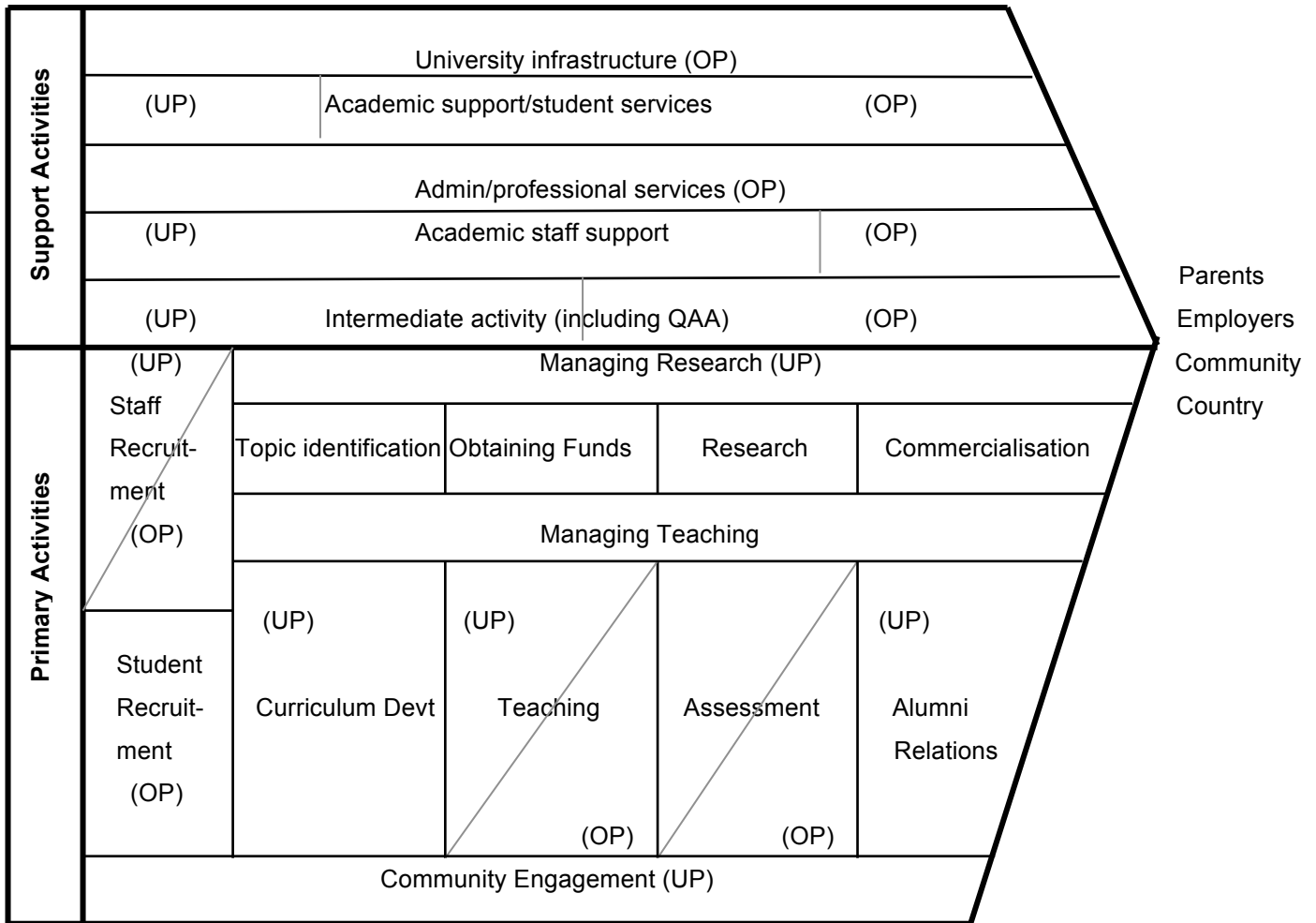
Both the pre-tipping point Direct and Outsourced models were observed to be rudimentary; they do not include alumni relations, research and community engagement activities.



Abbreviations : UP for University Partner; OP for Offshore Partner

**Fig. 5.8 University C TNE Direct Model Value Chain (Pre-tipping Point)**

After the tipping point, the University deployed only Direct Models, viz., the i-FP and ic-IBC. These operations undertook all three university roles of teaching, research and community engagement. Research and community engagement were mission goods that the University delivered on its own, without OP involvement. It also undertook alumni relations as its own primary TNE value chain activity. The other value chain activities reflected the pre-tipping point Direct Model value chain activities, except for academic staff support where the post-tipping point Direct Model's HCO was responsible for providing more services.



Abbreviations : UP for University Partner; OP for Offshore Partner

**Fig. 5.9 University C TNE Direct Model Value Chain (i-FP and ic-IBC) (Post-tipping Point)**

d) The Influence of Theoretical Perspectives on TNE Longevity

It was observed that all TNE operations investigated have outlasted the three-year break-even business survival and five-year 'fair rate of return' business longevity periods defined in Section 2.7.4.3.

Of the four pre-tipping point TNE operations investigated, three were terminated as a result of liabilities associated with adolescence, viz., NCE (rejection by the University due to quality control issues), VSM (OP management change resulting in loss of focus) and XGI (rejection by

students resulting from poor program choices). TKD succumbed to the liabilities of obsolescence arising from a change in value proposition of the OP as a new university college. All four TNE operations exceeded both the business survival and business longevity periods, indicating a fair rate of return for these operations. However, CI2 a senior executive with strategic responsibilities intimated that XGI was not financially sustainable at the time of termination.

Pre-tipping point TNE operations were seen to be financially disadvantageous to the University, as indicated in informant comments about the unfair returns in older TNE contracts. The TNE review of 2012-2013, *inter alia* 'comprehensively' scrutinised the University's 'capacity, cost and delivery of TNE' and warned that 'a significant revenue stream will be diluted or lost' if the University does not respond to the external challenges facing the University (University C TNE Project Team 2013a, 4). The review team generated various financial models for scrutiny and ended up with five potential models for adoption.

The post-tipping point VKP operation was clearly yielding better returns to the University. The VKP SCORE research centre was also reported to have secured government and private sector funding. However, there were signs of liabilities of adolescence setting in, resulting from the loss of competitive advantages in price, duration and ranking. While new and difficult to assess, XNV and HKP show signs of liabilities of newness due to the lack of competitiveness of their academic programs. They obviously do not currently undertake research and community engagement.

In terms of TNE longevity (Section 2.7.4.3), it is observed that all the University's TNE operations exceeded both the three-year business survival and five-year business longevity benchmarks (Table 5.71), suggesting that all TNE operations were run at fair rates of returns.



Hence, there was no possibility of ascribing any of the theories of the firm to the longevity of the University's TNE operations.

## 5.5 Chapter 5 Conclusions

This chapter started with outlining *a priori* expectations of possible theoretical drivers for the two Universities' choice of TNE business delivery models – based on focus group findings. These *a priori* expectations formed a basis to compare with empirically-generated constructs.

To provide data clarification, authentication and triangulation, secondary data was analysed. They comprise data on the Australian public university sector and a comparative analysis of country operating environments (for countries where the two Universities operated TNE).

The in-depth interviews were coded and reported according to identified themes, concepts and stories as thick descriptions in Appendix I and J, and summarised in Sections 5.3.1 and 5.3.2.

The chapter concludes with single case analyses of Universities A and C, addressing the criteria that each University used in their choice between Direct and Outsourced Models, and the possible theoretical perspectives driving these choices. The single case studies were however unable to draw any conclusion about the influence of theoretical perspectives on the longevity of TNE operations – due to insufficient data points.

## Chapter 6 Cross-case Analysis and Findings

This chapter brings together the single-case analyses of chapter 5 for a cross-case analysis, seeking to identify similarities and differences, as well as patterns of behaviour relevant to the selection and administration of TNE operations by the two Universities. This cross-case analysis will seek to answer the three research questions pertaining to TNE operations as defined by the characteristics and motives of these Universities, and their operating environments.

The first research question is analysed through the Guimon (2016) construct mapping the three roles of each University (viz., teaching, research and community engagement) against their motives for going offshore (Section 2.6.5.3). The criteria that these Universities are observed to use in the selection between the Direct Model and Outsourced Model are also distinguished between the pre- and post-tipping point periods. The Guimon construct for multinational universities was an apt framework because both Universities were described as multinational universities (*'University C has become a multinational'* – CI10; *'a global university, with multiple campuses'* – A11).

The behaviours of the two Universities are then compared using the reflectors of the three theories of the firm – to identify similarities and differences in an attempt to answer the second research question. This section concludes with a tabulation of TNE value chain activities circumscribed by the specific circumstances of these two Universities. The longevity of the Universities' TNE models were also compared to determine if any of the three theories might be able to explain possible trends.

Finally, the cross-case study also explored possible rival theories and other disconfirming evidence.

## 6.1 TNE Business Delivery Models Identified

Before commencing the cross-case analysis, it is useful to summarise the TNE business delivery models that had been discussed in the in-depth interviews.

The in-depth interviews specifically explored four different TNE models, viz., the wholly-controlled international branch campus (w-IBC), the *in situ* supervised collaborative IBC (ic-IBC), the *in situ* supervised franchised program (i-FP) and the remotely-supervised FP (r-FP).

The w-IBC fully conforms to the Observatory's definition of an IBC with regards to its university ownership of campus infrastructure, exclusive university branding, delivery of entire university programs and university award of degrees (Garrett et al. 2017). The collaborative IBC (c-IBC) has been identified as a pseudo IBC that does not fully conform to the Observatory's definition, e.g., a TNE operation that is widely known as an IBC but operates out of a host country OP's premises (Section 2.5.3). Specifically, the in-depth interviews identified a variant of the c-IBC, i.e., a c-IBC that is managed by the university's OP but monitored on-site by the university's Pro-Vice Chancellor (PVC) – the ic-IBC (e.g., University A's Country V ic-IBC).

In the course of investigating franchised programs (FPs), the in-depth interviews came across two variants, viz., the remotely-monitored FP (r-FP) and the *in situ* monitored FP (i-FP) (Section 4.4.2.2). The former describes the traditional FP which is the means for the university to licence its programs for offshore delivery to an appointed OP delivering out of OP premises. The i-FP is a traditional FP that is monitored on-site by one or more university representatives, e.g., University C's Country V i-FP that is monitored by a University-owned host country office (HCO) which employed a Dean, several full-time teaching staff and a small team of administrators. Interestingly, while University C's XGI operation was

widely called a branch campus, it was officially considered a r-FP (University C TNE Project Team 2013a). Further, although supposedly monitored by a Dean, the integrity of these Deans was reported to have been compromised or '*institutionalised*' by the OP (CI3).

While the w-IBC is a hierarchy in organisational economics parlance, the other models are hybrids. Moreover, by virtue of the university's control of mission-critical resources (Sections 5.4.1.3.2a(ii) and 5.4.2.3.2a(ii)), the w-IBC, ic-IBC and i-FP are considered Direct Models, while the r-FP an Outsourced Model (Appendices I and J), as illustrated in Tables I.4 (University A), J.2 (University C) and 5.66 (Universities A and C), and summarised below.

No.	Descriptor	TNE Business Delivery Model Classification			
1	TNE Model	w-IBC	ic-IBC	i-FP	r-FP
2	Governance Model	Hierarchy	Hybrid		
3	TNE Model Type	Direct			Outsourced

**Table 6.1 Classifications of Identified TNE Business Delivery Models**

## 6.2 Universities A and C Criteria for TNE Business Delivery Model Selection

This section tracks the morphing of the two Universities' TNE roles from pre-tipping point teaching only, to post-tipping point provision of all three services of teaching, research and community engagement. In addition, these Universities also actively pursued the recruitment of host country students for onshore study. The cross-case analysis and findings are based on the single case studies of Sections 5.4.1 and 5.4.2. Tables 5.10 and 5.39 were amalgamated into Table 6.2 to provide a cross-case comparison.

The criteria that these Universities used in the selection of TNE business delivery models for the provision of TNE services were explored. These

criteria were found to have been influenced by the characteristics of the Universities and the prevailing operating environment. These characteristics include the type of university, size and resources of the university, TNE agenda (if any), previous TNE experience (if any) and TNE growth rate. The operating environment was analysed in terms of its business, social, legal, regulatory and political dimensions. These criteria were also found to have been influenced by the Universities' perception of its OPs, although the characteristics of OPs were not the subject of the present study. These OP characteristics also include OP type, size, resources, TNE agenda, TNE experience and TNE growth rate.

#### 6.2.1 Pre-tipping Point

Both Universities were observed to have focussed solely on teaching prior to their respective tipping points (Table 6.2). These teaching-only TNE operations were almost exclusively r-FPs, except for University C's XGI branch campus, which for all intents and purposes can also be considered a r-FP.

Both Universities sought to grow their TNE markets for TNE income, and to promote their brands for the recruitment of international students to study onshore. They relied heavily on their OPs to provide the resources for TNE teaching delivery, a revenue good. Although both Universities operated multiple r-FPs in several countries, there was no discernible effort to leverage on these operations for cross-border efficiencies. No TNE operation was involved in the provision of the mission goods of research and community engagement.

The quest for TNE in both Universities was not a proactive, strategic whole-of-university endeavour. They were largely initiated and managed by entrepreneurial staff who were motivated by financial returns for their faculty/school and for themselves.

This state of affairs was in turn encouraged by Australian government policies that encouraged the commercialisation of education. The Universities also operated within an Australian higher education sector that had immature TNE regulations. Host country TNE regulations were similarly lax.

The selection of r-FPs to deliver TNE did not seem to have been influenced by University type or size; University A was considered a large university while University C a small university.

The decentralised nature of TNE initiation and management at these Universities, the lack of TNE experience among University staff and the Universities' TNE risk aversion were observed to have possibly motivated the deployment of the low cost, hands-off Outsourced Model (OM) (i.e., r-FP) for TNE teaching delivery. The close alignment of interests between the Universities and their OPs enabled all pre-tipping point r-FPs to last beyond the five-year reasonable rate of returns period.

Apart from the alignment of interests, the Universities selected their OPs because of their OPs' ability to provide basic teaching and learning infrastructure, employ low cost teaching staff, recruit students and demonstrate good local knowledge. Although most OPs generated good student numbers and hence, good financial returns, many were later found to have been lacking in quality of academic delivery – especially when the regulatory environment became more mature and formalised post-tipping point.

University Role	Ref Tipping Point	TNE Model	TNE Motivations		
			Market-seeking	Resource-seeking	Efficiency-seeking
Teaching	Pre	Uni A r-FP	Develop as many r-FPs as possible for income and leverage on r-FPs for onshore enrolments and income	Engage OP expertise and resources to reach more students at lower costs	Not identified
		Uni C r-FP	Grow TNE enrolments for TNE income and build offshore branding for onshore enrolments and income	Engage OP expertise and resources to reach more students at lower costs	Not identified
		Uni C ic-IBC	Grow TNE enrolments for TNE income and build offshore branding for onshore enrolments and income	Engage OP expertise and resources to reach more students at lower costs	Not identified
	Post	Uni A r-FP	Develop financially sustainable r-FPs for specific purposes and leverage on r-FPs for onshore enrolments and income	Engage OP expertise and resources to reach more students at lower costs	Not applicable. Some r-FPs continue to be managed by faculties
		Uni A ic-IBC	Develop campuses in multiple countries for TNE income and leverage on campuses for onshore enrolments and income	Engage OP expertise and resources to reach more students at lower costs	Leverage on OP efficiencies and the University's hub-and-spokes TNE administration
		Uni C i-FP	Grow TNE enrolments for TNE income and build offshore branding for both TNE and onshore enrolments and income	Engage OP expertise and resources to reach more students at lower costs	Leverage on OP efficiencies and HCO coordination
		Uni C ic-IBC	Grow TNE enrolments for TNE income and build offshore branding for both TNE and onshore enrolments and income	Engage OP expertise and resources to reach more students at lower costs	Leverage on OP efficiencies and HCO coordination
Research	Pre	Uni A r-FP	Not identified	Not identified	Not identified
		Uni C r-FP	Not identified	Not identified	Not identified
		Uni C ic-IBC	Not identified	Not identified	Not identified
	Post	Uni A r-FP	Not identified	Not identified	Not identified
		Uni A ic-IBC	Gain access to international research projects through ic-IBCs and their PVCs	Outsource foreign researchers and funding, and collaborate with foreign entities	Leverage on the University's research and ic-IBC networks for efficiency
		Uni C i-FP	Access research projects in host country and region	Tap into government and private sector research funding, and collaborate with	Leverage on the University's existing international research networks, VKP OP marketing

				researchers in host country and region	network and HCO coordination
		Uni C Ic-IBC	New HCO in Country X to access research projects in host country and region	New HCO in Country X to tap into government and private sector research funding, and collaborate with researchers in host country and region	New Country X HCO to leverage on the University's existing region AA research networks, XNV OP marketing network and HCO coordination
Community Engagement	Pre	Uni A r-FP	Not identified	Not identified	Not identified
		Uni C r-FP	Not identified	Not identified	Not identified
		Uni C Ic-IBC	Not identified	Not identified	Not identified
	Post	Uni A r-FP	Not identified	Not identified	Not identified
		Uni A Ic-IBC	Connect with governments and private sectors to contribute to capacity- and nation-building	Outsource to OPs for funding and participation	Not identified
		Uni C i-FP	Expand University commercialisation and research in host country to contribute to host country and regional development	Collaborate with host country entities and investors for commercialisation and capacity-building in host country and region	Leverage on HCOs in different countries for efficiency
		Uni C ic-IBC	New Country X HCO to expand University commercialisation and research in host country to contribute to host country and regional development	New Country X HCO to collaborate with host country entities and investors for commercialisation and capacity-building in host country and AA region	Leverage on HCOs in different countries for efficiency

**Table 6.2 Criteria for Universities A and C TNE Models Across Their Three Roles (adapted from Guimon 2016, 222)**

### 6.2.2 Post-tipping Point

For University A, its post-tipping point TNE experience had been marked by a tightening regulatory environment within Australia and its host Countries, leading to the closure of many r-FPs which did not meet the new standards that emerged. Most University C TNE operations were not affected by the regulatory tightening, except for two r-FPs that were observed to have been terminated in response to the TEQSA re-registration exercise. Its TNE tipping point occurred when one of its r-FPs grew at an alarming rate and *inter alia*, threatened its TNE academic



integrity, risked non-compliance with TEQSA and the host Country's regulatory requirements, and threatened its TNE revenue streams.

University A's response to post-tipping point tightening of regulations was to terminate non-compliant r-FPs gradually, as the standards became more specific, e.g., ten r-FPs terminated around the AUQA Cycle 2 period and one around the commencement of TEQSA. It took another eight years before University A started another ic-IBC, presumably because of risk aversion in responding to the tightening regulatory environment.

University C, on the other hand, took a proactive approach to its TNE tipping point by conducting a comprehensive review '*to examine every facet of the way in which University C offers its course overseas*' (University C TNE Project Team 2013a, 3) in terms of '*TNE delivery, administration and financial models*' (Ibid., 4). Two r-FPs were observed to have been terminated around the commencement of TEQSA's university re-registration exercise, of which the University was one of the first to participate in.

Both Universities were seen to have embraced research and community engagement, in addition to teaching and onshore recruitment in their post-tipping point TNE operations. In the case of University A, it was a strategic, deliberate move that arose from its Global University approach and formalised in new TNE OP contracts. These contracts required both the University and its OPs to commit to these mission goods. For University C, the incorporation of research and community engagement in its TNE operations was unplanned and resulted from the leveraging opportunity afforded by the host country office (HCO). Unlike University A, University C did not require its OP to deliver these mission goods. The University delivered these mission goods through its own on-site teaching staff, led by a Director.

While both Universities were able to attract research funding from external sources, e.g., host governments and venture capitalists, research is still considered a predominantly mission good which required university funding (*'you don't really make money out of research'* – AI15).

The delivery of the full suite of university roles (viz., teaching, research and community engagement) was enabled by various drivers in each University, some of which were similar. Both Universities were reported to consider themselves *'research active'* (AI12) and *'research intensive'* (CI11). While University A had the resources *'because we're a big university'* (AI19), University C, a *'small university'* (CI4) relied on TNE income to support research and community engagement (CI1).

Both Universities were able to transform and refine their TNE delivery models as a result of their TNE experiences (*'we've learnt along the way ... and now, we are wise after 20 years of running offshore programs'* – AI20; *'learn a lot from the past'* – CI3). University A's TNE growth rate within the six years post-tipping point was very high, recording 16 start-up r-FPs – only one survived at the time of the interviews, demonstrating the impact of the tightening regulatory environment. University C on the other hand, did not have a high growth rate of TNE start-ups but a high rate of TNE student enrolment growth post-tipping point. This led to the comprehensive university-wide TNE review and the expeditious set-up of the Country V HCO.

Both Universities gravitated towards OPs that were better resourced, better experienced and better networked, compared to pre-tipping point OPs. For University A which required OP participation in research and community engagement, some OPs were good fits, e.g., a State government and a private institution with nation-building missions. Other OPs had to be coaxed (e.g., VCS) or coerced (e.g., XCD) into accepting these commitments. University C did not require its OPs to participate in these mission goods.

Both Universities sought market access, resource access and efficiencies from their respective TNE networks to deliver all three roles. In addition, both also leveraged on their TNE networks for recruitment of international students for onshore study. While University A did not seem to have a strategic TNE approach to recruitment for onshore study, University C had specifically set recruitment KPIs for its HCO. The Universities' recruitment for onshore study can be considered an additional market-seeking activity under the Universities' teaching role.

Both Universities selected Direct Models to deliver the three university roles because of better monitoring and control of TNE delivery through close on-site monitoring. While University A deployed the ic-IBC exclusively, University C developed Direct Model variants of the r-FP (viz., the i-FP and the ic-IBC). University A's investments in its ic-IBCs were '*asset-light*' (AI1), comprising only an on-site Pro-Vice Chancellor (PVC) (and a Deputy PVC in TSW, and an Admissions Manager in XCD). University C's offshore investments were more extensive and comprised a Dean, at least one academic staff representing each participating school, a Learning Advisor and administrators; all housed in a University-funded HCO. Both Universities were observed to have enjoyed access to markets, resources and efficiencies through their cross-border network of Direct Model operations.

While University C no longer deploy r-FPs, University A continues to utilise this Outsourced Model for TNE operations that are not considered strategic for its Global University agenda, but serve specific purposes, e.g., '*community-building*' (AI11) and '*cross-selling*' programs (AI2). These r-FPs are teaching-only operations that leverage on OPs for market and resource access; they do not seem to provide cross-border network efficiencies.

### 6.3 Theoretical Drivers for the Universities' TNE Business Delivery Model Selection

The single case analyses of the two Universities yielded very similar findings in terms of the theoretical drivers for TNE business delivery model selection. The Outsourced Model (OM) seems to be driven by AT consideration both before and after their tipping points, while the Direct Model (DM) by TCE considerations. The cross case analysis is anchored on the theoretical bases developed in Section 2.6, and propositions of Table 4.12. Each model will require satisfaction of all propositions relating to it as shown in Table 6.3 below. For example, a University is said to have been driven by TCE in selecting the Direct Model (DM) if the analysis demonstrated high asset specificity, high behavioural uncertainty, high transaction frequency and high environmental uncertainty.

No.	TNE Model	TCE Propositions				PRT Propositions					AT Propositions			
		AS	BU	TF	EU	MC	Op	IAs	IAI	MEs	SM	RA	IAi	ME
1	DM	H	H	H	H	UP	H	H	H	H	H	L	L	L
2	OM	L	L	L	L	OP	L	L	H	H	L	H	H	H

Abbreviations : L – Low; H – High; UP – University; OP – Offshore Partner  
 DM – Direct Model; OM – Outsourced Model  
 AS – Asset Specificity BU – Behavioural Uncertainty  
 TF – Transaction Frequency EU – Environmental Uncertainty  
 MC – Control of Mission-critical Resources Op – Opportunism Risk  
 IAs – Information Asymmetry IAI – *Ex ante* Incentives Alignment  
 ME – Maturity of Socio-Legal-Political Environment  
 SM – Costs of Search and Monitoring RA – University Risk Aversion  
 ME – Maturity of Legal-political Environment

**Table 6.3 TNE Model Satisfaction of Propositions (based on Table 4.12)**

#### 6.3.1 Transaction Cost Economics

The propositions developed for testing TCE at the two Universities were based on Williamson's discriminating alignment hypothesis, i.e., 'transactions which differ in their attributes are aligned with governance

structures, which differ in their costs and competencies', so as to reduce transaction costs (Williamson 1991).

The analyses investigated the transaction costs of setting up safeguards (in response to asset specificity), 'communication, negotiation and coordination' (to address environmental uncertainty), and ex ante 'screening and selection' and ext post 'measurement' (to address behavioural uncertainty) (Rindfleisch and Heide 1997, 46). Some opportunity costs were also identified, e.g., failure in investing in 'productive assets', 'maladaptation', picking unsuitable partners and 'productivity losses' arising from adaptation (Table 2.5).

#### 6.3.1.1 Asset Specificity

A number of the Universities' TNE-specific assets can be considered investment-specific in the TCE sense, viz., University IP, fly-in-fly-out teaching staff, teachout organisation, TNE operating licence and business equity. The post-tipping point DM OPs are also seen to have committed to investment-specific assets like custom-designed campuses that resemble their University partner's home campuses, the TNE operating licence and research personnel. OM OPs (both pre- and post-tipping point) were however seen to be less committed to asset specificity because of the Universities' hands-off approach and lower priority for such operations.

The crux of asset specificity for TNE operations lies in the possibility (or difficulty) of asset redeployment after the termination of the TNE collaboration. In the case of the OM operations, redeployment of TNE assets were executed fairly easily – both before and after tipping point. Such is the case for PHS (University A) and VSM (University C), where the OP held the operating licence and were delivering programs from a range of university partners. Even the XGI (a pseudo ic-IBC that is more

like a r-FP) OP did not present a serious hold-up for University C's TNE re-establishment in Country X.

DM collaborations however are more intertwined between the partners and involved higher capital and operational investments. They are typically long term contracts of at least ten-year durations. There were two types of DM operations identified, viz., the i-FP and the ic-IBC.

The i-FP is essentially a r-FP where the University appointed on-site personnel to safeguard its interests. Although the OP still held the operating licences of i-FPs, they have also been observed to be highly invested in the collaboration, e.g., investments in the University partner's branding. The potential hold-up at VKP was considered so grave that CI10 described any termination as a '*mutually-assured destruction*'.

The ic-IBCs are even more intertwined between the partners in view of the University-specific investments, e.g., ic-IBC campuses that were required to have the '*look and feel*' of their home campuses (AI6). With the exception of TSW and XCD (University A) and XGI and XNV (University C), all other ic-IBC operating licences were held by the OPs. The operating licences of XGI, XCD and XNV were held by the respective Universities, while that of TSW held by the joint-venture company.

It is therefore observed that the OM operations of both Universities feature low asset specificity both before and after their TNE tipping points. While there were no DM operations before tipping points, the DM operations of both Universities post-tipping points were observed to feature comparatively higher asset specificity.

### 6.3.1.2 Behavioural Uncertainty

Behavioural uncertainty on the part of the OPs arise from difficulties in measurement and evaluation. It manifests itself in the form of shirking and free-riding. The TNE operations of both Universities exhibited high behavioural uncertainties both before and after their TNE tipping points.

OM operations were run by OPs that largely also run ‘*substitute*’ programs (AI2) from other competing partner universities; these OPs sometimes encounter conflicts of interests from contending interests of their university partners. The OPs of OMs are inclined to over-inflate their student enrolment projections at the contract negotiations stage to entice the Universities into the collaboration, but some have been found to have failed to achieve these projections (AI2, CI4). It was also common to find OM OPs operating at unacceptable quality levels, e.g., accepting students with ‘*sceptical entry*’ qualifications into the program (AI13), teaching in a foreign language and changing teaching schedules without prior approval (AI4) or assessments conducted in a foreign language (CI2).

Despite the closer scrutiny at the DMs, these OPs were still found wanting, e.g., ‘*promised very high numbers from the partner ... has not eventuated*’ (AI7), ‘*the operator not delivering your IP properly*’ (AI10), ‘*host country teaching staff weren’t being approved appropriately*’ (CI3), and OP reluctant to participate in research and engagement (AI1, CI15).

While the behavioural uncertainty at the OMs might have arisen where ‘*there’s distance ... so you can’t confirm compliance*’ (AI4), behavioural uncertainty at the DMs were seen to have been attributed to the OPs’ business model which sometimes are in conflict with the Universities’ operating processes and standards (AI9, CI4). Behavioural uncertainty seems to have been mitigated somewhat by the Universities’ investment in on-site personnel (AI2, CI10) and in some DM operations, the trust

developed over long periods of association between the Universities and their OPs (AI19, CI4). The high trust levels between University A and its UCT/UCM OP was a probable reason for the OP's low behavioural uncertainty.

#### 6.3.1.3 Transaction Frequency

TNE operations are demonstrably high frequency transaction business activities for both Universities. Pre-tipping point TNE operations were comparatively less involved due to lower University internal requirements and external regulatory imposts, while post-tipping point operations required both Universities to restructure their TNE processes and organisation to cope with additional compliance requirements that were both internal and external. Additional internal compliance requirements came in the form of the BSA accreditation for University A and in the form of tightened 'non-negotiable minima' in TNE delivery standards at University C. Both Universities were subject to additional external compliance requirements brought about by AUQA, AUQA Cycle 2, TEQSA and the regulatory authorities of their host Countries.

#### 6.3.1.4 Business and Legal-political Uncertainty

Central to the governance problem in TCE is the issue of adaptation to the operating environment (Rindfleisch and Heide 1997, 46). With the exception of University A's UCT/UCM operations, all the other TNE operations were observed to have been operating within environments with high business and legal-political uncertainty. They apply equally before and after the Universities' TNE tipping points.

For both Universities, the pre-tipping point TNE operating environment was characterised by '*a lot less compliance*' (AI7), and frequently large numbers of students (AI16, CI7). However, the business environment changed in several Countries, resulting in reduced student numbers,



e.g., the change in student preferences in Country P that caused the termination of University A's POL operation, and the global financial crisis that resulted in an '*incredibly competitive environment in 2009 ... and we certainly didn't generate enough profit to sustain*' (CI2). Country X was reported by both Universities to have strict legal rules around cultural propriety which University staff did not fully comprehend (AI2, AI17, CI4, CI6).

Post-tipping point TNE environments were affected by tightening regulations in Australia as well as in the host countries. The emergence of AUQA, and later TEQSA, and the tightening regulations at Countries T, V and X contributed to a number of TNE terminations for both Universities. For example, ten University A r-FPs were observed to have been terminated around the time of the AUQA Cycle 2 audits (Table 5.17), and University A made unusual effort to comply with a dramatic change in Country T higher education regulations requiring the achievement of a certain quota of international students at TSW (AI20). University C faced a highly interventionist Country V government that contributed to heightened competition (CI8, CI10) and '*overzealous*' regulations (CI6).

University A's UCT/UCM operations were set up and managed by an OP that is one of the Country's four largest conglomerates with strong governmental ties. Although informants reported low environmental uncertainty in Country U, secondary data reported weak state and civil regulations (Table 5.4 and 5.5). Informant perspectives are likely to have reflected the University's positive experience with a highly influential OP.

The foregoing discussion points to TCE as the two Universities' driving consideration in the selection of the DM in post-tipping point TNE delivery, satisfying Williamson's discriminating alignment hypothesis (Table 6.3). This theoretical perspective was however not able to explain the Universities' selection of the OM both before and after the

Universities' TNE tipping points – because of the low asset specificity observed in such operations.

### 6.3.2 Property Rights Theory

Williamson argued that the 'basic need is to get the property rights straight, after which, markets will reliably assign resources to high valued uses' (1990). The assignment of rights under PRT ensures that the party that values these rights are assigned these rights for maximised outcomes (Kim and Mahoney 2005). The study therefore investigates the control of mission-critical resources between the University and its OP, and the impact of the TNE operation on each partner.

#### 6.3.2.1 Control of Mission-critical Resources

Both Universities relied on their OPs in a hands-off approach in running OM operations before and after their TNE tipping points (AI10, CF2). While the Universities' motivation for pre-tipping point hands-off management was afforded by the lax regulatory environment (AI17, CI10), University A's post-tipping point hands-off management was the result of treating such models with lower priority compared with DM models (AI6, AI10). University C did not operate any OM post-tipping point. Mission-critical resources of OM operations were observed to be controlled by the OPs.

Post-tipping point, the tightened TNE regulatory environment of University A's OM operations provided the impetus for investments in a larger number of TNE processes (AI5) and in a re-structured TNE organisation (AI20). These changes assured the University of '*absolute control*' of its TNE operations (AI19). University C on the other hand re-structured its TNE operations in response to the phenomenal growth of one of its TNE operations. Like University A, the re-structured TNE

organisation provided University C with control over all TNE processes (C13).

Informants also reported that the OP was the partner that had the most to gain from the XCD collaboration, and the most to lose in the event of a termination (Section App I 10.6).

#### 6.3.2.2 Risk of Opportunism

The potential for opportunism arises when there is an opportunity for covert exploitation within an environment lacking in trust (Section 2.6.2). Prima facie, the financial motivation of all TNE operations provides an incentive for opportunism by the OP (A19). Pre-tipping point OM operations were particularly vulnerable to opportunism because of the lower levels of oversight by the University (A14) and the lax regulatory environment (A17). Although post-tipping point operating environments were characterised by tightened regulations, University A's OM operations continue to be vulnerable to opportunism because of the hands-off approach for such non-strategic TNE operations (A16). University C did not continue with OM operations post-tipping point.

Although designed as an ic-IBC with on-site oversight by a University-appointed Principal, University C's XGI operation failed to operate as such because the Principal was reported to have been '*institutionalised*' by the OP (C13).

The potential for opportunistic behaviour was also observed in post-tipping point DM operations. The VKP OP was reported to deliver a range of substitute programs alongside University C's programs (C14). Even VCS which operated University A's ic-IBC exclusively, delivered its own diploma programs as a feeder to University A's degree programs (A116).

University A's UCT/UCM operations seem to be an exception to the risk of opportunism. This was due to the '*almost humanitarian*' ethos and mission of the OP in running delivering the University's programs (AI12). However, it can also be noted that the OP actually delivers its own substitute programs within the same campus (UCM 2019). While these free-riding behaviours can be considered opportunistic in the early days of TNE (CI4, CI6), post-tipping point OPs that deliver substitute programs are tolerated because of the trade-off in University TNE benefits (e.g., market access, financial returns and operational efficiency) (AI1, CI10).

Common to both Universities is the higher levels of trust generated in some long-running operations, e.g., TSW, UCT/UCM, VCS and VKP. This environment has the potential to mitigate the risks of opportunism.

#### 6.3.2.3 Information Asymmetry

The pre-tipping point OM operations of both Universities exhibit high levels of information asymmetry. The low regulatory imposts of early TNE operations coupled with the entrepreneurial drive of faculties/schools led to a proliferation of OM operations. Many of these operations had to be terminated because of quality concerns, e.g., the admission of students with '*sceptical entry*' qualifications (AI13), low quality delivery (AI6) and non-compliant OP processes (CI3). These quality concerns had the potential of damaging the Universities' reputation (AI2, CI7). The occurrence of information asymmetry was attributed to the '*tyranny of distance*' (CI10) and '*so you can't confirm compliance*' (AI4).

The continued low engagement approach to post-tipping point OM operations at University A practically ensured continuing information asymmetry (AI3, AI7).

Post-tipping point DM operations at both Universities demonstrated comparatively lower information asymmetry, with the exception of

University A's XCD operation (Table 5.36). The Universities were reported to have had to respond to a tightening regulatory environment via 'a different lens of quality' (AI6). Both Universities enhanced their TNE processes and re-structured their TNE organisation to *inter alia*, improve transparency and control (AI20, CI3).

The lower levels of information asymmetry has been attributed to longer collaboration with OPs (AI19, CI4) and closer scrutiny of OP operations through on-site monitoring (AI2, CI3). While University A could rely on one or two on-site University representatives (e.g., PVC, Deputy PVC and Admissions Manager), University C chose to deploy a whole host country office (HCO) of University-appointed staff led by a Dean (CI11). The difference lies in University A's reliance on OPs that demonstrate high levels of alignment of interests with the University (AI10, CI10), and that have collaborated with the University over a long period of time (i.e., TSW, VCS and UCM). University C on the other hand continued to work with an OP that also runs substitute programs from other university partners (i.e., VKP) and a new OP with which the University had not collaborated before (i.e., XNV).

The only exception to the low information asymmetry is University A's XCD DM operation. As discussed in Section 5.4.1.3.5b(ii), the OP is new to University A and had fallen out of a previous TNE operation. It was therefore not surprising that there was comparatively higher information asymmetry in this collaboration.

#### 6.3.2.4 Ex Ante Incentives Alignment

The initiation and management of pre-tipping point OM operations by both Universities were driven by entrepreneurial faculties/schools as a result of Australian government encouragement to commercialise. They were not centralised, strategic initiatives of each University. These profit-driven operations mirrored the OPs' financial motivation, and led to long-

running OM operations, all of which lasted beyond the five-year reasonable rate of return period.

Post-tipping point TNE operations were subject to higher levels of external and internal quality oversight, and hence required higher levels of partner inputs. Despite these increased demands, the OP contracts of both Universities' DM operations were observed to have been signed over long periods of between ten and fifteen years. Many of these contracts have either been re-negotiated for renewal or signed new under improved terms, including more favourable financial terms (e.g., University A's insistence on a minimum 45% revenue share, and University C's insistence on a minimum 5% gross margin. These 'non-negotiable minimas' have clearly been accepted by the OPs. In fact, University A's DM OPs have committed themselves to delivering the mission goods of research and community engagement. University C's DM OPs also stand to gain from the presence and services of its HCOs.

University A's post-tipping point OM operations were also known to have been run for very long periods of time, with the prevailing operations having run for between seven and seventeen years. Although these operations are not considered strategic, they obviously provided sufficient alignment of incentives to the collaborating partners.

#### 6.3.2.5 Maturity of Socio-legal-political Environment

PRT requires an environment of strong formal legal institutions and non-formal social conventions to provide the motivation for compliance and the sanction for violations.

The OM operations of both Universities were run within Countries with strong state or civil regulations, except for UCT, WSL and YSR – both before and after their respective TNE tipping points. Countries W and Y had weak state and civil regulations.

Post-tipping point DM operations of both Universities were also run within Countries with strong state or civil regulations, except for UCM. It should be noted that UCM operated within an environment with strong OP-government relations, i.e., strong social conventions. This also applied to the pre-tipping point UCT OM operation.

The readiness of University OPs to manage University ic-IBCs as a faceless infrastructure provider behind the Universities' branding in Country X demonstrates the value of University branding as an effective social convention to regulate OP behaviour (AI10). Similarly, the Universities' prestigious international rankings had been reported to have positively impacted the TNE performance of both Universities (AI20, CI1, CI2).

The analyses of PRT reflectors at the two Universities' DM operations (post-tipping points) indicate that the UP was in control of mission-critical resources but were run within environments with low information asymmetry. The propositions for the Direct Model (DM) were therefore not fully satisfied, and hence PRT cannot be said to drive the Universities' choice of the DM (Table 6.3). Similarly, OP control of the Universities' OM mission-critical resources negated the possibility of PRT as a driver for the OM operations of both Universities (both before and after their tipping points).

### 6.3.3 Agency Theory

As discussed in Section 3.7.5.5, the University can be said to have considered AT if it was concerned with adverse selection and moral hazard, and if there are efforts to narrow the incentives and risk aversion gaps between the University and its OP.

### 6.3.3.1 Costs of Search and Monitoring

Pre-tipping point due diligence of prospective OPs was minimal for both Universities. This was due to the minimal benchmarks available, corresponding to the lack of experience of the Universities (CI2) and to the low levels of regulatory requirements for TNE delivery (AI17, CI10). The revenue that the faculties/schools was earning, without concerns for central University costs (AI20, CI11), spurred the faculties/schools to grow these OM operations as quickly as possible (AI19, CI6).

Similarly, monitoring costs were low and consisted mainly of audits conducted in the course of offshore teaching visits (AI12, CI3) and moderation of assessments (AI6, CI6) by OP teaching staff. Early on-site monitoring by University C Principals largely failed because their independence and integrity were compromised by being '*institutionalised*' by the OPs (CI3).

The post-tipping point operating environment was characterised by tightened external regulatory conditions and internal benchmarks (Section 5.2.2). While the external conditions (viz., AUQA, TEQSA and host country regulations) impacted both Universities, each of these Universities also developed enhanced internal standards. University A went for the prestigious BSA accreditation which impacted Business programs (AI19), the majority of the University's TNE programs. The University C VC commissioned a university-wide TNE review which produced a White Paper that spelled out 'non-negotiable minimas' for the delivery of TNE programs (University C TNE Project Team 2013a).

The new operating environment required a lot more of both the Universities and their DM OPs (AI11, CI3). The Universities responded by improving their TNE processes, introducing management information systems and re-structuring their TNE organisation (AI7, AI20, CI3). Their OPs also invested in TNE-specific processes, organisation and systems



(AI19, CI7). Both Universities also engaged professionals to vet prospective OPs through centralised and more involved due diligence processes (AI18, CI1).

In the case of University A, it was observed that post-tipping point OM operations were not part of the University's strategic plan (AI6), and sometimes still initiated and managed by individual faculties (AI5). While also subject to the new regulatory environments, these OM operations seem to incur less search and monitoring costs.

#### 6.3.3.2 University Risk Aversion

For both Universities, OM operations (before and after their TNE tipping points) are considered high risk activities (AI10, CI1), arising from OP behaviour (AI6, CI4) and the operating environment (AI6, CI10). The high risk rating for OM operations can be attributed to the lower OP engagement due to the distance (AI10, AI13, CI11).

While DM operations are more complex, they are considered by both Universities as attracting comparatively less risk (AI13, CI11) because the Universities could exercise '*absolute academic control*' (AI16) or '*a lot more control and oversight*' (CI3). It is noteworthy that over time, both Universities have developed highly sophisticated systems and processes to manage DM operations, leading to a heightened sense of control.

#### 6.3.3.3 Ex Ante Incentives Alignment

As discussed in Section 6.3.2.4, the *ex ante* incentives alignment between the Universities and their OPs for all DM and OM operations was found to be high. This was demonstrated by the largely long-run operations which lasted beyond the five-year reasonable rate of return period, and the newer ten- to fifteen-year DM contracts.

#### 6.3.3.4 Maturity of Legal-political Environment

AT operates within strong legal-political environments because it is based on the complete contracting assumption. The analyses of the two Universities indicated that both operate out of stable (AI17, CI1), mature (CI2) legal-political jurisdictions, with the exception of Countries U and H (Section 5.2.2.2).

In conclusion, all OM operations of both Universities were observed to have fulfilled the AT propositions for OM selection – both before and after their TNE tipping points (Table 6.3). The Universities' low risk aversion for DM operations negated AT as a possible driver.

The TNE operations of both Universities are tabulated below according to their TNE Direct/Outsourced Model classification and empirically-observed theoretical drivers.

No.	Univer -sity	In Relation to Tipping Point	Type of TNE Business Delivery Model	Direct/ Outsourced Model	Possible Rationale for Model Selection
1	A	Before	Franchised (remote supervision) (r-FP)	OM	AT
		After	Franchised (remote supervision) (r-FP)	OM	AT
			Collaborative IBC ( <i>in situ</i> oversight) (ic-IBC)	DM	TCE
2	C	Before	Franchised (remote supervision) (r-FP)	OM	AT
		After	Franchised ( <i>in situ</i> oversight) (i-FP)	DM	TCE
			Collaborative IBC ( <i>in situ</i> oversight) (ic-IBC)	DM	TCE

**Table 6.4 Universities' Theoretical Perspectives in Deploying TNE Business Delivery Models**

This classification is based on the cross case findings which are summarised in Table 6.5 below. The cross case analysis concluded that the OM operations of both Universities were possibly driven by AT

considerations before and after their TNE tipping points. DM operations were found to have been possibly driven by TCE considerations.

No.	University	TNE Business Delivery Model	TNE Business Delivery Model Type	TCE Asset Specificity	TCE Behavioral Uncertainty	TCE Transaction Frequency	TCE Environment Uncertainty	PRT MCR Control	PRT Concern for Opportunism	PRT Information Asymmetry	PRT Incentives Alignment	PRT Governance Environment	AT Costs of Search & Monitor	AT University Risk Aversion	AT Incentives Alignment	AT Environment Maturity
<b>A Pre-Tipping Point</b>																
1	Uni A	r-FP	OM	L	H	H	H	OP	H	H	H	H	L	H	H	H
2	Uni C	r-FP	OM	L	H	H	H	OP	H	H	H	H	L	H	H	H
<b>B Post-Tipping Point</b>																
1	Uni A	r-FP	OM	L	H	H	H	OP	H	H	H	H	L	H	H	H
		ic-IBC	DM	H	H	H	H	UP	H	L	H	H	H	L	H	H
2	Uni C	i-FP	DM	H	H	H	H	UP	H	L	H	H	H	L	H	H
		ic-IBC	DM	H	H	H	H	UP	H	L	H	H	H	L	H	H

Abbreviations : L – Low; H – High; UP – University; OP – Offshore Partner  
DM – Direct Model; OM – Outsourced Model  
Shaded cells indicate fulfilment of all reflectors for one of the theories

**Table 6.5 Universities A and C Responses to Propositions**

#### 6.4 Universities' TNE Business Delivery Frameworks

The foregoing case study analyses of the two Universities have uncovered a number of new details and concepts relating to their TNE value chains. The focus group studies helped refine the Hutaibat value chain for higher education (Fig. 2.13) to address TNE operations. The stylised TNE value chain of Fig. 2.14 and the corresponding TNE Framework of Table 2.4 were further refined from interview findings to reflect each of the two Universities' post-tipping point TNE delivery structures, resulting in the TNE Frameworks for University A (Table App I.4) and University C (Table App J.2). An analysis of these two frameworks revealed many similarities and a few differences.

The primary activity of curriculum design was invariably undertaken by the Universities for all TNE models. However, University A was beginning to experiment with unit and program development at its long-running TSW ic-IBC, where it had some share equity. The awards for programs delivered in all TNE models were from the Universities without exception.

While all TNE operations deployed OP teaching staff for program delivery, there were two exceptions. University C also deployed its own on-site teaching staff to teach in its VKP i-FP operation. University A's TSW ic-IBC teaching staff could be said to be the University's because of its equity in the joint venture and the academic leadership of its PVC and Deputy PVC on-site. The delivery of teaching was strictly regulated by both Universities, e.g., curriculum coverage, medium of delivery and schedule of delivery.

The grading of continuous assessments at University A's TNE operations were all done by its OPs. University C also outsourced this process to its OPs, except in the VKP i-FP where its on-site teaching staff graded continuous assessments of units that they taught.

The grading of final examinations was less similar. University A outsourced this process to its OPs at the TSW, UCM and XCD ic-IBCs, but not at its VCS ic-IBC and its r-FPs. It was reported that the University was considering outsourcing this process also to the VCS ic-IBC OP in the future. University C outsourced examination grading to its XNV ic-IBC OP, but not its VKP i-FP OP. Some of its own teaching staff at the VKP i-FP who were unit coordinators also graded examinations.

For moderation of continuous assessments, University A home campus unit coordinators were responsible for all TNE models, except at the TSW and VCS ic-IBC where some OP teaching staff were allowed to moderate on a trial basis. University C moderated all continuous assessments through its home campus unit coordinators and for the VKP iFP, also through its on-site unit coordinators. The moderation of all TNE examinations at University A was conducted by home country unit coordinators. University C moderated TNE examinations through its home campus, and in Country V also through its HCO unit coordinators. One University A informant with strategic responsibility, AI2 expressed

the hope that the University and its ic-IBC OPs could one day be able to *'moderate each other'*.

For both Universities, the OPs were fully responsible for the recruitment of students, based on admissions criteria set by the Universities. All marketing materials were approved by the Universities prior to publication.

Alumni activities by the OPs were detected in all of University A's ic-IBC operations, but not at its r-FPs. University C was observed to have proactively facilitated alumni activities in its VKP i-FP through its HCO. Although not yet started, University C planned to introduce alumni activities at its XNV ic-IBC in the future.

All University A's ic-IBC OPs were formally committed jointly with the University to research and community engagement by contract. Actual performance varied from highly active OPs at TSW and UCM, to newly participating at VCS and XCD. University C is actively delivering research and community engagement in its VKP i-FP through a formal research centre housed within its HCO. It plans to do the same in its XNV ic-IBC.

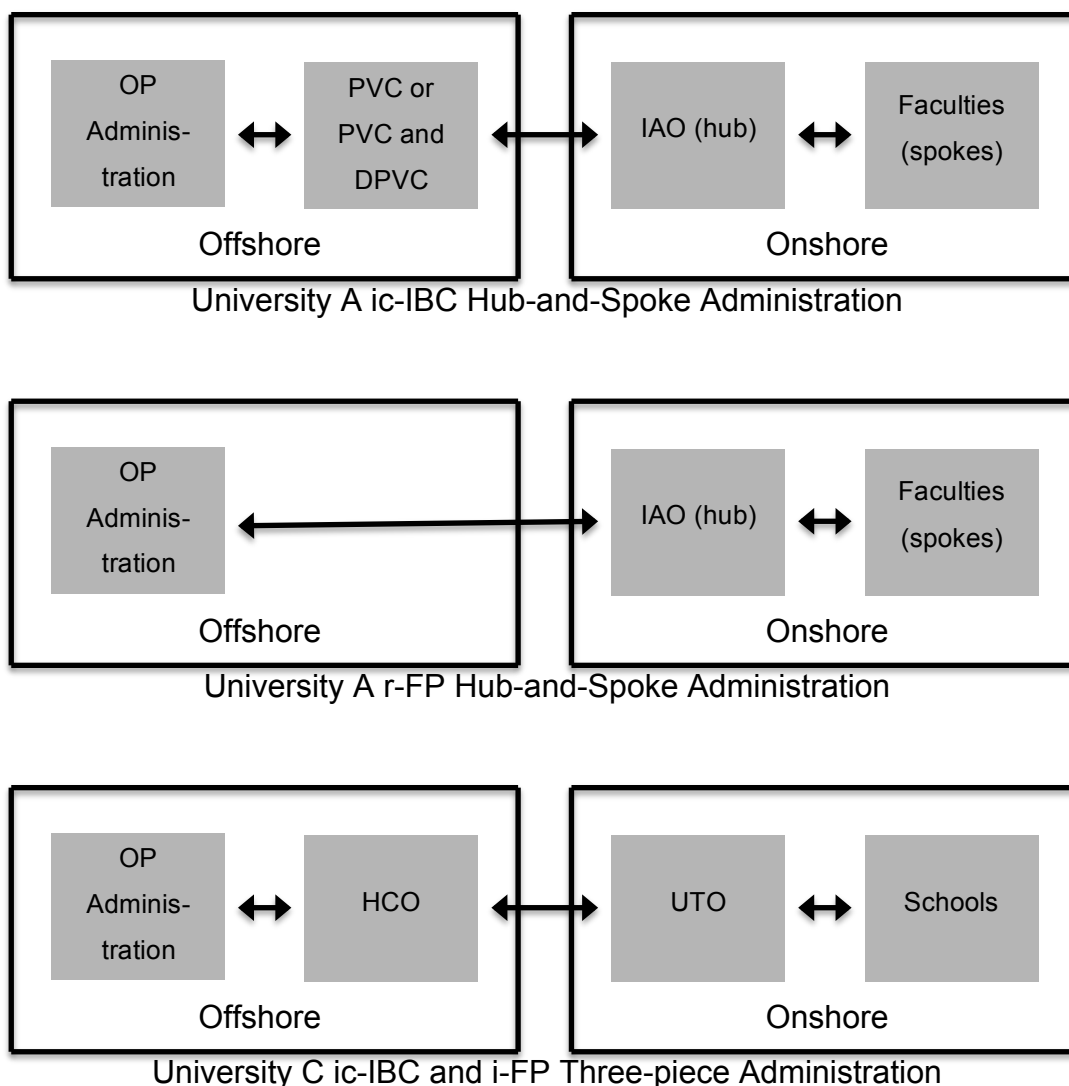
For both Universities, support activities are largely undertaken by their OPs. All ic-IBC physical infrastructures at both Universities were provided by their respective OPs, and they had to reflect their home campus façade and functionalities. In the case of University C, it also invested in a HCO at its VKP i-FP, that housed a Dean, teaching staff, Academic Advisor, administrators and the SCORE research centre – located away from the OP's operations. Its VKP i-FP operation was not exclusively branded, but promoted and delivered under its OP's brand.

All student support services, whether academic or administrative/professional, at both Universities were provided by the OPs

benchmarked against University standards. University C's VKP i-FP student support services were part of the OP's student support services that also catered to eleven other university partners and hence, were not exclusively targeted for University C's students. The University also provided additional academic advisory and administrative services through its HCO.

Academic staff support at ic-IBCs and i-FPs for both Universities were provided by the OP and on-site University staff. University A's r-FP academic staff were supported by home campus staff and visiting University teaching staff. Divisional management support for TNE was provided by the Universities and their OPs in areas like accounting, finance, corporate legal services, human resource management, marketing and corporate communication.

To address tightening regulatory conditions and accreditation requirements, as well as enhanced internal quality assurance benchmarks, the two Universities were observed to have changed their TNE processes and re-structured their TNE administration. University A's hub-and-spoke model (AI20) was seen to be similar to University C's '*three-piece*' model (CI10) for DM operations as depicted below. Given the proximity of the two Universities, it would not be surprising that these similarities were the result of mimetic isomorphism (Section 2.5).



**Fig. 6.1 Universities A and C TNE Administration Structures**

The foregoing findings on the Universities' value chains are summarised in the TNE Business Delivery Framework below to show their Direct Model - Outsourced Model and ic-IBC – i-FP – r-FP classifications. This framework reflects the preferences of two Australian universities that are similar in TNE agenda and experience, but dissimilar in size, resources and growth rate – both operating within similar environments and era.

While partner responsibilities for some non-critical value chain activities might vary between universities, it seems certain that all universities would insist on the control of mission-critical primary activities.

No.	TNE Processes		Direct Models				Outsourced Models	
			Hybrid Governance Models					
			ic-IBC		i-FP		r-FP	
<b>A</b>	<b>University</b>	<b>A</b>	<b>C</b>	<b>A</b>	<b>C</b>	<b>A</b>	<b>C</b>	
<b>B</b>	<b>Primary Activities</b>							
1	Academic recruitment	Curriculum design	S	S	NA	S	S	NA
2		Curriculum delivery	H <sup>S</sup>	H <sup>S</sup>	NA	H <sup>S</sup> and S <sup>i</sup>	H <sup>S</sup> and S <sup>r</sup>	NA
3	Student recruitment		H <sup>S</sup>	H <sup>S</sup>	NA	H <sup>S</sup>	H <sup>S</sup>	NA
4	Teaching management	Award	S	S	NA	S	S	NA
5		Curriculum designed	S	S	NA	S	S	NA
6		Curriculum delivered	H <sup>S*</sup>	H <sup>S</sup>	NA	H <sup>S</sup> and S <sup>i</sup>	H <sup>S</sup> and S <sup>r</sup>	NA
7		Continuous assessment grading	H <sup>S</sup>	H <sup>S</sup>	NA	H <sup>S</sup> and S <sup>i</sup>	H <sup>S</sup>	NA
8		Examination grading	H <sup>S</sup>	H <sup>S</sup>	NA	S <sup>i</sup> and S	S	NA
9		Moderation of continuous assessment	S	S	NA	S <sup>i</sup> and S	S	NA
10		Moderation of exam grading	S	S	NA	S <sup>i</sup> and S	S	NA
11	Alumni relations		H	NR <sup>p</sup>	NA	S	NR	NA
12	Research		H <sup>S</sup> and S	NR <sup>p</sup>	NA	S <sup>i</sup>	NA	NA
13	Community engagement		H <sup>S</sup> and S	NR <sup>p</sup>	NA	S <sup>i</sup>	NA	NA
<b>B</b>	<b>Support Activities</b>							
1	T and L physical infrastructure provision		H <sup>S</sup>	H <sup>S</sup>	NA	H and S <sup>i</sup>	H	NA
2	Student support	Academic	H	H	NA	H and S <sup>i</sup>	H and S <sup>r</sup>	NA
3		Admin/Professional	H	H	NA	H	H	NA
4	Academic staff support		H and S <sup>i</sup>	H and S <sup>i</sup>	NA	H and S <sup>i</sup>	S <sup>r</sup> and S	NA
5	Divisional management		H and S	H and S	NA	H and S	H and S	NA

- Abbreviations :
- 1) S – Sending Higher Education Institution/Provider
  - 2) H – Host Higher Education Institution/Provider
  - 3) H<sup>S</sup> – Undertaken by H, but wholly-controlled by S
  - 4) H<sup>S\*</sup> – Undertaken by H, but wholly-controlled by S; with some recent unit coordination by H using S materials at University A's two ic-IBCs
  - 5) S<sup>i</sup> – Sending Higher Education Institution/Provider providing service *in situ*
  - 6) S<sup>r</sup> – Sending Higher Education Institution/Provider providing service remotely
  - 7) NR – not referenced
  - 8) NR<sup>p</sup>- not referenced but planned for future implementation by Sending Higher Education Institution/Provider
  - 9) NA – not applicable

**Table 6.6 TNE Business Delivery Framework for Organisational Economics Research (Universities A and C)**



## 6.5 The Influence of Theoretical Perspectives on TNE Longevity

Research question 3 was formulated to investigate if any of the three theories of the firm could explain the longevity of TNE operations. The longevity of these operations was to be benchmarked against the three-year break even survival longevity and the five-year reasonable rate of return business longevity.

The University A in-depth interviews identified 32 separate TNE operations, and was able to elicit information on 16 of them. A majority of the University's TNE operations (all r-FPs) were terminated as at the time of the interviews. The study also identified and investigated six TNE operations at University C, out of which two survived at the time of the interviews.

All terminated University A TNE operations that were started pre-tipping point were r-FPs and lasted more than the five-year reasonable rate of return period. They lasted from nine to 26 years before termination. University C's terminated TNE operations (also all r-FPs) lasted between seven and 21 years. One r-FP lasted five years before being converted to an i-FP. There was no TNE operation that lasted less than the three-year breakeven period.

Post-tipping point, University A's terminated TNE operations lasted between two and 14 years. Three lasted less than the three-year breakeven period, four less than five years, and ten more than five years. Unfortunately, there was insufficient information on many of the short-lived r-FPs. In the case of University C, there was no termination among its two post-tipping point TNE operations.

University A's terminated pre-tipping point r-FPs were observed to have lasted longer than post-tipping point r-FPs. This difference has been attributed to the higher regulatory and accreditation benchmarks imposed

post-tipping point. There was insufficient comparisons in the case of University C to make any similar conclusion.

In summary, both Universities' terminated TNE operations consisted entirely of r-FPs (i.e., OM operations). No DM operation were terminated as at the time of the interviews. It was therefore not possible to compare the longevity between DM and OM operations, and attribute differences to any of the theories of the firm.

## 6.6 Rival Theories

The focus group studies specifically examined the possibility of the Resource-based View (RBV) in the four Universities TNE business delivery model selection, but concluded that there was no evidence for it. The focus groups however indicated that there might be some evidence of the Upper Echelon Theory (UET).

While the in-depth interviews at University C provided some evidence of RBV, viz., the profit maximisation motive, informants at University A were mixed in their responses relating to RBV. Although there was some indication of the profit maximisation motive at University A's TNE operations, the TNE resources of both the University and its OPs do not seem to be highly valuable, rare, inimitable and non-substitutable (VRIN).

UET was more evident in both Universities. University A's Vice-Chancellors (VC) were reported on some occasions to have managed TNE in a 'top down' fashion. Similarly, the University C's VCs demonstrated strong leadership in several strategic TNE decisions. It was evident that both Universities also appointed and relied on the expertise and decisions of senior executives with strategic responsibilities. In both Universities, there were rumblings amongst managerial and academic staff about the lack of broad consultation regarding strategic TNE decisions.

The two Universities were clearly aspiring to grow their respective TNE networks into highly coordinated networks of international universities. University A has a Global University agenda to grow its international network through asset-light ic-IBCs led by PVCs, while University C's growth trajectory is premised on the replication of its HCOs to support its DM operations. Both Universities have de-prioritised r-FPs due to the higher risks resulting from the lack of engagement.

There is therefore some evidence that RBV, UET and Strategic Nets might find traction in university choice of TNE business delivery models.

## 6.7 Chapter 6 Conclusions

The chapter started with a summary of the types of TNE business delivery models identified throughout the study, viz., the w-IBC, ic-IBC, i-FP and r-FP. These models were classified according to their organisational governance and whether they were Direct or Outsourced Models. The focus of the chapter was on a cross-case analysis of the two Universities to answer the three research questions previously formulated.

The first research question used the Guimon construct (Table 2.7) to determine the criteria that these Universities used in selecting between the Direct (DM) and Outsourced Models (OM). The empirical findings indicated that both Universities favoured the OM for their pre-tipping point single-role (i.e., teaching only) TNE operations because of the low investments required and the prevailing lax regulatory environments. Post-tipping point, both Universities migrated to DM as the model of choice for the '*fully-fledged*' TNE operations (AI10) that delivered teaching, research and community engagement. The enhanced role of these ic-IBC and i-FP operating within a tighter regulatory environment required higher investments in TNE administration infrastructure, most of

which had been underwritten by the OPs. While still being operated, r-FPs at both Universities were de-prioritised and initiated only for highly specific purposes, e.g., cross-selling programs and branding for recruitment of host country students for onshore study – because of the higher risks associated with these OM operations.

The analysis of the reflectors of the three theories of the firm found that both Universities favoured the r-FP (OM) in their pre-tipping point teaching-only operations from AT considerations. These risk averse Universities chose the OM because they were able to achieve high alignment of incentives with their OPs amidst operating environments of strong legal enforcement, and low search and monitoring costs. In fact, post-tipping point, both Universities continue to choose the r-FP for low priority TNE operations.

Both Universities preferred DM models (viz., the ic-IBC and i-FP) for post-tipping point '*fully-fledged*' (AI10) TNE operations because of the higher degree of control exercised by the Universities over their OPs amidst higher external and internal performance benchmarks. In restructuring their TNE administration to cope with these full-role TNE operations, both Universities developed very similar administration models (Fig. 6.1), which are much more sophisticated compared to OM administration models.

An analysis was also conducted on the longevity of TNE operations across both Universities. While it was possible to identify key watershed events (e.g., AUQA, AUQA Cycle 2, TEQSA, BSA accreditation) and University tipping points as possible rationale for the termination of some TNE operations, and to speculate on the difference in longevities of University A's pre- and post-tipping point TNE operations, there was insufficient suitable data points to link TNE longevity with University considerations for the three theories of the firm.

The study also identified three other possible theories that could influence University selection of TNE business delivery models. There was some (but scant) evidence for the Universities' consideration of the Resource-based View, the Upper Echelon Theory and Strategic Nets.

## Chapter 7                      Research Study Conclusions and Future Research

This qualitative constructivist study was undertaken in two stages. The first stage, a series of focus groups validated the TNE Decision Model construct (Fig. 3.2), addressed the first research question and established *prima facie* the relevance of the three theories of the firm for investigating TNE business delivery models. It also uncovered the influence of tipping points in each University's TNE journey. The second stage of the study deployed in-depth case studies of two Universities which were previously investigated in the focus groups. These case studies attempted to answer the three research questions.

In the course of the dual-case study, the relevance of the TNE Decision Model construct was further validated through the analyses of these Universities' motivations for TNE participation and their rationale for selecting TNE business delivery models for specific purposes. The operating environments characterised by their pre- and post-tipping periods also influenced the Universities' choice of TNE models. These models were explored in-depth and provided a rich description of the *in situ*-monitored IBC (ic-IBC), the *in situ*-monitored franchised program (i-FP) and the remotely-monitored FP (r-FP), all of which are hybrid governance models with varying degrees of University control. While the r-FP is an Outsourced Model (OM), the others are Direct Models (DM). Informants also provided rich inputs on the wholly-controlled international branch campus (w-IBC) model. It is worth noting that the DM-OM dichotomy also reflects the distinction between GATS mode 1 (cross-border supply) and mode 3 (commercial presence) as discussed in Section 2.1.1.

The Universities' criteria for the selection of specific TNE models for specific purposes and within certain operating environments were

investigated using the Guimon construct for multinational universities (2016).

The Universities' TNE model decisions both before and after their respective TNE tipping points were also investigated by analysing reflectors of the three theories of the firm. These investigations were designed to determine the extent to which any of these theories could have underpinned each University's TNE model selection.

This chapter concludes with a discussion on how the two Universities have transformed their TNE operations as their TNE agenda, internal capabilities and experience evolve while coping with the changing operating environments; underpinned by specific considerations reflecting one of two theories of the firm. It outlines specific limitations of the study and key contributions that the study can potentially make to theory, practice and policy, and recommends future research to explore additional frontiers of this phenomenon.

#### 7.1 Criteria for TNE Model Selection within an Evolving Operating Environment

Research question 1 explored the criteria that the two Universities used in determining the deployment of the DM or OM in their TNE operations. This exploration utilised the Guimon analytical framework for investigating the motives of multinational universities in delivering their three roles (or missions) of teaching, research and community engagement (Section 2.6.5.3). Guimon argued that these universities' motives can be categorised as market-seeking, resource-seeking and efficiency-seeking through a consideration of their ownership, location and choice of internalisation (i.e., vertical integration). This multi-role, multi-motive construct is an attempt to ensure universities 'avoid decisions that are based largely on a single dimension' of the phenomenon (Wilkins and Huisman 2012, 627).

The case studies confirmed the commercial orientation of the TNE operations of both Universities, e.g., both setting clear financial KPIs for their TNE operations (viz., 5% gross margin at University A, and 45% of TNE revenue share at University C). Indeed, other case studies have shown that ‘if Australian universities are to continue, or indeed increase their level of (TNE) activity ... there will need to be a strategic commitment to entrepreneurship and appropriate investment in developing strategic markets (Shanahan and McParlane 2005).

The host country entry modes of universities that delivered TNE operations ‘approximate the “classical” sequence of MNC business entry : exporting, licensing and franchising, joint ventures and wholly-owned subsidiaries ... even employ strategic alliances and turn-key projects’ (Ibid., 120). University parallels are the distance learning programs, franchised programs, joint ventures, international branch campuses and other strategic alliances like joint program deliveries (Tsiligiris, Ilieva and Hill 2018). The two Universities investigated illustrate similar evolution of entry modes, i.e., from OM to DM modes as models of choice when the Universities gain experience in TNE and respond to the changing post-tipping point operating environments. The current study refined the Guimon framework by distinguishing between universities that deployed the DM and the ones that deployed the OM, and tracked the evolution of the two Universities’ TNE models across their TNE tipping points. It further added international student recruitment for onshore home campus study as an additional criterion for market-seeking within the teaching role (Table 7.1).

The current study traced the evolution of the two Universities’ TNE operations both before and after their TNE tipping points, to investigate various antecedents of the Universities’ choices of TNE models to fit the operating circumstances. The experiences of these two Universities in undergoing change across their tipping points were not isolated



experiences, but had also been experienced by other TNE-active universities.

This section concludes with a refined framework for TNE model type selection based on university criteria for engaging in its three fundamental roles (Table 7.1).

### 7.1.1 Early TNE Operations

Early TNE operations at both Universities were observed to have been initiated and managed by entrepreneurial staff in a decentralised fashion, incentivised by the out-of-load personal remuneration and faculty/school income, an observation that Bok described as the ‘spirit of enterprise’ within universities (Bok 2003). Lim and Shah also reported that ‘historically, transnational programs/partnerships have been initiated through individual academics or senior university leaders’ (2017), while Shanahan and McParlane described how all ‘UNE (University of New England) programs in HKSAR (Hong Kong Special Administrative Region) arose out of individual contacts, made by individual academics rather than from any strategic initiative of the Faculty or the University’ (2005, 223). The entrepreneurialism was encouraged by the Australian government’s Dawkins Revolution of the 1980s which ‘turned ... local focuses into international outlooks, vice-chancellors into corporate leaders ... (and) remodelled higher education and how it was funded in only a few years’ (Wells, Marginson and Norton 2013).

These early TNE initiatives were encouraged by the pull of host country demand for higher education opportunities, e.g., the education hub aspirations of Malaysia, Singapore, Hong Kong, the United Arab Emirates and South Korea (Lim and Shah 2017; Ahmed and Rao 2011; Morshidi 2006), and the push of reduced government spending on higher education by sending country governments (McBurnie and Ziguras 2009). This reduction in government spending on higher education was

not confined to Australia but had also occurred in other countries, e.g., the UK, and “Thatcherism” in Britain and the parallel relative decrease in government subsidies to education elsewhere in the world, have forced many universities to look for alternative sources of revenue including offering their ... respective products for revenue generation’ (Ahmed and Rao 2011, 122), these products being their academic programs for which there was ready demand in many developing countries (Stafford and Taylor 2016).

The operating environments at that time were characterised by minimal regulatory controls, both in Australia and in the host countries. Bok reported on the lack of clarity about values (2003), affirming informants’ views that the regulatory environment was lax (AI7, CI10). This state of affairs provided the conditions for rapid growth in TNE operations, some of which were later discovered to be of questionable quality and violated established regulations. These violations were later picked up by various regulatory bodies, e.g., ‘alarming concerns raised in (AUQA) audit reports’ (Lim and Shah 2017, 256).

These early university TNE forays focussed entirely on teaching for profit by leveraging on their offshore partners’ (OP) expertise, assets and resources to grow offshore markets. The reliance on OPs was common because of the limited knowledge and expertise of universities (CI10) to deal with the ‘*complexities and challenges*’ of TNE delivery (CI3). TNE delivery is ‘undeniably resource intensive’ and hence required the participation of OPs ‘who bring distinct and complementary strengths and who can help to scale up provision, reach markets and access resources’ (Tsiligiris, Ilieva and Hill 2018, 2,13), a view shared by several informants, e.g., AI1 who asserted that the OP must be ‘*a partner of substance ... an organisation with resources*’. The universities themselves prefer to ‘leverage their core competencies with a minimal permanent commitment of resources’ (Ahmed and Rao 2011, 130).

The pre-tipping point TNE operations were all OM operations focussed solely on teaching for profit, through the agency of OPs which provided the market access and delivery infrastructure. These early TNE operations did not have the advantage of enjoying cross-border networking efficiencies (Table 7.1).

### 7.1.2 Significance of University Tipping Points

Both Universities' TNE tipping points were quality related. University A's TNE tipping point was triggered by its pivotal move to initiate offshore branch campuses, and coincided with the gradual tightening of Australian regulatory conditions which impacted TNE delivery irreversibly. University C's TNE tipping point was triggered by the '*very phenomenal*' growth of one of its r-FP operations (CF2), which threatened its TNE academic integrity, risked non-compliance with TEQSA and the host Country's regulatory requirements, and threatened its TNE revenue streams.

Both these tipping points energised the Universities to proactively review and restructure their respective TNE operations to meet the tightening regulatory environments. Both started culling their poorly performing TNE operations, while tightening the delivery quality of their remaining operations. The proactive internal tightening also resulted in University A subscribing to a prestigious Business school accreditation (BSA), while University C adopted 'non-negotiable minimas' in its TNE delivery and took immediate steps to set up its highly successful host country office (HCO) in Country V.

### 7.1.3 Post-tipping Point TNE Operations

Post-tipping point TNE operations at the two Universities were in stark contrast to their pre-tipping point operations. The triggers were largely

related to legislative and regulatory changes within the TNE operating environment.

First, Australian universities encountered tightening government expenditures on education, represented by the Nelson Reforms of the early 2000s. The Nelson Reforms were driven by the notion that 'there was no case for increased public funds to expand the sector ... partly because they believed or hoped that any increase in domestic university training would come from young people paying full fees' (Birrel and Edwards 2009, 5). This state of affairs provided added impetus to universities to seek alternative sources of funding, e.g., TNE revenue.

However, Australian universities also had to contend with tightened regulatory conditions both within Australia and in their TNE host countries. In Australia, AUQA commenced operations in 2000 and between 2000 and 2007, AUQA audits were reported to have triggered the termination of many TNE operations (Lim and Shah 2017). AUQA Cycle 2 audits from 2008 to 2011 further tightened regulations specifically for TNE through the mandatory inclusion of 'internationalisation' as one of two audit themes (Shah, Nair and Wilson 2011). Later, from 2012, TEQSA replaced AUQA and operated with enforcement powers (unlike AUQA), resulting in more TNE closures. It was obvious that the regulatory tightening won over funding constrictions in the universities' aspiration to seek more TNE revenue.

Thirdly, the euphoric aspirations of host countries that envisioned profitable education hubs were gradually mellowed by the reality of poor quality TNE delivery and market saturation (Dessoff 2012). There were some high profile failures, e.g., the closure of UNSW's operations in Singapore within less than a year of commencing, and the observation that China's international student population chalked up 377,054 students in 2014, way ahead of its rather modest target of 150,000 by 2020 (Lim and Shah 2017, 258). These countries responded by

tightening their TNE regulations, e.g., the set up of the Committee for Private Education in Singapore, the Malaysian Accreditation Board (which was later replaced by the Malaysian Qualifications Agency), and the Hong Kong Council for Academic Accreditation (which later became the Hong Kong Council for Accreditation of Academic and Vocational Qualifications).

The reality of tightened regulatory conditions coupled by the need to generate revenue to offset reduced government funding led the two Universities to review their respective TNE operations and instituted university-wide restructuring which resulted in a more strategic approach to TNE, centralised TNE initiation and management, and a broader focus on teaching, research and community engagement.

These Universities now deliver the full offering of teaching, research and community engagement through their DM operations. University C does not run OM operations anymore, while University A's remaining OM operations were de-prioritised and are teaching-only operations. The focus on the full suite of university roles in DM operations can also be observed within the industry, e.g., TNE operations engaging in 'collaborative research', and contributing 'to the local economy' (Tsiligiris, Ilieva and Hill 2018, 12), international branch campuses 'increasing the domestic welfare' of the host country (Lien and Wang 2012), and Monash University seeking to 'expand the University's focus beyond a concentration on international and postgraduate coursework students ... abroad to include engagement in all aspects of international research ... and commercialisation of intellectual property' (Murray 2011c, 40). It is also recognised that 'there is a continuum between a single-purpose TNE teaching partnership and a full campus with research and community engagement as well ... there is significant middle ground where different universities conceptualise their initiatives in different ways ... but campuses are mostly characterised by a broader scale than teaching partnerships' (Stafford 2015, 142).

The delivery of the full suite of teaching, research and community engagement through DM operations was obviously due to the higher investment in TNE infrastructure by highly experienced and resourced OPs. Although University A required its DM OPs to jointly commit financially to research and community engagement, University C delivered on these two roles through its own HCO staff. University A's DM offshore operations were more asset-light than University C's. University A is represented by a Pro-Vice Chancellor (PVC) and in some DM operations accompanied by a Deputy PVC or Admissions Manager, while University C by a HCO Dean, at least one teaching staff for each school involved in teaching offshore, administrative TNE personnel, an Academic Advisor and research staff. These adaptations reflect industry practice, where 'in the third wave (of globalisation of higher education), the higher educational institutions in the traditional host countries establish their own branches or engage in strategic alliances in the recipient countries' (Ahmed and Rao 2011, 127).

The two Universities are seen to have leveraged on their DM presence in host countries to seek out research opportunities (market-seeking) as well as researchers (resource-seeking), and to take advantage of their global network for efficiencies of scale and scope for research (efficiency-seeking). Community engagement was active in both Universities' DM operations, with University C also recording venture capital funding for a product commercialisation in Country V. University A's TSW operation was even reported to be more active in community engagement than its home campus. The delivery of research and community engagement through TNE operations as 'fully developed' campuses is now a norm for many TNE-active Australian universities, having been exhorted by AUQA to do so (Stafford and Taylor 2016). An example of the leverage on international networks for efficiency is demonstrated in Monash University's 'One Monash' network, where partnerships 'cannot be bilateral (between a campus and a partner); they

must be multilateral (between all Monash campuses and the partner)' (Murray 2001c, 41).

Informants of both Universities also mentioned branding and reputation as motives for TNE involvement. When probed, these motives for international branding and reputation were seen to be ultimately driven by revenue objectives.

The reliance on international branding through TNE operations is not an isolated practice of these two Universities, e.g., Monash University considered its Sichuan University collaboration as a 'better assurance about continuing flows of high quality fee paying international students' (Murray 2011c, 42). This motive was also observed in numerous other Australian universities operating TNE (Lim and Shah 2017). The student recruitment for onshore study is thus an extension of the Guimon framework's market-seeking and resource-seeking motives for the University's teaching role.

Univer- sity Role	TNE Model Type	TNE Motivations		
		Market-seeking	Resource-seeking	Efficiency-seeking
Teaching	OM	Expand teaching programs to attract more TNE students and generate more TNE revenue, and enhance branding to recruit for home campus study	Engage OP expertise, assets and resources to reach more students at lower costs	Leverage on university central TNE administration and OP networks for economies of scale and scope
	DM	Expand campuses for TNE student and income growth, and leverage on offshore campuses for home campus enrolments and income	Engage OP expertise, assets and resources to reach more students at lower costs	Leverage on university central TNE administration and campus networks for economies of scale and scope
Research	OM	Gain access to international research projects and funding through OP networks	Engage international researchers and collaborate with foreign entities for international expertise at lower costs	Leverage on the University's research and OP networks for economies of scale and scope
	DM	Gain access to international research projects through campus network	Engage international researchers and collaborate with foreign entities for international expertise at lower costs	Leverage on the University's research and campus networks for economies of scale and scope
Communi- Engage- ment	OM	Gain access to governments and private sectors through OP networks to contribute to capacity- and nation-building via commercialisation and contract research	Engage OP and host country expertise and resources for delivery and support at lower costs	Leverage on the University's research and OP networks for economies of scale and scope
	DM	Connect with governments and private sectors to contribute to capacity- and nation-building through commercialisation and contract research	Engage campus and host country expertise and resources for delivery and support at lower costs	Leverage on the University's research and campus networks for economies of scale and scope

**Table 7.1 University Criteria for TNE Model Selections Across Their Three Roles (adapted from Guimon 2016, 222)**

The two Universities' post-tipping point criteria for selecting between the OM and DM for their TNE operations reflect the industry's current practices to a large extent, except with the absence of research and community engagement at their OM operations. A generic tabulation of university criteria for the selection of the OM and DM mode of operation is produced in Table 7.1 above. This tabulation extends Guimon's framework to include the distinction between the OM and DM modes of TNE delivery, and student recruitment for onshore study.



The case study informants were in consensus that offshore teaching generate revenue, and sometimes generate ‘*significant amounts of income*’ (A11). Weisbrod et. al (2008) argued that revenue goods (i.e., teaching) generate revenue to support mission goods (viz., research and community engagement which are generally accepted as non-revenue generating) thereby creating a tension between the two types of goods. The case studies found support for this tension.

No.	University Role	Reference to tipping point	University A		University C	
			Revenue Good	Mission Good	Revenue Good	Mission Good
1	Teaching	Pre-tipping	Yes	No	Yes	No
		Post-tipping	Yes	Yes	Yes	Yes
2	Research	Pre-tipping	NA	NA	NA	NA
		Post-tipping	Mixed		Mixed	
3	Community Engagement	Pre-tipping	NA	NA	NA	NA
		Post-tipping	No	Yes	Mixed	

**Table 7.2 Universities A and C Revenue and Mission Goods**

However, the two Universities’ DM operations have also shown that some research and community engagement activities do generate external funding, e.g., University A’s TSW government funding for research and community engagement, and University C’s SCORE research centre funding from government and the private sector (through venture capital). The generation of funding for research and community engagement through TNE operations has also been observed in other TNE-active universities, e.g., Monash University tapping Malaysian government ‘e-science and techno’ grants (Sidhu and Christie 2015, 310).

It can be concluded that TNE-active universities run the full suite of roles (i.e., teaching, research and community engagement) largely through DM operations which are better resourced. These universities seek market and resource access either on their own or through well-resourced OPs, and leverage on their TNE networks (if any) for cross-border economies of scale and scope. OM operations are usually less well-resourced and

deliver only teaching, through OPs that enable market access and provide outsourced expertise, assets and resources. Monash University's International Partnership Typology categorises its international partnerships into four categories, with Category 1 'a limited number of top-tier institutions, for very active, comprehensive and well funded alliances' (DM) as the category of choice, and Category 4, the lowest priority as 'institutions in developing countries which ... would benefit from capacity building support from Monash (curriculum design, teaching partnerships, staff upgrading and research training)' (Murray 2011c, 41).

## 7.2 TNE Business Delivery Models and Rationale for Deployment

This section explores the validity of the three theories of the firm in potentially driving TNE business delivery model selections at Universities A and C. It also investigates parallel experiences at other Australian public universities through secondary data analysis to verify the findings drawn from the two Universities as a triangulation strategy for analytical generalisation. This exercise is aimed at addressing the 'apparent neglect of theoretically-based and empirically-tested models' for the TNE phenomenon (Bradmore 2007, xiii) from the perspectives of organisational economics, and thereby provide answers to the second research question.

The emergence of the three theories of the firm (among others) was due to a dissatisfaction with the stylised notions of neoclassical economics that relied on the 'invisible hand' to efficiently order economic activity based upon self interest driving the economic actors. This is particularly significant when economists considered the existence of the firm, which should not occur if markets worked costlessly. The reality is that markets do not function costlessly due to the existence of transaction costs. The present study was designed to investigate if any of the three theories of the firm can explain the choice of the Direct or Outsourced Model (i.e., firm) of TNE business delivery.

### 7.2.1 Pre-tipping Point

Both Universities deployed the r-FP business delivery model, which is an OM type of operation, in the years prior to their TNE tipping points. These early TNE operations were initiated and managed by entrepreneurial staff at the faculties or schools. They were not centrally strategised or coordinated.

The lax regulatory environment during this period permitted the proliferation of these TNE operations which were initiated with little due diligence and operated with minimal quality assurance (low costs of search and monitoring). The high risk aversion of participating Universities restricted these operations to the '*hands-off*' r-FP model (AI10, CF2), which required low capital investments on the part of both universities and their OPs. They also operated within mature legal jurisdictions which provided the contracting parties assurance of contract enforcement. The closely aligned financial interests of the entrepreneurial University initiators and their OP counterparts (*ex ante* incentives alignment) ensured the rather long run of many of these r-FPs (Section 6.5). The Universities' selection of this OM mode of TNE operation reflects AT considerations on the part of the Universities.

TCE could not have driven the Universities' decision to deploy the OM mode because of the low levels of asset specificity associated with the asset-light r-FP operations. These asset-light investments were made possible by the minimal regulatory imposts of the time. Alternatively, the reliance on the OM mode by virtue of PRT considerations during the pre-tipping point period would have been possible only in an environment of low opportunism and information asymmetry - two conditions that are obviously not met.

A survey of the literature indicates that the experiences of these two Universities were not unique to them, but also applied to other Australian universities. For example, the initiation of r-FPs by entrepreneurial staff, taking advantage of the lax regulatory environment of the pre-tipping point era was widely reported (Section 7.1.1).

The push of a shrinking public purse affected many Australian universities adversely and induced some to embark on revenue-generating r-FP operations (Shanahan and McParlane 2005a). Australian universities were reported in AUQA audits to be starting TNE operations with little concern for 'proper quality control' (implicating low asset specificity), driven by 'the pressure on universities to source income in this way' (Edwards, Crosling and Edwards 2010, 314). These early TNE motivations at Australian public universities coincided with their mostly commercially-oriented OPs, whose 'motive and mission ... is to generate profit' (Edwards, Crosling and Edwards 2010, 305), possibly establishing the close *ex ante* alignment of this common but mutually high priority incentive.

It was observed that the lax regulatory environment, high offshore demand for TNE programs and constricted home country funding provided a fertile environment for the care-free proliferation of OM operations at the two Universities, evidencing low costs of search and monitoring. Shanahan and McParlane reported similar sentiments, i.e., 'the pressure to gain markets has the potential to reduce the vigilance of universities when assessing the viability and suitability of programs' (2005, 226). In the case of the University of New England, an AUQA audit report noted that 'little consideration was given to the risks inherent in these undertakings ... there was no detailed risk analysis undertaken' (Ibid., 225). The proliferation of r-FPs was partially incentivised by host country governments, e.g., Malaysia's Private Higher Education Institution Act 1996 which 'without doubt ... has encouraged private sector involvement through partnership with foreign institutions' (Morshidi

2006, 115). They have also responded to strong economic growth in many developing countries, whence 'global demand for higher education has been increasing in leaps and bounds' (Ahmed and Rao 2011, 119).

Like Universities A and C, the disciplinary focus of many universities was in Business, rather than the Sciences or Engineering because of the low infrastructure requirements – 'business education, compared to natural, physical and applied sciences, does not need huge investments in physical plant, labs, equipment, etc ... it is therefore relatively easier to initiate operations abroad' (Ahmed and Rao 2011, 125). This generic observation also explains the low asset specificity of early TNE operations (precluding TCE considerations), and provides a possible explanation for how they could have proliferated.

The use of the r-FP model was widely associated with the 'risk of opportunism' (Edwards, Crosling and Edwards 2010, 303) and which required 'robust due diligence, and in-depth knowledge of local conditions and regulatory frameworks prior to engaging in TNE' (Tsiligiris, Ilieva and Hill, 2018, 11) - indicating the high information asymmetry existing in such collaborative relationships. These environments of high opportunism and information asymmetry preclude the exercise of PRT considerations in the selection of the OM mode of operation.

University risk aversion was clearly identified in the two Universities as they chose the hands-off, low investment r-FPs to minimise their risks. This behaviour was also observed in the University of New England's early r-FP operations, where it 'espoused the notion of minimizing risk through an alliance' (Shanahan and McParlane 2005, 225). Clearly, 'the preparedness of universities to participate in franchising or twinning programmes exposes their reputations to risk both abroad and at home' (Edwards, Crosling and Edwards 2010, 305).

The case studies and secondary analysis showed that the host countries where the two Universities operated exhibited mature and strong legal-political enforcement environments. A survey of the literature on TNE operating environments also reported that these countries were mature legal jurisdictions with growing centralised agencies for the regulation of private higher education (Lim and Shah 2017, 257). These environments are necessary for AT considerations which assume complete contracts that can rely on host country legal systems to enforce.

The foregoing findings were based on the analysis of informant accounts of the Universities' TNE experience informed by the Decision Model construct of Section 3.7.3 (Fig. 3.2), and supported by triangulation against industry practice. The pre-tipping point AT considerations are summarised against the Decision Model construct below.

No.	Decision Model Factors	Agency Theory			
		Search and Monitoring Costs	University Risk Aversion	<i>Ex ante</i> Incentives Alignment	Enforcement Environment
1a	University Type		Values its reputation and ranking		
1b	OP Type	Reputable TNE operator			
2a	University Size				
2b	OP Size	Demonstrated current operation/s and marketing network (if any)			
3a	University Resources	Proven processes and systems for monitoring OP performance			
3b	OP Resources	Willing to invest in transparent processes and systems, or use university's			
4a	University TNE Agenda		High risk aversion assumed; Asset-light investment approach	Complete contract with clearly spelled-out objectives	
4b	OP TNE Agenda	Transparent business objectives		Complete contract with clearly spelled-out objectives	
5a	University TNE Experience	Long association with OP	Operated r-FP previously		
5b	OP TNE Experience	Proven track record			
6a	University TNE Growth Rate		Stable and have capacity for additional operation		
6b	OP TNE Growth Rate	Demonstrated performance over extended period; Stable non-erratic TNE operations			
7	Operating Environment				Stable host country legal environment

**Table 7.3 TNE Outsourced Model Selection through AT Considerations**

### 7.2.2 Post-tipping Point

Post-tipping point, the Universities and their OPs encountered tightened regulatory conditions which required higher costs of compliance (Holloway et al. 2013). The Universities themselves enhanced their own internal quality benchmarks by submitting to a prestigious Business school (BSA) accreditation (University A) and instituted 'non-negotiable minimas' in TNE delivery (University C). Both Universities also added research and community engagement to the TNE's teaching role. These

additional quality benchmarks and requirements associated with the new roles showed up the contracting parties' shortcomings, e.g., low admissions standards, poor quality delivery, unsuitably qualified OP teaching staff, poor quality facilities and OP teaching staff who were not research active. OPs were also found to have divergent interests (a form of free-riding), e.g., partnering with multiple universities to deliver competing programs.

The new quality imposts increased transaction frequency and required investment-specific assets. These investment-specific assets were however not highly asset specific in the TCE sense, and hence did not require outright vertical integration. They resulted in a shift towards a more highly controlled (by the Universities) mode of hybrid governance delivery, viz., the ic-IBC or the i-FP, where the Universities invested in on-site staff to monitor and assist in *ex post* adaptations to environmental uncertainties. The circumstances that led the Universities to deploy these DM models reflect TCE considerations on the part of the Universities.

The selection of the DM mode could not have been driven by PRT considerations because of the low information asymmetry observed between the partners, which is in turn the result of the highly aligned interests of the partners (e.g., TSW State government and UCT/UCM conglomerate partner, both with clearly capacity-building interests) or long-standing associations between the partners (e.g., VCS and VKP). Alternatively, AT also could not have driven these DM modes because of the lower University risk aversion, and the higher monitoring costs associated with quality assuring highly regulated TNE operations.

University A continued to retain several legacy r-FP operations due to specific strategic purposes; some of them run out of the faculties instead of being centrally coordinated. These small OM operations were however de-prioritised and do not fall under the University's strategic planning processes. They did not require investment-specific assets because they



continued to be teaching-only operations. Like their counterparts during the pre-tipping point period, they are thus observed to have been driven by AT considerations.

There are clear parallels with the two Universities' experiences among Australian public universities. First, the tightened regulatory environment occasioned by AUQA (Burdett and Crossman 2012) and later TEQSA (Bentley, Henderson and Lim 2017) within Australia, and the universities' reactions were widely reported. For example, the University of South Australia was reported to have systematically phased out most of its TNE operations in 2008 in response to AUQA, while Monash University's response was to initiate 'a significant rebalancing of its internationalisation activities ... to significantly reduce the number of its international partnerships and linkages and target a small number of relationships with top institutions around the world in globally significant locations on a bilateral, multilateral and thematic basis' (Murray 2011c, 28). RMIT University and the University of Wollongong chose vertical integration through the establishment of the wholly-controlled international branch campus (w-IBC) in Vietnam and the UAE respectively (Edwards, Crosling and Edwards 2010, 313).

The tightened regulatory environments sometimes resulted in '*vagaries of the (Australian) government policies*' impacting university funding (CI1), and the '*vagaries of Country V policies ... have hurt us a lot*' and '*limited its growth*' (AI1). In some jurisdictions, e.g., in Country V, the education sector became '*very regulated*' (CI7), and regulators perceived to be '*perhaps overzealous*' (CI6). To many host governments, market failures are sufficient justification for intervention, which sometimes do more harm than good (Balleisen and Moss 2012). The future for TNE has been reported to be challenging because of tightening regulations as well as increased competition from host country institutions which have begun to proliferate to meet local needs and develop their own TNE offerings (Lim and Shah 2017, 260).

Environmental uncertainties can also come about from non-regulatory events such as ‘the Severe Acute Respiratory Syndrome (SARS) epidemic in HKSAR (Hong Kong Special Administrative Region) in 2003 ... (which) necessitated the suspension of teaching activities’ (Shanahan and McParlane 2005, 225). With the TNE ‘landscape constantly evolving’ (Sugimoto 2006, 2), universities need to be vigilant and prepared to adapt to the local environment (Borgos 2016, 285).

Apart from unpredictable operating environments, TNE-active universities also have to contend with behavioural uncertainties associated with their OPs. TNE research literature is littered with numerous incidences of behavioural uncertainties, e.g., one of Macquarie University’s ‘partner offering unauthorised courses ... (and) all assessment was conducted by the partner with no moderation occurring by Macquarie University staff, and staff were appointed by the partner without university assessment’ (Edwards, Crosling and Edwards 2010, 310). Edith Cowan University (ECU) was reported to have one partner ‘enrolling students in ECU courses without ECU authorisation ... (and) offshore partner was offering too much credit for a degree which involved professional accreditation, unbeknownst to some of the students’ (Ibid.).

These restructuring exercises led to universities incurring investment-specific spending, e.g., Monash University’s A\$200,000 seed funding for its Sichuan University collaboration (Murray 2011c, 29). There were expectations of ‘commitment from both partners (in DM operations) to commit the necessary resources’, leading universities to ‘increasingly function as corporate entities’ with asset specific investments (Shanahan and McParlane 2005, 227). The increased investments were a necessity because of increased complexity in TNE delivery of full suite roles (Edwards, Crosling and Edwards 2010, 305; Stafford 2015, 129), evidencing the high transaction frequency of DM operations.

There is an observed increase in scrutiny at due diligence undertaken by many universities when assessing DM operations, e.g., Monash University took five months to sign off on a broad agreement with Sichuan University for a comprehensive collaboration, but took another eight months to sign off on discipline and administrative memoranda of understanding, while the DVCI and DVCR expended three weeks to negotiate with the participating faculties (Murray 2011c, 42). In responding to AUQA recommendations, the University of New England (UNE) 'has now implemented a detailed process of approval for overseas ventures ... (involving) the development of a scoping document that sets out the parameters of the project, a business plan, financial projections and a detailed risk analysis' (Shanahan and McParlane 2005, 225). UNE's TNE approval process requires the proposal to go through school approval, followed by faculty approval, and finally a senior level University Entrepreneurship Committee where a 'full review of the planned entrepreneurial activity is undertaken' before final approval is given (Ibid.). These due diligence exercises, while increasing search costs, also lead to lower information asymmetry (which precludes PRT as a possible driver of DM operations as discussed earlier) and lower risk aversion on the part of the university (an observation in Universities A and C as well). The high costs of search and monitoring coupled with the low university risk aversion precludes AT as a driver for DM selection.

Table 7.4 below is a tabulation of informant perspectives on the Universities' TNE business delivery model selection based on the Decision Model construct of Section 3.7.3, and referenced against industry practice.

No.	Decision Model Factors	Transaction Cost Economics			
		Asset Specificity	Behavioural Uncertainty	Transaction Frequency	Environment Uncertainty
1a	University Type				
1b	OP Type	Education institution	Appropriately approved and accredited		
2a	University Size				
2b	OP Size	Demonstrated current operation/s and marketing network (if any)			
3a	University Resources	Existing basic TNE administrative organisation; Teachout capacity; Capacity to invest in full campus (for w-IBC), or on-site presence (for ic-IBC/i-FP)		Existing TNE administrative organisation can cope with new operation, or willing to add capacity	Capability and capacity to cope with changing operating environment
3b	OP Resources	Current campus suitably equipped (for i-FP); Capacity to invest (for ic-IBC)		Existing TNE administrative organisation can cope with new operation, or willing to add capacity	Capability and capacity to cope with changing operating environment
4a	University TNE Agenda	Strategic and calculated decision for either w-IBC or ic-IBC/i-FP			
4b	OP TNE Agenda	Willing to deliver university's 3 roles	Transparent business objectives		
5a	University TNE Experience	Operated TNE previously			
5b	OP TNE Experience	Proven track record	Demonstrated business integrity		
6a	University TNE Growth Rate			Stable and have capacity for additional operation	
6b	OP TNE Growth Rate		Demonstrated performance over extended period; Stable non-erratic TNE operations		
7	Operating Environment				Assumed highly variable host country environment

**Table 7.4 TNE Direct Model Selection through TCE Considerations**

### 7.2.3 The OM and DM Operations on the Hybrid Governance Spectrum

Hybrid governance models allow for a loosening of conditions of the hierarchy, and 'viewed as intermediate solutions to the problem of minimizing haggling, opportunistic behaviour, and exploitation ... when

these problems are present yet not too severe' (Lafontaine and Slade 2013, 966). Indeed the TNE operations of the two Universities demonstrated how the TNE partners came to various compromises, e.g., University A accepting the VCS OP's delivery of the OP's own programs within its ic-IBC (DM) campus in exchange for the OP's management of the campus on behalf of the University. Similarly, University C accepted the VKP OP's substitute programs from its eleven other university partners, in exchange for the OP's '*well-oiled (marketing) machine*' (CF2) that resulted in one of the largest TNE operations in Country V. It is no wonder that hybrid models are ubiquitous (Menard 2013) and popular (Tsiligiris, Ilieva and Hill 2018).

The ic-IBC and i-FP hybrid models are '*asset-light*' models (AI1) that are the '*lower of risk modelling in terms of capital-intensive risk ... for the University*' (CI11). The deployment of such hybrid governance models reflects Menard's observation that hybrids 'improved capacity to face uncertainty', create 'value through mutually-accepted dependence' and provide 'expected spillovers if adequate sharing rules are implemented' (Menard 2013, 1078). For both Universities, these hybrid models resulted in 'improved capacity' to grow student enrolments, required 'mutually-accepted dependence' (or face '*mutually-assured destruction*' on termination – CI10), and also provided spillovers, e.g., in the form of feeder program revenue for OPs and onshore students for the Universities. Similar to Universities A and C, a number of other Australian universities were also seen to have expanded their offshore TNE reach and recruited international students for onshore study through mutually-accepted dependence on their OPs, e.g., the University of South Australia's Singapore OM operations and Monash University's Malaysian DM joint venture (Murray 2011c). Stafford concluded that 'partnerships provide a means of pursuing objectives that neither partner can achieve on its own' (2015, 143).

The resulting DM mode of delivery is best represented by Menard's 'strategic center' hybrid which reflects greater university control, while the OM by the 'third-party coordination' hybrid reflecting a lower level of control (Fig. 2.7).

#### 7.2.4 The OM and DM Operations as Global Value Chains

The global value chain governance construct of Gereffi et. al (2005) is a useful TCE lens to understand the TNE phenomenon although it is mainly applied to manufacturing (Section 2.6.5.5). Applying the Gereffi construct to TNE, a service industry, requires an appreciation of value co-creation in higher education. Under the Gereffi construct, the TNE value chain can be considered a complex one (CI3), but codifiable and in fact, highly codified in Universities A (AI7) and C (CI3). Stafford acknowledged that 'TNE has been characterised by its inherent complexity' (2015, 129).

In the early days of TNE, Universities A and C operated in lax regulatory environments, both onshore as well as offshore (Section App J 6.2d). The lax regulatory environment attracted many OPs, some of which are '*small companies*' (CI6). There was therefore a sense that the capabilities of the supply base for OM delivery in offshore locations were high (due to the low regulatory requirements). This continues to be the case post-tipping point because of the de-prioritised OM operations at both Universities.

With the tightening of Australian higher education regulations and host country regulations, particularly in Countries T, V and X where Universities A and C operated, fewer organisations were capable enough to meet the higher regulatory requirements of TNE delivery (AI16, CI10). This was because of the high investments required for TNE-specific assets, e.g., specialised teams to manage TNE value chain processes (CI5), campus-like facilities to ensure comparability of student experience

(AI19, CI4) and ic-IBC campuses that resemble the University's home country campus (AI6). The lower capacities in the supply base were demonstrated in University A's preference for OPs that can set up and manage an ic-IBC, and in University C's change in OPs in Countries V and X to OPs that have better expertise, experience and resources.

Under the Gereffi et. al construct, OM delivery can be classified as operating under the Modular global value chain governance type because of its high level of transaction complexity, high codifiability and perceived high supply base capabilities, while DM delivery under the Captive governance type because of the lower supply base capabilities (Table 2.8).

For most DM operations, the Gereffi et. al construct correctly categorises the DM's Captive governance type as having high degrees of explicit coordination and power asymmetry, while the OM's Modular governance type as having lower explicit coordination and power asymmetry. There is however some observed non-conformance in University C's VKP OP relationship, where there seems to be symmetric power relations between University C and its VKP OP, which runs a stable of programs from 12 university partners. On the other hand, University A's XCD DM OP was reported to have been '*strong*' and hence was able to negotiate for itself the right to grade examination scripts, a devolution granted only to proven OPs (AI7) – reflecting a reversed power asymmetry. The more symmetric power relations in the VKP DM can be attributed to the relatively lower asset specificity of the OP's investments (compared to other DMs), which elicited CI10's remark that there would be '*mutually-assured destruction*' if the operation was terminated. In the case of XCD, there were unverified informant reports of political intervention in the setting up of the DM operation – which might explain the OP's behaviour. The anomalies in these TNE operations may be fundamentally due to the fact that it is a service industry where value is co-created between the partners and the students.

### 7.2.5 PRT as Potential Driver for Full Suite DM Operations

Although PRT was not identified as a driver for any of Universities A and C TNE operations, it can be argued that the industry's shift towards full suite TNE deliveries (viz., teaching, research and community engagement) might have their motivation in PRT considerations.

In analyzing TNE operations from AUQA audit reports, Edwards et. al concluded that universities are exposed to opportunistic OP behaviours (2010, 303). They also reported that the TNE operating environment is characterised by high levels of information asymmetry (Ibid., 308). These observations are confirmed by informant reports of both Universities A and C pertaining to DM operations (Table 6.3).

Australian universities are reported to be migrating towards full suite TNE delivery, e.g., Monash University's Sichuan University DM collaboration (Murray 2011c). AUQA audit reports of 2000 – 2011 indicate that 'there are broader drivers (instead of just teaching) including cross-cultural engagement, international staff and student mobility, access to high-quality research students and research projects and partnerships, internationalisation of the curriculum and pursuit of community service obligations' (Bentley, Henderson and Lim 2017, 342). Universities that deliver the full suite of roles can be argued as potentially gaining more than their host country commercial OPs whose motive and mission are largely 'to generate profit' (Edwards, Grosling and Edwards 2010, 305).

These full suite TNE operations are usually also imbued by a mission to generate positive externalities for communities within its sphere of influence and the host country government. For example, Stafford's thematic analysis of AUQA audit reports asserted that 'a key strategic question is whether a TNE teaching partnership serves the needs of local students, contributes to the need of local employers and generates a



financial surplus that is sufficient to fit well with the university's international and strategic plans' (2015, 144). Further, 'where a major partnership or campus is established, the purpose needs to be defined in terms of its contributions to the university's research profile and performance, and to meeting the expectations of the local community and industry and their economic needs through its research program' (Ibid., 144-145). These concerns for broader stakeholder incentives are defining characteristics of PRT considerations.

In the event such partners are able to find close *ex ante* alignment of incentives, while operating within strong legal jurisdictions and/or subjected to strong informal social conventions that can enforce the exercise of property and decision rights, the DM operation can be said to be driven by PRT considerations. A UK university DM example is observed to be potentially driven by PRT, i.e., the University of Sheffield's (UoS) offshore International Faculty in Thessaloniki, Greece (Tsiligiris, Ilieva and Hill 2018, 40-41). This offshore faculty is a joint venture (i.e., DM operation) between the university and its Greek partner, Strategakis, and delivers the full suite of university roles across eight South East and Eastern European countries (Ibid.). Although the offshore faculty is a separate legal entity, it delivers UoS programs exclusively and complies with all UoS standards and requirements (i.e., university control of mission-critical resources). The admissions process is a fully devolved offshore faculty function (demonstrating re-allocation of PRT decision rights) but students are registered with UoS and receive UoS acceptance letters.

The PRT reflectors for such DM operations are tabulated against the Decision Model construct of Section 3.7.3 as a possible set of PRT-driven propositions, based on Universities A and C TNE experiences and industry practice as exemplified by the UoS offshore faculty.

No.	Decision Model Factors	Property Rights Theory				
		Control of Mission-critical Resources	Risk of Opportunism	Information Asymmetry	<i>Ex ante</i> Incentives Alignment	Enforcement Environment
1a	University Type				Education institutions	
1b	OP Type	Reputable TNE operator				
2a	University Size					
2b	OP Size					
3a	University Resources	University controls mission-critical resources				
3b	OP Resources	Proven TNE processes and systems		Proven TNE processes and systems		
4a	University TNE Agenda	University stands to gain more than OP			Broad stakeholder interests, including host country's	
4b	OP TNE Agenda		Transparent business objectives			
5a	University TNE Experience	Operated TNE previously	Operated TNE previously			
5b	OP TNE Experience	Operated TNE previously	Demonstrated business integrity			
6a	University TNE Growth Rate	Stable and have capacity for additional operation				
6b	OP TNE Growth Rate	Demonstrated performance over extended period; Stable non-erratic TNE operations	Due diligence on substitute programs, if any			
7	Operating Environment					Mature host country legal-political environment and social conventions

**Table 7.5 TNE Direct Model Selection through PRT Considerations**

Section 7.2 shows strong indications from the dual case studies as well as industry practice that TCE is a possible driver of DM operations, while AT possibly for OM operations. It also postulates that PRT can be a possible driver for full suite DM operations which embrace a broader field of stakeholders.

The two case studies did not provide any clear, specific trend in longevities between OM and DM operations, except to highlight the longer-running pre-tipping point OMs (compared to post-tipping point

OMs), which might be attributed to highly aligned partner interests driving OM operations within lax regulatory environments. Research question three is thus not addressed.

### 7.3 Value Chains for TNE Business Delivery Models

The current study provided rich data to explicate the ic-IBC, i-FP and r-FP business delivery models. They provide an opportunity to unpack these models and thereby extend previous frameworks, e.g., Davies et. al's construct from which the current study derived the OM-DM dichotomy (Sections 2.1.2.2 and 2.7.1), and the KM framework (Section 2.5.2) from which the current study's value chain-based TNE framework of Section 2.5.5 (Table 2.4) was underpinned. The resulting TNE framework is a more fine-grained classification of TNE business delivery models viewed through the organisational economics lens, more particularly through TCE, PRT and AT. It thus extends the KM framework beyond the three academic criteria to include commercial, ownership and governance considerations.

The original TNE framework of Table 2.4 provided the basis for detailed coding and analysis of the reflectors of the three theories of the firm. Following the in-depth case studies, it has been refined to include value chain activities that were heretofore not identified (viz., Table App I.4 for University A, Table App J.2 for University C, and Table 6.6 for cross-case), and presented in Table 7.6, with suggestions for other modes of TNE operations as well following the survey of the operations of other Australian public universities (underscored in grey tone).

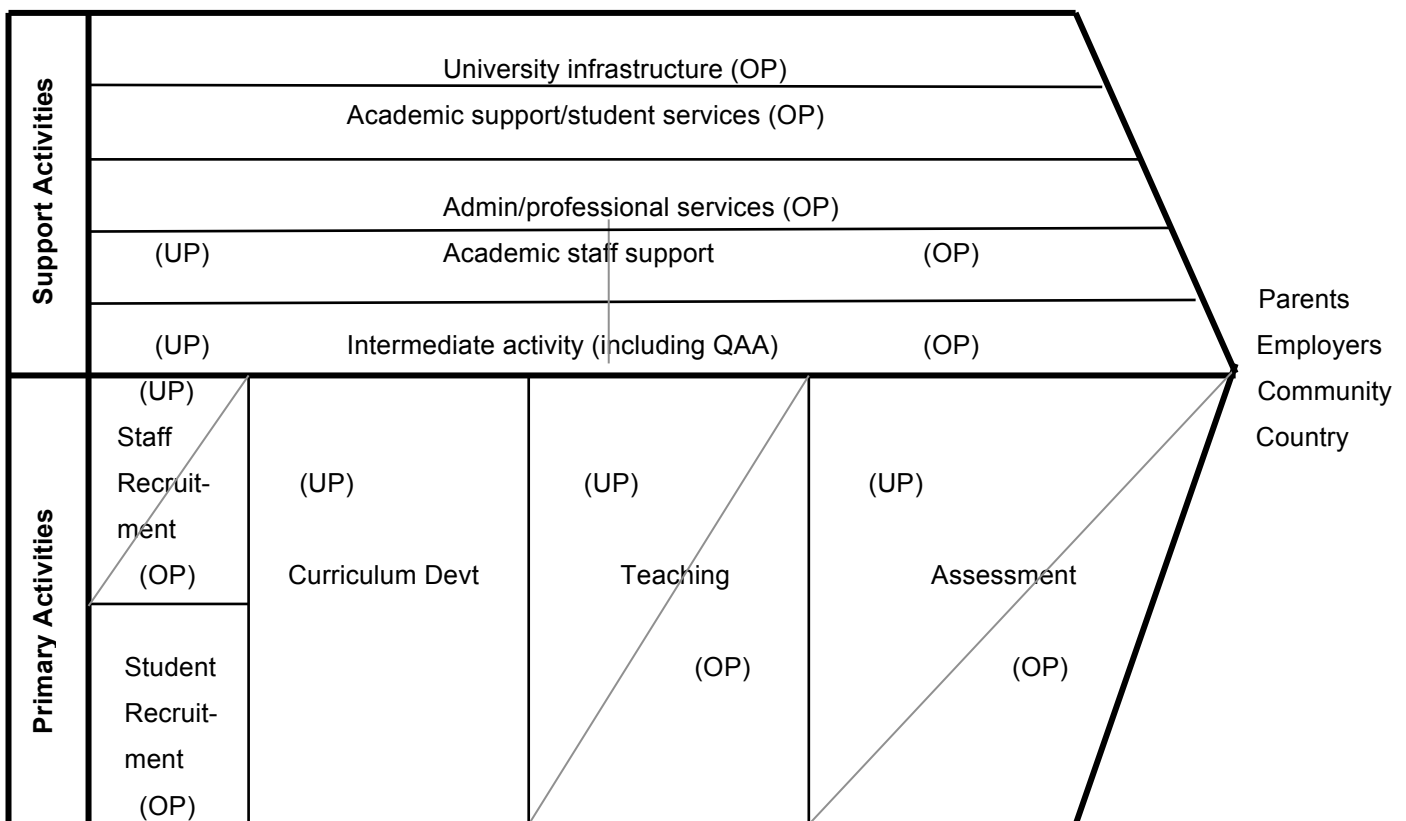
No	TNE Processes		Direct Models				Outsourced Models			
			Hier- archy w-IBC	Hybrid Governance Models					Partner- ship Program	Joint HEI/ provider
				ic-IBC	i-FP	Multi- national University	r-FP			
<b>A Primary Activities</b>										
1	Academic recruit- ment	Curriculum design	<u>S</u>	S	S	<u>S or A</u>	S	<u>S or H and S</u>	<u>H and S</u>	
2		Curriculum delivery	<u>S</u>	H <sup>s</sup>	H <sup>s</sup>	<u>A</u>	H <sup>s</sup> or H <sup>s</sup> and S <sup>r</sup>	<u>H or H and S</u>	<u>A</u>	
3	Student recruitment		<u>S</u>	H <sup>s</sup>	H <sup>s</sup>	<u>A</u>	H <sup>s</sup>	<u>H</u>	<u>A</u>	
4	Teaching management	Awarded	<u>S</u>	S	S	<u>S or A</u>	S	<u>S or H and S</u>	<u>H and S</u>	
5		Curriculum designed	<u>S</u>	S	S	<u>S or A</u>	S	<u>S or H and S</u>	<u>H and S</u>	
6		Curriculum delivered	<u>S</u>	H <sup>s</sup>	H <sup>s</sup> and S <sup>i</sup>	<u>A</u>	H <sup>s</sup> or H <sup>s</sup> and S <sup>r</sup>	<u>H or H and S</u>	<u>A</u>	
7		Contin. Assess.	<u>S</u>	H	H <sup>s</sup> and S <sup>i</sup>	<u>A</u>	H <sup>s</sup>	<u>H or H and S</u>	<u>A</u>	
8		Exam grading	<u>S</u>	H	S <sup>i</sup> and S	<u>A</u>	S	<u>S or H and S</u>	<u>A</u>	
9		Contin. assess. mod	<u>S</u>	S	S <sup>i</sup> and S	<u>A</u>	S	<u>S or H and S</u>	<u>A</u>	
10		Exam mod	<u>S</u>	S	S <sup>i</sup> and S	<u>A</u>	S	<u>S or H and S</u>	<u>A</u>	
11	Alumni relations		<u>S</u>	H	S <sup>i</sup>	<u>A</u>	H and S	<u>H or H and S</u>	<u>A</u>	
12	Research		<u>S</u>	H <sup>s</sup> and S	S <sup>i</sup> and S	<u>A and S</u>	NA	<u>H and S</u>	<u>A</u>	
13	Community engagement		<u>S</u>	H <sup>s</sup> and S	S <sup>i</sup>	<u>A and S</u>	NA	<u>H or H and S</u>	<u>A</u>	
<b>B Support Activities</b>										
1	T and L physical infrastructure provision		<u>S</u>	H <sup>s</sup>	H and S <sup>i</sup>	<u>A</u>	H	<u>H or H and S</u>	<u>A</u>	
2	Student support	Academic	<u>S</u>	H	H and S <sup>i</sup>	<u>A</u>	H and S <sup>r</sup>	<u>H or H and S</u>	<u>A</u>	
3		Admin/Pro- fessional	<u>S</u>	H	H	<u>A</u>	H	<u>H or H and S</u>	<u>A</u>	
4	Academic staff support		<u>S</u>	H and S <sup>i</sup>	H and S <sup>i</sup>	<u>A</u>	H <sup>s</sup> and S <sup>r</sup>	<u>H or H and S</u>	<u>A</u>	
5	Divisional management		<u>S</u>	H and S	H and S	<u>A</u>	H and S	<u>H and S</u>	<u>A</u>	

Abbreviations :

- 1) S – Sending Higher Education Institution/Provider
- 2) H – Host Higher Education Institution/Provider
- 3) H<sup>s</sup> – Undertaken by H, but wholly-controlled by S
- 4) H<sup>s\*</sup> – Undertaken by H, but wholly-controlled by S; with some recent unit coordination by H using S materials at Country V ic-IBC
- 5) S<sup>i</sup> – Sending Higher Education Institution/Provider providing service *in situ*
- 6) S<sup>r</sup> – Sending Higher Education Institution/Provider providing service remotely
- 7) A – Autonomous/semi-autonomous management
- 8) NR – not referenced
- 9) NR<sup>p</sup> – not referenced but planned for future implementation by Sending Higher Education Institution/Provider
- 10) NA – not applicable
- 11) H<sup>s</sup> – Undertaken by H, but wholly-controlled by S
- 12) Grey scale indicates probable accountabilities based on current literature

**Table 7.6 TNE Business Delivery Framework for Organisational Economics Research (Refined)**

The detailed findings represented by Table 7.6 has been summarised diagrammatically as a refinement of Hutaibat’s original value chain for higher education (Fig. 2.13 in Section 2.7.3.3) to reflect the current study’s OM and DM operations. These value chains have been refined by distinguishing between the OM and DM operations, the inclusion of alumni relations and community engagement as primary activities, and the separation of roles between the University (UP) and their OPs.



Abbreviations : UP for University Partner; OP for Offshore Partner

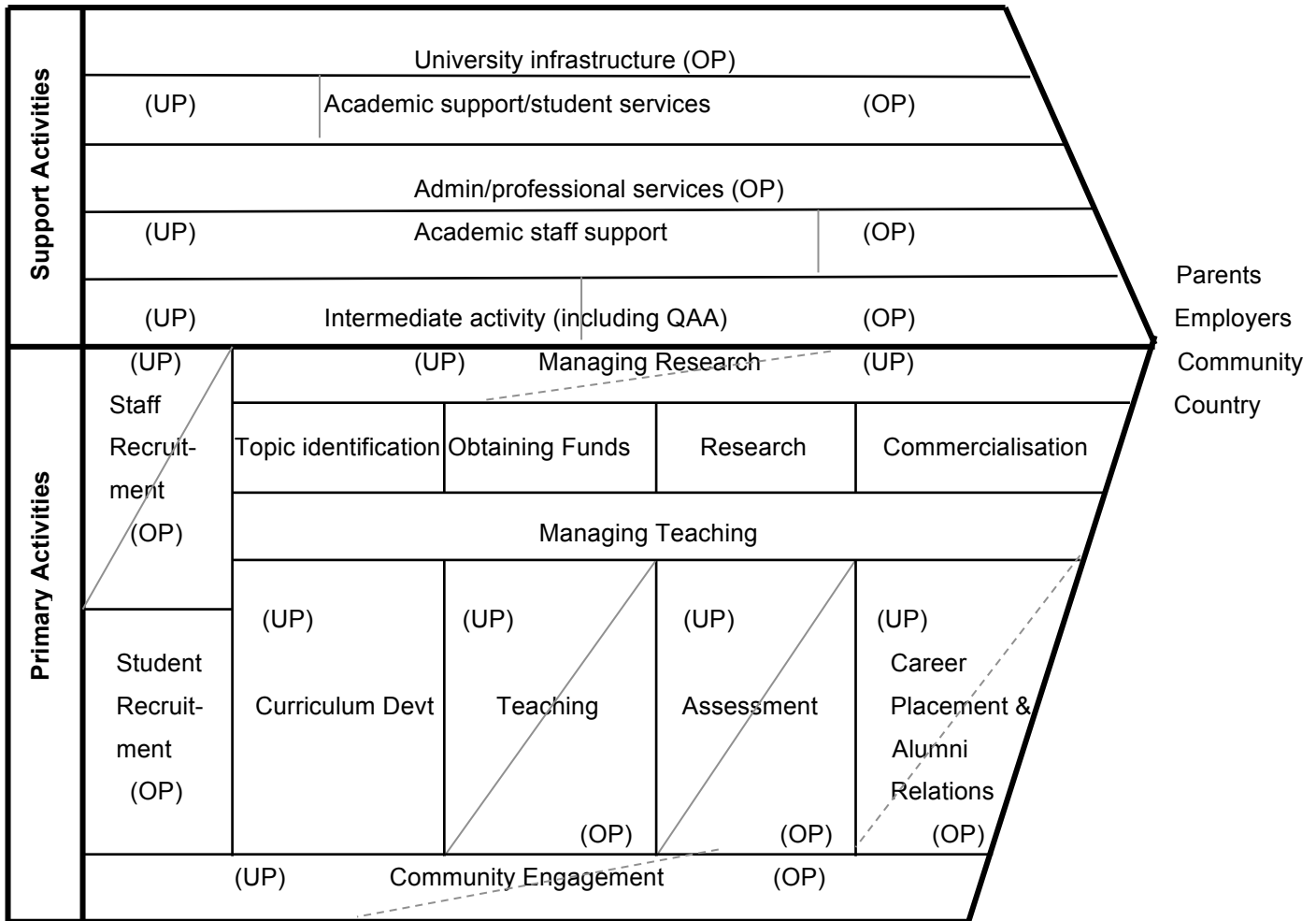
**Fig. 7.1 TNE Outsourced Model Value Chain (Pre- and Post-tipping Point)**

In the pre-tipping point OM operations, the OP provides all of the TNE operation’s physical infrastructure, academic support and student services, administration and professional services and marketing. The university provides all of the curricula for program delivery. The two partners share responsibilities for academic staff support, intermediate

activity, staff recruitment, teaching and assessment. Post-tipping point OM models are similarly represented by the same diagram.

The post-tipping point DMs (Fig. 7.2) delivered the full suite of teaching, research and community engagement. Research and community engagement were mission goods that University C delivered on its own without OP involvement, while University A required participation of its OPs. While University C undertook career placement and alumni relations as its own primary TNE value chain activity, University A's DM operations delivered them through OP involvement. The duality is represented by dashed lines separating UP and OP.

The other value chain activities reflected the OM value chain activities, except for academic staff support where the post-tipping point DM operations saw the involvement of the university either in the form of an on-site PVC or an entire host country office (University C) in providing additional services. The DM diagram also continues to incorporate the broader external stakeholders of parents, employers, community and country as possible criteria for PRT considerations.



Abbreviations : UP for University Partner; OP for Offshore Partner

**Fig. 7.2 TNE Direct Model Value Chain (Post-tipping Point)**

#### 7.4 Limitations of the Study

While the current study has shed valuable light on the first two research questions, it was unable to address the third. The two Universities' TNE portfolios did not provide any indication of longevity trends to enable any meaningful analysis. Both Universities operated OM or OM-like operations pre-tipping point, while only University A continued with OM operations post-tipping point. All pre-tipping point OMs lasted beyond the five-year reasonable rate of return period. There were no terminated DMs at both Universities. Except for newly minted DMs, the other DMs have also been in operation beyond the five year period. Therefore the two longevity benchmarks (viz., the three-year breakeven business

survival and five-year reasonable rate of return business longevity periods adopted in Section 2.7.4.3) were rendered meaningless.

While there might be some value in comparing University A's short-lived (some of which lasted less than three years) post-tipping point OMs against its longer-run (all of which lasted more than five years) pre-tipping point OMs, there was insufficient data to work on. Further, there would have been no comparison against University C, which did not have any TNE operation that has lasted less than five years.

The Decision Model construct of Fig. 3.2 in Section 3.7.3, which was validated through the focus group study, served the case study very well, providing a high utility framework to unpack the value chain activities of the two Universities, investigate the two Universities' criteria for choosing between the OM and the DM (research question 1), and analyse the reflectors of the three theories of the firm for the two Universities' TNE model selection choices (research question 2). In the course of the case study, various issues relating to the Universities' OPs surfaced, viz., the evidently high trust levels between the Universities and selected OPs, and the lack of OP perspective.

While these did not threaten the validity of the study, they raise some interesting questions about the interactions between the partners. For example, high trust levels between partners have the effect of reducing the risk of opportunism, and hence there is no need to monitor related transaction costs, e.g., shirking and free-riding (Edwards, Crosling and Edwards 2010, 307). These high trust levels coupled with high alignment of interests might explain the apparent acceptance of the OP's substitute programs (offered by other partner universities or by the OP) by both Universities.

Further, the study would benefit from additional triangulation from OP perspectives on issues such as *ex ante* incentives alignment and



behavioural uncertainties. Tables 7.3, 7.4 and 7.5 would benefit from an analysis of OP characteristics, if they are part of the Decision Model construct.

Tables 7.3, 7.4 and 7.5 are applicable to OMs and DMs that are hybrid governance models. They do not include any hierarchies (e.g., w-IBCs) because both Universities did not operate such models. Further, while these models have been compared against various TNE-active Australian public universities in Section 7.2, they do not imply that these models are analytically generalisable across all TNE-active Australian public universities. However, the comparisons indicate strong similarities across the industry and provide *prima facie* evidence for analytical generalisation.

## 7.5 Key Contributions of the Study

This study is an analyses of two TNE-active Australian public Universities that have contrasting characteristics, yet took similar strategic decisions in TNE business delivery model selections. The operational arrangements were however dissimilar.

### a) Identification of TNE as Commercial Venture

The study established the commercial orientation of both Universities through their TNE delivery model selection and use of commercial KPIs. It provided additional evidence for this orientation within the wider Australian public university sector. The analysis of TNE offerings (viz., teaching, research and community engagement) within the Weisbrod et. al mission goods – revenue goods tension between pre- and post-tipping point periods also found that some research and community engagement activities were attracting funding (like the teaching function) and hence could be considered revenue-generating.

b) Development of TNE Decision Model Construct

The development of a Decision Model construct (Fig. 3.2 in Section 3.7.3) underpinned by Porter's value chains to study the TNE phenomenon provided a framework for the investigation of the two Universities' TNE model selection. The scope of this construct encompassed the institution's inherent characteristics, and the environment within which the TNE operation is delivered. This construct can potentially provide a generic framework for future investigations into TNE practice.

c) Discovery of Tipping Points in the Universities' TNE Journey

The in-depth dual case study provided rich data to demonstrate a significant tipping point in each University's TNE journey. These tipping points were instrumental in explaining the change in approach, motivation and governance of these Universities towards TNE delivery model selection. They also provided a longitudinal perspective to TNE investigations.

d) Application of New Institutional Economics (NIE) to TNE Research

In this study, the three theories of the firm have been applied to the investigation of Australian public university TNE operations. These empirical case studies attributed the selection of OM delivery to AT considerations, and the selection of DM delivery to TCE considerations. They are a contribution towards the NIE body of knowledge with respect to TNE phenomenon.

e) Extension of the Guimon OLI Construct to TNE

In this study, the generic Guimon construct was extended to TNE operations, and deployed to distinguish between OM and DM operations.

The study also introduced international student recruitment for onshore study as part of the market-seeking and resource-seeking motives of the teaching role of TNE operations, thus making the adapted Guimon construct more complete with respect to TNE operations.

f) Application of Menard's Hybrid Governance Models to TNE

The generic Menard conceptual justification for the utility of hybrid governance models was applied to TNE operations, and the dual case Australian public university study demonstrated the ubiquity of the hybrid governance model in Australian public university TNE operations. The two University cases fitted well with Menard's conceptualisation.

g) Extension of the Global Value Chain to TNE

The Global Value Chain conceptualisation was applied to the increasingly popular multinational university approach with full suite (i.e., teaching, research and community engagement) offerings. While the current study confirmed the general application of the largely manufacturing-based Global Value Chain conceptualisation to a service industry (i.e., higher education), there were two anomalies that pertained to reversed power asymmetry. These anomalies can be attributed to the unique value co-creation (amongst partners and students) within the TNE service industry.

h) Development of a more Detailed TNE Classification, and Identification of Variants of TNE Delivery Models

Within the TNE sector, the study unpacked three specific variants of TNE business delivery models, viz., the ic-IBC, i-FP and r-FP, and explored in less detail, the w-IBC. The resulting TNE business delivery framework (Table 7.6) extended the KM classification of TNE models which were defined by only three academic criteria (Section 2.5.2), The study's finer-

grained TNE business delivery framework now also incorporated commercial, ownership and governance criteria, and can potentially open up new vistas in TNE study.

i) Refinement of the Hutaibat Value Chain for TNE Research

The TNE business delivery framework is a refinement of the Hutaibat value chain for higher education to accommodate the study of the TNE phenomenon, and can potentially have wider applications beyond the scope of the current study. The two TNE Value Chain diagrams of Fig. 7.1 and 7.2 are proffered as extensions of the Hutaibat value chain for OM and DM TNE operations.

j) Contribution to Improved TNE Practice

Relating to TNE practice, the study uncovered innovative asset-light approaches to TNE management which allowed universities to grow their offshore operations more quickly at lower capital and operational costs, and at lower risks. These hybrid governance arrangements provided improved operational capacity and spillover benefits (e.g., branding, recruitment of international students for onshore study, and student and staff mobility). They however required mutual dependence between partners, which in turn is dependent on tighter due diligence and higher levels of trust between partners. These hybrid models are usually anchored on variants of on-site university monitoring and leadership arrangements. These can range from having one senior executive on-site to a whole office that undertakes a higher proportion of TNE value chain activities. The financial sharing arrangement would of consequence be commensurate with the workload and risk profile of each partner.

#### k) Development of Good Practice Construct

Finally, Tables 7.3, 7.4 and 7.5 which cross-tabulate university characteristics against reflectors of the three theories of the firm provide templates for a broader consideration of key elements defining TNE business delivery models. These can potentially inform policy decisions on the governance of TNE operations, and form the basis for future organisational economics research in TNE.

#### 7.6 Recommendations for Future Research

As discussed in the cross-case analysis, there is a possibility that the Upper Echelon Theory (UET), the Resource-based View (RBV) and Strategic Nets (SN) might find application in university decision-making with regards to the choice between the OM and DM mode of TNE operation. However, only RBV can be closely compared with the other three theories of the firm because of similar theoretical underpinnings. UET and SN will require a fresh look at their respective antecedents.

Related to UET is the question of informed decision-making. While it is acknowledged that strategic decisions are made by senior executives entrusted with such responsibilities, the case study identified musings by managerial and academic staff about the lack of wider consultations. This is corroborated by Stafford's research when she reported that 'champions for new initiatives are always important, but with the dispersion of responsibilities and power within a university, it is also important to have an effective involvement and support of all the relevant parties in the senior management team and the relevant organisational units' (2015, 136). It would therefore be insightful to investigate if strategic decisions actually incorporate views from operational and academic staff. Further, the antecedents of the informants' private sector and TNE experiences might also inform university TNE risk appetites and business delivery model selections.

The case studies discovered that some DMs are actually OMs in regulatory terms, e.g., *'in fact, a lot of our operations are really franchised agreements ... they're not branch campuses in the true sense of what the industry understands them ... we call them branch campuses, but ... we represent them to our accrediting bodies actually as franchised arrangements ... (except for TSW which) 'is a little bit different because it's a joint-venture' (A19) so from a franchising perspective, that's actually what they are'*. In the conversion of the UCT r-FP into the UCM ic-IBC, A13 asserted that *'basically it's the same structure, same staff, there is no change just rebranding ... its basically the OP institute ... just being re-modeled and re-branded'*. A11 added that *'there is no fundamental change in terms of the underlying financial and commercial arrangement'*. A finer-grained analysis of TNE contracts will help to refine TNE classifications more accurately.

Fundamental to the sustainable function of TNE operations is the integrity of financial projections and reporting. While some informants assert that their University operates sustainably, some others report loss-making operations. It was previously noted that all Australian public university offshore operations must be self-sustainable financially and not draw from Commonwealth funding (Section 2.7.4.1). The conflicting informant reports warrant some investigation to ascertain the financial sustainability of these ventures, especially when the variation between the two Universities' TNE revenue share as a proportion of total revenue is wide (University A reported revenue share of 4%, compared to its ATN average of 9%, while University C's revenue share was 24% compared to its IRU average of 9%). Further, *prima facie* case data indicates poor returns at both Universities. While University A reported a TNE revenue share of 4%, its TNE student population is 15% of its total, and while University C enjoyed a 24% TNE revenue share, it enrolled 35% of its total students as offshore students in 2015.

Mention was made in Section 7.4 regarding the limitations of the study on behavioural uncertainty (e.g., trust) and the value of investigating OP perspectives. While the current study is based on the Universities' perspectives, OP perspectives might provide interesting insights, e.g., exploring AT where an alternative view of the OP as the principal in the business of host country private education, engaging the university as an agent to further the interests of the OP.

Extending the research to a larger number of universities, as originally envisaged in Section 3.7.4.2 would enable a richer investigation into the influence of university types, detailed comparative impacts of host country environments and the inclusion of wholly-controlled international branch campuses (w-IBCs). This would also provide better analytical generalisation across the sector.

The availability of a more refined TNE Business Delivery Framework (Table 7.6), Tables 7.3, 7.4 and 7.5, and Figures 7.1 and 7.2 can potentially provide frameworks for more detailed investigations of the TNE phenomenon – in terms of value chain efficiency, critical success factors, contractual responsibilities and governance. For example, the PRT approach could be tested using Table 7.5 within DM operations that are globally extensive.

Finally, it is interesting to note that the DM-OM dichotomy parallels the GATS mode 1/mode 3 classifications, viz., cross-border supply versus commercial presence (see Section 2.1.1), and warrants future research with respect to cross-border funds flow, cross-rates and fiscal policy considerations.

## **APPENDIX A**

Comparative Perspectives Chart Of Theories Of The Firm

Table adapted from journal article (Hutaibat 2011, 218)



No	Perspectives	Theories of the Firm		
		Transaction Cost Economics	Property Rights Theory	Agency Theory
1	Central ideas of the theory	<p>1) '... the ultimate unit of activity ... must contain in itself the three principles of conflict, mutuality, and order. This unit is a transaction. ... governance is chosen in a cost-effective degree to infuse order, thereby to mitigate conflict and realise mutual gain.' (Jongwook and Mahoney 2005)</p> <p>2) 'Transactions, with their different attributes, are best executed using different governance structures.' (Tadelis and Williamson 2010, 3)</p> <p>3) 'Transaction cost economics makes provisions for both autonomous (i.e., price driven) as well as coordinated (i.e., administration driven) adaptations in the service of efficiency through recognition that adaptation is the central problem of economic organisation.' (Tadelis and Williamson 2010)</p> <p>4) Operationalizing TCE (Tadelis and Williamson 2010)</p> <p>a) Identify transactions with their key attributes</p> <p>b) Describe properties of alternative modes of governance (viz., make or buy).</p> <p>c) Analyse using 'discriminating alignment' hypothesis ('... transactions, which differ in their attributes, are aligned with governance structures, which differ in their adaptive capacities, so as to minimise transaction costs.' (Tadelis and Williamson 2010))</p>	<p>1) Property rights are '[t]he rights of individuals to the use of resources ... supported by the force of etiquette, social custom, ostracism, and formal legally enacted laws supported by the states' power of violence or punishment.' (Tadelis and Williamson 2010)</p> <p>2) 'Property rights are the rights to use, to earn income from, and to transfer or exchange the asset or resources.' (Alchian, 1965 cited in Jongwook and Mahoney 2005)</p> <p>3) 'All economic activities including trade and production are the exchange of bundles of property rights.' (Libecap, 1989 cited in Jongwook and Mahoney 2005)</p> <p>4) '... a standard property rights definition applies where the partitions of property rights are grouped into appropriate bundles and assigned to the transacting party who is most capable of efficient production (utilizing that bundle), and the property rights that compose those bundles will be grouped so that appropriate economic incentives are created for owners of each bundle of property rights.' (Furubotn and Pejovich, 1972 cited in Jongwook and Mahoney 2005)</p>	<p>1) Agency relationships can be argued to be present in all cooperative efforts.</p> <p>2) Agency theory has been developed to explain the interaction between a principal and an agent whom the principal engages to execute specific business activities for a pre-agreed fee. (Jongwook and Mahoney 2005)</p> <p>3) The theory investigates the issues principals face in selecting suitable agents (adverse selection), and in monitoring their work performance (moral hazard). (Garg 2000)</p> <p>4) It requires the fulfillment of two necessary conditions, viz., that there is a potential for divergence of interests between the principal and agent, and for difficulties in ascertaining the capability and actions of the agent. (Pizanti and Lerner 2003)</p> <p>5) Agency problems arise from information asymmetry and differences in risk aversion between principal and agent, and are premised upon the assumption that the parties' actions arise out of self interest. (Worsham, Eisner and Ringquist 1997)</p>
2	Unit of analysis	Transaction	Institution	Principal-agent contract
3	Focal dimension	Types of asset specificity	Property rights	Incentives
4	Focal cost concern	a) Maladaptation b) Holdup problems/ opportunism	a) Externalities b) Rent-seeking	Residual loss
5	Contractual focus	Choice of <i>ex post</i> governance mechanism	a) <i>Ex ante</i> property rights allocation b) <i>Ex post</i> distributional conflicts	a) <i>Ex ante</i> incentive alignment b) <i>Ex post</i> monitoring mechanisms
6	Theoretical orientation	Comparative assessment	Comparative assessment	Constrained optimisation
7	Strategic intent	Shareholder view	Shareholder view	Shareholder view
8	Sources of market frictions	a) Bounded rationality b) Uncertainty c) Information asymmetry d) Opportunism e) Asset specificity [a-d from incomplete contracts]	a) Externalities b) Unclearly defined and difficult –to-enforce property rights (weak appropriability) c) Vested interests [b from incomplete contracts]	a) Information asymmetry b) Unobservability c) Risk aversion (by agents)

## **APPENDIX B**

### Focus Group Documentation

Sen Lee Lim (Henry)  
36 Ashmore Avenue  
Canning Vale  
Western Australia 6155

February 8, 2013

Prospective Focus Group Participant  
Designation  
University  
Address

Dear xxx

**Focus Group Research on Business Delivery Models in Transnational Education**

Thanks for taking time to meet me yesterday. I am excited with X University's current review of its transnational education (TNE) operation. Coincidentally, my PhD research is in the study of business delivery models used by Australian public universities in their TNE operations.

My *a priori* thesis is that TNE is a commercial operation that must have self-sustainability, and hence must be operated as a business in order to succeed. Although higher education has traditionally been considered a public good, an increasing number of research and industry publications refer to TNE in commercial terms, in recognition of the changing economic, financial and political environments in which TNE operates.

My research seeks to understand the motivations underlying universities' choice of business delivery models, and the possible relationship between these models and the sustainability/longevity of their TNE operation. Initial literature review indicates that the study might possibly be undertaken from the lenses of several theories of the firm, viz., agency theory, resource scarcity theory, transaction cost analysis, and property rights theory.

My research will be undertaken through a mixed methodology anchored by qualitative interviews, and supported by a quantitative survey – administered to all Australian public universities with current and terminated TNE operations. In order to refine the construct and validate the applicability of each of the theories of the firm, I plan to conduct a series of focus groups at each of the four Western Australian public universities.

I would like to request your assistance in organizing a focus group at X University. I believe the University, and in particular, its TNE review project team will benefit from this focus group. I will be using a TNE value chain (adapted from Porter's) as a basis to explore the motivation of the University's choice of business delivery models. The deliberations will be conducted in reference to the theories of the firm, with a view to validating their utility in the research.

The focus group is expected to take between 90 and 120 minutes. My sampling frame for the focus group requires the participation of colleagues with responsibilities for strategic, academic and

operational functions. The identities of all participants as well as the University will be kept confidential.

Please do not hesitate to contact me on mobile 0419 940 998, or email [henrylimsl@yahoo.com](mailto:henrylimsl@yahoo.com) if you require any clarification.

Many thanks.

Kind regards



Henry Lim  
PhD student ID 15652409

*This study has been approved by the Curtin University Human Research Ethics Committee (Approval Number GSB 18-12). If necessary, verification of approval can be obtained either by writing to the Curtin University Human Research Ethics Committee, c/- Office of Research and Development, Curtin University of Technology, GPO Box U1987, Perth, WA6845, or by telephoning 08-92662784 or [hrec@curtin.edu.au](mailto:hrec@curtin.edu.au).*

**FOCUS GROUP  
INSTRUCTIONS**



March 4, 2013

Dear Participant

I am a PhD candidate with the Curtin Graduate School of Business, investigating how Australian universities manage their transnational programs. I wish to invite you to participate in a focus group that will explore the group's collective as well as personal experiences in dealing with transnational education. This focus group will comprise personnel from your university, with responsibility for strategic, managerial/operational and academic functions of transnational education programs. I will be repeating this focus group with each of the other three Western Australian public universities. The purpose of the focus groups is to help in refining the research construct, and inform the development of the qualitative and quantitative investigations. I believe this study will help Australian university personnel as well as regulatory bodies better understand the nature of transnational program delivery, and in the process, enhance the quality, viability and longevity of transnational programs. I also believe the focus group discussion can help you and your colleagues better conceptualise your own university's transnational strategies and operations.

The focus group is expected to last about 90 minutes, depending on the group's engagement. It is my intention to record the focus group discussion as this will ensure accuracy with transcription and analysis of the information. Please note however that you will at all times remain anonymous (your name will not be used) and that the information you provide will be treated as confidential. Please note that the archiving regulations of the university require that the interview recordings and notes be stored in an electronic format in Curtin University-approved hardware and systems for a period of 5 years.

To ensure the focus group provides a rich discussion, I will be taking the first few minutes to gather demographic information, and generic information describing the transnational program/s you have dealt with or are still dealing with (e.g., type of model, country of operation). I will then provide a framework of topics guiding the discussion to relate to your own experiences in transnational education. To ensure absolute anonymity I will only report aggregate data – in the form of themes obtained from the various focus groups, without reference to any single individual. In presenting data, I will always present statements as anonymous quotations that cannot be linked to a specific person, for example '*one participant* stated that .....'. It will be impossible to identify a participant from the statements.

I will be most grateful for your willingness in contributing to this very important research study. Please do not hesitate to contact me for any clarification relating to the data collection or your interest in the research analysis and outputs, on either email [henrylimsl@yahoo.com](mailto:henrylimsl@yahoo.com), or mobile 0419 940 998.

Yours truly

A handwritten signature in black ink, appearing to read "Henry Lim".

Sen Lee Lim (Henry)  
Student ID : 15652409

*This study has been approved by the Curtin University Human Research Ethics Committee (Approval Number GSB 18-12). If necessary, verification of approval can be obtained either by writing to the Curtin University Human Research Ethics Committee, c/- Office of Research and Development, Curtin University of Technology, GPO Box U1987, Perth, WA6845, or by telephoning 08-92662784 or [hrec@curtin.edu.au](mailto:hrec@curtin.edu.au).*

**FOCUS GROUP DATA SHEET**  
 Australian University Transnational Education Programs :  
 An Empirical Investigation into the Choice of Delivery Models and Outcomes

FOCUS GROUP	1		DATE								
PARTICIPANT BACKGROUND											
Participant No.	Gender		Age Group					No. of years TNE Experience	Previous Experience (tick one or both)		Remarks
	M	F	20-30	31-40	41-50	51-60	Above 60		Public sector	Private sector	
1											
2											
3											
4											
5											
6											
7											

INSTITUTION'S TNE OPERATIONS (current & last five years)					
No.	Type of Delivery	Country	Course/s	Current Status	Remarks (e.g., rationale, success level, reason/s)
1					
2					
3					
4					
5					
6					
7					
8					
9					
10					
11					
12					

**CONSENT FORM – PARTICIPATION IN PhD FOCUS GROUP**

Curtin Graduate School of Business

Curtin University of Technology  
78 Murray Street (Cnr Pier)  
Perth WA 6000  
Telephone +61 8 9266 3460  
Facsimile +61 8 9266 3368  
Email enquiries@gsb.curtin.edu.au  
Web www.gsb.curtin.edu.au  
CRICOS Provider Code 00301J

Project Title : AUSTRALIAN UNIVERSITY TRANSNATIONAL EDUCATION  
PROGRAMS : AN EMPIRICAL INVESTIGATION OF THE BUSINESS  
MODELS

PhD Candidate : Sen Lee Lim (Henry)

I herewith confirm that I wish to participate in a focus group of about 90 minutes as part of the above research project and confirm the following:

- |                          |  |
|--------------------------|--|
| <input type="checkbox"/> | I am 18 years of age or older;   |
| <input type="checkbox"/> | I have been informed of, and understand the purposes of the study;   |
| <input type="checkbox"/> | I have been given an opportunity to ask questions;   |
| <input type="checkbox"/> | I understand I can withdraw at any time without prejudice;   |
| <input type="checkbox"/> | I understand that the information collected will be stored on University approved hardware and systems for a period of 5 years and will only be accessible by the researchers; |
| <input type="checkbox"/> | Any information which might potentially identify me will not be used in published material;  |
| <input type="checkbox"/> | I agree to participate in the study as outlined to me.   |

Name : \_\_\_\_\_

Signature : \_\_\_\_\_

Date : \_\_\_\_\_

Witnessed by Data Collector

Name : \_\_\_\_\_

Signature : \_\_\_\_\_

## FOCUS GROUP

### Facilitator Guide

<b>1.0</b>	<b>PRE-EVENT PREPARATIONS</b>	<b>PARTY</b>	<b>DEADLINE</b>	<b>REMARKS</b>
1.1	Send FG Request Letter	HL	Feb 11	
1.2	Confirm participants & date/time/venue; send Outlook appointments	HL	Mar 7-15	
1.3	Reminder Friday prior to FG	HL	Mar 22	
1.4	Test recording equipment & prepare gifts	HL	Mar 23	
1.5	Prepare iPad, voice recorder, flipcharts, FG Facilitator Guide, refreshments, name tents, consent forms, data sheets, coloured markers, note pads, pens and masking tape	HL	Mar 23	
<b>2.0</b>	<b>EVENT PREPARATIONS</b>			
2.1	Room preparation – flipcharts, name tents, forms, equipment test, refreshments, stationery	HL	Mar 25 11.00am	



3.0	FOCUS GROUP	POINTERS	NOTES
3.1	Welcome & introduction to PhD research & FG		
3.2	<p>Ground rules a) Please share your honest opinion</p> <p>5.b) What's said in this room stays here</p> <p>6.c) Anonymity. You won't be identified by name in the research.</p> <p>7.d) To respect your time, we will stay as close to the agenda as possible.</p>		
3.3	<p>Icebreaker – a) Why do public universities engage in TNE? Prioritise these reasons.</p> <p>b) What in your view is a successful TNE project?</p> <p>c) What in your view is a failed TNE project?</p>		Cf official, p
4.0	FOCUS GROUP AIDE MEMOIRE		
4.	Please identify the	a) Identify value-	

1	<p>university's current internal and outward-facing TNE functions, as well as partner TNE functions, if any.</p>	<p>creation/-adding model chosen for each function.</p> <p>b) Watch for linear/non-linear flow of value-creation functions</p>	
4.2	<p>Please distinguish between the primary and support functions.</p>		
4.3	<p>Please explain why, in your opinion, the university has chosen to deploy a particular model for each function.</p>	<p>Watch for a) TCE–</p> <ul style="list-style-type: none"> <li>• focus on transaction (rather than firm or consumer),</li> <li>• transaction costs (e.g., negotiation, monitoring &amp; enforcement of contract),</li> <li>• governance structures (i.e., make/buy decision),</li> <li>• asset specificity/holdups</li> <li>• firm-specific advantages (e.g., proprietary know-</li> </ul>	

		<p>how/unique assets &amp; transactional advantages);</p> <ul style="list-style-type: none"> <li>• country-specific advantages (viz., structural market imperfections, e.g., govt reg; &amp; potential to</li> </ul>	
		<ul style="list-style-type: none"> <li>• economise on TCs by reducing risks &amp; benefit from local opportunities;</li> <li>• internalisation advantages associated with different entry modes (e.g., exports, licensing, JVs, FDI) b) PRT–</li> <li>• property rights bundles (e.g., IP, market intell, local knowledge),</li> <li>• incentives related to property rights,</li> <li>• focus on contractual</li> </ul>	

		<p>details,</p> <ul style="list-style-type: none"> <li>• contractual incompleteness</li> <li>c) AT–</li> <li>• adverse selection,</li> <li>• moral hazard,</li> <li>• branch proximity,</li> <li>• asset specificity,</li> <li>• local knowledge,</li> <li>• information asymmetry,</li> </ul>	
		<p>  risk aversion d) RST–</p> <ul style="list-style-type: none"> <li>• focus on value maximisation from leveraging valuable resources;</li> <li>• size of organisation,</li> <li>• experience of organisation</li> <li>• growth rate of TNE;</li> <li>• franchising vs owning;</li> </ul>	

		<ul style="list-style-type: none"> <li>• local knowledge;</li> <li>• risk sharing;</li> <li>• speed to market;</li> <li>• asset specificity</li> </ul>	
4. 4 —	What would you do to improve the existing delivery model, and why?	Watch for the above reflectors in their criteria for change.	
<b>5. 0</b>	<b>CLOSING</b>		
5. 1 —			

## **APPENDIX C**

### Human Research Ethics Approvals

**Memorandum**

<b>To</b>	Henry Sen Lee Lim
<b>From</b>	Donald Mwathi
<b>Subject</b>	Protocol Approval GSB 18-12
<b>Date</b>	5 November 2012
<b>Copy</b>	Professor Werner Soontiens

Office of Research and Development

Human Research Ethics Committee

Telephone 9266 2784

Facsimile 9266 3793


Email hrec@curtin.edu.au

Thank you for your "Form C Application for Approval of Research with Low Risk (Ethical Requirements)" for the project titled "Australian University Transnational Education Programs: An Empirical Investigation of the Business Models". On behalf of the Human Research Ethics Committee, I am authorised to inform you that the project is approved.

Approval of this project is for a period of twelve months 05/11/2012 to 04/11/2013.

The approval number for your project is GSB 18-12. *Please quote this number in any future correspondence.* If at any time during the twelve months changes/amendments occur, or if a serious or unexpected adverse event occurs, please advise me immediately.

Kind Regards



**Donald Mwathi**  
Executive Officer | Planning & Accreditation  
Curtin Graduate School of Business (CGSB)

**Curtin University**  
Tel | +61 8 9266 1164  
Fax | +61 8 9266 3368

Email | [donald.mwathi@gsb.curtin.edu.au](mailto:donald.mwathi@gsb.curtin.edu.au)  
Web | [gsb.curtin.edu.au](http://gsb.curtin.edu.au)



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CRICOS Provider Code 00301J (WA), 02637B (NSW)

**CGSB: A Leading Provider of Graduate Management and Leadership Education**

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Please Note: The following standard statement must be included in the information sheet to participants:  
*This study has been approved under Curtin University's process for lower-risk Studies (Approval Number 18-12). This process complies with the National Statement on Ethical Conduct in Human Research (Chapter 5.1.7 and Chapters 5.1.18-5.1.21).*  
For further information on this study contact the researchers named above or the Curtin University Human Research Ethics Committee. c/- Office of Research and Development, Curtin University, GPO Box U1987, Perth 6845 or by telephoning 9266 9223 or by emailing [hrec@curtin.edu.au](mailto:hrec@curtin.edu.au).



Office of Research and Development

GPO Box U1987  
Perth Western Australia 6845

Telephone +61 8 9266 7863  
Facsimile +61 8 9266 3793  
Web research.curtin.edu.au

08-May-2018

Name: Scott Fitzgerald  
Department/School: School of Management  
Email: S.Fitzgerald@curtin.edu.au

Dear Scott Fitzgerald

**RE: Ethics Office approval**  
**Approval number: HRE2018-0216**

Thank you for submitting your application to the Human Research Ethics Office for the project **Australian University Transnational Education Programs : An Empirical Investigation of the Business Models (PhD Study)**.

Your application was reviewed through the Curtin University Low risk review process.

The review outcome is: **Approved**.

Your proposal meets the requirements described in the National Health and Medical Research Council's (NHMRC) *National Statement on Ethical Conduct in Human Research (2007)*.

Approval is granted for a period of one year from **08-May-2018** to **07-May-2019**. Continuation of approval will be granted on an annual basis following submission of an annual report.

Personnel authorised to work on this project:

Name	Role
Fitzgerald, Scott	CI
Lim, Sen Lee	Student

Approved documents:

Document
----------

**Standard conditions of approval**

1. Research must be conducted according to the approved proposal
2. Report in a timely manner anything that might warrant review of ethical approval of the project including:
  - proposed changes to the approved proposal or conduct of the study



- unanticipated problems that might affect continued ethical acceptability of the project
  - major deviations from the approved proposal and/or regulatory guidelines
  - serious adverse events
3. Amendments to the proposal must be approved by the Human Research Ethics Office before they are implemented (except where an amendment is undertaken to eliminate an immediate risk to participants)
  4. An annual progress report must be submitted to the Human Research Ethics Office on or before the anniversary of approval and a completion report submitted on completion of the project
  5. Personnel working on this project must be adequately qualified by education, training and experience for their role, or supervised
  6. Personnel must disclose any actual or potential conflicts of interest, including any financial or other interest or affiliation, that bears on this project
  7. Changes to personnel working on this project must be reported to the Human Research Ethics Office
  8. Data and primary materials must be retained and stored in accordance with the [Western Australian University Sector Disposal Authority \(WAUSDA\)](#) and the [Curtin University Research Data and Primary Materials policy](#)
  9. Where practicable, results of the research should be made available to the research participants in a timely and clear manner
  10. Unless prohibited by contractual obligations, results of the research should be disseminated in a manner that will allow public scrutiny; the Human Research Ethics Office must be informed of any constraints on publication
  11. Approval is dependent upon ongoing compliance of the research with the [Australian Code for the Responsible Conduct of Research](#), the [National Statement on Ethical Conduct in Human Research](#), applicable legal requirements, and with Curtin University policies, procedures and governance requirements
  12. The Human Research Ethics Office may conduct audits on a portion of approved projects.

**Special Conditions of Approval**

None.

**This letter constitutes low risk/negligible risk approval only.** This project may not proceed until you have met all of the Curtin University research governance requirements.

Should you have any queries regarding consideration of your project, please contact the Ethics Support Officer for your faculty or the Ethics Office at [hrec@curtin.edu.au](mailto:hrec@curtin.edu.au) or on 9266 2784.

Yours sincerely



Amy Bowater  
Acting Manager, Research Integrity

## **APPENDIX D**

### Research Data Management Plan

## Research Data Management Plan

### AUSTRALIAN UNIVERSITY TRANSNATIONAL EDUCATION PROGRAMS : AN EMPIRICAL INVESTIGATION OF THE BUSINESS MODELS

Supervisor	Scott Fitzgerald
Data Management Plan Edited by	Henry Lim
Modified Date	2/05/2015
Data Management Plan ID	FITZGS-BS00411
Faculty	Curtin Business School

#### 1 Research Project Details

##### 1.1 Research project title

AUSTRALIAN UNIVERSITY TRANSNATIONAL EDUCATION PROGRAMS : AN EMPIRICAL INVESTIGATION OF THE BUSINESS MODELS

##### 1.2 Research project summary

Cross-border education (CBE) started off as an aid-motivated international activity, primarily in the form of international students studying in a foreign country. The push of funding restrictions and national competitive environments of provider institutions, coupled by the pull of host nation demands for higher education led to the proliferation of various forms of CBE, but chiefly the delivery of higher education by providers in foreign countries. These offshore delivery programs are now more popularly known as transnational education (TNE). The growth of TNEs has been phenomenal over the past three decades. In response to the ubiquity of TNE programs, a large body of literature and research has been devoted to this phenomenon. A survey of extant literature however, indicates that the majority of these studies is normative in approach, and mostly focused on the academic aspects of TNE. There is a dearth of studies focused on the commercial aspects of TNE, and much less that are empirical.

This study argues that TNE has a commercial dimension that is critical to its success but that has not been sufficiently investigated. The lack of attention to the commercial aspect of TNE may have been influenced by the traditional paradigm of education as a public good. Recent literature suggests that TNE success is linked to commercial sustainability. This study aims to take the argument further through an empirical investigation of the Australian public university TNE phenomenon through the lenses of several theories of the firm. More specifically, this study will explore the criteria Australian public universities use in the selection of TNE business delivery models, and the explanatory power of these theories in explicating these criteria and the longevity of the models.

The phenomenon will be investigated via a mixed methodology, starting with a qualitative study to ascertain the appropriateness of each of these theories to the research questions. The research will culminate in a quantitative study to test the veracity of the identified theories in explaining the choice of business delivery models.

##### 1.3 Keywords

Transnational education; business models; delivery models; transaction cost analysis; property rights; agency theory; resource scarcity theory

#### 2 Research Project Data Details

##### 2.1 Research project data summary

Research data will be sourced mainly from

a) Statistical repositories such as the Australian Bureau of Statistics b) AUQA and its successor, the Tertiary Education Quality and Standards Agency (TEQSA) c) Participating university archives and published reports d) Focus group deliberations e) Semi-structured interviews f) Survey instruments

The qualitative methodology will be employed at the outset, to test the appropriateness of each of the four theories of the firm

on the TNE phenomenon, and to craft related alternative hypotheses. This methodology allows for the teasing out of emergent themes and constructs within the natural contexts of the phenomenon (Marshall 2006). Since the study has been designed around the theories of the firm, this structured approach lends itself well to a quasi-statistical analytic style and/or template analysis proposed by Crabtree and Miller (Marshall 2006) for the analysis of the qualitative data. There is a number of computer-aided qualitative data analysis (CAQDAS) software available for use. For the purposes of this study which effectively deals with predominantly textual data, three software packages are being reviewed for possible use, viz., NVivo10, Atlas.ti7 and Qualrus (Lewins and Silver 2007). While NVivo10 and Atlas.ti7 have been popular due to their relative simplicity, Qualrus boasts advanced intelligent computational capabilities. A final decision on the CAQDAS software of choice will be made after a review of the available qualitative data and the design of a suitable qualitative data analysis strategy.

A combination of univariate and multivariate techniques will be deployed in the analysis of the quantitative data. Univariate tests of means and median will be administered for each of the independent variables to test the individual hypothesis. This involves comparing the variable group means/medians and their expected differences.

A regression model will be developed, and its predictive power tested using multivariate analysis. By virtue of the categorical nature of the dependent variable, the quantitative techniques available for multivariate analysis are the logit regression and discriminant analysis. However, discriminant analysis requires very strict adherence to multivariate normality and homogeneity of the variance/covariance matrices across groups (Warner 2008), assumptions that may be violated since the dependent variable consists of only two groups. Logit regression which does not impose such stringent assumptions, and is considered more robust (Berenson 2006) is proposed for deployment in this study. The functional form of the logit regression model will be determined using appropriate goodness-of-fit measures.

## 2.2 Ethical, confidentiality or privacy considerations

An initial HREC approval (GSB-18-12) was obtained but has since lapsed. The candidate was on leave of absence in the past semester, and has just returned to continue with the research. A new HREC approval is being applied for.

## 2.3 Data organisation and structure

The data structure and organisation will be decided within this semester.

# 3 Research Project Data Storage, Retention and Dissemination Details

## 3.1 Storage arrangements

Data collected will be stored in print and electronic formats at the Curtin Business School for a period of seven years. No unauthorized access will be granted.

## 3.2 Estimated data storage volume

Digital storage space needed is anticipated to take up about 5Gb.

## 3.3 Safeguarding measures

The digital data will be saved in three disks, two in CBS, and one with the PhD candidate. To overcome media obsolescence, the data will be tested for readability/access against current software every two years from date of thesis completion. If necessary, the data will be saved in the new format and re-stored in three disks. Obsolete disks will be securely destroyed.

## 3.4 Retention requirements

7 years (All other research with outcomes that are classed as Minor)

## 3.5 Collaboration

Not applicable.

3.6 Data dissemination

The bulk of the data is expected to be anonymous and hence, does not require highly secure storage. Access is by request only.

3.7 Embargo period

Not applicable.

## **APPENDIX E**

Reflexivity : Researcher Background

## Reflexivity : Researcher Background

### 1.0 Researcher Education Background

My undergraduate training was in engineering, after which I completed a MBA in Finance and a Graduate Diploma in Electronic Commerce.

### 2.0 Researcher Work Experience

I have approximately eight years experience in engineering services within a range of industries, including manufacturing and agriculture. Fifteen years was spent in initiating and managing private higher education in Asia, and another nine within an Australian public university, overseeing the university's international interests in 12 Asian countries. Some of these latter interests include initiating and managing transnational operations. I am currently responsible for strategic management in an Asian education group that has interests in international schools, colleges and a university.

### 3.0 Researcher Networks

My career in Australia provided the networks to set up the focus groups and the in-depth interviews. Some of the focus group participants and interview informants are professional acquaintances.

Career relationships with informants, leading to more detailed FG stories at Universities B and C.

#### 4.0 Possible Influence and Bias on Research

- a) There is less of a need for lengthy 'warm-ups' and introductions when interacting with participants/informants who are known to me, and those who have been referred through mutual contacts
- b) Once the 'ice is broken', the participant/informant can offer rich personal views relatively uninhibited, as can be seen from some of the contrarian comments
- c) My own experience within both the private sector and public sector enabled me to potentially keep both perspectives in balance, e.g., between the notion of education as a public good and as a commodity to be traded
- d) Closeness with the participants/informants can potentially blind the researcher to familiar issues such as empathising with a familiar view or approach
- e) Familiarity with the experience of the University or participant/informant can potentially blind-side the researcher from asking deeper to probe, e.g., certain familiar stories about TNE
- f) Familiarity also has its benefits as in a few instances when I could pick up discrepant data and to counter-check them against other informants

#### 5.0 Actions and Orientations to Ensure Neutrality

While having experience in the industry and being familiar with participants/informants and their Universities are beneficial in many ways, I am cognisant of the dangers of familiarity and fixations. These potential biases are addressed through

- a) Bounding the cases at the planning stage ensures that the focus of the research is tight
- b) A case study protocol was developed to steer the research more effectively and efficiently



- c) Triangulation was used across different staff responsibilities, across the onshore-offshore divide, across staff with public sector and private sector experience, and across universities
- d) The use of focus groups to refine concepts and validate construct to ensure methodological coherence and a more effective case study
- e) Remind participants/informants of my role as a researcher
- f) The use of probing techniques to extract rich data until saturation is reached
- g) The use of the split-half method to ensure data integrity
- h) Clear, structured coding rules and templates to guide unbiased analysis
- i) Looking out for disconfirming evidence through the use of templates to cross-tabulate and analyse data
- j) Developing an audit trail for reviewing the data, themes, concepts and stories for any faulty fit of data

## **APPENDIX F**

### Interview Documentation

**DATA CROSS-TABULATION**  
University's Current TNE Operations

University : \_\_\_\_\_  
 Participant : \_\_\_\_\_

Date/Time : \_\_\_\_\_

No.	Interview Question	Response		Remarks
		Direct Model	Outsourced Model	
1.0	<b>TNE Parameters</b>			
	a) City, Country			
	b) Type of collaboration			
	c) Type of partner			
	d) Stage of maturity			
	e) Level of risk			
	f) Rationale for risk assessment			
2.0	<b>Setting up the TNE Operation</b>			
	a) Rationale			
	b) Offshore partner motivation?			
	c) Who will gain most? How?			
	d) Rationale for gain?			
	e) Who will lose most? How?			
	f) Rationale for loss			

3.0	<b>Key TNE Processes</b>			
	a) Key TNE processes?			
	b) Most labour-intensive?			
4.0	<b>Mission critical TNE Resources</b>			
	a) What are they?			
	b) Can they be redeployed? How?			
5.0	<b>Offshore Partner Management</b>			
	a) How to pre-select them?			
	b) How to monitor them?			
	c) How are conflicts usually resolved?			
6.0	<b>Industry Environment</b>			
	a) Key influencers			

**DATA CROSS-TABULATION**  
University's Terminated TNE Operations

University : \_\_\_\_\_  
 Participant : \_\_\_\_\_

Date/Time : \_\_\_\_\_

No.	Interview Question	Response		Remarks
		Direct Model	Outsourced Model	
1.0	<b>TNE Parameters</b>			
	a) City, Country			
	b) Type of collaboration			
	c) Type of partner			
	d) Stage of termination			
	e) Damage inflicted			
2.0	<b>Setting up the TNE Operation</b>			
	a) Rationale			
	b) Offshore partner motivation?			
	c) Rationale for termination			
	d) Who gained most? How?			
	e) Rationale for gain?			
	f) Who will lose most? How?			
	g) Rationale for loss			

3.0	<b>Key TNE Processes</b>			
	a) Which key TNE processes failed, if any?			
	b) Most labour-intensive?			
4.0	<b>Mission critical TNE Resources</b>			
	a) What were they?			
	b) Can they be redeployed after termination? How?			
5.0	<b>Offshore Partner Management</b>			
	a) How were they pre-selected?			
	b) How were they monitored?			
	c) How were conflicts usually resolved?			
6.0	<b>Industry Environment</b>			
	a) Key influencers			

## **APPENDIX G**

Coding Frame for Interviews (Open and Axial) and Cross-case Analysis  
(Selective)

INTERVIEW ANALYSIS NOTES (CONCEPTS/THEMES)

University C

No.	Parameters	Code	Interviewee with Strategic Responsibility				Interviewee with Managerial Responsibility				Interviewee with Academic/Managerial Responsibility			Academic
			C2	C10	C11	C1	C3	C7	C9	C8	C5	C6	C4	
<b>A Interviewee Profile</b>														
1	Responsibility (Strategic/Managerial/Academic)	MT-RSPC	Strategic	Strategic	Strategic	Strategic	Managerial	Managerial	Managerial	Managerial	Academic	Managerial/Academic	Managerial/Academic	Academic
2	Private sector experience	INT-PEC	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
3	Years of TNE experience	INT-TNEC	11	20	10	10	12	10	9	9	9	5	18	11
4	Age range	INT-AGE	40-50	41-50	41-50	41-60	51-60	51-60	51-60	51-60	51-60	51-60	51-60	40-50
5	Gender	INT-GEND	M	M	M	M	F	M	F	F	F	F	M	M
<b>B Issue/Theme/Concept/Story</b>														
1	Perspective on TNE operation type	QUE-TNE												
2	Perspective on partner, if any	QUE-OPAC												
3	Perspective on maturity of TNE operation	QUE-MAC												
4	Perspective on risk of TNE operation	QUE-RISK												
5	Rationale for starting up (UR)	QUE-RSUC												
6	Criteria for selecting DW/DW (CR)	QUE-CRC												
7	Rationale for starting up (OR)	QUE-RSOC												
8	Who would lose most?	QUE-LOC												
9	Who would lose most?	QUE-LOC												
10	Key TNE processes	QUE-PRO												
11	Key TNE resources	QUE-RES												
12	Partner management	QUE-OPAC												
13	Operating environment	QUE-ENV												
14	University of TNE operation	QUE-LOC												
15	Contracts	QUE-CONC												
<b>C Stories (developed in vivo)</b>														
1	Country A TNE activities	STY-AC												
2	Country A TNE partners	STY-ACOP												
3	Country B TNE activities	STY-BC												
4	Country B TNE partners	STY-BCOP												
5	Country C TNE activities	STY-CC												
6	Country C TNE partners	STY-CCOP												
7	Country D TNE activities	STY-DC												
8	Country D TNE partners	STY-DCOP												
<b>D Emerging themes/concepts</b>														
1	University type	REG-UTYC												
2	University size	REG-USC												
3	University TNE growth rate	REG-UGRC												
4	Impact of new entrants	REG-NIEC												
5	How mission-critical are academic	REG-MCEC												
6	How mission-critical are academic	REG-MCEC												
7	How mission-critical are academic	REG-MCEC												
8	How mission-critical are academic	REG-MCEC												
9	How mission-critical are academic	REG-MCEC												
10	How mission-critical are academic	REG-MCEC												
11	How mission-critical are academic	REG-MCEC												
12	How mission-critical are academic	REG-MCEC												
13	How mission-critical are academic	REG-MCEC												
14	How mission-critical are academic	REG-MCEC												
15	How mission-critical are academic	REG-MCEC												
<b>E Focus group clarifications</b>														
1	Contract validity	REG-CVAC												
2	Internal validity	REG-IVAC												
3	External validity	REG-EVAC												
4	Reliability	REG-REAC												
5	Internal contradiction	REG-ICAC												
6	External contradiction	REG-ECAC												
<b>F Anomalies/disconfirmation/intervening conditions</b>														
1	ANV	ANV												

INTERVIEW ANALYSIS NOTES (THEORY)

University C

No.	Parameters	Code	Interviewee with Strategic Responsibility				Interviewee with Managerial Responsibility				Interviewee with Academic/Managerial Responsibility			Academic
			C2	C10	C11	C1	C3	C7	C9	C8	C5	C6	C4	
<b>A Interviewee Profile</b>														
1	Responsibility (Strategic/Managerial/Academic)	MT-RSPC	Strategic	Strategic	Strategic	Strategic	Managerial	Managerial	Managerial	Managerial	Academic	Managerial/Academic	Managerial/Academic	Academic
2	Private sector experience	INT-PEC	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
3	Years of TNE experience	INT-TNEC	11	20	10	10	12	10	9	9	9	5	18	11
4	Age range	INT-AGE	40-50	41-50	41-50	41-60	51-60	51-60	51-60	51-60	51-60	51-60	51-60	40-50
5	Gender	INT-GEND	M	M	M	M	F	M	F	F	F	F	M	M
<b>B Pre-tipping point TCE</b>														
1	Asset specificity	TIC-ASPC												
2	Behavioral uncertainty	TIC-BUAC												
3	Resource off transaction	TIC-ROTC												
4	Uncertainty in business-legal-political environment	TIC-ELPAC												
5	Transaction costs	TIC-TRCC												
<b>C Post-tipping point TCE</b>														
1	Asset specificity	TIC-ASPC												
2	Behavioral uncertainty	TIC-BUAC												
3	Resource off transaction	TIC-ROTC												
4	Uncertainty in business-legal-political environment	TIC-ELPAC												
5	Transaction costs	TIC-TRCC												
<b>D Pre-tipping point PRT</b>														
1	Control of mission-critical resources	PPR-MCRC												
2	Opportunism	PPR-OPPC												
3	Information asymmetry	PPR-IASPC												
4	Maturity of socio-legal-political environment	PPR-MLEPC												
<b>E Post-tipping point PRT</b>														
1	Control of mission-critical resources	PPR-MCRC												
2	Opportunism	PPR-OPPC												
3	Information asymmetry	PPR-IASPC												
4	Maturity of socio-legal-political environment	PPR-MLEPC												
<b>F Pre-tipping point AT</b>														
1	Costs of search and monitoring	MAT-COAC												
2	Risk aversion of University	MAT-RAUC												
3	Ex ante incentives alignment	MAT-EIAC												
4	Maturity of socio-legal-political environment	MAT-MLEPC												
<b>G Post-tipping point AT</b>														
1	Costs of search and monitoring	MAT-COAC												
2	Risk aversion of University	MAT-RAUC												
3	Ex ante incentives alignment	MAT-EIAC												
4	Maturity of socio-legal-political environment	MAT-MLEPC												
<b>H Anomalies/Inal theories/disconfirmation</b>														
1	Upper echelon theory	RIV-UETC												
2	OU as focal perspective	RIV-FOPC												

INTERVIEW ANALYSIS NOTES

Cross-case Analysis

No.	Parameters	Code	Cross-case Analyses			
			Strategic/Planning	Managerial	Managerial/Academic	Academic
<b>A Interviewees Profile</b>						
1	Responsibility (Strategic/Managerial/Academic)	INT-RgnX				
2	Private sector experience	INT-PRGX				
3	Years of TNE experience	INT-TNEX				
4	Age range	INT-AgeX				
5	Gender	INT-GenX				
<b>B Issue/Theme/Concept/Story</b>						
1	Perspective on TNE operation type	QUE-TtyX				
2	Perspective on partner, if any	QUE-OPX				
3	Perspective on maturity of TNE operation	QUE-MatX				
4	Perspective on risk of TNE operation	QUE-RskX				
5	Rationale for starting up (UP)	QUE-RSUX				
6	Criteria for selecting DM/OM (OP)	QUE-CriX				
7	Rationale for starting up (OP)	QUE-RSDX				
8	Who would gain most?	QUE-GsxX				
9	Who would lose most?	QUE-LosX				
10	Key TNE processes	QUE-ProX				
11	Key TNE resources	QUE-ResX				
12	Partner management	QUE-OPMX				
13	Operating environment	QUE-EnvX				
14	Longevity of TNE operation	QUE-LonX				
15	Contracts	QUE-ConX				
<b>C Stories (developed in vivo)</b>						
1	Country X TNE exchange	STO-XEEX				
2	Host country office (HCO)	STO-HCOX				
3						
4						
5						
<b>D Emerging themes/concepts</b>						
1		EMT-				
<b>E Focus group clarifications</b>						
1	University type	FG-UTyX				
2	University size	FG-USzX				
3	University TNE growth rate	FG-TGRX				
4	Impact of new entrants	FG-NEIX				
5	Host country regulatory environments	FG-HCEX				
6	How mission-critical are academic support/student services?	FG-ACSX				
7	How mission-critical are career placement/alumni relations?	FG-CPAX				
8	Comprehensiveness of commercial contracts	FG-ConX				
9	University tipping points	FG-TipX				
10	Uni C TNE Review's impact on TNE operations	FG-TRuX				
11	Uni C TNE developments since Focus Group	FG-pFGX				
<b>F Rigor observed</b>						
1	Construct validity	RIG-CVdX				
2	Internal validity	RIG-IVdX				
3	External validity	RIG-EVdX				
4	Reliability	RIG-RlxX				
5	Internal contradiction	RIG-ICdX				
6	External contradiction	RIG-ECdX				
<b>G Anomalies/disconfirmation</b>						
1		ANO-				

## **APPENDIX H**

Timeline of Significant Reform in Australia's Higher Education System  
(Department of Education and Training 2015b, 31-33)



Year	Action
1987	- <i>Higher education: a policy discussion paper</i> (a green paper) suggested an increase in output of graduates to around 125,000 by the turn of the century and fewer, larger higher education institutions
1988	<ul style="list-style-type: none"> <li>- <i>Higher education: a policy statement</i> (a white paper containing the Government's policy proposals following consideration of public and sector responses to the green paper) proposed a unified national higher education system and made a commitment to growth in the system.</li> <li>- The Committee on Higher Education Funding (the Wran Committee) developed options for funding the expansion sought in the number of higher education students</li> <li>- Passage of <i>Higher Education Funding Act 1988</i>, the basis of higher education funding until 2003</li> <li>- Students pay \$250 Higher Education Administration Charge</li> <li>- Government establishes National Board for Education, Employment and Training (NBEET), including its advisory bodies the Higher Education Council and Australian Research Council (ARC)</li> </ul>
1989	<ul style="list-style-type: none"> <li>- Introduction of the Unified National System and conversion of Centres for Advanced Education to universities</li> <li>- Introduction of the Higher Education Contribution Scheme (HECS), with a flat annual student contribution of \$1,800 (about \$3,600 in 2015 dollars), equivalent to about 20 per cent of average per student costs</li> <li>- Direct Commonwealth funding of higher education institutions conducted via individual negotiations between universities and the department, monitored by the Higher Education Council</li> </ul>
1990-1995	<ul style="list-style-type: none"> <li>- Relative Funding Model gradually introduces consistent undergraduate grant funding by discipline at all universities, becoming the basis for Triennial Funding Rounds</li> <li>- Institutions gradually permitted to charge unregulated fees for most postgraduate coursework courses</li> </ul>
1994	- Australian Postgraduate Awards introduced
1995	- Australian Qualifications Framework established
1997	- Differential HECS introduced, with three 'bands' of student contribution by course according to future graduate earnings (\$3300/\$4700/\$5500)
1998	<ul style="list-style-type: none"> <li>- West Review <i>Learning for Life</i> recommends increased tuition fee flexibility and demand driven funding</li> <li>- Introduction of full-fee domestic student places at public universities, initially capped at 25 per cent of a course enrolments</li> </ul>
2000	<ul style="list-style-type: none"> <li>- Formal abolition of NBEET and its advisory councils</li> <li>- Australian Universities Quality Agency (AUQA) commences</li> </ul>

Year	Action
	- <i>Education Services for Overseas Students Act 2000 (ESOS)</i>
2001	<ul style="list-style-type: none"> <li>- Australian Research Council (ARC) becomes independent entity for the distribution of research grants</li> <li>- Expansion of Government competitive research funding; increased science, technology, engineering and mathematics places; and introduction of the Postgraduate Education Loans Scheme (PELS)</li> <li>- Research Training Scheme introduced, providing competitive grants for research places</li> <li>- Education Services for Overseas Students Assurance Fund commences operation – provides tuition assurance and protection to overseas students</li> </ul>
2002-03	<ul style="list-style-type: none"> <li>- The Nelson review including <i>Higher Education at the Crossroads</i> identified funding pressures and recommended options for funding reform. The government's response in the 2003-04 Budget increased Commonwealth contributions to higher education and made a number of other reforms that were enacted through the <i>Higher Education Support Act 2003 (HESA)</i>, to take effect from 2005</li> <li>- Establishment of National Institute for Learning and Teaching</li> </ul>
2005	<ul style="list-style-type: none"> <li>- Commonwealth Grant Scheme established along with student entitlement to Commonwealth Supported Places (CSPs) – negotiations managed through funding agreements and Institutional Performance Portfolios</li> <li>- Most student contributions increased by a maximum of 25 per cent</li> <li>- FEE-HELP scheme commences – expansion of private provider market</li> <li>- Changes to discipline funding clusters</li> <li>- New funding arrangements introduced including workplace productivity and national governance protocols</li> </ul>
2006	- Introduction of Voluntary Student Unionism
2007	<ul style="list-style-type: none"> <li>- Review of HESA – funding clusters adjusted from 2008</li> <li>- HECS renamed to HECS-HELP</li> <li>- National Health and Medical Research Council becomes self-governing statutory authority</li> </ul>
2008	<ul style="list-style-type: none"> <li>- <i>Bradley Review of Australian Higher Education</i> – recommends demand driven funding, a national tertiary regulator as well as a range of other changes</li> <li>- VET FEE-HELP scheme commences, providing loans for vocational tuition fees</li> <li>- Changes to discipline funding clusters and student contributions</li> </ul>
2009	<ul style="list-style-type: none"> <li>- Phasing out of fee paying undergraduate places at public universities</li> <li>- Changes to discipline funding clusters and student contributions and loadings</li> </ul>
2010	<ul style="list-style-type: none"> <li>- Permission to over-enrol CSPs by 10 per cent in transition to demand driven funding</li> <li>- Changes to discipline funding clusters and student contributions and loadings</li> <li>- First full round of Excellence in Research for Australia</li> <li>- Introduction of triennial mission-based compacts for universities</li> </ul>
2011	<ul style="list-style-type: none"> <li>- ASQA (VET regulator) commences activities</li> <li>- Lomax-Smith Higher Education Base Funding Review</li> </ul>

Year	Action
	<ul style="list-style-type: none"> <li>- Review of Funding for Postgraduate Places</li> <li>- Knight Review of the Student Visa Program</li> <li>- Launch of MyUniversity website</li> <li>- Overseas Students Ombudsman commences</li> </ul>
2012	<ul style="list-style-type: none"> <li>- TEQSA commences activities. First providers given re-registration</li> <li>- Full demand driven funding system introduced for bachelor places (caps remain for sub-bachelor and CSP postgraduate places)</li> <li>- Abolition of Student Learning Entitlement, which limited Commonwealth support to seven years of full-time study</li> <li>- Office of Learning and Teaching replaces Australian Learning and Teaching Council</li> <li>- Tuition Protection Scheme introduced for international students</li> <li>- Removal of requirement that RTOs have credit transfer arrangements with higher education providers to access VET FEE-HELP</li> <li>- PhillipsKPA <i>Review of Reporting Requirements for Universities</i></li> </ul>
2013	<ul style="list-style-type: none"> <li>- Reviews of Higher Education Standards and National VET Standards</li> <li>- Lee Dow Braithwaite <i>Review of Higher Education Regulation</i></li> <li>- McKeon Review of Health and Medical Research</li> <li>- TEQSA Risk Assessments first round completed</li> <li>- Launch of MySkills website</li> </ul>
2014	<ul style="list-style-type: none"> <li>- National Commission of Audit recommends rebalancing of government/student contribution and consideration of options for partial or full deregulation</li> <li>- Kemp Norton Review of the Demand Driven System</li> <li>- 2014-15 Budget proposes expansion of demand driven funding to sub-bachelor courses and private providers, fee deregulation for CSPs and other changes</li> </ul>
2015	<ul style="list-style-type: none"> <li>- Launch of QILT website</li> <li>- Reforms to VET FEE-HELP announced</li> <li>- Government announced a new institute for teaching and learning to be located in the sector and a national consultation to discuss its implementation.</li> </ul>

## **APPENDIX I**

Themes, Concepts and Stories from University A In-depth Interviews

## Themes, Concepts and Stories from University A

Interviews on University A's TNE journey provided a very rich tapestry of insights that stretches from the University's first TNE operation in 1986 to 2018. The TNE stories start with the University's early TNE operations in 1986 to 1998 in countries P and V. The serendipitous Country T TNE start-up was then explored in depth because it triggered a tipping point in the University's TNE history that set it on a journey to establish branch campuses. The next section then discusses the impact of the Australian regulatory environment and its Business School international accreditation exercise on its TNE operations.

These were followed by an important discussion on the University's quest to become a global university. This quest influenced the evolution of the University's TNE operations in Country V into a second branch campus operation, the transmutation of a Country U franchised program operation (FP) into the third branch campus, and the serendipitous set-up of the University's fourth and latest branch campus in Country X.

This section also explores the future of FPs within the University's larger global university aspiration, and ends with a detailed study of the University's current TNE value chain activities.

### 1.0 Early Days of TNE (1986 – 1998)

University A is one of the first Australian public universities to initiate TNE operations. Its first TNE operation was started in 1986 as a franchised program (FP) in Country V, as reported by informant AI19. Between 1986 and 1999 (when the University's TNE tipping point occurred), eight FPs were started, and all of them lasted more than five years – according to data collected from the University's International Office (Table 5.11). Of the eight TNE operations, two were located in Country P, five in Country

V and one in Country T. They have all terminated, with the last FP (Country P) having completed its teachout in 2018 (AI12).

### 1.1 Motivation for Early TNE Operations

The majority of informants described financial returns as the main motivation for starting FPs during this period of the University's TNE journey (e.g., '*financial for all of them*' – AI1; '*significant revenue*' – AI3; '*income generation*' – AI10; '*very profitable venture*' – AI13). The second most quoted motivation was the objective of increasing onshore international student enrolments through TNE branding in their host countries (e.g., '*onshore transfers*' – AI19; '*a lot of student transfers*' – AI3; '*TMC operation - a major stream of students for a long, long time*' – AI3). Informants also noted the University's quest for '*building new markets*' (AI3) and reputation/profile (AI19) as other motivations for TNE during this period. It was also interesting that a few informants remarked that TNE activity grew during those early days because academic staff were handsomely paid (e.g., '*paid to travel ... for every exam paper ... for every unit outline*' - AI7; '*a great model for academics to make more money*' - AI17).

No.	University Motivation for Starting TNE	Number of Responses
1	Financial returns	7
2	Onshore transfers	3
3	New markets/place on the map	2
4	Academic staff payments	2
5	Reputation/profile	1

**Table App I.1 Motivation for TNE in the Early Days of University A  
TNE History (1986 – 1998)**

On the part of early OPs, the motivations vary with the type of OP. In the case of for-profits, the motivation has invariably been financial returns.

AI9 summed this well, saying *'let's not beat around the bush ... they will say and they might mean it; I am sure they do mean it that they are about education and stuff like that and they have to be for their business models, they have to be focused on that because that's what they are delivering ... (but) at the end of the day, they have to appease their shareholders'*. For the not-for-profits, like the professional/trade associations of Country V, the motivation had been financial returns, providing a service (i.e., education and training) to their members, and developing a stronger profile through association with the University (AI1).

## 1.2 Country P Franchised Programs

In Country P, the PHS FP was described as a *'good franchise model ... like a supermarket'* (AI3), where several *'substitute'* (AI2) overseas university programs were delivered by the same OP. This FP lasted 26 years, and contributed significantly to the University's 11,000 alumni in the Country (*'I helped set up Country P alumni chapter'* - AI3). AI12 lamented that the termination of PHS was a *'tragedy'* because it was then run by *'professionals in industry'*.

A number of reasons were offered for the termination of this FP. AI19 reported that the OP was a *'low quality provider'*, that the cost of having University A teaching staff travel to Country P to deliver the programs was high, and that the programs were sold *'too cheap'* such that students had no incentive to study in Australia. AI19 also added that the teaching visits resulted in lower research output by University staff, as well as the need to deploy sessional staff in the home campus to replace travelling full-time staff. AI3 thinks that the FP was terminated because the University could not develop *'its own brand'* while being promoted by the OP as just one of many universities, like one baked beans brand amongst many others on a supermarket shelf. AI5 was of the view that the retreat from Country P was for *'strategic reasons'*; AI12 described

this more specifically as the University's quest for a major international accreditation.

AI2, a member of senior management who was responsible for the termination of PHS described the latter days of the FP as delivering insufficient '*financial returns*' and incurred '*opportunity costs*', and hence, had to be terminated. The termination was a last resort after '*a number of years*' of trying to '*increase the number of students*'. So, while there were a number of weaknesses in the PHS FP, the one that resulted in its termination was its insufficient financial returns. AI19 described the termination as '*a decision that was made here for ... reasons that best suit University A*', despite the OP's keenness to continue – reflecting a unilateral decision by the University.

AI2 observed that the PHS OP was '*disappointed that we were pulling out because they were losing more than we were*'. AI2 also noted that '*the alumni ... were upset*', resulting in some '*push back from the local community*'. AI3 observed that the termination of PHS did not impact the University's reputation because the FP was one of many other FPs delivered or '*flying under the radar because you are in the supermarket*'. In AI19's view, the termination did not result in any '*long term damage*' because the University took pains to communicate closely with both existing students as well as alumni during the teachout period.

Similarly, POL, another Country P FP had a short-lived lifespan of five years because it '*lack student numbers*' and delivered '*low financial returns*' (AI17). AI1 argued that the student demand had fallen due to a shift in student preferences in Country P. The University continued to engage Country P via research and mobility arrangements with their local universities after the terminations (AI2).



### 1.3 Country V Franchised Programs

AI19 described the start-up of VMI in Country V as a *'financial opportunity'*. It also delivered *'good student numbers'* and provided a *'good feeder'* for onshore enrolments (AI16). This FP lasted 22 years. AI16 reported that it was terminated because the University's strategic agenda was *'much more about connection, networked approach to leveraging on the advantages in this region'*. The other Country V FPs, viz., VBP, VSH and VSI were also terminated between 2008 and 2010, after operating for between nine and thirteen years each (Table 5.11) due to the University's deliberate consolidation of TNE operations in Country V (Section App I 6.0, and AI6).

### 1.4 Financial Gain as Key Motivation for Early TNE Operations

The early years of University A's TNE operations were described as *'opportunistic'* and *'financial for all'* of the FPs (AI1). AI6 reported that the University would *'try and partner with as many partners as possible; to get as many students as possible'*, and that it was *'almost a Walmart model'*. The University's financial motivation coincided with the profit-making motivation of participating OPs, all of which were commercial entities who are profit-driven (AI12).

This period of time was described as a period circumscribed by three important events/circumstances. First, it was the lead up to the enactment of the Higher Education Funding Act 1988, also known as the Dawkins' Revolution, which provided the impetus for universities to commercialise and internationalise, amidst a new university funding paradigm (AI18) which required universities to partially self-fund their operations (Dawkins 1987). Second, the University's TNE was led by a highly *'entrepreneurial'* (AI18) and *'ambitious'* (AI19) Business School, the UBS. It was also described as a *'trailblazer for the University and the (Australian TNE) sector, radical and amazingly innovative'* (AI3). The

UBS was the brainchild of an entrepreneurial Executive Dean, who wanted to *'make sure that UBS was a good employer and a ... employer that provided opportunities to academics to earn extra ... earn money that they could have gotten in senior roles in industry'* (AI17). This probably explains the observations that academic staff were being paid *'excessively'*, and that *'some academics were earning more from the offshore teaching operation than they were from their regular academic activities'* (AI17). This observation was also made in the focus group discussions of Universities A and B (Sections 4.3.4.1.2 (d) and 4.3.4.2.8). Finally, this period was described as being one of *'a lot less compliance'* (AI17), a situation that is not unexpected given the pioneering nature of the University's new TNE journey.

#### 1.5 Rationale for Terminations of Early TNE Operations

The informants overwhelmingly quoted quality or comparability of student experience as the main reason for the termination of these early TNE operations, with financial returns as a close second reason. Strategic reasons (including the University's aspiration to be a global university, as spelled out in the 2017-2020 Strategic Plan) and reputation/brand enhancement are joint third in being quoted. The international accreditation of the UBS and control of TNE operations were also mentioned as reasons for termination.

No.	Motivation for Terminating TNE	Number of Responses
1	Quality/comparability of experience	10
2	Financial returns	8
3	Strategic/aiming to be global university	4
4	Reputation/brand	4
5	International accreditation	2
6	Control of TNE operation	1

**Table App I.2 Rationale for TNE Termination in the Early Days of University A TNE History (1986 – 1998)**

*'Reputation/brand'*, and *'international accreditation'* can be considered as part of the University's *'quality/comparability of experience'*, and hence, make up the main reason for TNE terminations during the early years of the University's TNE experience.

As the University rapidly grew its FPs during those early years, quality issues arose, with a number of FPs *'not at appropriate standards'* (AI6), including low quality students admitted with *'sceptical entry'* qualifications and *'woeful'* pass rates (AI13), and poor examination processes (AI17). These quality issues began to impact on the University's reputation (AI2, AI19), causing the University (and more specifically, the UBS) to re-examine its quality assurance processes (AI19) as well as financial models (AI7, AI17) for TNE.

A review of the financial models in 2011 led to the policy of locating TNE work within academic staff workload (AI7), and more equitable sharing of revenue and costs between University departments (AI11). The new workload model obviously trimmed down the remuneration of University staff participating in TNE management, and hence resulted in staff reluctance to engage in TNE work (AI7). The more equitable financial models also led to reduced UBS income, possibly dampening UBS' appetite for TNE (AI11). While AI1 noted that all TNE operations were either *'profitable or at least breakeven in the first instance'*, AI2's critical view of PHS' insufficient *'financial returns'* seems to indicate that some TNE operations might be operating at a loss to the University – in light of later, more refined financial models using full cost accounting (AI20).

The AUQA Cycle 2 audits (Section 2.2) which started in 2008 (AI17), as well as the UBS' international accreditation exercise in 2014-2016 (AI12) brought greater scrutiny to TNE operations, and led to the University's quest to ensure *'comparability of student experience'* (AI19) *'around the world'* (AI11). It is worthwhile noting that five of the six FPs that started in

the 1986 – 1999 period were terminated within the 2008 – 2010 period, corresponding to the AUQA Cycle 2 audit.

## 1.6 Lessons from Early TNE Operations

The early years of TNE 'matured' UBS (AI18), and changed its focus to one that prioritised 'quality' and 'pursue accreditation' (AI19). These resulted in the culling of 'non-performing programs' (AI7) to 'a few quality OPs' (AI19) that are 'easier to manage' (AI6) and 'control' (AI2). As the University viewed TNE operations '*through a different lens of quality, we didn't find those acceptable anymore ... so, we terminated some of those*' (AI6). The University now asks if a potential TNE operation is '*strategic for our region?*', and is part of the University's '*Global University*' agenda (AI18). Central to TNE quality assurance is the aspiration for comparable '*students' experience, students' satisfaction, and students' grade outcomes*' (AI19).

The University also discovered that teachouts due to FP terminations were costly '*financially*', and in some cases, took a long time to complete because some students were part-time students (AI19). These experiences led to the University introducing specific clauses into new TNE contracts (AI9), as well as factor teachout costs into TNE financial models (AI11).

## 2.0 University A TNE Tipping Point (1999)

The year 1999 is a tipping point for the University's TNE journey because it marked the first time the University was involved in an IBC operation. There were only two other Australian university IBCs at that time. It also marked the start of tightening TNE regulations in Australia as well as in host countries.

## 2.1 How the TSW IBC Started

The circumstances leading to the set up of the Country T IBC (coded as 'TSW') can be described as '*opportunistic*' (AI2) and serendipitous - '*triggered ... by pure chance*' (AI12). It started with a land developer making an appointment with the Vice Chancellor (VC) in early 1998 to interest the University to set up a college in a small town in Country T (Leadership Case Studies 2011). He committed to providing the land, set up the college with his own resources, and obtain the necessary local regulatory approvals. AI9 confirmed the approach by the land developer, and described it as a '*cold call*' and '*unorthodox*'. The Acting Deputy Vice Chancellor International (DVCI), who became the next VC, remarked years later, that the IBC would not have been approved if current TNE standards and processes were applied (Ibid., 8).

While the land developer's approach could have easily been dismissed, his political connections resulted in several contacts both in Country T and Australia between the VC, the Chancellor and the senior leadership team of the University, and the Chief Minister (CM) of the State Government (in Country T), his senior officials, and the land developer (Ibid.). These engagements convinced the VC 'that the proposition had real substance and was an opportunity that the University needed to grasp' (Ibid., 3). He was acknowledged as the main driver of the venture ('top down' decision-making, Ibid., 9), supported by the Chancellor, who also 'grasped the significance of the opportunity', and provided the leadership in the University Council for the approval of the venture (Ibid.). The VC initially faced a hesitant Council, but managed to convince the Council of 'minimal financial exposure'; the DVCI produced a plan that was underpinned by a 'risk averse strategy', but also added that 'the greatest risk would be in not securing the University's long-term future in Country T' (Ibid., 4).

The entire process for the set up of the IBC took about a year. The year 1998 saw a frantic pace of meetings, negotiations and submissions, which culminated in a change in statute in University A's State Parliament, allowing the University to set up IBCs. In fact, the University's working party took less than four months to develop a full academic plan and gain approval for it. It is worthwhile noting that the working party involved the 'DVCI, executive deans, branch directors and staff from teaching divisions, finance and other administrative areas' (Ibid., 4), representing a broad and deep consultative approach.

The IBC that resulted was a joint-venture public company involving three parties, viz., the host State Government, host State business interests (including the land developer), and University A (A19). The IBC started operations in early 1999 within temporary premises, and moved to its new campus in 2002.

## 2.2 State Government Motivation

In later discussions, the college idea became an IBC on the insistence of the State Government. The CM wanted an '*institution*' (A18) 'in the northern region of the State for supplying the professional workforce needed for regional development', while the town needed the University to qualify for city status (Ibid., 3). The IBC was envisaged to cater to the needs of the oil and gas industry's expatriate children around the region (A12), students from a neighbouring country (A12), students from the State and the rest of Country T, as well as other international students (A12, A14). The State Government was observed to be '*altruistic ... not share price*' (A14), and '*less focused on money*' (A12). The '*nation-building*' contribution of the IBC endeared the Government to the University (A13). A13 also noted that the Federal Government had an interest in having IBCs set up in that State, and thus shift the focus of IBC development from the country's capital to other parts of the country.

### 2.3 University A Motivation

For University A, the drivers of the IBC were slightly different. AI2 lists them as '*opportunistic*', '*financial*', '*relationship-building*', '*providing services for constituents*', and establishing a '*very strong research arm*'. In fact, '*research and community development*' were inscribed in the joint-venture agreement from the onset (AI14). AI9 noted that the host government provided capital for research, while AI5 remarked that the IBC benefited from host government funding for its development. AI17 observed that the motivation for the IBC was '*a lot more research than revenue*'.

AI9 listed '*capacity-building*' and being part of the University's '*global campus*' as drivers; it is however not likely that the '*global campus*' agenda could have been a driver in 1999 since the agenda was only articulated in 2016. Capacity-building is observed to be a common incentive for both the State Government and the University.

The VC emphasised to the University Council that the IBC would be an additional conduit for international students (Ibid., 4). The University was observed to have obtained the greatest financial benefit from the 'training of students', including the upskilling of teaching staff at the IBC (Ibid., 8)

### 2.4 Land Developer Motivation

The land developer is part of the host State business entities (AI9) that have equity in the IBC joint-venture. AI12 was adamant that the real driver of the IBC was the '*bequeathed land*', and that the land developer stood to gain via new '*residential housing development*' planned around the IBC. AI9 also noted the '*land development objectives*' underlying the IBC project.

## 2.5 IBC Corporate Structure

While many, including AI17 would call TSW an IBC, AI9 insists that it is '*not a branch campus in the true sense*'. AI9 explained that these so-called IBCs are represented to TEQSA as franchised operations because the University does not have any initial equity investments in these entities, and do not manage the entire IBC on its own. The TSW IBC is a joint-venture of three parties, viz., the host State Government, host State business entities and the University (AI9). Although the IBC is an equity joint-venture, the University did not put up any seed capital. However, royalties earned from the University's intellectual property rights would be re-invested as the University's 50% equity share (Ibid., 4, AI19); AI6 describes this as a '*re-investment model*', where the joint-venture '*retains a lot of money for re-investments*'.

While the land developer had initially promised providing the land for the IBC, it was ultimately the State Government that bequeathed State land (Ibid.). The State Government also funded the construction of the campus (AI8), and provided the start-up capital from the State's statutory bodies.

The joint-venture public company funded the operations of the IBC mainly through State Government funding (Ibid., 3). Note that the University did not put up any seed capital for the joint-venture. This explains why AI19 reported that the IBC is '*largely run by the State Government*'. AI2 is of the view that the operations of the IBC is subsidised by the State Government, while AI5 observed that the IBC receives '*government funding for development*'.

On the hypothetical case of a termination, AI1 remarked that the State Government would be able to '*find another partner*' to utilise the facilities, while the termination would be a '*problem*' for the University. AI2 agrees



that *'the building's a building ... they could potentially find other partners or run it themselves or do something else'*.

## 2.6 IBC Governance Structure

The November 1998 Memorandum of Understanding (MOU) spelled out the need for a board of directors comprising shareholder interests, a Council representing the shareholders and local community interests, and a University-appointed resident campus director (Ibid., 4). The University Council further insisted on the requirement for the University to have full academic control, and full control over key administrative appointments (Ibid., 6). The University exercised these controls through the presence of a Pro-Vice Chancellor and a Deputy Pro-Vice Chancellor, direct employees of the University, the vetting of all key administrative and teaching positions, and the establishment of a joint Council (AI1). The joint-venture holds the local licence to operate the IBC, and is responsible for managing the campus and facilities, marketing and administration (AI1).

## 2.7 Current IBC Performance

The IBC is said to be a *'very mature'* operation (AI2, AI2), which has begun to develop its own units and courses (AI9, AI19). Although the market for the expatriate children and neighbouring country did not materialise, the IBC is a viable operation that now caters mainly to the domestic market (AI12, AI17). AI12 reported that the low fees are a possible reflection that the *'credibility'* of the IBC is poor (*'they're cheap because they're not as good as the others'*). AI12 goes on to explain that the fees are tightly regulated by Country T's Ministry of Education, and that fee increases may only be permitted once every three years.

While AI9 notes that the low employment cost is a financial advantage, AI7 reported that it is a likely cause of high staff turnovers, causing some

operational disruption. Note that AI9 is a senior staff responsible for strategy and planning, and AI7 is a manager with extensive experience in TNE management.

The IBC has developed into a *'very strong research arm'* of the University (AI2). AI9 observed that the IBC *'have a research culture ... a Dean of Research ... a research office'*, which are all funded by the *'partner'*. The IBC is contributing *'more than money ... rather than just traditional offshore campus for the generation of revenue'* (AI9), and *'a lot more research'* (AI17). The IBC is also advantaged by being able to access government funding for research (AI5). On community engagement, AI6 observed that the IBC is highly engaged with the local community, and believes that *'they do more than we do here'*.

AI3 described the local regulatory authorities as *'pretty stringent'*, while AI11 thinks that the TNE market there is *'tightly regulated'* and *'somewhat more ... opaque'*. AI11 observed that *'political influence around the regulation and what it means in terms of the operations of the campus can often change very quickly and without real explanation or justification'*. More specifically, AI20 reported that *'Country T requirements changed dramatically in the last couple of years, and they made it more difficult for on-shore campuses'*. As an example, she noted that the local Ministry of Education had recently required all private tertiary institutions (including IBCs) to enrol a certain proportion of international students in order to be able to retain their approval to recruit international students. In order to meet the requirement, the University had *'plundered 400 architecture students to go there'*. On the impact of the 2018 change in Federal Government in Country T, AI9 remarked that the 3,500-student IBC serves *'quite a big need in that region'*, and hence should not be impacted in any way.

## 2.8 Significance of the Tipping Point

The 1999 tipping point was significant in that it marked the point from which the University was allowed to operate IBCs. This feat required a change in University Statute of the State's Parliament, an exercise that in turn required State level approvals. The massive amounts of work to obtain approval within and outside the University, all within one year, is testament to the dogged determination of the VC and the senior management team to alter the University's TNE trajectory.

The tipping point marked the University's first foray into IBCs during a time when there were only two other Australian university IBCs, one of which was reported to be 'unsuccessful financially and educationally' (Ibid., 2). It also marked the tightening of the Australian regulatory environment for TNE operations, starting with the commencement of AUQA in 2000.

The set up of the University's first IBC in 1999 was commemorated in the University's publication, '*Brand Journey 1998 – 2013*' (Corporate Relations & Development University A 2013). AI20 reminisced about the tipping point in 2018, and reflected that '*we've learnt along the way ... and now, we are wise after 20 years of running offshore programs*'. It is worth noting that the University did not set up another IBC until eight years later.

## 3.0 Australian Regulatory Environment Impacting TNE (2008 and 2011)

Australian universities are subject to strict government regulations at both Federal and State levels. In the area of provision of higher education to international students, they are currently regulated by the Education Services for Overseas Students (ESOS) Act 2000, and the Tertiary Education Quality and Standards Agency (TEQSA). Between

2000 and 2011, Australian universities were also audited by the Australian Universities Quality Agency (AUQA), the predecessor of TEQSA. AUQA however, had no regulatory powers.

### 3.1 Impact of AUQA on Australian TNE

The Australian Universities Quality Agency (AUQA) was set up by the then Australian Ministerial Council for Education, Employment, Training and Youth Affairs (MCEETYA) to audit Australian universities. The first cycle of audits started in 2002 and ended in 2007. These audits were based on a fitness for purpose approach, and focused on only one theme. Cycle 2 audits which were conducted between 2008 and 2010 focused on two themes, one of which must be Internationalisation.

AI9 noted that Australian universities had to make changes to their TNE operations in the lead up to the AUQA Cycle 2 audits starting in 2008. They were *'downsizing their transnational because a lot of universities did have too many partners and we were included in that'*, and that there were issues with having to manage *'too many franchising, twinning arrangements'*, and operating at *'lots of different standards'*. In the case of University A, seven FPs were terminated within the 2008 – 2011 period (AI4).

The FPs in Country V were particularly affected during the 2008 – 2011 period. It also coincided with the University's aspiration to consolidate its multiple TNE operations in the country into one, better-managed TNE campus arrangement (AI9). The consolidation gave the University *'better control over quality, a uniform experience for students instead of four different experiences'* (AI9). AI9 noted that the changes leading to 2008 had to be accelerated to ensure the University complied with AUQA's Cycle 2 expectations.

### 3.2 Impact of TEQSA on Australian TNE

TEQSA requires universities to be re-registered every seven years (AI5), while conducting *'campus reviews'* every five years (AI1). With regards to TNE, AI5 noted that TEQSA has certain requirements under Australian higher education quality standards *'about how we conduct ourselves in relation to any offshore operations we have'*, and that universities are required to inform TEQSA of any new TNE operations. AI19 commended TEQSA as having *'done a very good job at regulating the quality of TNE, because ... we've got to deliver comparable experience offshore'*.

AI9 explained that the University keeps TEQSA informed of new start-ups because these are considered *'material change'*. The University also works very closely with TEQSA, keeping the regulator informed at every step of the start-up and termination of TNE operations (AI1). AI1 considers TEQSA as a sort of *'quality partner'*. The close working relationship with TEQSA has obviously generated good dividends, viz., that the *'head commissioner of TEQSA raves about the University'* (AI1), TEQSA considered the TSW IBC as the *'gold standard for offshore campuses'* (AI11), and that the University has been seen as a *'TNE leader'* (AI19).

AI20 observed that when TEQSA assesses a program, they *'look at the online delivery, the on-campus delivery, the offshore delivery, and they want to make sure that across all those different modes of delivery and locations, that the quality is equivalent'*. The *'equivalence'* requirement is now a standard expectation of all the University's TNE operations.

### 4.0 Prestigious Business School Accreditation (2014 – 2016)

The University pursued a prestigious internationally-recognised Business School accreditation (code-named BSA) for its UBS in 2014. The 18-month exercise culminated in the award of the accreditation in 2016. The

BSA had a profound effect on the University's TNE operations because most of the programs delivered offshore were from the UBS (AI13). AI11 observed that the BSA is a 'costly' commitment for the University in respect of TNE operations.

#### 4.1 University Motivation for BSA

AI19 reported that the UBS '*changed and they wanted to be about quality ... to pursue accreditation*'. They chose a very prestigious internationally-recognised Business School accreditation (BSA). This was in line with the University's '*desire to be a world-regarded international university*' (AI19). The whole accreditation exercise took about 18 months, and resulted in various changes in policy and processes, some of which impacted the University's TNE operations.

In reviewing the performance of the University's TNE operations, AI13 is of the view that the BSA is more '*prestige*' than quality. In addition, AI13 is hopeful that the BSA will enable the new Country U IBC, UCM to attract international students from the AA region. AI7 similarly thinks that the BSA is a necessity in attracting students to the University's Country X IBC, XCD because '*a lot of institutions there have the BSA*'. However AI7 thought that the BSA has not resulted in any increase in the University's home campus enrolments.

#### 4.2 BSA Requirements

While the BSA introduced very stringent requirements on the UBS (AI15), there were several notable impacts on the University's TNE operations. First, the BSA required '*assurance of learning*', or '*the maintenance of equivalence standards across all campuses and being able to demonstrate that ... through moderation and consistency in terms of the use of rubrics*' (AI13). AI19 explained that students at every location had to have comparable experience, comparable campus and facilities

experience. These include *'students' experience, students' satisfaction, and students' grade outcomes'*. These outcomes required *'really, really rigorous, well-defined processes and evidence'* comparability. When the accreditation was awarded, BSA commended the UBS for *'the maintenance of equivalence standards across all campuses and being able to demonstrate that'* (AI3).

Second, BSA required *'very strict selection of teaching staff'* (AI15), described by AI3 as *'faculty sufficiency'* requirements. Teaching staff had to be qualified one level above the program that they are teaching (AI13). In the case of the Masters' programs, all teaching staff had to have a PhD in the field that they are teaching in. AI12 clarified that there needed to be at least 80% of all teaching staff PhD qualified (AI12). AI13 added that newly minted PhD teaching staff are *'safe for a few years without publishing'*, but will have to start publishing to keep their BSA accreditation.

Lastly, under the BSA accreditation, the University could not partner non-BSA accredited institutions. AI13 explained that this probably caused the University to terminate several partnerships, such as PHS in Country P, and TMC in Country T. It was a toss between the BSA accreditation and the multiplicity of TNE operations, and the University had *'no option'*. AI13 also clarified that the existing OPs are *'facilitators'*, and not partners at the *'university'* or *'strategic'* levels, and hence are exempt from the BSA-accreditation requirement.

#### 4.3 BSA Outcomes

The large TNE presence of the University was a challenge for the BSA accreditation exercise. AI19 explained that if the TNE operations were *'not well controlled, it impacts their (BSA) brand'*. In consultations during the accreditation exercise, the BSA assessors confided in AI13 that *'a lot*

*of universities they accredit don't have such a huge international presence'.*

The first challenge is in setting up the necessary processes for assuring comparability of student experience, satisfaction and grade outcomes, and to evidence these achievements across a large number of TNE operations (AI19). This necessitated the culling of a number of poorly performing TNE operations – simply to ensure the University had sufficient resources to quality assure all of them. AI19 counted a total of 41 TNE and related operations up to 2007. Further, AI19 explained that the University *'needed to select a few quality partners and we needed to make sure that the students at every location had a comparable experience ... which was a lot of work tracking that in the accreditation'*.

There were also OPs that *'wouldn't budge'* on the requirements for BSA-accredited teaching staff due to the *'nature of their business models'*, and were hence terminated (AI12). AI3 ascribed the BSA accreditation as the *'real catalyst for cutting ties with PHS'* in Country P (although AI5 attributed the termination to poor financials and opportunity costs in Section App I 1.2). AI3's observation was supported by AI4, and AI17 who added that PHS *'wouldn't be deemed favourably'* by BSA because of the delivery of *'multiple degrees by multiple partners'*.

Naturally, a number of OP teaching staff had to be dropped because they were not BSA-accredited (AI8). The remaining OPs were under *'a lot of pressure'* to engage BSA-accredited teaching staff (AI13), and in the case of UCM, to get their existing teaching staff (at UCM's cost) to start on their PhD because they just could not find enough BSA-accredited teaching staff in the market (AI12).

Having BSA-accredited teaching staff at the TNE locations also meant that the University does not need to send its own staff on teaching trips. AI13 observed that teaching staff used to travel a lot in the past, but



*'there's no reason to travel'* now. It has also resulted in the University teaching staff being able to devote more time to research, and having to reduce the engagement of casual teaching staff (AI19). These translate into better cost control and higher operational efficiency for the University.

The BSA accreditation (for the elite *'1% of universities'*) confers a *'significant bargaining edge'* to the UBS, and to the University in general, with reference to both OPs and students (AI13). AI13 explained that the BSA-dictated processes ensured the University has less risk and can *'exercise greater control'* when setting up IBCs. In describing the University's newest IBC, viz., UCM, AI17 observed that the University seems to be wielding *'a lot more control over academic matters'*. AI13 also added that there is *'a lot more at stake at least for the business school'* in the set up of FPs – because of compliance with BSA.

Finally, the BSA accreditation resulted in a *'hit on revenue'* for the University in a few FPs, such as TMC in Country T, a *'very profitable operation'* (AI13). It also impacted all OPs in that they have had to employ BSA-accredited teaching staff and comply with the other *'assurance of learning'* requirements (AI13). AI12 remarked that most terminations prior to the BSA accreditation were because they *'didn't have the numbers ... and not financially viable'*. Post-BSA, the terminations were mostly due to quality infringements.

## 5.0 Strategic Positioning as a Global University (from 2017 to date)

University A is one of the earliest Australian universities to engage internationally and deliver programs offshore, starting its first FP in 1986 (AI19). Over the years, the University has refined its strategies and business delivery models as its organisational knowledge and experience grew. This can be observed in the University's publications and the perspectives of its officers. It eventually led to the University

adopting a 'global university' strategy for its preferred offshore operations, a conceptualisation that was widely communicated by the interview informants.

## 5.1 Review of University Publications

The University's 2006 Strategic Plan encapsulated the vision that the University will be 'a leading university ... serving the wider Community' (Strategy & Planning Office University A 2006, 3). The next strategic plan of 2009 saw a more refined vision of 'an international leader ... positioned among the top 20 universities in Asia by 2020' (Strategy & Planning Office University A 2009, 3). It is noteworthy that the University exhibited such a far-sighted vision on Asia, a few years before the '*Australia in the Asian Century*' whitepaper was published in late 2012 (Commonwealth of Australia 2012). The University's approach to Asia is not surprising given its long history (AI1) and 'sound reputation in Asia' (Strategy & Planning Office University A 2009, 3).

The first use of the word 'global' to describe the University's offshore aspirations appeared in the University's Strategic Plan of 2013, where the University aspires to 'lead in innovative education globally' and 'expand its international outreach with globally relevant networks and partnerships in both teaching and research' (Strategy & Planning Office University A 2013).

A brand officer of the University remarked in an electronic mail that the University's brand '*moved towards becoming global in focus – obviously evident in the 2017 Strategic Plan*' (Howard 2018). The VC's message in the University's 2017 Strategic Plan outlines the vision of a 'globally engaged institution ... clear and comprehensive global strategy ... to be a global university' (University A 2017, 3). Its position statement aims for 'a leading GLOBAL university' (caps in original) (Ibid., 5).

The global university aspiration and conceptualisation were more specifically operationalised in the University's '2018 Plan on a Page' flyer (Strategy & Planning Office University A 2018), where the University aspired to achieve the following objectives :

- a) Develop a research strategy for each offshore campus
- b) Embed vision for global network of campuses and enhance global reputation
- c) Optimise interactions between central portfolios and faculties/ campuses through ... shared KPIs
- d) Progress Country U campus development
- e) Pursue a 'deep alliance' in region NN (a first world Western region)
- f) Pursue deeper MOE links in Country O
- g) Operationalise student mobility, with a particular focus on the New Colombo Plan

## 5.2 The Nature of the Global University

The global university approach is a widely embraced approach with 16 of the 20 informants referring directly to it and elaborating on it. All Strategic officers spoke about the concept, whereas two-thirds each of Managers and Academics discussed the concept. It is interesting to note that a TNE manager with 20-over years TNE experience did not speak about the concept, and even went on to note '*I don't know why we are in TNE*', and thinks that unit coordinators also '*don't know*' (A17). She continued that '*I understand the University's strategic direction is ... to get a brand out there, to get as many students from overseas to*' the University's home campus.

### 5.2.1 University A's Evolving TNE Approach

The in-depth interviews teased out a number of insightful aspects and constructs around the global university approach relating to the

University's evolving TNE aspirations, as can be seen in the evolving vision statements over the past 12 years. AI14 observed that the University had '*changed that model over the years*', and takes an '*incremental approach ... to be a global university ... and enhance its offshore opportunities*'. These changes include changes in the '*University's funding model*' (AI18). AI1 noted that the University's TNE portfolio '*used to be an Australian university that had branch campuses and active internationally ... we don't think like that anymore ... we want to be a global university, with multiple campuses*'.

### 5.2.2 Global Footprint and Brand Presence

AI9 reported that the University is '*not viewing them (University A's IBCs) as little side appendages that are out there doing their own thing but they are part of the network of University A*'. These campuses are '*essentially ... sort of mini University As; ... each of the campuses has a Provost or PVC who's sent from the home campus ... all the courses are controlled in terms of quality from the home campus*' (AI14). AI1 remarked that the University wants '*a global footprint ... to be a global university, with multiple campuses*'. AI19 expanded on the global footprint further, by explaining that although the University '*expects to make money out of all of these operations; otherwise there's no reason to be there ... but it isn't the defining factor ... it was much more our brand, our reputation, our global footprint*'. It would seem that the global footprint is driven by an aspiration to grow the brand presence of the University, and provide '*opportunities for recruiting students*' (AI5), as well as have '*a global presence and a global influence*' (AI19). AI8 confirms this view in saying that '*having these campuses and building brand in those locations will ... assist in building our reputational capital in those regions which improves our rankings on the QS (QS World University Rankings) and THE (Times Higher Education World University Rankings) surveys ... which again lifts our status globally which in return stimulates student demand, both*

*onshore international and at those campus locations and the ones that are outsourced (FPs)*'.

### 5.2.3 Geographical Priorities

Geographically, the University is primarily focused on countries around the Indian Ocean rim, as a *'gateway to AA and SA regions'* (AI2). AI1 confirmed that the University is currently *'developing the Indian Ocean rim capabilities first'*. AI10 added that by converting the Country U FP into an IBC, the University now has *'campuses all around the Indian Ocean rim'*.

Apart from the Indian Ocean rim, the University also has an eye on other geographical regions. AI1 noted that the University is *'trying heading West more than anywhere else'*. Guided by the University's 2018 objectives (Strategy & Planning Office University A 2018), the University is particularly interested in penetrating the NN region comprising developed countries of the Western world, although *'it'd have to be a really good arrangement'*, alluding to the financial viability of the TNE operations (AI2). The 2018 objectives also include an aspiration to develop *'deeper MOE (Ministry of Education) links with Country O'*, a country where the University has an interest in developing more articulation relationships to facilitate onshore international enrolments (AI5). These geographical priorities hinge very much on *'having footholds in those countries'* (AI18).

### 5.2.4 Distinctive Focus of Each IBC

In the past, the University's TNE start-ups had been *'opportunistic'*, and lacked strategic direction (AI1). The global university is now envisioned as a *'global network of university campuses ... a global university ... that have operations that are networked around the globe ... each location having something distinctive about it in terms of... its major focus in*

*terms of education and ... research'* (AI5). The University wants to be a *'global university, with multiple campuses'* (AI1). These IBC campuses *'service different markets'* (AI4), and *'reach into a different market; has a different profile'* (AI10).

The distinctive roles of each IBC include *'helping develop a sustainable local economy'* in Countries T and U (AI5). Country T IBC plays an important role in the State's economy through education and research in marine science, oil and gas, and engineering (AI12). The new Country U IBC also provides access to the AA region (AI10), while Country X IBC is *'seen as a gateway ... to attract students from non-traditional markets ... from countries Q and L ... students who may not qualify for a visa for Australia'* (AI17). The location-specific, distinctive roles are characteristic of multinational universities (AI1).

#### 5.2.5 Roles or Services of Global Campus

These IBCs primarily provide alternative study locations that are *'attractive'* and *'comfortable'* in terms of pricing, safety and proximity to the students' homes (AI18). These study locations are selected *'so that we can offer the same courses, the same quality in a number of different locations with research ... community engagement going on in each of those locations'* (AI5), in keeping with the *'University's values and TEQSA's values'* (AI1). These aspirational remarks of University officers with strategic responsibilities AI1 and AI5 are somewhat contradicted by the on-ground experience of a TNE manager (AI7) who observed that the schools which delivered the TNE programs treat offshore international students different from students on the home campus, *'something that the schools quite don't get it'*. However, this TNE manager clearly acknowledged the University's aspiration that *'we must be treating a student as a University A student regardless of location ... but that doesn't happen'*.

AI10 observed that, with the recent renewal of the IBC agreement, the OP of Country V is *'starting now to recognise that to be a university campus it needs to do more than teaching'*. The University's IBCs are also expected *'to be able to create academic inertia and do their own research and have input into courses and input into new courses that might be locally relevant'* (AI9). AI10 further explained that the University now requires all its IBCs to be involved in *'community engagement, research and teaching ... so it will be a fully-fledged university ... rather than ... if it's just teaching then that's really not a campus'*. *'The three pillars need to be ... synergised not just here (in the University's home campus) but across'* all campuses (AI13).

On community engagement, AI5 shared that the *'PVC ... expected to have strong interaction with the ... Ministry, with the High Commission and also ... building up relationships with important stakeholders like the health system ... because we run Nursing programs; and industry as well ... basically to raise the profile and reputation of the University, and to look out for other opportunities for recruiting students'*. Part of the remit of the IBC is to *'engage more with the local industry, particularly when we have units that require students to do internships'* (AI8). AI8 added that the PVCs located at each IBC have KPIs related to driving research and community engagement at their respective IBCs.

The University now requires all its IBCs to engage in research (AI3), as AI5 asserts that *'the university by definition has to be doing research, and ... having to invest in research is almost the price of doing business in some of these countries'*. AI10 is of the view that if the University becomes *'research active, that would be a way of increasing the number of students ... enable you to get better accreditation with the government, and that they are able to offer PhD and ... and be able to have better staff'*. The University has been observed to incentivise research at all its IBCs (*'we would try and stimulate that research environment from here in the first instance so that it starts happening'* – AI6)

AI2 remarked that the University has neglected alumni relations, an area which is now *'an increasing focus for us'* and that the approach should be *'what can we do for our alumni rather than what can alumni do for us ... there are people who could benefit from the connections that we can give them ... we can do more in terms of professional development, mentoring, networking for people'*. AI8 agreed that alumni relations is one of the areas that the University has been weak in, and thinks that *'we can do better'* if not for *'limitations'* of not having an alumni office. AI8 cites the example of Country V, where *'we have some top people in Country V but we don't seem to celebrate them as much'*.

### 5.3 Motivations for Global University Aspiration

It was clear that the University's main motivation for TNE involvement in the early years of their TNE journey was the generation of financial returns within an environment of tight government funding and of government support for commercialisation (Section App I 1.1). There was also evidence that the financial benefits flowed to entrepreneurial University departments (rather than to central administration) and to individual teaching staff (Section App I 1.4). The second-most quoted motivation was the pursuit of international students for onshore study, which ultimately also resulted in financial advantage to the University (Section App I 1.1). The two most quoted reasons for termination in the early years were poor quality of delivery and financial returns (Section App I 1.5). There were 11 terminated FPs between 1986 and 2017 (when the 'global university' approach was formally articulated).

The long TNE experience that the University went through has informed successive formulations of the University's TNE approach. AI10 noted that *'there is a whole range of motivations now in terms of what we want to do and we have certainly changed the idea of what we see the campus is for'*. The University *'learnt from our own mistakes'* (AI5), and



was *'able to draw experience'* to address *'the pitfalls of governance ... risk control ... handle regulatory in the new environment ... quality control'* (AI15). Coupled by the emergence of AUQA, and subsequently TEQSA, as well as the UBS' BSA accreditation, the University's TNE motivation morphed into one that is more quality-driven (*'our quality and TEQSA quality ... total deal breakers'* - AI1).

AI1 aptly summarises the University's current motivation for TNE, viz., that any potential TNE operation must have *'strategic fit'*, meet the University's and TEQSA's quality benchmarks, and *'make a return ... in a fixed period of time'*. Further, AI1 also added that the University believes *'in a campus model rather than through the small individual TNEs'*. The strategic fit also includes being able to *'extend our operation'* geographically (AI2).

More specifically, many informants confirm the need for the University's IBCs to fulfil its three roles, viz., teaching, research and community engagement in every location (Section App I 5.2e). AI1 also added student mobility as an important activity of the IBC's teaching role. AI5 sums up the purpose of the IBCs as *'our primary means of getting reward ... around mobility and royalty ... and about us diversifying our risk as well'* (through having both onshore and offshore students). AI3 noted that while other universities *'pulled back from offshore campuses ... we've gone in the other direction ... partly a diversification strategy'*.

While the teaching role of the University's IBCs is a revenue-generating activity (*'obviously earning significant amounts of income'* – AI1), research and community engagement do not directly generate income (*'you don't really make money out of research'* – AI15). Research can be funded directly by the University as seed funding for its IBCs (AI5), funded by the host government (AI3), funded by the OP (AI6), or funded from the University's TNE royalties (AI10). Research can lend much prestige, prevents the IBC looking *'shallow'*, *'builds ... reputation ... gives*

*stronger credibility in the market as a university* (AI6), and promote the University's reputation and ultimately result in better IBC student enrolments (AI15). AI10 added that to do *'world-leading research ... you can't just do it in Australia'*.

Similarly, community engagement is not a revenue-generating activity, but can build University reputation and networks towards improved IBC student enrolments (AI5).

The OPs that collaborate with the University have traditionally more down-to-earth motivations driving their participation, viz., *'money and profile'* (AI1). AI10 considers the University's efforts in shifting OPs' focus from merely *'traditional profit-making'* to developing a *'proper academic structure'* as important and significant. His argument is that the focus on research in the *'short to medium term ... would be a way of increasing the number of students who want to come and study with you ... it will enable you to get better accreditation with the government ... able to offer PhD and ... although ... it might have a cost ... it will also have a real benefit because you will also be able to have better staff'*. Many informants agree that Country T and Country U OPs are proactive in research and community engagement by virtue of their corporate constitution (AI4, AI10, AI16), but the Country V OP have had to be persuaded, and ultimately committed to research and community engagement through the renewal of the IBC contract (AI10, AI15, AI16). Country X IBC is new, but research and community engagement are *'built into the contract ... they have to honour it ... there's an investment agreement'* (AI6).

In Country V, the OP is a very experienced campus operator that also delivers its own diploma programs as *'feeder programs'* to the University's own degrees (AI1). The only other OP with its own programs is the UCM OP (UCM 2019).

#### 5.4 The *in situ* Collaborative International Branch Campus (ic-IBC) as Preferred Model

The IBC is obviously a preferred TNE business delivery model for the global university, although the University is still involved in several FPs, as observed by AI5 (*'we now only have the four campus arrangements, which we see as our future, and a very small number of ... franchised type arrangements'*). AI5 clarified that the current FPs in Countries W and Y *'don't really fit into that mode'*, but *'potentially, but equally there might be some sense in just retaining a couple of them ... because they do us no harm and they might serve a specific purpose ... and perhaps in the fullness of time, they might show the promise to become more of an IBC like in Country U.*

##### 5.4.1 University Motivation for *in situ* Collaborative IBCs (ic-IBCs)

The University's early years of TNE experience highlighted the potential for poor quality delivery, which in turn can damage the University's reputation at the location of delivery and beyond (Section App I 1.5). The second half of the 2000's also ushered in three significant quality-related regulatory impositions, two of which are external regulatory frameworks in the form of AUQA and TEQSA (which later replaced AUQA) (Section App I 3.0), while the third was BSA, a self-imposed international accreditation for the UBS (Section App I 4.0).

As a result of these regulatory impositions, the University gravitated towards greater control of its TNE operations. In discussing FPs, AI13 commented that *'it will be a lot less risky for us to exercise greater control and set up branch campuses'*. AI2 is of the view that the *'much closer operational engagement with our branch campuses'* can confer *'more control ... more integration'* with the home campus. Similarly, AI7 asserted that the University has *'got more control and say over the way things are done* (in an *in situ* collaborative IBC, or ic-IBC, compared with

a FP) ... *whereas when you are working with a partner you are one of many universities*'. The ic-IBC is distinguished from a c-IBC as a c-IBC that employs University staff on-site at the TNE operation to monitor the operations.

AI7 explained the need for control with an example, *'You might kind of say 'Look! We want you to introduce this policy', and then they would say 'No, that it doesn't fit with what we are doing with Middlesex and Sheffield Hallam, and Wollongong; so no, we are not doing it'*. In fact, AI9 was more blunt in the University's absolute control over academic matters, saying *'they're going to have to wear that, and that's in the agreement, so we've got the right to change courses, change entry requirements; anything to do with academic side of things ... and it's our award which is kind of accredited'*. AI9's blunt comments are probably reflective of her team's operational approach as TNE managers, which contrasts with senior strategy executives' view that it is *'more in relationships we've invested in'* (AI1), and that the University *'tr(ies) to make sure that whatever we're doing is win-win for both of us (i.e., partners)'* (AI19).

The University's control is only over academic matters and standards, i.e., *'control over the academic content ... over admission policies ... over academic quality and performances of the staff'* (AI17). AI16 explained that the University has *'absolute academic control ... we control the quality of the programs, what's delivered, what staff to be employed, all of that ... that is important to the reputation of the University, that is important to the students getting quality education, students' experience'*, providing a window to the ultimate purpose of the academic control, i.e., protecting University reputation and student experience.

It was interesting to note AI17's view, that while *'universities feel that they've got more control (using IBCs) ... and more control over the brand*

*... in real terms, it's probably not much different ... it's just about the branding, ... branding University A ... but everything underneath remains the same ... there's still a partner; we're still a partner (in a FP model) ... so, I think it's quite cosmetic'.*

AI6 had a different take on the motivation for ic-IBCs, and views them from a financial returns lens – *'we're not doing it for social objectives ... they need to be financially sustainable, and they need to demonstrate ... the tangible financial returns ... but they also need to deliver the less tangible reputational gains that we would get from it ... so, having these campuses and building brand in those locations will I guess assist in building our reputational capital in those regions which improves our rankings on the QS and THE surveys ... which again lifts our status globally, which in return stimulates student demand, both onshore international and at those campus locations and the ones that are outsourced'*. AI6 did qualify that *'TSW is probably different; that's more of a re-investment model, the way that works ... we make money, and the joint venture and entity retains a lot of it and ... a new building gets built and so on, and so on ... it's owned by the joint venture; they're not our buildings'*. Similarly, AI13 views an ic-IBC as *'a subsidiary'*.

Interestingly, while AI6 commented that the ic-IBC network is one *'strategy for the diversification of revenue streams'*, he also clarified that *'it's not the main source of our revenue ... the main source of our revenue is our onshore activities at this campus'*. This view is somewhat incongruent with AI1's view that *'we obviously earning significant amounts of income'* from ic-IBCs, but the incongruence may be due to different benchmarking. In any case, *'there's pressure to make sure that our offshore locations are breaking even, certainly ... the University wouldn't stomach for very long ... huge losses in offshore locations'* (AI14).

The ic-IBC also provides the University with a network of global universities that can host staff (AI6) and student exchanges (AI6), and widen the opportunities for research (AI1, AI15) and research funding (AI3). AI17's experience with SA region indicated that *'even when we had what I'd consider not optimal degrees offered in Country L and places like that, the statistics would show that we'd still get a large number of students studying in Australia'*. However, AI20 believes that the offshore campuses did not contribute much to onshore international enrolments, saying *'maybe our presence ... contributed to our onshore numbers ... (but) just recently ... I changed my view ... some research done in Country T indicated that the respondents did not refer to the TSW presence'*. Similarly, while student mobility is a University KPI, AI4 asserted that *'I don't think there is many at all ... it's offered and student mobility is an important KPI for the university, but I don't know that many of them do, I'm not aware that many can do'*.

#### 5.4.2 Ownership and Supervision of ic-IBCs

The Observatory definition of an IBC requires part or whole ownership of the IBC by the university (Section 2.5.3). It is worthwhile noting that the University A IBCs are not wholly/partly owned and operated by the University (with the possible exception of the Country T IBC; Section App I 2.5), unlike the University J Country V campus (AI15). AI6 reported that the University *'don't really own them (i.e., the ic-IBCs), but we are operating in partnership with someone'*, except in the case of TSW, which is not *'really a partnership'* (AI4) where the University has some equity (Section App I 2.5). The local host country *'licence to operate is with the partner'* (AI6), except in the case of XCD (AI1).

AI5 compared the ic-IBC to a home campus faculty, saying *'in terms of scale, ... they are more like smaller ... it's (i.e., TSW) got an Engineering faculty, ... Humanities faculty, ... Business faculty ... got a Dean of Research, ... a Dean of Learning and Teaching, ... the PVC ... they are*

*like campuses ... but in size, they are actually smaller than any of our faculties here, but their operations are not analogous because faculties ... are not running that kind of licensed university operation with links to local government in the host country ... so I don't treat them like I treat the PVC of a faculty*. AI5 added that *'their (i.e., ic-IBCs) budgets are usually a lot smaller, but they are treated in a way, like they are part of the University ... a little bit (like the University's home country regional campus) - except in the branch campus, there is no responsibility for infrastructure'*. On the issue of revenue, AI5 commented that *'we receive royalty, and we may decide not to receive some of that royalty ... keep onshore matched by the partner to actually fund research'*.

The University A IBCs are operated by the University's on-ground partners, but supervised on-site by the University's PVC, *'as the academic manager of the campus who sits on our senior executive team'* (AI2). AI6 explained that *'the big difference between these (i.e., FPs) and these (i.e., ic-IBCs) is that we have a Pro Vice-Chancellor, who is a University A staff member who works at that campus and is the head of that campus'*. These PVCs attend *'weekly senior executive team meetings by video link'* (AI1). For these reasons, the term *in situ* collaborative international branch campus (ic-IBC) is used to distinguish University A's IBCs from other forms of IBC (Section App I 5.4).

#### 5.4.3 Asset-light Separation of Roles

In considering the different branch campus models, AI10 commented that *'we are moving away from that idea of the pure franchise model but in truth, we are not moving to the model that, say Wollongong arguably has (of running the IBC on its own, because) it's a very expensive model and one that has significant risks'*. The ic-IBC provides the University with a unique *'vehicle to be present in a market'* (AI1) and that is asset-light. AI10 reasoned that the asset-light approach is preferred because *'we don't want to take the risks of putting in capital but we want to get the*

*benefits of having what we call a campus'. AI11 clarified that this operating model meant that 'other people invest in infrastructure and the people, and we provide the intellectual property and the academic integrity and quality as well'. The risks of the operations are thence 'in large part passed on to a third party provider ... they are also able to employ people much more cheaply than the university here' (AI11). In AI17's view, 'it's (i.e., the ic-IBC) a good model in that there's a lot of risk sharing ... so if the partner doesn't get students, that will affect the partner a lot more than it will have an impact on the University'.*

The University 'replicate most of the value chain elements ... apart from marketing' (AI6), and has 'control over the academic content ... over admission policies ... over academic quality and performances of the staff'; however, the OP pays for all staff appointments' (AI5). On the part of the OP, AI14 was simplistic in describing its role, 'that (the) partner is essentially somebody that is part of the marketing of the programs ... a partnership with an organisation that essentially acts as its marketing arm'. Using the Country X ic-IBC as an example, AI17 described the OP in more detail, as being 'in-charge of infrastructure, buildings, hiring of suitably qualified staff ... and the University is responsible for QA, and quality control, appointment of lecturers, and all academic matters and affairs'.

#### 5.4.4 Invisible On-ground Operator

The ic-IBC is also described as a 'seamless' arrangement, where the OP is usually not visible to the customer, i.e., the student (AI16). AI6 added that 'the universities ... always the public face ... the partner is sort of silent in the background ... particularly in Country X ... the regulator does not like to know about the partner ... the partner should be there; be doing but not be seen almost'. However, the University relies heavily on the in-country expertise of the OP (AI5), because 'we would have little idea of what to do ... how much to charge students, how to market to



*students, and how to deal with the local economy ... we just don't have the expertise' (AI11).*

#### 5.4.5 Management of ic-IBCs

The running of the ic-IBC is through various joint University-OP bodies, which are specified in the agreements (AI5). All the University's ic-IBCs *'have their own academic board ... some of them are called councils ... joint with the University'* and the *'University A staff member (PVC) is a chair'* (AI1). AI15 explained that *'a lot of decision is done through a few boards and committees'*, e.g., *'the academic council that looks after teaching quality, course quality and ... the joint-management committee that has a higher level kind of a decision over the views and vision'*. The *'closer operational engagement'* with the ic-IBC (compared with the University's lighter-touch oversight of FPs) is considered *'less risk to reputation'* (AI1).

The *'critical processes'* for the joint management of the ic-IBCs include *'having a clear plan that's aligned to our ... overarching University strategic plan ... and then monitoring that ... a process of ... ensuring that we're meeting our targets and our KPIs ... ensuring that we can react ... in the instances where we're not meeting our KPIs ... (and) stretching people to meet targets'* (AI6).

The running of ic-IBCs *'is more costly, there are commitments around things like the BSA accreditation that you wouldn't necessarily do if you are doing it just on a commercial basis ... around appointment of academics, and the like'* (AI11). Although *'direct costs of the operation are borne by the partner, there are certainly costs for the University in terms of how many staff it has, how many resources it attaches to its transnational operations ... because every time you schedule and run a unit, then there is an academic workload management system where time allowance has to be put in'* (AI17). AI19 concluded that *'we can do*

*this because we're a big university ... if we were not a big university, we wouldn't have the resources to do it'.*

#### 5.4.6 ic-IBC Start-up Criteria

Although the University is '*approached all the time*' to set up IBCs, it has spurned many of these offers due to its formal processes of selection that requires '*strategic fit*' (A11) and be '*self-sustaining*' (A16). A118 mused that the University has '*since matured and we have moved to, 'is it strategic for our region?' and 'having global reputation ... and having campuses around ... our partnerships, our networks ... for our future survival'*.

The University is '*very keen to be a global university but in a way that establishes itself ... more fundamentally in parts of the world than others ... the first thing - it fits the strategic plan ... and obviously there's a financial aspect to that*' (A114). A112 expanded on this, saying '*that's got to be number one that they can ensure ... they can basically pretty much guarantee numbers; that their feeder organisations are accredited ... where the students are coming from ... the courses they can offer ... what the appetite is ... the market demand ... whether it's a match with what we offer ... and where they can get their staff from ... are they able to staff with suitably qualified staff*'.

A11 shared that the University '*actually have a map of ... how that strategic fit work*', asking whether '*it enhance(s) us as a global university ... would it open up relationships ... in that part of the world and be truly global?*', and ensuring that the University '*obviously have a beneficial financial position ... to be able to provide research opportunity for us ... mobility opportunity for the students*'. Using the new XCD ic-IBC as an example, A15 described how it was '*a very commercial decision ... discussed and reviewed by the Senior Executive team and by the UIO (University International Office), and clearly it's a decision by our*

*Council*, and that *'the PVC of each of the faculties are represented at the Senior Executive team'*.

AI8 shared how the unit coordinators are usually not consulted on the start-up of new TNE operations, and that *'in terms of deciding whether or not we want to go ahead with a particular partner that wasn't really something that we had control over as UCs ... and for that matter I don't even know if the heads of school had as much power'*. AI8 added that *'there were times when I would be told of what was happening, with XCD for instance and what the problems and challenges would have been with XCD ... our head of school would also be involved in some of those discussions ... our head of school would be saying well that is not right or we can't do this ... (and) there would sometimes be push back as well'*. However, AI5 explained that *'you'll appreciate that these arrangements are often things that need to be ... commercial conversations with the partners, they are often complex negotiations also with governments ... and with that, so you can't really consult more publicly about those things until you have actually ... firmed up the few key parameters ... so it's not something that goes out to a vote to academic staff members ... it's an agreement that actually is reached based upon sound academic principles, but it's also a commercial decision that is made'* (AI5).

The process of *'very tight due diligence'*, involving market investigations and approval to commence usually take at least 18 months to complete, and has to *'account for history and opportunity'* (e.g., Country U transmutation into an ic-IBC, and Country X serendipitous start-up respectively) (AI1). This tight due diligence has led to AI20's recent Country T vocational institute proposal being rejected on the grounds of the absence of an *'industry partner to take the financial risk'*.

#### 5.4.7 Serendipity as a Norm in Previous TNE Start-ups

AI20 remarked that the University has '*never been particularly proactive*', observing the many '*partnerships we have*', that the University has not sought out delivery locations based on strategic considerations, but have responded to serendipitous engagements with unknown suitors offering their services ('*It's been, 'Hey, this guy walked in yesterday; he wants to start ... let's do it*'). While this might reflect previous and current TNE operations, the University has certainly formalised its TNE strategies and operationalised them through clearly articulated objectives (Section App I 5.1). It is left to be seen if the objectives will be met via deliberate, proactive execution, as opposed to serendipitous approaches by potential OPs.

AI12 reflected on how difficult it was to find a suitable partner, and '*that's why ... we've actually reduced the number of partners because we had a multitude of small ones*' which were not performing. Given the risks and start-up costs that the OP has to assume, AI6 mused about whether '*is it harder for them (i.e., the OPs) to find a new university, or is it harder for us to find a new partner?*'.

#### 5.5 Maturity of ic-IBC Campuses

The University's ic-IBCs are very different in terms of their age. AI17 observed that the early years of the University's management of these campuses were driven mainly by teaching, and there was '*no talk of research*', but now there is at least a '*notional focus on research*'. AI15 noted a '*shift*' in the University's dealings with the Country V ic-IBC, where there was a shift from '*just teaching*' to the '*global university vision*', where '*we have to do research ... we have to go out and do industry engagement*'. AI15 believed that this shift is due to a need to be '*looking at the student and the business ... can't just look at the business*'. Further, AI15 noted that '*all these three things (viz., teaching,*

research and community engagement) *are ... what the university strongly focus on ... that's why we are very involved in that process right now*. Each ic-IBC is at a different stage of realizing the University's global university vision. In terms of age and research involvement, AI4 observed that the Country T ic-IBC is the most mature, followed by the ic-IBCs of Countries V, U and X.

Country T ic-IBC is *'almost 20 years old'* (AI10), and is the most mature of the campuses. AI9 remarked that it is involved in research *'more so than others'*, and has a research infrastructure that is *'all paid by the partner'*. While AI3 noted that it supports research from its *'own funding'*, AI5 believed that it *'can access government funding'*. Both are right in that the funds are from the government, which is also a shareholder of the local corporate vehicle that owns the branch campus. The higher involvement in research (compared to other ic-IBCs) is observed to be due to having *'faculty employed'*, as opposed to having more sessionals, like in the Country V ic-IBC. AI5 also noted that the ic-IBC does *'a lot in the community'* through *'high schools ... and different sorts of community events'*.

Country V ic-IBC is managed by a highly experienced campus operator, whose *'business model has always been teaching and learning'* (AI15). AI15 remarked that *'you don't really make money out of research ... but it does build your reputation'*. While some reluctance on the part of the OP was detected (AI5, AI9), the recently renewed TNE contract included research and community engagement as part of the ic-IBC's deliverables (AI10). The ic-IBC has no access to local government funding for research (AI5), but AI9 observed that the contract required funds to be set aside by the partners for research. This 10-year old ic-IBC is mature in terms of its teaching, but *'not expert'* and *'very new to research'* (AI15). AI15 also expressed the OP's concern about the ownership of research outputs, when noting that *'you need to be able to see how it's going to benefit because the research is going to go under University A's name'*.

The University values this ic-IBC because it is located in a regional ‘*hub*’ that provides attractive student mobility opportunities, enables the building of institutional and business partnerships, and allows for ‘*leveraging on the advantages of this region*’ (AI16).

The Country U ic-IBC is a new addition to the University’s stable of ic-IBC in 2018. The relationship between the University and the OP is however not new. The University has been running several programs within the OP’s campus under a FP arrangement for about ten years (Section 5.4.1). AI3 observed that it is ‘*primarily a teaching institution*’, and AI6 remarked that there was no research, ‘*but we are developing their research*’. AI12, however, who is more involved with the on-ground operations clarified that it is ‘*quite research active ... due to the commitment of the leadership team there, rather than the impact of University A*’. AI12 observed that the research commitment was ‘*very much determined by the culture that exists at that campus*’, meaning the OP’s commitment towards national capacity-building.

The Country X ic-IBC is the newest kid on the block, having started only in 2018. It has no research activity at the moment (AI6, AI12). However, research and community engagement are deliverables that are specified in the TNE contract (AI10). The campus’ foremost priority is currently in ensuring the success of its taught programs (AI12).

A serious impediment to research is the lack of motivation by teaching staff who are sessionals, i.e., teaching staff who are teaching on a part-time basis, and usually paid on hourly wages (AI12). This is particularly true for Countries V where the majority of teaching staff are sessionals. AI8 also mentioned the less-than ideal opportunities afforded by the ic-IBCs for research collaboration between the home campus staff and ic-IBC staff, compared to the more specific discipline-based conferences. AI8 was disappointed with ic-IBC teaching staff who discussed potential research collaborations, but ‘*that hasn’t transpired*’.

The presence and operation of ic-IBCs have resulted in at least two important spillover outcomes, viz., the growing numbers of alumni, and a widening range of opportunities for student and staff mobility. AI5 reported significant flows of students across the University's Australian, Country T and Country V campuses, '*part of the global University thing*', and enables students to '*get some global experience, but have no interruption to their course*'. This increasing mobility is due partly to the similar '*look and feel*' of the campuses, a result of the University's aspiration to ensure comparable student experience across its global university campuses (AI6). AI5 reported that the campuses in Countries T and V have '*strong alumni groups*'. This is to be expected given the length of time the campuses have been operating in those countries. He also commented that the University is still in its infancy in reaching out to the alumni.

AI2 envisions that the ic-IBCs, together with the home campus can develop a '*true partnership between campuses*' in the future. He believes that the campuses can develop into high quality universities, where '*rather than moderation being us moderating them, I would want to see each of the partnerships moderating each other... we share the burden more*'.

## 6.0 Country V TNE Evolution (1986 to date)

The story of University A's Country V 33-year TNE journey is very important in explicating the University's evolving motivations, priorities and business delivery models amidst changing business, social and regulatory environments, including the University's home country regulatory environment (AI14). Its TNE journey in Country V can be investigated under four different time periods, viz., the early years of FP operations, the short-lived FP consolidation phase, the IBC set-up phase, and informant perspectives of the future.

## 6.1 Reminiscing the Past

The University started its first FP in Country V in 1986. Over a period of 21 years, the University started another six FP operations, and one IBC. Five of the OPs were either professional or trade associations, while two were private higher education providers (one of which was a blended learning online provider) (University A 2008).

### 6.1.1 TNE Performance

All eight FP operations catered mainly to local part-time students, who are usually working adults (AI17). The classes were mainly held in the evenings or weekends to accommodate these students' lifestyles. The combined total offshore student population in Country V grew from 1,450 students to 1,647 students in the period 2005 – 2007, just prior to the set up of the collaborative campus (University A 2008). The growth was partly due to support by the local government, which enunciated an aspiration to become a regional hub for education in 2003 (Ministry of Trade & Industry Country V 2008).

### 6.1.2 Partners' Motivation

AI1 commented that the OPs' motivation was '*all about money and profile*', intimating a concern for commercial profitability. The professional/trade associations were involved in TNE to also provide higher education opportunities for their members by '*upskilling through part-time studies*' (AI17). The University was also driven by the prospect of commercial returns through '*good student numbers, good feeder in our programs back in University A's home city*' – alluding to both offshore and onshore enrolment of international students (AI16).



### 6.1.3 Business Delivery Model

During the University's early years of TNE, the schools had '*a lot of autonomy*' in setting up TNE operations (AI17). All the early Country V TNE operations used the remotely-monitored FP (r-FP) business delivery model, which required frequent travels by University staff to service the offshore operations (AI12, AI13). These offshore travels were designed for '*intensive*' teaching deliveries (AI14), OP staff training (AI8), moderation of assessments (AI8), and building '*relationships with students*' (AI8). AI15 described this model as a '*more prescriptive type of relationship ... the University would prescribe that this must be done, and this must be done, and follow this*'.

### 6.1.4 Operating Environment

The early years of TNE in Country V was characterised by huge student demand for higher education (AI17), amidst a lax regulatory environment (AI15). This environment resulted in '*a lot of dodgy players ... issuing fake degrees*' (AI15). AI9 added that the industry was '*a shambles ... they had so many fly-by-night operators offering courses in shopping malls ... and all sorts of weird places and ... non-accredited*'. Country V responded to this state of affairs by introducing '*new sets of regulations*' in 2011 (AI15, AI17).

The University's r-FPs tapped into mostly working adult segments of the domestic students market through its OPs which were predominantly professional and industry associations. These associations were '*quite well politically connected*', and provided access to a large cohort of such students (AI17, AI12).

## 6.2 Attempt at Consolidation

Leading up to 2008, the University realised that there were *'too many franchising, twinning arrangements with lots of different partners, with lots of different standards'* in Country V (AI9). There were concerns about the quality of delivery, and the risk of losing *'line of sight with too many partnerships'* (AI6). The year 2008 was a watershed year in that the then-AUQA introduced Internationalisation as the second mandatory theme of its audits of tertiary institutions (Section 4.3). The lead up to 2008 saw many Australian universities with TNE operations *'downsizing'* their offshore portfolios (AI9). University A was no different. It culled thirteen TNE operations within the 2007 – 2009 period (Table 5.11).

### 6.2.1 TNE Performance

Student enrolments at the University's Country V r-FPs were robust in the lead up to 2008 (AI17). However, there were growing concerns about the quality of delivery, especially in light of the up-coming AUQA Cycle 2 audit in 2008 (AI15). These concerns prompted the University to cull the number of partnerships, in order to retain a *'select few ... principal quality partnerships'*, and to *'consolidate'* its r-FP operations for *'easier management'* and *'better control'* (AI6).

The University culled three r-FPs (*'got rid of that'* – AI1), and attempted to cluster four other r-FPs under one management structure (*'we tried to combine the different ones together into one campus'* – AI1). AI17 reported that the University did give the remaining OPs the *'opportunity to pitch to have a University A centre'*, i.e., as a sole University A TNE delivery centre. He continued that *'the University had a vision of bringing together the four partners into one ... location'*, and through the coordination of the current OP, it *'had ... quite a unique arrangement where ... initially it was to work with the four professional bodies'* as *'potential delivery points for TNE programs'*. This clustering of the four r-

FPs under a new OP did not work out – *‘it became a very fractured relationship’*, and all the four professional associations eventually pulled out of the arrangement, leaving only the current OP (AI12).

### 6.2.2 Partners’ Motivation

The consolidation exercise was a unilateral decision of the University, and AI17 observed that there was not *‘much of an option’* for the OPs. The University’s primary reason for consolidating its numerous r-FPs was to *‘control ... quality’* because *‘each one is doing a different thing’* (AI15), resulting in *‘four different experiences’* for the students (AI9). AI15 explained that state of affairs presented reputational risks for the University since the University *‘was churning out students ... to the market ... in industry that’s not equipped with the skills and ... University A (graduate) attributes’*. AI12 mused that the failure to retain the remaining OPs *‘was disappointing because our relationship with the VSH OP at that point spanned 30 years’*. AI17 remarked that the University would have *‘many more students’* if it stayed with them, and that the OPs were *‘quite well politically connected’*.

### 6.2.3 Business Delivery Model

When it seemed that none of the remaining four OPs were interested in being the University’s Country V delivery centre, the University resorted to appointing an OP with which it had a very long working relationship, but which had no presence in Country V (AI16). The business delivery model was described by AI17 as *‘a unique arrangement where ... initially it was to work with the four professional bodies’* as *‘potential delivery points for TNE programs’*. The appointed OP was tasked to manage the delivery of the University programs through the professional/industry associations.

#### 6.2.4 Operating Environment

In Australia, the University was growing more conscious of the quality impost that the 2008 AUQA Cycle 2 audits was going to have on its TNE operations. This concern resulted in the University attempting to consolidate its TNE operations, and in particular, in Country V where it had the most number of TNE operations. This period of consolidation also continued to be characterised by lax host country regulatory control, and a national host country quest to become a regional hub for education (Section App I 6.1) - which spawned '*over a thousand players*' (i.e., private education providers) (AI15). The government eventually implemented a set of very stringent regulations governing the delivery of private education. AI15 reported that the tightened regulations imposed by the host country government in 2011 was aimed at making a '*change in the whole landscape in education*'.

#### 6.3 The Collaborative Campus

With the failure of the University's attempt to cluster the four professional/industry associations, the University then went ahead to establish a campus through the agency of the newly-appointed OP (AI17). In the University's 2008 AUQA portfolio report, the University described this campus as a '*collaborative campus*' (University A 2008). This collaborative campus is the second ic-IBC after the Country T ic-IBC, representing a gap of about eight years (Section 5.4.1).

##### 6.3.1 TNE Performance

When the University established a collaborative campus in 2008, its student enrolments saw a '*dip ... but it recovered*' (AI6). AI15 reported a '*very huge growth*' in student enrolments in the early years of the new campus. The domestic students considered the University's programs as

being *'more prestigious'* than other private university programs because it was *'a campus on its own ... not easy to get in'* (AI15).

The loss of the professional and industry association partners resulted in a loss of access to a large proportion of part-time students (AI17). The location of the collaborative campus (*'a converted secondary school'* – AI14) in a suburban area also resulted in a decrease in demand from part-time students, who were mostly working adults. This shift in demand was due to the difficulty in accessing the suburban campus by public transport; the previous locations were all within the central business district (CBD), easily accessible to working adult students (*'location of the VCS campus not as convenient as those of the professional bodies because most of them were on the train lines'* - AI17).

The loss of the predominantly domestic part-time working adult market of students meant that the University had to appeal to the domestic full-time students who were mostly school leavers, and also to international students who were not impacted by the suburban location of the campus (AI17). The appeal to domestic school leavers was limited because these students were more attracted to the Country's highly reputable local universities (*'the market ... strongly preferences the autonomous ... national universities'* – AI16). Private higher education was a last resort for such students (*'next choice'* – AI17). The collaborative campus thus ended up with a growing number of international students (*'it never used to be a primarily international student market'* – AI12). AI15 reported that international students made up *'70% of our students'*, and came mainly from Countries O, Q, R, T and Y.

### 6.3.2 Partners' Motivation

The University's initial rationale for establishing the collaborative campus was for *'easier management'*, *'better control'* of academic quality, and preparation for the AUQA Cycle 2 audit in 2008 (Section App I 6.2). It

was also aimed at *'diversification of revenue streams, reputation building and global positioning'* (A16). A11 added that the *'original vision for VCS was growing to a substantial size'*. It was also *'time to have our own campus ... as the market was maturing'*, having operated in Country V for 23 years (A13).

The University chose the OP to manage its collaborative campus because they have had a very long working relationship (*'always had a close relationship with University A'* – A13), had developed *'trust'* as a result of the long association (A14, A16), and had very good internal governance (A11). A13 is of the view that the OP is *'really smart when it comes to managing its programs and managing its relationships with the industry'*. As a result of the OP's working relationship with *'a whole raft of partners from around the world'* (A16), the University benefits from the cross-fertilisation of TNE administration practices across the OP's multiple partner operations, and the OPs systems, processes and technology platforms (A15). A15 also described the OP as a *'partner who can see ... and understand those regulatory environments and deal with them effectively'*, and this expertise is needed *'because there is a limited tolerance by governments in the countries in which we operate for mistakes and for breaches'*.

The OP, being *'a very successful private organisation ... it's business model is taking universities' IP, teaching it, and getting a slice of the revenues'* (A16). A12 commented that the OP was *'motivated by profits and returns to shareholders'* as a *'commercial organisation'*, while A15 agreed that *'profitability is definitely'* one of the OP's motivation. This OP also owns and delivers its own English proficiency and Diploma programs, *'providing a ... seamless ... pathway for students who wouldn't get into the (University's) program directly'* (A16). While the OP deploys its own teaching staff for its Diploma programs, the collaborative campus' administration staff serve both the OP and University programs (A16). At the time when the University was looking out for a partner in

Country V, the OP was *'keen to expand into the AS region'*, and in keeping with their business delivery model, *'they have to work with a university'* (AI3).

When asked if the OP has any responsibility for conducting research, AI10 replied that *'they're not'* required to, *'but you know increasingly they're doing some things ... (e.g.,) we have some support from them ... they help out with some financial sponsorship ... having a teaching and learning symposium which they're helping us with ... and they have a teaching and learning journal which is a good development'*. While *'for them, the focus is still teaching, learning and ... making money, ... and we understand that they've got their shareholders ... but you know, in recent years they've been a bit more supportive ... I think they also realise that they can't just be about making money because that's unsustainable ... if they're only about money, inevitably they will fail commercially ... so they've got to invest in quality'* (AI10).

### 6.3.3 Business Delivery Model

While the University refers to its IBCs as collaborative campuses, the VCS OP calls it a *'managed campus ... we don't develop content here because we have to use University A's content'* (AI15). The VCS operations started as a *'teaching focussed'* institution (AI16), and its *'business model has always been teaching and learning'* (AI15), where the OP pays the University a *'royalty'* for the right to deliver the University's programs (AI6, AI15).

VCS is run as a wholly-owned private company of the OP, and consequently the licence to operate is held by the OP (AI1). The OP is *'in-charge of the land, facilities, the infrastructure, human resources'* (AI15), while the University has *'absolute academic control ... we control the quality of the programs, what's delivered, what staff to be employed, all of that ... that is important to the reputation of the University, that is*

*important to the students getting quality education, students' experience'* (AI16). AI16 continued that *'the expertise that the OP brings is really strong'* with *'well-developed systems and processes'*; its market reach is wide because *'they're spread through a huge range of markets in the region so ... they are able to respond to enquiries rapidly from students'*, and *'they've got real strength in their English program'*. The complementarity *'plays to each other's strengths'*. AI15 commented on the OP, saying that *'huge resources dumped into ... developing technology always looking at new learning, teaching'*.

The University's *'absolute academic control'* (AI16) of the quality of program delivery is effected through a comprehensive partnership contract (AI3, AI19), the secondment of a PVC on-site to oversee all academic matters (*'PVC ... eyes on the ground'* – AI15), a joint academic council, a joint academic board, a joint management committee, regular reporting, and its computerised tracking systems (*'easy to track'* – AI15). The joint academic council *'looks after teaching quality, course quality'*, while the *'joint-management committee ... has a higher level kind of decision over the views and vision'* of the campus (AI15).

While AI15's comment that previous FP arrangements were *'more prescriptive'*, the current collaborative campus arrangement can also be considered highly prescriptive. Her remarks were possibly a result of having an on-site PVC to whom the operations staff *'could quickly seek answers'* from, rather than being told from the University's home country executives. Although the OP's role does not include academic decisions, the OP is being given *'trial'* responsibility to oversee the unit coordination of a small selection of the University's units of study, indicating a possible devolution of the University's TNE academic roles (AI15).

When asked about what value chain activities would be considered critical for the success of the campus operations, AI15 replied *'everything we must have'*, including *'teaching staff ... our administration... help the*



*student with the study plan, inquiries, enrollment ... assessments, exams, library services ... accommodation*'. AI16 added that the campus has a 'careers officer' to manage 'career fair type activities ... actively engaged in building partnerships with business ... opening up opportunities for students to do internships which make them more employable ... run a co-curricular program ... many of the clubs are focused on further developing the student's soft skills ... the volunteer club that they run, community engagement work with disadvantaged kids in the area where we are located', and manage a local alumni chapter.

However, AI15 did acknowledge the lack of a full-sized library, complete IT support and counselling by the unit coordinators, and commented that the campus is 'a smaller scale' version of the home campus. This collaborative campus also features the engagement of mostly ('about 70') sessional teaching staff, and anchored by five full-time faculty (AI15). She found the deployment of sessionals to be advantageous because there is no need to maintain an overhead of permanent staff ('you might bring in someone then tell them we have no classes to teach'), while providing the flexibility to appoint BSA-accredited teaching staff from the many government universities.

The University's appointee, the PVC and the OP's campus director ('who looks after all the operational side' of the campus operations – AI1) are the two key drivers of the operations in VCS, each representing the interests of each partner. The start up of the campus in 2008 was described as a 'testing phase for everyone, and there is a lot of uncertainty as well' but the partners were able to 'draw experience' from their long business relationship to make the arrangement work (AI15).

The position of the PVC is rather unique ('that's an interesting one' – AI17) in that she is 'paid by the OP, but her line manager is University A' (AI1). AI16 explained that the OP payment was due to local 'legal requirements' and 'taxation'. When asked about the potential for split

loyalty resulting from the disconnect between payor and reporting line, AI16 explained that while there is the potential for it (*"if the salary is coming directly, you've still got that ... where there's one of you, and there's a lot of them ... I am mindful of the fact that I'm working with two organisations ... with my executive team here and with the senior executive team at University A"*), it has been mitigated through *'respect for the partners ... because they've been in partnership for a long time'*. Further *'a lot of the work is done on the OP's system ... a lot of their computers are plugged into the OP's, and a lot of their processes... so marketing and all that ... all follows the OP's protocols, but the focus of it is University A ... and they're building the University A market'* (AI16). AI19 confirmed that *'they (PVCs) may be paid by the partner or they may be paid by the University ... but their loyalty, if you like, resides with University A and they sit on our senior executive team'*. The collaborative campus has been labeled an *in situ* IBC (ic-IBC) because of the presence of the on-site PVC who represents the interests of the University (Section App I 5.4).

AI15's own role in directing academic affairs is similarly challenged because she is also paid by the OP, but reports to the PVC as well as to the OP's Country V directors. She acknowledged that the potential for conflict of interest *'has been the view of many people, they see my role as you have two bosses, and how do I manage that'*, and that *'there is always this conflict ... how do you weigh academic quality versus profitability ... both (partners) have different ... sort of ... ultimate agenda for ... this partnership'*. Her approach is to consider her KPIs (key performance indicators) as both *'managing that relationship'* as well as acting *'like the conduit'* for the two partners. This is heavily underpinned by the need that *'the two heads must be in collaboration, and must see and must move the campus in the same direction'* (AI15). It was interesting to note that AI15 referred to herself as an OP staff in numerous occasions in the interview (e.g., *'we have a teaching and*

*learning report that we put together ... OP HQ put together'*, as AI15 corrected her own pronoun).

#### 6.3.4 Operating Environment

The collaborative campus saw rapid growth in enrolments in the early years due to pent up demands for higher education in the host country, which then had only three highly reputable government universities providing limited places for its own citizens (Lee 2012). The growth was also attributed to the host country's quest to become a regional education hub (Section App I 6.2), thereby encouraging the recruitment of international students.

The business environment was described as *'a hub ... a developed economy ... in the company of some very good universities'*, which enabled *'student and staff exchange ... build some partnerships ... global collaborations ... leveraging on the advantages in this region'* (AI16). AI15 added that the collaborative campus has access to specialised expertise in Country V (e.g., logistics, finance and banking) for teaching and research.

#### 6.4 Current Situation, Future Prospects

The year 2018 marked the renewal of the Country V collaborative campus agreement between the University and the OP. The ic-IBC is currently facing a highly competitive environment for students, as well as an internal aspiration to deliver on the University's three pillars of teaching, research and community engagement. AI3 commented that *'a lot of universities have come and gone, we managed to remain there'*, attributing the longevity to having good OPs who understood the operating environment. (AI3).

#### 6.4.1 TNE Performance

The original vision of the University for the Country V ic-IBC was to grow *'to a substantial size'* (AI1). And indeed the ic-IBC did record *'very huge growth'* in the early years (Section App I 6.3a). AI15 attributed this growth spurt to the newness of the enterprise (*'that's very common for very young company initially'*). This growth corresponded with the growth in national participation rate in tertiary education from 15% in 1990 to 45% in 2015, and largely attributed to *'foreign provision'* (Garrett 2015, 9).

However, the student numbers have since *'declined'* (AI15). AI12 commented that *'numbers are declining significantly; so it's impacting sustainability'*. AI12 also added that the ic-IBC is *'struggling to find a niche area'* because *'there're so many competitors ... so, we're a very small, very small fish in a big sea at the moment'*. The comment about finding a niche arose out of a comparison with the ic-IBCs in Country T and Country U, which are partly driven by non-financial objectives like national capacity-building (Section App I 5.5).

Despite the current challenges in student enrolments, AI15 was upbeat about future prospects, saying *'right now we are trying to climb back ... with the new VC and there is a lot of new changes'*. These changes include the possibility of re-locating the campus to enable better food provision, and accessibility for students, who are described as *'always dissatisfied'* (AI19). The re-location can possibly help the ic-IBC to re-focus on the domestic student market as a means to counter the declining number of international students (*'we are now looking more also in the local market'* – AI15). It was interesting that AI1 reported the *'DVCI pushed pretty hard'* in a conflict with the OP on student life to get to a *'compromise'* (referring to the quality of services at the collaborative campus).

AI12 suggested that the ic-IBC emulate the North American and European providers in offering *'both undergraduate and postgraduate'* programs, arguing that *'most of the money is in the postgraduate, fast-tracked courses that are cheaper ... so we can't compete in that market and that's where I think we're losing out'*. Additionally, AI17 commended University C's *'many more students'* in their Country V FP operation (as one of many university offerings under the Country V OP), where it was *'priced better ... the location's better ... and they're better at catering for part-time students'*. There is however a resistance to the *'supermarket'* model, where the OP has more prominence (Section App I 1.2; AI15) although *'it's attractive, particularly on a price point'* (A16).

AI20 went further to comment that the ic-IBC *'has an identity crisis at the moment ... really needs to think seriously about why it's there, and what it's offering to the Country V people as well as the internationals that come in'*. AI12 commented that the Country V ic-IBC *'is losing its way, is also missing the point too'*.

The decline in student enrolments can be attributed to four factors. First, the dropping of the University's previous OPs, which are mostly professional or industry associations, resulted in loss of access to the working adult part-time student market segment (Section App I 6.3). Second, the location of the campus in a suburban area, which is less accessible to working adult part-time students, contributed to a decline in these students (Section App I 6.3).

Third, the establishment of another three government-funded universities since 2008, resulting in a total of six government-funded universities, increased the host country capacity to absorb many more new school leavers, and thus increased the competition for domestic students among tertiary institutions (AI2). Hence, *'all the campuses in Country V are suffering at the moment'* as a result of the increased competition (AI20). AI12 lamented that *'we get the ones that haven't got the grades to get*

*into the* national universities. AI16 added that the Country V tertiary education market *'is a highly regulated market, that strongly preferences the autonomous universities ... we are a private provider here ... so there are parts of the market where we are just not allowed to compete in ... and that's challenging in terms of finding your niche and your space'*.

The first three factors led to the ic-IBC growing its international student enrolments to about 70% of the total student population in its early years (AI15). However, recent tightening in the host country immigration regulations (fourth factor) reduced the entry of international students into the country, and hence threatened this important source of students for the ic-IBC (AI1).

While AI12 might have a dim view of the ic-IBC's future prospects, AI2 is of the view that it is at a *'growing'* stage, and there is *'still more for us to do to develop'* it. AI2's perception is probably underpinned by the renewed partnership agreement. The renewed ic-IBC agreement in 2018 brought with it new University aspirations for research and community engagement in Country V, in addition to teaching and learning (AI15).

The OP is *'very much a teaching partner'* (AI16), *'traditionally pathway colleges'* (benefiting from articulating its own diploma programs into partner universities' degree programs) (AI15), and considers research as *'a very new area which I think we are not expert in'* (AI15). AI1 commented that the research arm of the ic-IBC was *'harder to develop ... because the OP as a partner, aren't naturally aligned to research'*. The OP's reluctance to participate in research is not unfounded. It is underlined by the lack of external funding (*'the OP in Country V cannot access government research funding'* – AI10; *'you don't really make money out of research'* – AI15), and the question of ownership of research intellectual property rights resulting from research activities (Section App I 5.5).

However, AI15 acknowledged that the OP has had to *'move with ... the university ... it has to be aligned in terms of what we are doing ... that the university ... is putting a lot of resources in research'*. Moreover, there is a *'master agreement that move the direction of the campus'* towards developing its research and community engagement capabilities. It was also insightful to observe that the University faced some difficulty in motivating the OP to conduct research and community engagement at the ic-IBC in the first ten years, but the agreement renewal in 2018 provided the opportunity to formalise these activities (*'we couldn't make that decision in connection with Country V; but because we just re-negotiated our contract with the OP and ... they are well aware that it's part of the contract and written in the contract'* – AI10)

#### 6.4.2 Partners' Motivation

The renewal of the partnership agreement in 2018 provided the opportunity for the University to introduce research and community engagement as an integral part of the ic-IBC's deliverables. The resident PVC was tasked to *'establish the research program ... and to increase our engagement with industry, and that's both from a research point of view ... and also ... internships, work placements, guest lectures, all of those things in terms of benefits of industry engagement'* (AI16). The University also argued that research and community engagement can result in much prestige, good reputation, stronger credibility and networks in the market for the University, and thus ultimately result in better IBC student enrolments (Section App I 5.3).

The underlying business activity for the ic-IBC is still teaching, a revenue-generating business activity, as AI15 remarked *'it (i.e., teaching) would certainly help with student enrollment ... it will support that (i.e., research) because research is expensive'* – reflecting the importance of teaching activities in supporting other non revenue-generating activities.

The new agreement required the OP to commit to the University's new deliverables as well. AI16 remarked that the OP is *'fully aware of it ... and also ... aware that for the relationship to continue and to strengthen and flourish, it's got to change from what it was into where we are now as a university'*. AI15 noticed that *'there has been a lot of conversation ... of what University A is moving towards (i.e., the global university vision) ... that's why we are also moving towards saying that we have to do research ... and then we have to go out and do industry engagement because ... you can't just look at the business ... we have to be looking at the student and the business'*.

AI16 is of the view that the Country V ic-IBC is *'a partnership rather than one's the master and one's the servant in it'*, but quickly added that *'when it's behind closed doors, at the bargaining table, one is say ... more than the other, I don't know'*.

#### 6.4.3 Business Delivery Model

The systems and processes governing teaching and learning activities are mature. AI19 described the teaching infrastructure as *'very structured, very detailed ... we know exactly ... they (viz., students) are having a comparable experience'*.

Operating beyond 2018 will require the Country V ic-IBC to undertake research and community engagement, in addition to its teaching and learning responsibilities (described in Section App I 6.3c). As discussed in Section App I 6.4a above, the resident PVC will direct these additional activities on behalf of the University and the ic-IBC. A research committee was to be set up by July 2018 so that *'together with University A, we can move it in that one direction'* (AI15).

Research activities require the appointment of *'full-time teaching staff on board'* (AI15). AI8 explained that sessional teaching staff are usually



*'career lecturers and not so much researchers'*. AI16 made a comparison with another IBC which is fully owned by its university, commenting that although the model was *'high cost, but can provide funding and keeping good staff, to have your staff actively engaged in research and teaching ... able to offer career paths and to have a larger academic workforce that's there all the time'*.

#### 6.4.4 Operating Environment

AI16 commented that *'there are always advantages and disadvantages'* within this environment, and *'one of the advantages of the system here is what they say is what they mean, is what they do'*, and *'whilst you might not always be happy with that, you know what's required'*. AI9 agreed, remarking that *'the regulatory environment is clear and you know where you stand'*, while AI17 noted the *'stability of the local system'*. AI16 went on to describe how students are *'finger-printed in and out'* of class to mark their attendance, as part of the government's stringent regulations.

Country V is a country that provides opportunities for networking with top universities, industries and countries in the region (AI16). AI6 added that as *'an English speaking country ... high levels of English amongst most of the population ... makes delivery of education somewhat easy'*. However, about *'70% of students here are from outside of Country V, so you have student language challenges'* as well (AI16).

As the private education industry grew amidst lax regulations, and encouragement by the government to make the Country an education hub, the number of *'dodgy players'* also increased (AI15). This led the government to institute various tightening measures. AI2 remarked that the government *'keep things pretty tight'*, and AI3 commented that *'the local regulators are pretty stringent in Country V'*.

While the tightened regulations governing the private education industry posed *'a barrier to entry right now ... this is good for existing players ... they also step up the game for existing players'*, ensuring the protection of students' rights to quality education (AI15) and preventing students from *'getting ripped off'* (AI9). However, AI3 commented that in the course of tightening the regulations, *'Country V companies ... get the advantage'* – a complaint about the negative effects on existing providers. AI2 added that *'local providers find it difficult'* operating in that environment, while AI16 explained that some *'parts of the market ... we are just not allowed to compete in'* because Country V is *'a highly regulated market that strongly preferences the autonomous universities'*.

AI1 also described the *'vagaries of the Country V government policies'*, *'which have hurt us a lot ... limited its (ic-IBC) growth'* through *'policies around international students ... foreign workers'*. According to AI15, this is a probable cause for the ic-IBC's declining student enrolment, since its international students make up 70% of its student population.

It was reported that research in Country V was not very developed prior to 2000, but grew in stature and influence since then through government intervention and investment (Sharma 2017). The growth was triggered by the *'big bang'* effect of the set up of a National Research Foundation in 2005/2006. The interviewee, the President of one of the Country's top government universities, remarked that research in the Country's top universities is already at the level of Imperial College, London. It is however unfortunate that private universities do not have easy access to government research funding (AI3).

## 7.0 Country U TNE Transmutation (2004 to date)

The University had been delivering FPs in Country U since 2004 through a sole OP. In this time, the OP had been collaborating with the University and an Australian Vocational Education and Training (VET) partner to

deliver degree programs and vocational programs respectively (AI2). It was only in 2018 that the University converted the FP arrangement to an ic-IBC arrangement (AI5), having collaborated in delivering FPs for 14 years. AI5 reported that the '*full campus status*' was awarded in May 2018; and the operation is still '*in infancy*' (AI2).

## 7.1 The Initial Franchised Program (FP)

The OP was originally a consulting firm which delivered programs of a neighbouring country's university in Country U (AI17). It later changed into a private tertiary institute when UBS signed up to deliver University A's degree programs (AI17). The FP arrangement was a '*long-standing arrangement*' of 14 years (AI6), and '*approaching a mature relationship*' (AI2).

### 7.1.1 Rationale for the FP

AI17 remarked that the drive to start FPs in Country U was '*definitely revenue*'. It was started during the time when University '*academics would get paid extra to teach ... out of load ... so there was quite an appetite to have programs in different locations, and to be entrepreneurial and ... there was a direct benefit for the academic staff to be involved and be supportive*' (AI17).

The OP on the other hand, was driven by '*corporate business responsibility*' (AI6), '*very much ... about social responsibility for their country*' (AI7), '*sense of society and ... developing the community*' (AI1), and nation-building (AI3).

AI1 also added that the OP obviously took into consideration the '*financial aspect*'. AI12 attributed the success of the FP to the OP and its parent organisation, a large conglomerate, and commented that the OP's

institute is *'considered even better than the government university in Country U'*.

#### 7.1.2 Business Delivery Model

The FPs were delivered remotely from the University's home country, with regular teaching/moderation visits conducted by the University's teaching staff (AI17).

The OP's institute is reputed to be *'one of the better campuses'* that AI13 has worked with, and that they *'are able to get good staff and the quality of students are also really better'*. The *'good'* staffing has been attributed to the OP's commitment to training their staff, including sending them for PhD studies to comply with BSA accreditation requirements (AI13). This commitment is also a possible reason for the OP institute's *'quite strong ... research arm'* (AI1).

#### 7.1.3 Commitment to Alumni

The OP is part of a large conglomerate, *'like Wesfarmers ... they've probably got other lines of businesses that are quite profitable'*, and one of the *'four big diversified companies that effectively runs Country U ... this is a very impressive group'* (AI6). Because of the size and diversity of the conglomerate, *'every graduate is given the opportunity for an internship ... within the company in Country U ... a six month internship after they graduate'* which has resulted in *'a very strong alumni'* (AI12). This commitment reflects the conglomerate's *'investments in graduates ... off their own back ... to build alumni because ... that also then links to philanthropy later on'* (AI12).

## 7.2 Conversion to an ic-IBC

AI1 viewed the conversion of the FP arrangement to an ic-IBC as meeting a *'strategic fit'* with the University's global university vision, while AI11 saw it *'as much about branding and about how it is presented to the student as much as it is about a change in the arrangement'*. AI11 went on to explain that *'there is no fundamental change in terms of the underlying financial and commercial arrangement'*.

AI3 clarified that *'even though we knew they've been a really good partner for many, many years, it's still not a trivial decision to allow them to become a campus ... that's a big deal'*.

### 7.2.1 Partners' Motivations

Apart from AI1's view that the conversion was for a *'strategic fit'*, AI17 remarked that the conversion was to provide the University *'access to new markets ... have the ability to have good access into the AA region'*. AI13 talked about the ic-IBC as an enabler to *'foray into that market there ... and ... attract students from the AA region to come into Country U and study there'*. More broadly, AI10 *'looked at the Indian Ocean as an area where we can have considerable strengths ... and by adding in Country U, in fact, we have campuses all around the Indian Ocean'*.

AI5 is of the view that the conversion was due (*'could form a campus'*) because the FP arrangement had *'done very well ... with UBS and Humanities ... for the past 14 years'*. AI14 agreed that the FP collaboration was a *'very solid relationship ... very, very stable'*, and that *'time builds trust'*.

AI12 described the OP's motivation in setting up the FPs as *'very much almost humanitarian reason for doing it ... capacity building ... in Country U'*, resulting in a *'very good driver ... politically, economically, socially ...*

*very important campus stakeholder in Country U*. The *'humanitarian'* drive arose out of the OP's concern for *'the high level of unemployment and low skill in Country U'*. AI2 commented that *'having a local university as an employer ... also generates wealth and enterprise'*.

### 7.2.2 Business Delivery Model

As in the other ic-IBCs, the Country U ic-IBC provided the University with *'control of academic'* matters, and supervision via an on-site PVC, who was to be appointed at the time of interviews (AI1). AI1 explained that *'all of the facilities, etc, marketing ... all run through that partner'*. However, AI5 reported that the ic-IBC is not *'allowed to call themselves a university in Country U ... in our branding'*.

AI13 argued that *'basically it's the same structure, same staff, there is no change just rebranding ... its basically the OP institute ... just being re-modeled and re-branded'*. AI11 added that *'there is no fundamental change in terms of the underlying financial and commercial arrangement'*. AI13 believes the University *'has done extremely well in rebranding the OP institute in existing facility into University A campus'*.

### 7.2.3 Operating Environment

AI3 commented that the host country government is very supportive when the ic-IBC holds to *'a nation-building'* aspiration. AI13 added that *'the government is actually looking forward to more such opportunities of collaboration because that's what industry and the public wants'*.

AI1 explained that the University and the OP *'work closely with the government'*, and hence the *'relationship with the government is clear'*. As a result, the operation *'appears to be less volatile ... we don't seem to have the same sort of shifts as with the others'*. This contributes to the

perception that the ic-IBC has the '*lowest risk*' among the University's ic-IBCs.

The market environment is characterised by a healthy demand for an international qualification that will give them an '*edge over others*' in both Country U as well as outside the Country (AI13). Students '*view higher education ... a significant investment ... so a student wants to look at reputation and long term ... want to make sure you recover that money and a lot more in a quick period of time*' (AI13).

AI9 reported that the conversion of the FP arrangement to an ic-IBC was reported to TEQSA regularly '*in writing formally*' because it was a '*material change*'. On receiving clearance from TEQSA, the ic-IBC operation '*would come into our normal governance arrangement and TEQSA will look at that*' (AI5).

#### 7.2.4 Internal Inconsistency

AI14 reported that the conversion was effected through the University buying over the OP institute campus because the University '*prefers to own that campus in Country U rather than work with a partner*', and the University is '*now running it*'. He went on to explain that the OP '*has no role*', and that the University '*would basically operate the campus there as an extension of the University's home campus*', and employs its own administrative, marketing and other staff. These perspectives appear to be incongruent with the views of all the other informants who discussed the Country U operations and hence, AI14 is suspected to have been misinformed about the conversion.

#### 8.0 Country X TNE Serendipity (2017 to date)

The Country X TNE operation is another serendipitous development, the other being Country T ic-IBC. It was the result of the pull-out of an

Australian university (University C) from the original partnership. While this opportunity provided the University with access to the MM region (AI20), it also positioned the University in very new, '*unchartered territory*' (AI1) and crowded market (AI12), and thus expose the University to high risks of failure (AI1, AI9). Ultimately, University C reversed its decision to pull out of Country X, and continued its IBC operation with another OP.

### 8.1 A Serendipitous Takeover

The Country X OP had been the infrastructure partner of University C in running University C's IBC until the University decided to pull out of the Country. AI7 commented that the relationship probably '*soured*'. The OP then started to approach various Australian universities to continue with the IBC ('*was looking for anyone ... they got knocked back a few times until they went with University A*' – AI17). AI17 believes that University C had introduced the opportunity to University A '*initially*', and the University was '*enquiring ... is it something that University A would take on?*'. AI20 asserted that the OP approached the University about taking over University C's programs.

The discussions for the takeover of the University C IBC '*started ... in about 2012*', and '*went slow for quite some time ... because it was at the end of the previous VC's term*' (AI17). Even when the new VC came on-board in 2013, the discussions were still not in earnest – until around 2015/2016 when it '*started pushing ahead*' under the new VC (AI17). The arrangement was finally concluded in 2017, and the first cohort of students started in January 2018 (AI9).

AI9, who is a manager responsible for compliance, reported that there was a '*long approval process*' for the Country X ic-IBC, because '*Council wanted to know a lot about it ... and you have to convince a lot of people that it's a good idea*'. AI9 also commented that the University did conduct a market survey before starting the operation, and that '*there's still a*



*niche for us'. AI13 was 'sure this group (International Office) and the senior executive team ... would basically be making informed decisions ... pretty certain that University A perhaps also employs outside consultants to do this market research and then give them advice on what would be the better thing in getting into X ... whether that would be worthwhile'. Subsequently, AI14 reportedly relied on the OP to conduct the market research for a new MBA program, and admitted that 'I don't think we looked at the market deeply enough' since 'we're a little bit unsure at the moment whether we have the right MBA product in that market'.*

However, some other informants are of the view that the University had not done any market research ('*we didn't do that for X*' – AI20), or that the market survey was flawed ('*we claim to do market research for these new locations ... I don't know how accurate this market research is*' – AI7), or '*whether we adhere to what the reports come out*' (AI7). These dissenting views might have arisen from the notion that the market in Country X is a '*flooded market*' (AI12), and that the '*very, very poor*' numbers (AI7) of the first intake seem to confirm that notion. AI20 also doubted the conduct or quality of the market survey since there was no attempt at '*differentiating from the other programs there*' but '*we decided to continue with the same programs University C was offering ... does that make sense that we're offering the exact same courses that University C is offering, and they're staying there?*'.

University A essentially took over all the existing programs (AI20) of University C, and operated from the existing University C IBC premises (AI19). The University A ic-IBC has plans to '*ultimately ... have a free-standing ... campus where we can offer that comparable campus experience with full faculties*' (AI19).

AI11 noted that the takeover '*was in some ways opportunistic because we wouldn't have moved into X on our own ... we would need a partner*

*and an opportunity arose because another university was planning on leaving X ... and their partner was looking for an alternative'. It was insightful when AI11 went on to explain that the University 'wouldn't do it ourselves' because of the high costs and the University's lack of expertise in such a 'completely new market for us'. AI11 added that 'we would have little idea of what to do ... how much to charge students, how to market to students, and how to deal with the local economy and so on; we just don't have the expertise'.*

In an interesting twist, University C later *'decided not to pull out ... they decided they wanted to stay in Country X but they wanted a new partner'* (AI20). AI17 commented that the change of heart at University C was probably because of the influence of the *'new Vice Chancellor ... there was a view that it was strategically important for University C to have a presence in Country X ... so ... University C is in the process of continuing with a new OP'*. The University C IBC is still *'sharing the same location ... and ... probably going to look at a new location'* (AI17).

## 8.2 Performance of TNE Operation

The Country X ic-IBC started with its first cohort of students in January 2018 (AI17). While AI20 commented that *'it's been quiet to start with as expected'*, AI7 is of the view that *'the numbers are very, very poor'*. AI9 thinks that the small number of students in this intake was because the ic-IBC was *'still establishing our brand ... it's going to take some time'*. This is despite the operation having taken three years *'to get it off the ground'* (AI9).

The January intake was expected to be a low enrolment intake; it was *'not a traditionally big uptake of new students'* (AI9). *'Country X's high school finishes at a different time ... northern hemisphere ... their biggest intake is in September'* (AI7). AI9 remarked that *'it is too early to tell really and the real litmus test is going to be around September this year'*

*when we have an intake'. AI8 who will be coordinating a study unit in September 'don't know if they'll run'. He is worried that 'if it runs with only three students, it's not going to be the top of the experience ... cause the workshops that I run are quite interactive and you want teams to form and do things'. His concern is with the OP dictating that the study unit be run despite a small cohort - to ensure 'their ability to graduate'. AI9 'predict it's still going to be quite low (new enrolments) because we are still establishing our brand'.*

Several informants agree that the low new enrolments at this stage of the ic-IBC's development were due to insufficient branding ('*we haven't done enough branding*' – AI20; '*still establishing our brand*' – AI9). AI17 described the ic-IBC as '*definitely in infancy*', while AI19 commented that '*for green fields site, I think it would take us a while*'. AI20 is of the view that the University '*probably have the highest ranking of all the universities there ...so we just need to keep driving the rankings, and say, we're quality, we're quality, we're quality, we're global, we're great programs, great research, QS, ARWU (Academic Ranking of World Universities) ... I think that ... has to be a very strong message because the programs we're offering is offered in every other location as well by most other institutions*'. AI9 agreed that '*we have got a good brand*' but doubted that the brand '*extends to the MM region*'.

Some other informants are more scathing in their remarks about the viability of the new ic-IBC. AI12 exclaimed '*I don't know why*' the University entered that market, and that '*everybody's going 'why?' ... 99% of people ... are against X ... it's a flooded market ... we're unknown in X ... why starting up TNE when it's a flooded market? ... so, there's lots of opposition*'. AI12 added that the decision '*almost smells like ... one of the decisions of the past*', where '*agreements were signed over drinks and dinner, KPI-driven for numbers only*'. Sharing the views of the schools, AI7 related that '*we were promised very high numbers from the*

*partner, that has not eventuated ... a lot of the schools turning round and saying 'I told you so; I told you so'.*

AI20 compared the Country X ic-IBC with the Country V ic-IBC, and remarked that it *'really needs to establish what is the identity ... you can't just be another campus there'*. AI12 also made the same comparison, identifying *'how we position ourselves on what is the value'* of the ic-IBC's deliverables in Country X.

### 8.3 Partners' Motivations

AI1 commented that the Country X ic-IBC was *'much more strategic'* because of focus on the MM region, but also *'opportunistic'* (referring to the serendipitous circumstances leading to the start up) for the University. AI3 agreed that *'it looks like a strategic opportunity'*. It provided a *'gateway for us to attract students from non-traditional markets ... and also a place where students who may not qualify for a visa for Australia, could get a visa for that location'* (AI17). In addition, the location provided the University *'access to the AA region'* (AI2).

The University's rationale for being in Country X was also noted to be *'actually the research, ... the potential research funding'*, being able to network with *'those corporations that are based in X who are potential research partners'*, and to have a location that is a *'half-way link between Europe and Australia'* (AI19). Although research has been incorporated in the relationship, AI1 expects some resistance from the OP *'similar in X (to Country V)'*.

Student mobility was another reported motivation of the University in starting the ic-IBC in Country X. AI7 (an experienced TNE manager who does not have Strategic responsibilities) reported that, despite *'lots of opposition ... at the end of the day, the VC wanted it ... so, we moved with it ... student mobility ... I think that was the VC's reason'*.

There were some staff who could not understand why the University would agree to operate TNE in a crowded market. This was reported by AI12 that *'quite a few of us ... surprised because of everything we had gone through to reduce some number of partners, ... financially a good decision to get rid of those that couldn't meet student number quotas, that weren't meeting in terms of performance and quality, to then have the University sign up with X, it's like, really?'*.

There was also concern that, despite the market being *'an unknown ... very very new, ... financially, (it was) not a good decision'*, and that *'we've had some ethical dilemmas ... (it) appears to have come about because of the relationship ... our new PVCI already had with the senior people running that ... institute'*, and *'based not on the market research'* (AI12). AI12, an academic, concluded that *'clearly I think it's a political decision that outweighs the financial value at this point in time ... maybe it's a longer term strategy that the rest of us are missing'*.

The OP passed muster because *'they're considered to be stable'* (AI14). AI1 believes that the OP is in the collaboration because of *'money, profile and reach'*; the OP is already *'very active in the AA region, which is good for us'*. It was reported by several informants that the financial arrangement was tipped in the OP's favour, e.g., *'the financial model is certainly, from what I understand, is in favor of X and not us ... so it's actually costing us'* (AI12). AI20 rued that the University *'don't get much ... it is a very, very small percentage; these are our courses ... and they are paying the business partner, not us ... so, in that sense, at what cost are we selling University A brand, or are we under-selling it?'*. But the low pricing is possibly a strategy to penetrate the new market (AI20).

There is a possibility that the operation might become a burden to the University. AI12 reported that *'I've heard it said that ... the financials ... works very much in the OP's favour; that in a statement that's been*

*floating around, that's a big mistake that we will financially be carrying around for the next 20 years'. Further, AI9 recognised that 'financial is a big part of ... risk' of operating in 'X ... quite a different place'.*

#### 8.4 Business Delivery Model

The business delivery model at Country X is similar to the ic-IBCs of Countries T, V and U, except that when the University is awarded the licence to operate the IBC, the approving authority also *'give you an entity as well which is a corporate vehicle which you can use to hire people'* (AI9).

Similar to the other ic-IBCs, it is an asset-light model where *'other people invest in infrastructure and the people, and we provide the intellectual property and the academic integrity and quality as well'* (AI11). AI17 clarified that *'the partner is in-charge of infrastructure, buildings, hiring of suitably qualified staff ... and the University is responsible for QA, and quality control, appointment of lecturers, and all academic matters and affairs'*. AI10 confirmed that *'a requirement of the X government (is) that you needed to have an infrastructure partner'*.

AI7 noted that *'there is a bit of friction there (with the OP), in finetuning units ... because X's gone completely different study periods to the others'*. *'That's a bit of a bugbear with the unit controllers (or unit coordinators) because they have to write separate unit outlines for the different study periods ... then, we have to make sure that all the assessments, the tests, mid-semester tests are written as well'* (AI7). Further, *'the schools are so stretched as it is now, because you can't have a push for research as well as be ... stretched ... because the admin involved for the unit controller (or unit coordinator) is phenomenal'* (AI7).

AI7 thinks that these complications could have been better handled if the University decision-makers have paid *'enough attention'* and listened *'to people who are in the know'*, e.g., on the topic of *'study periods'*. AI7 also remarked that *'we're happy to sign off contracts where we have these (senior decision-makers at the faculties) saying we'll go ahead with it without asking relevant questions ... drill down ... how are we going to resource this?'*.

The additional work in supporting the ic-IBC's dissimilar teaching periods was unwelcome especially when the *'promised very high numbers from the partner ... has not eventuated'* (AI7). AI7 articulated the perception that the University *'just wanted to see a branch campus open, and ... be associated with it, and now it is left to the admin staff to clean it up'*, but also acknowledged that since *'we're in X for 20 years ... we have to make it work'*.

## 8.5 Operating Environment

AI11 noted that Country X is a *'completely new market for us'*. There are Australian universities there but *'they are not particularly big'* (AI20). This is in contrast to the European brands which are *'very strong'*, and Asian universities that are *'a lot cheaper'* (AI9).

Country X's regulatory environment has been described as *'clear and you know where you stand ... the government makes it very clear, these are the rules, this is how you register, this is what you will be classed as when you register, this is what we are going to do annually ... they are very clear, very prescriptive'* (AI9). AI19 further noted that the regulatory environment *'suits TNE, and they're looking to expand ... they have international student markets'*.

On the other hand, the operating environment *'could be a challenge in particular ways ... around the law ... around a whole range of different*

*social issues and how it affects us'* (AI2). As an example, AI17 identified cultural and social limitations prescribed by the authorities in Country X, because the Country is *'one of the more challenging locations ... for any university ... because ... come through as different to Australia ... all the support for LGBT and stuff like that'*. AI19 agreed, saying that *'one of the issues that we have in most of the locations is around homosexuality ... for University A ethics and for University A policies and University A procedures'*.

To date, the University is *'reasonably comfortable at the moment ... we have to see, we have to try it out'* because the *'political environment ... legislative frameworks, the business environment, the political social environment all have a bearing on what you can or can't do'* (AI2). AI17 added that *'you contextualise what you do'*.

#### 9.0 There is Still Space for FPs (2001 to date)

The University's preference for ic-IBCs seems to be crowding out FPs. AI3 explained that FPs are now avoided *'from a quality perspective, and certainly from a branding perspective'*. This perception is only partially true with respect to Business programs – due to the quality imposts of the BSA accreditation on the UBS (AI13). The ic-IBCs are considered *'a lot less risky'* because of the *'greater control'* over academic quality, and hence we would expect to see *'not too many partnerships with universities in terms of courses (i.e., limited range of FPs)'* (AI13).

AI3 also rued the fact that FPs posed *'a much higher risk'* as a result of the OP having to *'deal with ... 25 - 30 different sets of universities'*. AI11 added that *'when you have a limited range of programs, that is not a campus'*. While the preference is for ic-IBCs, the University still uses a range of *'different models'* like *'campuses, articulation, onshore, offshore ... to diversify its risk'* (AI4).



AI14 argued that *'franchising went out of favour with most universities ... particularly Australian universities because it was just a dangerous risky game'*, quoting the experience of *'the University of New South Wales ... they lost an awful lot of money'* in their aborted Singapore campus. However, AI14 also noted that *'you will still find that, for example, many British universities franchised their units in ... Singapore, in a way that Australian universities tend not to'*, and quoted an Australian exception, *'Murdoch (which) is in an arrangement with Kaplan'*.

### 9.1 University Motivation for FPs

AI11 is of the view that *'there is space for them (FPs)'*, but that these do not constitute *'a major part of what we do ... now'*. Some of these FPs *'are important'*, e.g., the *'mature'* YSR FP arrangement *'is important ... very much because of the community-building type status of that particular arrangement rather than commercial ... and I don't think it is a big supplier of students here, into Australia ... it is sort of an unusual arrangement'* (AI11). The OP's motivation for delivering these FPs is for *'upskilling'* staff, while for the University, they are helpful in *'cross-selling'* the University's *'leadership programs'* (AI2). In the case of a *'joint PhD'* program with a prestigious technology institute of Country Q, the University's motivation is strategic (AI13).

The WSL FP arrangement is a faculty-level collaboration that is regulated through the central International Office (UIO) (AI5). AI17 noted that this collaboration provided the University *'access to a lot of ... Country W students ... where you wouldn't normally ... where if University A ... didn't have a presence in Country W, it would slip'*. AI17 clarified that the FP's *'location has to be strategic'* to access large student cohorts.

In Country O, the collaborations are a combination of articulation and TNE delivery, where upon graduation, *'they get a Bachelor's degree from their university and a Bachelor's degree from our university'* (AI19).

Although the University *'don't make much money ... it brings students here, to Australia'* (AI11).

## 9.2 The FP Delivery Model

Some staff of the University referred to FPs as *'partnerships'* (AI11), distinguishing them from the ic-IBCs which are referred to as *'campuses'* (AI7). FPs were also known as *'twinning programs ... but when you look at it really objectively, it's very similar to the franchise model but it isn't a franchise agreement ... (where a) franchise agreement ... really labels a franchisee, franchisor, this is not like that'* (AI9). AI11 concluded that *'effectively in a business sense, they are a form of franchise'*, or traditionally known as the business format franchise, as discussed in Section 2.5.3.

In the past, there is really no one FP delivery model (*'franchised programs ... each model is different ... so, it's really hard to put them all in one basket, and say this is how they operated, and this is good and that was bad'* – AI20). While it was clearly the responsibility of the OP to *'do all the marketing; they hire all the local staff'* (AI14), AI7 explained that the FPs varied mainly in terms of the roles and responsibilities of the OPs in areas like admissions, teaching and marking of assessments. They also varied in the mode of payment of royalties (AI20). There was even variation between faculties, e.g., the extent of offshore teaching by faculty staff (AI20). There seems to be a tacit concurrence within the University *'to allow them (i.e., the OPs) to run them at their way'* (AI20). This concurrence might have prompted AI10 to describe the FP model as *'largely hands-off'* because *'you are giving control over your IP largely to a different operator'*.

AI20 explained that, in the past four years, the FPs that the University still runs have been transitioned to be *'conformed ... more to University A policy and procedures'*, and the processes governing FPs have been

changed, including *'getting students to enrol directly with us, to pay directly to us'*. On offshore teaching visits, AI20 shared how *'because you had UBS that had a different model where they weren't sending staff ... it was more efficient ... economically ... we (i.e., the Faculty of Humanities) were advised to try and cut back on the teaching visits'*. AI20 concluded that *'now those offshore programs look very similar to a campus'*.

Following AI20's comments about FPs looking very similar to ic-IBCs, it was interesting to note AI11's explanation about how the Country U FP (UCT) was converted into an ic-IBC (UCM) – *'UCT has been a long-standing arrangement and it's been converted from ... something that is delivered in the name of the partner to something that is now regarded as a University A campus ... it's as much about branding and about how it is presented to the student as much as it is about a change in the arrangement ... there is no fundamental change in terms of the underlying financial and commercial arrangement really ... in many sense'*. Similarly, AI13 said that *'basically it's the same structure, same staff, there is no change just rebranding ... its basically UCT, it's just being re-modeled and re-branded'*.

It was quite surprising to hear AI6 report that the University *'developed strategic plans for each of those campuses (i.e., ic-IBCs) ... (but) we don't have strategic plans for these (i.e., FPs) because they are outsourced models'*. AI6 clarified that *'but for each of these, they've become part of a bigger machine (i.e., the University's global university vision); and that is a benefit ... becomes more sustainable in a way'*, reflecting the hope that the University's ic-IBCs will cross-subsidise the FPs. AI11 added the hope that *'we can link them into a campus arrangement'* in the future, as in AI5's view, *'perhaps in the fullness of time, they might show the promise to become more of an IBC like in Country U'*.

### 9.3 Challenges in Delivering FPs

Although somewhat below the radar, FPs are not immune to challenges arising from regulatory and cultural differences, and operational weaknesses. In fact, FPs *'create potentials for quality issues'*. AI20 related how the Country Y authorities insisted that student fees must be paid to the host country partner, despite a TEQSA requirement for fees to be paid directly to the University. In order to operate in Country Y, the University had to explain the anomaly to TEQSA and yield to the local regulations.

AI7 also reported difficulties encountered in managing the WSL FP, that are of a cultural nature. These relate to students turning up late and enrolling late, which required the back-dating of applications, resulting in *'a cost factor, time factor and people get frustrated'*. AI7 and her team had to be more proactive by alerting students of deadline well ahead of time in an effort to *'reduce the incidences ... and try and change that culture'*. The team also *'had a big issue with ... plagiarism ... they didn't see it as plagiarism'*, and *'so a lot of effort was put in place from University A to try and change ... the whole notion of plagiarism'*.

AI10 remarked that FPs are *'largely hands-off'*, and while *'so to some degree, the franchisee is taking the risk in terms of student recruitment, taking the risk in terms of most of the costs, is taking the risks certainly in terms of capital investments, ... there are however, significant risks ... because you are outsourcing all of these aspects but also you are giving control over your IP largely to a different operator'*. He explained that there are risks in the *'operator not delivering your IP properly, the risk of them using staff that are not properly equipped to deliver the IP, the risk that they won't deliver the IP in the style that you would want it delivered because obviously their costs, space and methods of delivery are not yours poses significant risks to the university in as much as it can*

*damage the brand ... because the degrees are being marketed ... as University A degrees*'.

#### 9.4 Termination of FPs

The consensus on the reasons for FP terminations over the years has been poor quality students admitted (AI13), poor *'quality facilities ... (and) teaching staff* (AI6), poor quality students and academic results (AI6), *'issues with strategic alignment and quality'* (AI5), and *'viability in terms of numbers of students, and ... quality of students'* (AI4). AI14 noted that the *'major problem from University A's perspective is that franchised arrangements create potentials for quality issues'*, and are hence *'avoided'* (AI3).

More recently, with the *'University ... so focused on rankings'* (AI12), AI11 reported that *'as University A has become more highly ranked and is trying to grow its reputation, locally and globally'*, the University is moving away from FPs, and towards ic-IBCs.

When asked if OPs were incapable of meeting the University's expectations, AI11 disagreed, and explained that *'they absolutely can and have in the case of UCT ... we put a lot of focus around the consistency of student experience around the world'*. However, if OPs continuously ignore *'red flags'* in reviews such as student satisfaction surveys, and there is no *'buy-in'* to improve, *'you've got to terminate'* (AI9). Such was the situation in Country T when the University decided to let lapse the TMC FP because it was a *'poor quality provider'* (AI12), despite it contributing *'a major stream of students (to the home campus) for a long, long time ... (and) very commercially successful'* (AI3). AI13 added that TMC's OP did not meet the new BSA accreditation requirements as it was a *'small institute'*; this might be a misinformation on AI13's part because the University continues to operate FPs with small institutions such as WSL.

AI1 reported that terminations '*create some difficult relationships ... limits your opportunities*', quoting the experience in Country T where the University could not re-start any TNE operation for many years after, due to the reputational impact of the termination. AI1 also added that '*teachouts (are) built into costs*' at the contract negotiation stage.

#### 10.0 University A TNE Value Chain Activities

The University has had a '*long history working with partners*' (AI19), and as a result, have developed very comprehensive TNE management and monitoring policies and processes ('*well-developed processes*' – AI19), in compliance with University A policies on teaching and learning, research, and community engagement (AI5). These comprehensive ('*large number*' of processes – AI5) value chain activities were a far cry from the rudimentary processes of the University's early TNE years, which were on retrospect, '*not at appropriate standards*' (AI6, Section App I 1.0). Unsurprisingly, the rather lax processes of the early years contributed to low quality students admitted with '*sceptical entry*' qualifications and producing '*woeful*' pass rates (AI13), which impacted the University's reputation (AI2, AI19).

The early TNE years were characterised by '*basically outsourcing something ... providing IP through the programs that are being taught ... moderating assessments*', which translate into the University having '*a little less control*' and '*assuming more risk*' (AI6). Its current comprehensive value chain activities are now geared to ensure delivery at '*comparable experience offshore*' (AI19) and deliver on the University's three roles of '*community engagement, research and teaching ... so it will be fully-fledged university ... rather than ... if it's just teaching then that's really not a campus*' (AI10). AI19 further clarified that '*our model now is that we develop content, we control content, we moderate content and quality from Australia, ... we control all academic*

*matters ... they control delivery*'. These commitments necessarily imply that the University's preference is for ic-IBCs, rather than FPs.

One would think that the policies and processes governing ic-IBCs and FPs would be patently different. However, AI7 claimed that *'the same labour is involved ... operationally, we're still providing the same thing, same functionality regardless'*. AI19 added that *'in fact, a lot of our operations are really franchised agreements ... they're not branch campuses in the true sense of what the industry understands them ... we call them branch campuses, but ... we represent them to our accrediting bodies actually as franchised arrangements ... (except for TSW which 'is a little bit different because it's a joint-venture') so from a franchising perspective, that's actually what they are'*. This Section will examine the value chain activities involved in both ic-IBCs and FPs, and attempt to identify the differences.

#### 10.1 Starting Up

In the past, the initiation of TNE operations was undertaken mostly by the schools, and especially by the highly entrepreneurial UBS (AI7). Citing other industries that go offshore, AI14 described how *'businesses get involved in joint-ventures; some businesses go over ... partly like University A and set up a kind of a green field site from scratch ... other universities might franchise its product into that market ... in many ways, international education operates like many other businesses, asking 'How can we expand our business globally? What models are available to us, and which models suits us best, given our strategic, mission and so on?'*.

AI18 described the current process of approval for new TNE operations as being centralised. The initiation is now *'done by the DVCI's office ... done centrally ... it's become much more central'*. Schools *'might put forward a recommendation of an opportunity, but it will have to go*

*through the faculty ... it would be determined by central'. The central team will 'have to do their due diligence ... that it's strategic, it's viable, and ... make sure you have safeguards ... a viable relationship ... organisations and institutions that have come forward ... provide evidence of what they've done ... show what they have achieved with other partners'.*

The rationale for the centralisation of the approval process is because the central team, consisting of specialists in strategy, finance, operations, risk management, *'are responsible for making the right choices, and committing to strategic and financial ... and making sure all the due diligence ... contracts ... that that's absolutely critical ... that they do make the right decisions on behalf of the University'* (AI18). It is also critical that there is buy-in from senior management, and that decisions are clearly and consistently communicated to all involved (*'it makes a huge difference when you've got buy-in from the very top; from the Vice-Chancellor down ... and ... really, consistently telling the message to all staff* – AI9).

The approval process, which can take up to 18 months (AI1), involves developing a comprehensive business plan that includes *'understanding the market, understanding the risks, the return ... how much we are going to gain or lose. ... an exit strategy if we have to go ... contracts, so all the legal stuff and also understanding who does what'* (AI4).

While the centralisation above applies to all campus arrangements, there is evidence that some existing FPs might have been set up via memoranda of understanding between the Faculty and the OP. AI13 mentioned one such FP, where *'joint PhD programs that we have got with Country Q's Technology University partner ... is still through MOUs'*. AI5 reported that WSL, which commenced in 2001, *'operates at a faculty level; not at a uni-to-uni level'*. It is likely that these TNE operations are legacy operations that were set up prior to the centralisation of TNE



approvals. This is evidenced by AI20's description of TEQSA's involvement in the more recent 2006 set up of the YSR FP operation.

In retrospect, AI20 is of the view that the University needs to *'One, be proactive; two, do your research; three, make sure that you understand all the local drivers like government policy, financial, economic, all those things that could impact the success of the program, the competitive landscape, really ... do that assessment first ... and then, before you make the announcements, make sure that you progress the process; you've got a contract; you've got government approval ... and then, you've got an implementation plan .. so, you've mapped out how it's going to work ... and of course, after it's been set up, then you need to do your regular checks'*.

## 10.2 Contractual Agreements

All of the University's TNE operations are specified in contractual agreements (AI19). AI6 reported that *'the key thing is mutually beneficial and that's where contract managers come to a point where at the end of the day, everyone ... has to leave happy with the contract that they have got'*. For the University, the objective of the contract is to ensure that *'minimum standards are adhered to'* (AI19). It is imperative that OPs *'understand the way we work and fit within that ... we are not dictators but it is University A'* (AI3).

### 10.2.1 Improvement in the University's TNE Contracts

AI6 remarked that previous contracts have been found wanting (*'historically it's been one of our weaknesses ... contracts ... have ... been developed in isolation of each other, in isolation of our strategies ... it was abit fragmented'*). The content of current contracts have been updated within the last 12 months, and have benefited from the University having *'negotiated a lot of contracts'* in the past. They are now

considered more comprehensive and consistent *'in what we asked for'*. This includes the requirement for *'minimum numbers that the TNE (i.e., the OP) pays for irrespective of how many (students) are actually enrolled'* (AI12).

It would also seem that the University *'has gotten better at working out who they want to be in partnerships with and doing the contracts around that ... I think we're probably naive around 10 years ago ... whereas I think now they are much more mature in terms of their approach around that'* (AI4).

#### 10.2.2 Comprehensiveness of TNE Contracts

These comprehensive contracts cover detailed requirements *'like the number of computers per student in student labs ... the internet connectivity, the level of support that students get ... the software ... those things are all dictated and all defined'* (AI19). AI4 added that monitoring processes and review points are *'built into the contract'*, while AI5 explained that these *'contracts have a period built into them and review provisions and they have KPIs (key performance indicators) ... research ... and provisions ... if certain things happen for them to ... revisit'* the KPIs.

AI7 seems to disagree with the perception that these contracts are comprehensive, when she reported that TNE processes are *'not in any contract'*, and since *'each contract is different ... we try to align where we can'* based on her team's extensive TNE experience. AI7's remarks indicate that detailed operational processes might not be codified within these TNE contracts.

### 10.2.3 Duration of TNE Contracts

It seems that newer contracts are signed for very long periods, e.g., 10 years (AI1) or 20 years (AI12). AI1 commented that *'even if we were in a contract that's 10 years long, we're really looking at 20, 50 years ahead'*, reflecting the University's long-term view of TNE participation. On which party would lose most in the event of a termination, AI1 is of the view that both would lose equally because these collaborations are *'long-term'* in nature.

AI5 is of the view that these contracts are very comprehensive and do not require re-visiting; that most disagreements arise from *'the issue of levels of enrolments'*. AI17's experience with *'managing these contracts is the only time we looked at the contract is when there's a problem ... it's usually because we're trying to hold the partner responsible for their end of the bargain'*.

### 10.2.4 Negotiating Power or Relationship?

AI17 is of the view that *'the University holds a lot of power over the partner'* because *'the initial contract ... it's drafted by the University'*. The University's negotiating edge over its OPs also extend to contract renewals, as AI4 explained : that the VCS OP *'has been interesting over the years ... they've pushed back a fair bit ... there's sort of a new contract ... there's been some push back by the University on that because I think the University is more mature in its processes around managing those things'*.

But *'once the operations commence, then I think the partner wields a bit more power in terms of making amendments or deeds of variation to the contract'* (AI17). AI17 went on to explain that the OP usually *'put very optimistic figures in those projections to lure the University'* into the arrangement, which includes *'a financial plan with estimated student*

*numbers*'. However, *'after the operation commences, then the partner has the potential to tell the University that they're not able to get those student numbers because of certain barriers that the University's putting up in terms of the admissions standards or stuff about ... timetables or study periods'*. More specifically, AI14 thinks that *'our partner there (i.e., the OP of the recently started XCD operation) can be a little bit over confident ... but I think they will learn if they have not learnt already that it's not going to be a market where you can move in and suddenly acquire a thousand students'*.

AI19 similarly believes that the University has greater bargaining power, by virtue of its *'not equal'* position as the principal *'contracting a service provider'* in a *'sub-contract arrangement'* and that *'all of the academic control sits here (i.e., University A home campus)'*. This *'not equal'* superiority of the University extends to its participation in the TSW ic-IBC, a *'50-50 joint-venture enterprise'*. However, AI19 believes that after *'we get the contract signed ... we agree on all of the contractual terms, and then, we put the contract aside and its about our relationship'*. AI19 added that *'if we are going back to contract terms and conditions, and saying, 'You have to do this because of this', and that's either party ... then, we've got our relationship wrong'*.

The success of the TNE arrangement relies on *'a lot of trust and respect'* (AI19). AI6 expanded on this further, saying *'you have to be very respectful of their (OPs) ambitions and their vision ... what you're really doing is trying to augment the journey or enhance the journey that they're on by supporting where they want to go, and aligning it to your own strategy ... so, the key thing is mutually beneficial and that's where contract negotiations come to a point where at the end of the day everyone leaves ... happy with the contracts that they have got'*. Further, referring to conflict resolution, AI6 added that *'it's always a conversation ... you raise issues; you work through those ... and you negotiate the outcomes'*.

### 10.3 University Infrastructure

To operate offshore, TNE programs require physical infrastructure such as classrooms, laboratories and libraries (AI11). In fact, these *'bricks and mortar ... are a huge part'* of TNE operations (AI4). And indeed, *'the cost of the investment and infrastructure ... that's not a small amount either'* (AI11).

But more specifically, the success of the TNE operation hinge substantially on *'quality facilities in the right locations'*, and the TSW location was quoted as an example of the *'best place to have a university'* (AI6). On the other hand, the University is considering moving the VCS campus as *'it's not an ideal location for it'* (AI6). This campus move was mooted in *'working group meetings'* (AI19), responding to student dissatisfactions around *'the actual location, the access to food and beverages'* which were picked up from *'annual reviews ... of KPIs ... on facilities'* (AI9).

Interestingly, when the University took over the Country X TNE operation, the OP was looking for a new university partner to make use of its *'communication facilities'* that were invested while in partnership with the previous university partner – a case of a solution looking for a problem? (WS 2018).

#### 10.3.1 Components of University Infrastructure

The amount of investment in infrastructure is obviously less for FPs compared to IBCs (*'As we moved to a campus arrangement, we require a lot more from our partner than we would do if we're just a ... one or two courses delivered by a partner in a non-campus arrangement'* – AI11).

Operating FPs within OPs' own infrastructure implies the use of the OPs' own existing infrastructure, perhaps with some modifications to meet the requirements of each franchised program. This contrasts with the operation of an IBC (and in the case of University A, an c-IBC), where the campus is custom-designed such that *'once you walk into a building, it should look exactly the same as University A'* (A17). A16 further described *'each of the different campuses have ... (University A) look and feel ... so, if you walked into the XCD campus, you will feel like you've just walked into Building 409 or 407 ... and the branding is the same; the signage is the same; the furniture is the same ... you feel like you're in University A ... designed to look like that'*.

This detailed attention to ensure a University A look and feel is part of the University's global university vision of providing *'comparable ... University standard facilities'* (A11), *'comparable campus experience'*, and the *'same level of satisfaction ... the same level of experience'* (A19), benchmarks that are inherent in TEQSA requirements (Section App I 5.2e). A11 did acknowledge that these campuses were *'never going to be as big as here (home campus)'*. Similarly A15, who operates in one of the campuses, commented that the campus that she works in is *'a smaller scale'* version of the home campus.

Apart from the look and feel, and furnishings, the TNE infrastructure includes *'land'* (A10, A15), *'buildings'* (A14, A17), *'classrooms and labs'* (A11), *'IT, internet access, and access to library databases'* (A11), and computer software (A19). The facilities might be owned or they might be leased (A11). In all ic-IBC cases, the University's aspiration is to operate out of stand-alone facilities (e.g., TSW, VCS and UCM). To this end, the new XCD operation which currently operates out of a floor of a shared building, will be moved into *'a free-standing Country X University A campus where we can offer that comparable campus experience with full faculties in there as you would set up here ... that is our ultimate aim'* (A19).

TNE infrastructure also includes ‘*research infrastructure*’, which only a small number of OPs can appreciate and value, e.g., the OP of TSW, which is ‘*not a company that’s out for money and ... they want to build research infrastructure; they want to be enhancing the possibility of research ... so they see it as a benefit*’. (AI10). AI10 continued that the University might need to ‘*put resources into Countries V, X and U to get the partners to see that ... but over time if we can show the benefits of research, then obviously that will be built into the financial model*’. This research aspiration is clearly not an impost on FP business delivery models, as these operations are highly focussed on teaching – except in the Country Q joint PhD operation (AI13).

These detailed requirements are clearly defined in the TNE contracts, as AI19 explained ‘*things like the number of computers per student in student labs – that’s all defined in our contract ... the internet connectivity, the level of support that students get ... the software required – those things are all dictated and all defined in our contracts*’. AI1 added that ‘*we’ve got to have University A standard facilities; so whether it’s classrooms, laboratories ... that’s just written into the contract*’.

### 10.3.2 University Preference for Asset-light Business Delivery Model

Contrasting the University’s ic-IBCs to its own regional Australian campus, AI2 commented that the University has ‘*no responsibility for infrastructure*’ in the operation of ic-IBCs. In fact, AI14 remarked that it is ‘*not possible*’ for the University to provide TNE infrastructure offshore. AI11 clarified that ‘*our model is that other people invest in infrastructure and the people, and we provide the intellectual property and the academic integrity and quality as well*’. This is preferred because it is ‘*a less expensive option*’, which comes with a small cost, i.e., ‘*you’re*

*basically giving your brand or your name, but the infrastructure is established with the local' OP (AI14).*

Further, *'having a branch campus is risky because you own the equity' (AI13). 'We are not only comfortable but that's the model (asset light model) that we preferred to go with because we don't want to take the risk of putting in capital but we want to get the benefits of having what we call a campus' (AI10). The leveraging off the OP's facilities 'removed the risk of capital investment... maintenance... don't need to lease ... building ... but what you're giving up as a result of that is a slice of your revenue' for the University (AI6). This leveraging for both FPs and ic-IBCs reflects a risk averse approach towards offshore infrastructure investments on the part of the University.*

AI1 explained that *'they (OP) give us the vehicle to be present in a market ... earning significant amounts of income, ... able to develop research in those areas, increasing our profile'. The asset-light model applies to both FPs as well as ic-IBC, where the University 'don't really own them, but we are operating in partnership with someone' (AI6), except in the case of TSW, where the University has some equity (Section App I 2.5). The campus is part of brand-building, which 'assist(s) in building our reputational capital in those regions which improves our rankings on the QS and THE surveys ... which again lifts our status globally which in return stimulates student demand, both onshore international and at those campus locations and the ones that are outsourced' (AI6).*

### 10.3.3 OP Motivation for Infrastructure Investment

Most physical resources (AI1), including *'locations'* and *'hard infrastructure'* (AI19) are invested by the OP as an *'infrastructure provider'* (AI5), for both FPs and ic-IBCs. For most for-profit OPs, the reward is in sharing the revenue from teaching and providing services to



students (AI6, AI19). Some OPs also have additional interests in capacity-building, e.g., TSW and UCM, where the former is a State Government with interests in regional development (AI6, AI8), while the latter is a large conglomerate that has clear corporate social responsibilities in alleviating poverty (AI19). AI12 likens the model to a hotel management model, where the brand owner, Trump lends its name to the infrastructure owner, and gets paid for the use of the name. AI9 uses the Hyatt example of how the brand owner has to *'make sure the franchisee follow the standards'*.

Some facilities cost a lot more than others, e.g., *'labs and the facilities ... depending on the engineering'* for Engineering programs in Countries T and X (AI6). However, *'the rewards are high ... and at a particular price point of course ... engineers pay more than you might pay for an accounting program'* (AI6).

The physical infrastructure of TNE, especially custom-designed ic-IBCs are very costly investments (AI6, AI11, AI14). Therefore, an OP will necessarily have to be *'a partner of substance. ... an organisation with resources, and ... of substance'* (AI1). AI5 added that *'a lot of universities have come and gone, we managed to remain there, and this really requires your infrastructure provider ... to actually be really smart'*.

#### 10.4 Academic Administration

The University's academic administration infrastructure for TNE has traditionally been concentrated in UBS (under the Faculty of Commerce and Law) because the majority of TNE programs delivered came from UBS (AI3). The other faculties had very small numbers of offshore TNE students (AI5). UBS had an international office (UBSI) that acted as a *'post office'* between the schools that offered the TNE study units and the TNE OP (AI7). It's function was TNE administration, quality assurance and ensuring compliance to bring about risk reduction, and also oversight

of academic delivery (AI20). At one time, the UBSI had in excess of 40 staff to manage the more than 31 TNE operations, and there was hardly any lull period in the management of TNE operations at the UBSI (AI7).

#### 10.4.1 The Hub-and-spokes TNE Administration Model

With the move towards a global university vision, the University restructured its TNE academic administration into what has been known as the hub-and-spokes model to manage both FPs and ic-IBCs (AI20). The hub-and-spokes model started operating from January 1, 2018 (AI7). In the hub-and-spokes model, a central International Administration Office (IAO) functions as the main liaison or '*hub*' between the TNE OPs and the University's four faculties (*'the spokes'*). AI7 reported that '*once we have signed the contract, we (IAO) take over*'. The IAO acts as a single contact at the University for the OP, avoiding the need for the OP to liaise with multiple schools within the University (AI19). The team leader of the IAO reports to the central University International Office (UIO) (AI7).

The UBSI is the predecessor of the IAO, which now has a much smaller staffing force of two executives working under a highly experienced team leader (AI20). The reduced workforce at the IAO (compared to the UBSI) was made possible through a few deliberate changes in TNE policy, process and organisational structure (AI7). First, there was a '*change of practice*' in the way TNE was administered. This '*centralisation*' was effected by creating a central IAO that services the four faculties. It also entailed the '*clawing back*' of the approximately 28 teaching periods to a handful of teaching periods. Second, many of the UBSI functions were transferred to the schools (*'schools taking on more*' – AI7) through a prior exercise (in 2014) known as SKILL (pseudonym) which introduced an operating environment that rationalised the functions of each of the University's functional areas. The roll-out of this operating environment was part of the University's exercise in centralizing a number of back

office functions like finance, human resource management and marketing, as well as ensuring that all TNE students were treated the same as home campus students (AI20). This requirement to treat TNE students *'in the same way as a University A home campus student'* was the driver for transferring *'board of examiners'* and results collation *'back to the schools'*, a move that resulted in *'a big chunk of our time ... gone back to the school'* (AI7).

Third, a number of TNE functions were also transferred to the ic-IBCs (*'branch campuses have taken on a lot more responsibilities ... processing admissions, processing enrolments'* – AI7), including a recent trialling of unit coordination at two of the ic-IBCs (AI15, AI19). Fourth, the adoption of technology helped in cutting down a huge amount of work, e.g., *'online enrolments'*, the sending of assessment questions via electronic mail (*'we're able to send exams and tests by email ... we weren't allowed to do that fifteen years ago'* – AI7), and the provision of study materials via Blackboard, an virtual learning environment with an online course management system (AI19). The resulting IAO now functions with three staff with many lull periods when the staff would *'constantly ask if there's anything else we can do ... so, things have changed so much ... if you'd speak to the girls fifteen years ago, ... they wouldn't have time, any time in a day ... doing stuff'* (AI7).

#### 10.4.2 The Hub-and-spokes Model in Practice

The new hub-and-spokes model is still considered new and not fully operational. In fact, AI20 reported that *'we're still trying to iron out and understand what it means – the change'*, and that *'the model they'd settled on is really not the same as the hub-and-spokes model and my biggest criticism is that it was decided before it was considered how it would be implemented ... so now we're going through the process of trying to work it out; which is a much slower process than that of working it out at the start'*. AI20 added that *'it was just like a light bulb here and a*

*decision was made*'. In rolling out the hub-and-spokes model in 2018, AI20 had noticed that *'there've been some concerns that we're bending too much to the partners' needs, which is an issue that we had in the past ... we don't want to go back there again'*, indicating that the model might have weakened the University's governance of TNE operations.

The IAO is now responsible for a fewer number of functions, viz., administering the vetting of OP teaching staff to be *'faculty-sufficient for BSA'*, preparing study units to be offered at each TNE location, sending unit outlines and assessments to the OP, and liaising with University academics and the OP (AI7). It also functions to *'police the (TNE) situation'* because the *'schools refuse to take on'* the responsibility for assuring equivalence (AI7). AI7 clarified that *'if we weren't here, it would take a long time for the schools to treat other locations the same way they treated University A home campus' students'*.

Having been newly set up, the IAO has not fully assumed the functions of the Engineering Faculty (AI7). It is comfortable with the Nursing School (at the Faculty of Health) dealing directly with the Country V ic-IBC because of *'a very, very solid relationship'* with the ic-IBC, and the fact that the scope of work is *'much, much smaller'*, administering only *'one program'* (AI7).

From the perspective of the IAO manager (who was heading the UBSI previously), the hub-and-spokes model has resulted in a reduction of staffing and costs, and *'more ownership'* at each functional area and the OP (AI7). However, from the perspective of a Dean International (AI20), there was no difference at the faculty (*'I don't think we've saved money'* – AI20). AI20 reported that the faculty removed the Director International position, but the *'deputy heads of schools brought in other positions'*. Further, now *'there's no one with responsibility for international'* at the faculty (AI20).

AI20 complained that the heads of schools were by-passed by the IAO in some academic TNE decisions, which the IAO was not experienced to decide on (*'you can't get professional staff in the IAO making any sort of call on how that program is delivered ... they just don't have the expertise' – AI20*). AI20 also reported that there was insufficient communication between the OP and the schools (*'I think the more we talked, the more we collaborate, the more we share, the better it is for the both of us ... it's not competitive, we're not trying to ... knock someone else ... we're all part of the same organisation, and we can both benefit if we collaborate more closely'*).

AI8 is of the view that the new model resulted in *'not much support for the unit coordinators'* from the IAO. The unit coordinators were mostly supported by the faculty's teaching support staff, who provided services like *'creation of our Blackboard sites ... help with the inputting of results ... and upload to the University A system ... give us advice on changes to processes associated with Blackboard ... changes to the oLecture system (an online learning management system) ... also be involved when we find or suspect a student of academic misconduct'* (AI8).

In speaking *'from the angst that I receive from a unit coordinator'*, AI7 commented that the unit coordinators were *'disconnected from the partners'*, that *'they're just providing a unit outline ... somebody else is teaching but they have all the issues that go with results, and the workload that's involved in that ... they don't see the ... relationship there ... because, they're so far removed from it'*. AI7 also added that the unit coordinators who used to be paid for TNE work out-of-load (Section App I 1.5) *'know what it was like ... see these as extra work for no return'*. In describing the unit coordinators' disconnect, AI19 remarked that the unit coordinators *'largely never meet their (offshore) teaching staff'*.

The IAO staff are very experienced TNE executives, and having *'encountered so many obstacles over the years, we know how to*

*manipulate and get the things done*, and *align where we can when the contract is silent on certain processes* (A17). The team has also been working with some OP staff *for more than fifteen years ... they don't change ... I think they can trust us enough to know that we'll get things done for them and vice-versa* (A17). A17 is certain that *if we were to leave tomorrow, the three of us were to leave tomorrow, I think it would be difficult for somebody to just walk in, and take over*.

#### 10.4.3 Lingering TNE Academic Calendar Planning Challenges

While the University was able to reduce its multiple TNE teaching periods to a more manageable number, there were still many offshore teaching periods that were *totally out-of-sync* with the University's home campus teaching periods (A11), and still posed *a big issue* (A14). These study period *challenges* were mainly the result of market forces in locations where a northern hemisphere school calendar (A14) is practiced, e.g., in Countries V and X (A11). A18 explained that *they are aligned with the conditions in the local environment*.

In the past, some of the study units were run nine times in a year, and in one calculation, it was discovered that *38 units were run 300 times in a year* (A14). A14 labels this wide offering a *smorgasbord ... that's a huge amount of work ... busy work, ... it doesn't strain your brain, it just takes a lot of time*. A11 reported that each time a study unit is run, *you have to have additional set of exams, the course co-ordination around all of that ... there is a fair amount of work involved and that's why we tend not to do it for financial return first and foremost ... the revenue we get is likely eaten up by those additional things*. A14 described the unit coordination of this smorgasbord of study unit offerings as *hard work* and *complex ... writing the academic calendar is a nightmare but I'm not underestimating how difficult it would be to get some consistency around that*.

The crux of the academic calendar planning for TNE lies in the use of mainly semesters on the home campus, while TNE operations offshore need a combination of semesters and trimesters, but mainly trimesters (A18). A17 described how, over time, VCS was able to push for alignment of their study periods with the home campus because they *'have been in the game for awhile ... there was some sort of appeasement there'*; UCM is already in line with the home campus study periods. However, XCD is *'totally out-of-sync'* with the home campus (A11), and *'there is a bit of friction there, in finetuning units'*, because the *'OP is very strong'* (A17).

In exploring a solution, A14 asserted that *'look, I would go to a trimester system in a heartbeat ... I think it would be fantastic ... I think commercially, to say to an international student that 'you can come here and do your degree in two years instead of three', huge financial savings ... to kids here, 'you can get your degree in two years instead of three or two-and-a-half instead of four'*. A14 also remarked that *'Deakin's done it ... they are a big complex university, if they can do it, I don't see why we can't do it'*.

#### 10.4.4 Quality Assurance of Assessments

Previously, the University would not allow its OPs to mark its assessments, both continuous assessments as well as final examinations. Over the years, this regulation has loosened, and now Country T, U and X ic-IBCs are allowed to mark both continuous assessments and final examinations. Longer term, the *'vision is to get Country V's VCS on board with the rest, where they mark everything'* (A17).

One of the last, most tightly held academic processes is moderation, which is currently the responsibility of each participating faculty. A12 envisions the day when *'rather than moderation being us moderating them, I would want to see each of the partnerships moderating each*

*other ... we share the burden more*'. AI18 described this envisioned maturation of TNE assessment quality assurance as *'full integration'* with the host campus.

At the end of each teaching period, *'the teaching staff at location and the unit coordinator (at the home campus) ... have to look at any units that have a plus or minus 15% variation on the grades ... there has to be a specific report to examine what the problem is, or ... why it's so much higher; why it's so much lower'* (AI19). The rationale for the grade outcomes review is underpinned by the assumption that *'students do the same assessments, same exams, so ... if the quality of the students is the same, the outcomes would be similar'* (AI17).

#### 10.4.5 Ownership of Programs

The University has seen a *'maturation of ... strategies'* over the years, and *'it is so good to see that we've gone from ... 'here we are, here's our intellectual property, we'll tell you exactly what you should do' ... to the campus like TSW, where they're fully engaged with colleagues'* (AI18). The Country T ic-IBC, TSW having had a very long history, is considered having *'perhaps a higher level of autonomy'* compared to the other ic-IBCs (AI8). It was therefore not surprising that the ic-IBC there *'actually own a couple of their courses ... none of the other locations own courses ... the ic-IBC has their own PhD program and they have, like a Master of Policy Science ... which they actually owned'* (AI19).

#### 10.4.6 Monitoring of Academic Delivery

In order to comply with the University's policies and regulations, as well as meet external accreditation requirements (AI1, AI18), there is a need to regularly monitor compliance (*'of course, after it's been set up, then you need to do your regular checks'* – AI20). The objective is to ensure that *'our academic processes apply there (TNE locations) as they do*



*here ... so policies that we have around the academic stuff are the same policies and processes that they have to offer it the same way ... easier said than done'* (AI4) – part of the University's global university vision of a network of integrated universities, its quest for comparability of student experience, and compliance with TEQSA and BSA (Section App I 10.3a).

These regular monitoring exercises include '*quarterly reports*' and '*annual reports*', which AI20 thinks '*we've nailed that*', meaning that they are well established and working smoothly. AI19 added that '*it's not complex ... it's very structured*'. The annual reports review KPIs like '*pass rates, retention rates, student enrolment, ... student enrolment trends, student feedback on facilities, student feedback on teaching and learning*' (AI9). TNE operations are also subject to the 5-yearly TEQSA reviews (AI1).

Operationally, the monitoring encompasses the administration of student satisfaction surveys, teaching staff evaluations (AI12), and moderation of marking (AI3). At the school level, '*most of our annual reviews revolve around academic quality and academic issues, and not financial ones, not commercial ones*' (AI4).

On an ongoing basis, the ic-IBCs also have an additional layer of monitoring through its on-site PVCs (AI2), the joint academic boards (AI1), management boards (AI5), and joint committees ('*to look at KPIs*' – AI9), all of which are specified in the TNE agreement (AI5).

AI6 explained that '*the management control mechanisms you have in place ... are the process for looking over your shoulder, but you're not covertly looking over your shoulder ... you're quite transparent around the fact that there's particular controls in place*'. AI6 added that these controls do not imply that '*you don't trust each other, but because you want to monitor the effectiveness of the arrangement on both sides and how you're mutually working together to achieve outcomes ... trust is*

*there, but the controls are in place from a management perspective'. AI9 affirmed this view, saying 'we certainly don't want to look like that's what we are doing (i.e., looking over the shoulder) ... we have to maintain quality, and the only way to do this is to have checks'.*

AI4 reported that in most cases, the non-compliance *'tends not to be the partners, it tends to be individual staff who might be teaching in the unit'*. When such events occur, *'the unit controller (or unit coordinator) in the first instance would try and manage it ... if it didn't (work), then it would be escalated to, usually, the head of school ... and if the head of school couldn't do it, then it would probably go to the IAO'*.

AI4 shared two such cases. In the first case, she discovered that an OP teaching staff was delivering the class in the students' native tongue (not in English) when she visited the Country O TNE operation. AI4's initial response was *'ah okay, that's interesting; these classes are supposed to be in English, but this person is running it entirely in Country O language'*, and spoke to the OP teaching staff and presumed it would be rectified, *'but again this is in Country O teaching, there's distance ... so you can't confirm compliance'*.

In the second case, an OP teaching staff emailed another unit coordinator that *'now I am going to run this class at different times ... I'm going to teach this as a block of classes every 5 weeks instead of 12 weeks'*. AI4 reported that *'every now and then you get that, but you get the same thing with staff here as well ... so it's not unique'*.

## 10.5 OP Teaching Staff

The University used to send its own teaching staff to TNE locations to teach as part of its older TNE business delivery model (AI13). It still sends teaching staff to selected FPs, e.g., YSR where *'we sent teachers to teach part of the course ... and in WSL, which is actually very light*

*touch, and probably too light touch'* (AI20). It no longer sends teaching staff to the ic-IBCs – partially for cost savings (*'not viable model'* – AI19), and partially because of the tight quality vetting of OP teaching staff (especially for BSA-accredited programs) which ensured the deployment of suitably qualified local teaching staff at each location (*'we are ensuring they are qualified (so) we have no reason to travel'* - AI13).

It is therefore critical for the success of the TNE operation that *'suitably qualified academic staff'* are engaged on-site (AI17), and poor quality teaching be detected (*'red flag'*) and addressed promptly (AI9). While both FP and ic-IBC OPs *'employ their own staff ... they can't employ any teaching staff without our approval ... we absolutely control appointment of these staff'* (AI19).

#### 10.5.1 The Challenge of Engaging Academically-qualified Teaching Staff

In some countries, the University faced great difficulty in engaging the right staff (*'huge issues finding staff'* – AI13). This could be due to the scarcity of suitably qualified staff, e.g., in the early years of TNE in Country U, where *'the people who do have PhDs or Master's degrees would generally leave Country U to seek opportunities'* (AI17). The OP in Country U has been commended for being proactive in upskilling its own teaching staff at the OP's own cost, many of whom are now in PhD studies (AI17).

In some countries such as Country V, the ic-IBC engages *'pretty much still all casual sessional staff ... and they're often working at other institutes as well'* (AI12). These sessional teaching staff depend on *'teaching that they do across multiple campuses, multiple universities'* as their source of income, and *'so they're career lecturers and not so much researchers'* (AI8). While some of these career lecturers might not be suitably qualified (*'faculty-sufficient'* in BSA terms), there are also those

who not only are faculty-sufficient, but also active researchers in the Country's local universities (AI15).

Further, AI8 found that *'most of them (part-time teaching staff) proactively engage with me ... I suspect the ones who are doing it on a part-time basis probably recognise the precarious nature of their employment'*, underpinning a good governance reason for engaging part-time faculty. On the other hand, AI8 observed that *'if you look at TSW, because those people are full-time, so that's their employment, they're less likely to engage with you because they know that they are ... they have their employment, that's their job'*.

In addition to academic quality, the interview with AI13 also explored the loyalty of OP academic staff who are paid by the OP but receive their instructions from the University's unit coordinators. AI13 was unsure of their loyalty, saying *'that is a good question actually and never really understood it ... I am not sure if the OP in this case just perform the role of an outsourced HR (human resource provider) per se ... because they have been in this game, know the market, and so on and so forth'*. However, AI13 is assured that *'as far as day-to-day function is concerned, the OP will not be able to appoint anybody unless it is vetted by me, if the person is going to be involved in delivering my unit'*.

#### 10.5.2 The Challenge of Retaining Academically-qualified Teaching Staff

The other challenge for TNE OPs is in the retention of academically-qualified staff. TSW in Country T has been known to have difficulty retaining its teaching staff because *'they're not paying them enough'* (AI7). In some other countries, these teaching staff might have been terminated because of poor student evaluations or other reasons, for which the unit coordinator might differ on (*'No one, no student said to me they had problems with that particular instructor'* – AI8).

To ensure there is some stability in the teaching function, some ic-IBCs have resorted to engaging a minimum number of full-time teaching staff ('if they're fulltime academic faculty ... more commitment ... and that relationship would be longer term' – AI12). VCS for example, has five full-time teaching staff, compared to a pool of about 70 part-time teaching staff (AI15). The majority of teaching staff at TSW are full-time, while UCM has a mixture of full-time and part-time teaching staff (AI8).

### 10.5.3 Adapting to Reduced Offshore Teaching Visits

AI8 rued the loss of travel for teaching staff, arguing that teaching visits can make the teaching '*much more effective*', especially '*if we were able to go to some of these destinations particularly in the earlier stages of the programs*'. AI8 added that there are benefits in being able to '*engage with the local instructor ... to make sure the local instructor will understand some of the more tacit knowledge requirements of the unit ... to build relationships with the local students as well ... think of relationships that we are missing out on with potential alumni who have senior positions in those*' locations. AI8 also took the opportunity to '*train OP teaching staff ... and calibrate marking*' when he used to travel to offshore TNE operations in the past.

The University's unit coordinators had to accept that there was not going to be any more teaching visits offshore, and to '*well ... you find processes and systems that will replace that*' (AI8). In order to compensate for the loss of face-to-face contact with the TNE operation and people, various communication channels are used, e.g., '*skype meetings with individuals so that we can get to know each other more closely*' (AI8), or the more traditional '*phone and email*' (AI13). However, AI13 admitted that '*unfortunately, because of the distance and the fact that we only interact with them over the phone or email, it is proving to be a little difficult*'.

AI13 also commented that *'a lot of our units now run in this flipped mode, where the lecture is flipped ... I use something called an oLecturer, there are still Powerpoints, but it is interactive and there is voice for each slide, and you have got activities you have to engage with, short videos and so on ... so you feel like I am still there in your home or in your bus, wherever you are viewing that'*.

#### 10.5.4 Getting OP Teaching Staff On-board

To AI13, it is critical in *'getting (OP) staff on-board'*, making sure that they *'understand not just the content but also the pedagogy of the delivery mode ... understand the systems, e.g., Grade Centre (a grade processing system), Turnitin and so on and so forth ... understanding our systems, understanding the assurance of learning process, understanding rubrics, what is the distinction between a 5, 6, 7, 8 grade'*.

AI7 reported that there is a wide variation in TNE ownership among the University's unit coordinators - *'some do go above and beyond, and then you've got the other extreme who wouldn't even know who their local instructors are'*. The ones who are more involved would go to great lengths to *'spend a lot of time talking to staff overseas making sure they understand not just the content but also the pedagogy of the delivery mode'*, and to identify *'PhD's over there, assisting them, helping them take off their research career'* (AI13). AI8 shared how he provided *'quite a fair bit of prescriptive notes advising 'This is what you need to do in the workshops, now when you do this, this is this, this is this, this is this''*.

On the other hand, there also seems to be some condescension for OP teaching staff, as AI4 explained - *'I will say staff's attitude towards offshore campuses has change a lot over the years is like they look down on it a little bit as they were just delivering the teaching and they weren't*

*... that great ... very highly critical I suppose to be most of the language around that.*

#### 10.5.5 Outsourcing Unit Coordination

The academic delivery of the University's study units relies substantially on the school's unit coordinators, and *'all of the units have a unit coordinator who would be based in the home campus'* (A14). A14 clarified that the most labour-intensive processes in TNE are *'the academic ones ... moderation, co-examining ... basically all the things we need to do to ensure that we have consistency across all the campuses, very time consuming ... unit controllers of units (or, unit coordinators) are doing a lot of the work'*. A14 added that the work *'doesn't strain your brain, it just takes a lot of time'*.

The unit coordinator's role encompass the vetting and approval of OP teaching staff (A18), preparing study unit outlines (A17), writing assessments (e.g., mid-semester tests and assignments) and examinations (A11, A19), marking of assessments and examination scripts (A17, A12), moderation of offshore marking (A19), and OP teaching staff orientation, training (A13) and liaison (A18). Some unit coordinators incorporate additional features to their study units, e.g., talks by successful entrepreneurs in an entrepreneurship study unit (*'I have to find different businesses for these different time periods ... so that's a greater imposition on my time, to find those businesses and to run exercises and workshops'* - A18).

The wide scope of the unit coordinator's role makes the work *'very intense'* and *'very hard'* (A12). The pressure mounts especially when the unit coordinator has to manage the same study unit across several TNE locations and across several study periods, drawing descriptions like *'bugbear'* (A17) and *'absolute nightmare'* (A14) from informants who have

had first hand experience with unit coordination work. AI1 noted that the multiplicity of teaching periods is *'the biggest problem we have'*.

In the case of AI4, an additional examination had to be set for Country P, when it was discovered that the original examination date was a public holiday in that country. AI8 added that *'your job as a unit coordinator becomes harder if there is turnover'* of OP teaching staff – due to the need for new teaching staff orientation and training. Lack of planning can also contribute to the stress of unit coordination, as AI12 discovered when three study units had to be revamped several days prior to delivery offshore (*'I was given 3 units that hadn't been revamped since 2007 ... so it's been almost ... 10 years and they were dreadful ... my lead time completely rewriting and repopulating was ... I had no lead time so that ... was a rush and I was literally on the edge of it all the time ... so on a Sunday night I'd to have it finished, ready for the tutor in Country V to start teaching on a Monday morning'*).

The drawing of unit coordination work into the University's workload management system dampened the motivation of many unit coordinators because of the loss of remuneration related to TNE unit coordination. AI7 reported that unit coordinators used to be *'paid to travel ... for every exam paper they wrote ... for every unit outline they wrote ... outside of workload ... happy times for them, and to the extent where they would be neglecting their home campus workload ... then, 2011 came ... and everything was brought into load ... people weren't being paid; the incentive wasn't there'*. AI17 described how *'the University used to take a bit more of a liberal approach to offshore operations ... within the University's financial model ... there wasn't a lot of levies placed on the faculty, which means that ... for example, if we had a student studying in Country V, even though the tuition fees were less than what an international student would pay in Australia, the return to the school was actually better because we didn't get the levies for capital ... parking, those sort of things ... then, under a centralised model (i.e., workload*



management) *the disbursements have changed*'. A17 continued that *'the feeling was that ... while these provided some financial benefits to the individuals, the return on the investments in terms of gross margin to the University was not sufficient ... and that it was also a distraction which took people away ... or what was used as an excuse for a lack of research productivity'*.

While the workload management system seems to be *'more efficient ... for the University'* (A112), there might be a toll on the unit coordinators themselves, having *'no low or peak time ... it's always peak'* (A112). Senior management of the University are apparently aware of the impost of TNE on teaching staff's home campus teaching and research commitments (*'It's a distraction from teaching, here in the home campus; doing a bit of your research ... then, all of a sudden you are told you have a class in Country X, Country T, Country V; you're going to have to moderate, you've got to provide unit materials, you need to add some local lecturer queries, it is quite a bit of work for them ... so, that messaging from the Vice-Chancellor down through the faculties 'This is why we are doing this. This is why it is important' - that's critical'* - A19).

The University's workload management system for TNE delivery *'places a cap on offshore ... in terms of hours ... looking after offshore is not taken from your teaching delivery ... it's actually taken from your research allocation to manage all those ... so, that's not counted in your normal teaching delivery'* (A112). A18 explained that *'there's a formula that essentially says this many hours for moderation, this many hours for offshore coordination and it's based on a set number of hours given whenever you are coordinating a unit plus a number of hours depending on how many students are enrolled at those locations ... when you've reached your quota of hours then the school negotiates with you what you can let go ... so it could be ... less marking ... and so I would have to look at outsourcing my marking to somebody else, or perhaps even outsourcing a class, so someone else does that'*. A18 added that the

University and school preferences *'teaching delivery'* over *'marking'*, and so, *'if we can minimise our marking the better'* because *'it's more expensive to pay an instructor to deliver a class than to pay an instructor to mark assignments and assessments'*.

The pressure on unit coordinators seems to have increased, particularly at UBS with its current deficit of several million dollars, as *'our workloads increased to reduce the sessional budget ... (because) we are in financial dire straits'* (AI12). This deficit was attributed to lower onshore international enrolments (AI12).

AI4 also reported that there seems to be *'some tension'* between the University's unit coordinators and offshore teaching staff arising from the supply of study materials to offshore teaching staff who *'are still heavily reliant on our materials ... (and) actually not developing much up there'*, despite *'the university ... really moved much more to a view of recognizing these are campuses of the University and they are just the same as us'*. This tension might have been due to the disconnect between the unit coordinator and the TNE operation, described by AI7 (*'disconnect ... from the partners ... they're just providing a unit outline; somebody else is teaching but they have all the issues that go with results, and the workload that's involved in that ... so, they don't see the relationship there because, they're so far removed from it'*). Further, the *'key processes of moderation ... teaching ... marking ... equivalence ... involves a fair bit of contact between staff ... (and) I think we can do better on that ... we probably don't trust each other as much as we should'* (AI2).

In its quest to outsource further, the University was trialling unit coordination by local OP teaching staff at two ic-IBCs, viz., in Countries V and T (AI15, AI19). AI15 argues that, at least for Country V where AI15 operates from, the Country is *'very well known for logistics, well known for finance, the banking sector ... why not make use of the experts here'*

... *you've got lots of great speakers, you've got great industry connections here and you can get really experienced industry-connected teaching staff to share that knowledge*'. Similarly, AI4 made an economic argument for outsourcing unit coordination to the OP, saying that *'at the university level, if you looked at the cost model, it's much more expensive for us ... they deliver the program much more cheaply, and they charge a lot less than we do, but they haven't got the cost that we've got'*.

## 10.6 Management of TNE Operation

In managing a TNE operation successfully, the University must manage both the administrative aspects as well as the academic aspects (AI11). The academic aspects are now overseen by the University's hub-and-spokes arrangement, led by the IAO, which in turn reports to the UIO (Section App I 10.4a). All of the administrative management at the TNE location is undertaken by the OP, under the University's strict standards of delivery (*'we controlled absolutely everything'* – AI19).

While a mature and highly structured management infrastructure (*'very structured, very detailed'* – AI19) is helpful in managing the large and complex TNE operation (AI4), there are also detractors among staff who think that the University *'is not flexible in how those processes and critical processes go ... we often get told the systems can't do it ... the system won't allow it'* (AI8).

### 10.6.1 Organisational Structure of University TNE Management

Within the University, the administrative management of TNE operations is located in central units, and the faculties and schools. At the centre are the units that oversee strategic planning (AI2), contract negotiations and management (AI11), finance, HR and marketing (AI20), and the UIO (AI7). While the faculties and schools are mainly involved in the academic administration of the TNE operations, the PVC of the faculty is

part of the senior executive team that oversees all TNE operations, both ic-IBCs and FPs (AI16).

The senior executive team comprises the VC, DVCs, faculty PVCs, senior executives responsible for operations, finance, strategic planning, corporate relations, and the ic-IBC PVCs; this team meets every week for about three hours to monitor the TNE operations, and as a result, *'we know what's going on ... we're very much involved in it'* (i.e., TNE operations) (AI2). The ic-IBC PVC joins the weekly meeting *'by video link'*, and is considered *'very much in the room in terms of what our expectations are'* (AI2).

An *'interesting'* feature of the University's branch campuses is the deployment of PVCs on-site at the branch campuses (AI17), which fulfils a *'need for relationship managers in place'* (AI6). The ic-IBC PVC, the *'eyes on the ground'* (AI15) reports to the Provost, and is a part of the senior executive team (AI2). The ic-IBC PVC also sits on joint academic boards and key joint committees (AI15).

As an *'academic manager'*, the ic-IBC PVC is responsible for managing and monitoring all academic matters at the ic-IBC (AI1). Recently, the ic-IBC PVC was also required to drive research and community engagement at the ic-IBCs (AI15). Perhaps the on-site supervision by the PVC makes the ic-IBC a *'much deeper partnership ... much, much stronger line management ... control over those operations, versus a model where you're ... basically outsourcing something'* (i.e., FPs) (AI6).

There is some indication that staff of the University are not all informed about the management structure of ic-IBCs, with some staff holding the belief that the staff of the ic-IBCs are employed by the University since they are the University's branch campus staff. An example was picked up when AI4 referred to administration and marketing staff of TSW and UCM as *'our staff anyway'*.

## 10.6.2 Key Aspects of TNE Management

Aspects of TNE management that are key to the University include student recruitment, student engagement, marketing, branding (AI19), teaching and learning facilities (AI15), career placement and alumni (AI12), contract management (AI11), student support services (AI15), research, and community engagement (AI16). Many of these aspects are tightly controlled by the University, e.g., student entry requirements (AI19), standards required of facilities (e.g., computer labs, software, classroom sizes) (AI19), website design and style guidelines (AI19), and more recently, even the design and layout of ic-IBCs (to be similar to the home campus) (AI7). AI19 commented that these standards are *'all dictated, all defined in our contracts'*.

AI6 reported that the University also provided the OPs access to the University's systems and support staff so that the OP can *'capital-leverage central capabilities by not having to replicate those'*, e.g., administration of student surveys, and *'use our teams rather than having their own strategy area, their own research area, their own risk management area'*.

The success of the OP depends on how efficiently it manages the TNE functions devolved to it by the University. AI6 told of a partner which failed to *'manage the entry requirements and enrolments'*, leading to poor quality students and academic results. The University pulled out of that A\$7 million per annum revenue branch campus operation, and sent a *'clear message ... (that) if they didn't guarantee quality in terms of the quality of the students and performance that they would be gone'*.

Some OPs have been known to have *'well-developed systems and processes ... spread through a huge range of markets in the region so ... they are able to respond to enquiries rapidly from students'* (AI15). One

particular OP has its own English language program to help students improve on their English proficiency (AI15). AI5 added that the OP has *'to actually be really smart when it comes to managing its programs and managing its relationships with the industry'*. AI17 commended TSW, saying *'it was probably the most genuine extension of University A because TSW has its own HR department, its own staffing ... when jobs are advertised in Country T, they appear on the University A website as well'*.

While few and far between, conflicts (amidst *'pretty amicable sort of relationships'*) are usually managed within the framework of *'contracts, systems, clauses and procedures'* (AI3). Similarly, AI1 thinks that *'contractual arrangements ... pretty set out the conflict process'*. The OP obviously has little room to manoeuvre, given that *'the partner has to understand the way we work and fit within that ... we are not dictators but it is Uni A'* (AI3). While University A does not *'give them (i.e., OP) any academic autonomy ... we have probably largely found a way to ... do it to them with respect ... and try to make sure that whatever we're doing is win-win for both of us'* (AI19). AI19 believes that this respectful approach, which is the result of *'a long history of working with partners'*, is *'probably attractive'* to OPs.

AI6 explained that most conflicts are resolved *'through negotiations'*, and gave the example of having to *'give and take on the royalty amounts that you might be receiving or the conditions ... you're trading, like any contract negotiation, you trade'*. In one instance of a minor conflict involving the provision of suitable student services, the DVCI *'pushed pretty hard'* to get to a *'compromise'*. Sometimes *'subtle pressures'* had to be deployed when faced with the remuneration-reporting disconnect (where OP teaching staff are paid by the OP but take directions from the University's unit coordinators). AI2 also added that conflicts are pre-empted and mitigated through *'Council'* interactions, *'plenty of connection'*, and *'visits'*.

### 10.6.3 Funding for TNE Operations

The management of TNE operations obviously entail expending funds (AI11), and *'one of our biggest costs is our salaries'* (AI19). Through years of TNE experience, the University has now been able to develop a *'pretty lean operation'* (AI19), which comprises outsourced FPs, and *'asset-light'* ic-IBCs (AI11).

AI7 does not *'think anyone's done a ... true value cost of what TNE costs'*. AI20 commented that *'that's another thing that we're better at now than we were when I first came; that we didn't account for all the costs ... and this was very typical of universities across Australia and may be globally ... we looked at the money coming in, but didn't think about the teaching staff we were sending out, and the cost of sending them out, and what are the opportunity costs of having them out there because we've got to then employ other staff to teach on the programs here ... so it seems obvious now that these weren't really included in the calculations previously ... we do those now'*. Even teachout costs are now built into TNE contracts (AI1).

Both the outsourced FP and ic-IBC business delivery models leverage on the OP's resources, processes and networks in exchange for a *'slice'* of the fee revenue (AI6), or more specifically, *'taking a fee for the courses that we have intellectual property'* (AI2). The University has elected to control only *'the academic processes and the hiring and so on, then we're managing the academic business of the organisation ... we have partners to manage a range of other things'* (AI2). It would be *'at the university level ... much more expensive for us to (deliver) ... they (i.e., the OP) deliver the program much more cheaply, and they charge a lot less than we do, but they haven't got the cost that we've got'* (AI4).

AI3 remarked that *'without having the local infrastructure provider ... running the whole thing direct ... would be quite difficult ... more costly'*. The OP carry all on-ground costs, e.g., *'employment costs and leases'* (AI6), but usually benefit from the lower cost of operating in many of the University's TNE locations (*'the offshore locations have lower costs'* – AI19).

In discussing the multiplicity of study periods, AI11 thinks that *'the revenue we get is likely eaten up by those additional things ... meeting all the requirements in the contract, and the contract management, and going to graduations'*. AI8 is of the view that *'we only get a fraction of the fees ... so obviously the university's done it's sums and has deemed that it's still more financially viable'* to engage OPs. However, while *'the branch campuses are not a huge part of our revenue ... but then because of the way in which these budgets are, the margins make a huge difference'* (AI2). AI2 explained that the University is currently making margins of about 1% to 2%, but aim to raise this to 5%, in line with the objectives outlined in the 2018 KPIs (Strategy & Planning Office University A 2018). As a not-for-profit institution, the University also sets apart TNE surpluses for *'re-investments'* (AI6) and research (*'the University kept back some part of the royalty that was being paid by TSW and that was put into a research fund'* – AI10).

AI19 reported that the University and the OP have to consider market forces as well as their respective costs of operation in setting fees, and that *'if they're too cheap, then students wouldn't come here'*, or *'if that's too expensive, they won't get the student numbers'*. Also, *'everyone's got to be able to cover their costs ultimately and hopefully more than cover their costs ... especially for OPs ... they're not in this for public good as University A are'*. This is a *'conversation that happens everywhere at every location'*.



#### 10.6.4 Relative Gain/Loss for TNE Partners

The informants were asked to identify the TNE partner who would gain the most from the TNE collaboration, and the TNE partner who would lose the most in the event of a termination. They were also asked for the reasons for their choices. The responses collated indicate that most informants are of the view that the OP would gain the most in a TNE collaboration, and also lose the most in the event of a termination – all of them attributing these outcomes to financial impacts. A minority of the informants thought that the University would gain/lose from reputational impacts. The table below summarises these perspectives.

No.	Partner	Reason for Perspective	Informant
<b>A</b>	<b>Which partner would gain the most from the TNE collaboration?</b>		
1	University	Brand value; reputation	AI9
2	University	Brand	AI14
3	University	Engage with/learn from countries; working with future leaders	AI18
4	OP	Financial	AI3
5	OP	Gain financially	AI20
6	OP	Money (OP makes more)	AI9
7	OP	Respect; credibility; revenue	AI17
8	OP (VCS)	No reason given	AI4
9	OP (TSW) and University	Win-win for both	AI4
<b>B</b>	<b>Which partner would lose the most in a termination?</b>		
1	University (VCS)	Reputational loss	AI4
2	University	Reputation	AI14
3	University	Credibility	AI16
4	OP	Financial; hard infrastructure	AI2
5	OP	Not making money	AI6
6	OP	Invested all the money in infrastructure	AI9
7	OP	Share price	AI17
8	OP (TSW)	Invested infrastructure	AI4
9	University and OP	Minimal impact on both	AI1
10	None	Mutual and orderly termination	AI3

**Table App I.3 Which Partner Gains Most/Loses Most in TNE (University A)**

#### 10.6.5 Refinement of the TNE Framework for University A TNE Operations

The foregoing exploration of TNE value chain activities at University A provided rich insights into specific activities that are considered mission-critical by the University. The TNE Framework of Table 2.4 (Section 2.5.5) is now updated to include :

- 1) continuous assessment,
- 2) examination grading,
- 3) moderation of continuous assessment,
- 4) moderation of examination grading,
- 5) research, and
- 6) community engagement.

Of the above additions, 'Research' had originally been in the Hutaibat value chain (Section 2.7.3). 'Community Engagement' is a new value chain activity, while the remaining additional activities are refinements of existing activities. Due to the lack of details, it was not possible to provide greater granularity for 'Research' and 'Community Engagement'. These additions and refinements are incorporated in the table below.

No.	TNE Processes		Direct Models				Outsourced Models	
			Hybrid Governance Models					
			Country T ic-IBC	Country V ic-IBC	Country U ic-IBC	Country X ic-IBC	Countries W and Y r-FP	Country O r-FP
<b>A Primary Activities</b>								
1	Academic recruitment	Curriculum design	S	S	S	S	S	S
2		Curriculum delivery	H <sup>S</sup>	H <sup>S</sup>	H <sup>S</sup>	H <sup>S</sup>	H <sup>S</sup> and S <sup>r</sup>	H <sup>S</sup> and S <sup>r</sup>
3	Student recruitment		H <sup>S</sup>	H <sup>S</sup>	H <sup>S</sup>	H <sup>S</sup>	H <sup>S</sup>	H <sup>S</sup>
4	Teaching management	Award	S	S	S	S	S	S
5		Curriculum designed	S	S	S	S	S	S
6		Curriculum delivered	H <sup>S*</sup>	H <sup>S</sup>	H <sup>S</sup>	H <sup>S</sup>	H <sup>S</sup> and S <sup>r</sup>	H <sup>S</sup> and S <sup>r</sup>
7		Continuous assessment	H	H	H	H	H	H
8		Examination grading	H	S	H	H	S	S
9		Moderation of continuous assessment	S	H	S	S	S	S
10		Moderation of exam grading	S	S	S	S	S	S
11	Alumni relations		H	H	H	H	NR	NR
12	Research		H <sup>S</sup> andS	H <sup>S</sup> andS	H <sup>S</sup> andS	H <sup>S</sup> andS	NA	NA
13	Community engagement		H <sup>S</sup> andS	H <sup>S</sup> andS	H <sup>S</sup> andS	H <sup>S</sup> andS	NA	NA
<b>B Support Activities</b>								
1	TandL physical infrastructure provision		H <sup>S</sup>	H <sup>S</sup>	H <sup>S</sup>	H <sup>S</sup>	H	H
2	Student support	Academic	H <sup>S</sup>	H <sup>S</sup>	H <sup>S</sup>	H <sup>S</sup>	H	H
3		Admin/Pro- fessional	H <sup>S</sup>	H <sup>S</sup>	H <sup>S</sup>	H <sup>S</sup>	H	H
4	Academic staff support		S <sup>l</sup> andH	S <sup>l</sup> andH	S <sup>l</sup> andH	S <sup>l</sup> andH	S <sup>r</sup>	S <sup>r</sup>
5	Divisional management		SandH	SandH	SandH	SandH	SandH	SandH

- Abbreviations :
- 1) S – Sending Higher Education Institution/Provider
  - 2) H – Host Higher Education Institution/Provider
  - 3) H<sup>S</sup> – Undertaken by H, but wholly-controlled by S
  - 4) H<sup>S\*</sup> – Undertaken by H, but wholly-controlled by S; with some recent unit coordination by H using S materials
  - 5) S<sup>l</sup> – Sending Higher Education Institution/Provider providing service *in situ*
  - 6) S<sup>r</sup> – Sending Higher Education Institution/Provider providing service remotely
  - 7) NR – not referenced
  - 8) NA – not applicable

**Table App I.4 TNE Framework for Organisational Economics  
Research (University A)**

## 10.7 Risks in TNE Operations

The University *'learnt a lot about risk control'* over the years of managing TNE operations (AI5). It now *'measure(s) risk quite avidly'*, and have more well-developed *'risk management approaches ... and treat them effectively'* (AI5). AI18 even goes as far as to suggest that the University *'need to be a bit more creative'* since *'universities are always low risk-taking ... from the commercial perspective'*.

### 10.7.1 Sources of TNE Risks

AI4 is of the view that the risks associated with the four main countries of TNE operation are, in descending order, Country X, Country V, Country U, and Country T. Country X ic-IBC is perceived to encounter the highest risk level as a result of the newness of the operation (AI13). Country V ic-IBC's risk lies in the highly competitive business environment. The ic-IBC in Country U is anchored by an OP which is a large conglomerate, and hence relatively low risk (AI11). Country T is the most stable, the University having operated there since 1999 (*'well run campus'* – AI4).

TNE risks are associated with the business delivery model (viz., *'outsourced model is probably more risky'* – AI6; franchised programs *'a much higher risk'* – AI3), the operating environment (*'more risk because the market's very competitive'* – AI6; *'legal risks'* – AI13), knowledge of the operating environment (*'better understanding of the market environment ... a little less risk'* – AI6), the background and experience of the OP (*'with a very experienced partner ... so, not as risky'* – AI6), and the phase and size of the TNE operation (*'the more mature the campus is, ... the critical mass that it's developed, the less the risk'* – AI6).

### 10.7.2 TNE Risk Mitigation

Risk mitigation in TNE is based on *'simply licensing or franchising to someone else and get them to run it'* (AI13), because *'they carry the risk around ... employment costs, leases'* (AI6). *'When you look at overseas campuses, your risks around operations are in large part passed on to a third party provider ... they are also able to employ people much more cheaply than the university here ... the university has employment arrangements that mean that it would make it a much more costly arrangement even if you are trying to do it overseas ... we don't have the expertise to employ people overseas : the HR, the taxation, all those stuff around health and safety and managing the staff overseas'* (AI11). The OP *'would make more but then they are also taking on much more risk and much more cost'* (AI9). AI6 supported this view, saying that *'they would need to benefit more to be worth their while'*.

Risk mitigation should start right at the very beginning by expending effort in identifying and appointing *'somebody that they can trust and is relatively risk-free'* (AI14). AI14 explained that *'franchised operations ... in many respects can be a crap shoot'* (an uncertain matter), and that *'you've got to go through an enormous amount of hassle to choose somebody to franchise it to ... and there's no guarantee that at the end it's going to be successful because there's a lot of people in some places who are just so keen to enter into this kind of franchise ... and this was certainly the case in Country V in the early 1990s, when there were a lot of people ... offering ... and many of those failed ... and you probably wouldn't be able to find them now'*.

After starting, the University would need to invest in *'quality control ... a lot more control'* to mitigate risks (AI2). AI2 argued that *'naturally as soon as you have an organisation branded as University A, then there's a risk, a much greater risk of your reputation ... (because) your name is on the gate'*. This can be mitigated by *'a lot more control ... over ...*

*development of the curriculum, the organisational management ... appointment of staff ... facilities ... teaching staff ... much stronger line management control over those operations' (i.e., 'much closer operational engagement with our branch campuses'), resulting in 'less (reputational) risk' due to 'much closer operational engagement with our branch campuses'.*

Internally, at the University, risk mitigation starts with doing *'your due diligence and primary market research ... understand that you are in the right market at the right time, with the right courses, (then) you are able to exercise a greater degree of confidence'* (AI13). Outsourcing TNE to an OP also allows the University to diversify its risks through multiple delivery locations (AI5). The *'profit ... helps diversify our revenue base which reduces our financial risk because we've got things in a number of different places'* (AI2).

## **APPENDIX J**

Themes, Concepts and Stories from University C In-depth Interviews



## Themes, Concepts and Stories from University C

University C is a small Australian university that has punched above its weight in the TNE sector. With a student population of more than 23,000 students, it has almost 8,000 TNE students (Section 4.3.4.3). Its TNE history has not been very long, starting around the early 1990s. It has however, experienced phenomenal growth in its Country V TNE operations – causing a distinct tipping point in its TNE journey. This tipping point resulted in the set up of a host country office (HCO) in Country V to manage the large numbers of TNE students, as well as driven a comprehensive, University-wide TNE review that produced a White Paper to guide its future TNE trajectory.

This section explores the insights of University staff as they recall the early years of the University's TNE journey, the Country V TNE experiences that triggered the tipping point, the potentially reputation-wracking swap of offshore partners (OP) in Country X, and the University's plans for the future. It will also detail the University's current TNE value chain activities and the influence of the operating environment on TNE performance.

### 1.0 Early TNE Operations (1992 – 2004)

The University's early experience with TNE was marked by adhoc start-ups that were mainly driven by schools or faculties, which were in turn motivated by financial returns both to the schools/faculties as well as to the teaching staff. Some, like the Country T TKD operation did well, while others failed due to either insufficient student numbers or poor quality delivery. The University has '*gotten rid of them*' all (CI4). While the terminations were mostly mutual and damage-free, CI2 argued that '*the damage is more internal to be honest*'.

## 1.1 Country T Franchised Programs (TKD)

The TKD FP started in 1992, and was *'very popular with our staff in terms of quality of students and quality of instructions'* (C12). C12 explained that *'we did a bit of a dual model, some of their staff, some of our staff teaching on the program. And 'so many of our Business staff were very disappointed when TKD ended ... about four or five years ago'* (C12).

C16 recalled the University's programs were taught at three campuses of TKD, and reminisced that it was *'very much different from any of the other partners because it was an education institution, primarily educational ... there was a library, there were academics with offices – and the people who were doing the teaching in the classes were full time academics ... you'd go there and this is a bit like being at home, because it was like that ... not like walking into an office block which is like a lot of other places ... so the fact that TKD was actually an education provider made a difference'*.

C16 believed that the FP operation was terminated because *'there just wasn't enough students ... and our courses were growing at VKP (i.e., Country V FP competing for resources)'*, and that TKD *'was moving to become a university college, so they were going to be offering their own university degrees ... perhaps it was that move to being a university college that meant it wasn't as big a thing for them to be teaching our degrees anymore'*. C12 also recalled that TKD *'decided they wanted to become a university ... and so they were keen to finish the partnership with us ... so they went on to become a college and then a university and I think in fact they are now been bought out'*. C16 also recounted how the University's IT programs *'went for 2 - 3 years; we didn't do very well there and we stopped as soon as we could ... because there just wasn't any growth in terms of student numbers at all for us'*.

On the teachout, CI2 described how *'we're still teaching; we've still TKD students that I told you about, on the books that we're teaching or helping, years after we've finished the teachout ... we're still just finishing with a couple of the students ... we're still assisting the students'*. CI2 continued that *'we still keep in touch with them ... we don't want them to feel that we've abandoned them ... so we allow them to enrol externally at TKD prices to assist them so they're not external international paying students which is at a higher rate'*.

## 1.2 Country N Franchised Program (NCE)

The University started a small bi-lingual Chiropractic program with an OP in Country N in 2004 (CI4). CI4 added that *'it was experimental ... it didn't work very well'*, while CI2 recalled that there were *'some quality issues ... (when) our lecturers obviously did not speak Country N language so it may be delivered in English, but I think their assessment was in Country N language'*. CI4 explained that *'our concern in Country N was quality control and because we delivered in-country and we had to fly in and fly out'*. The fly-in-fly-out was obviously *'costly'* (CI2).

The FP *'lasted 6 or 7 years'* (CI2). Ultimately, the University decided to *'let's do what we can to teachout and to get out of there'* (CI4). The teachout was *'very expensive to teachout when you've got 3 students in the Chiropractor program'* (CI2).

## 1.3 Country V Franchised Programs (VSN and VSC)

CI6 recalled two FPs that the University ran in Country V in the late 1990s, viz., VSN and VSC (CI10). VSN was an employers organisation, while VSC was a private holding company with education provision as a secondary business (sgpbusiness 2019). These FPs required the University's teaching staff to *'teach a unit over there for two weeks'*, where *'the students would have readings before, then we do the two*

*weeks and then they'd have a week to finish their assignments and so on, and then they would be at the exams after that' (C16).*

The interesting insight that C16 provided on this period of the University's TNE journey was that *'in common with TNE in a lot of Australian universities, that was being run out of a school ... it wasn't run and owned specifically by the universities ... (and) back then, a lot of schools would get involved as a source of discretionary income ... so they could have some money to spend on themselves'*. C10 also recalled *'different schools or faculties were doing bits and pieces'* of TNE during those early TNE days, and that *'they're (i.e., the teaching staff) actually being paid for this ... on top of their normal salaries ... it was quite lucrative for them and they'd come here and ... (they) loved it'*. C10's own experience was to *'fly down, and I would teach a couple of weekends ... and you know you'd be given an envelope and filled with cash ... that was great'*.

The out-of-load payments came to an end when universities detected the 'huge amount of money' that the schools/faculties were making, and decided to *'manage this ... (for) risk management and financials'* (C10), leading to the introduction of the academic staff workload management system. Moreover, *'those sort of very cowboy, sort of the 1990s really was a bit frontier, frontier lands - where people were going in and setting up things with small companies'* (C16), were considered *'very high risks'* (C11) and *'often quite opportunistic, a bit reactive'* (C10). They resulted in the University centralizing future TNE approvals (*'very much controlled by our senior executive group'* – C13).

## 2.0 University C TNE Tipping Point (2005 to date)

As the focus group study of University C revealed, the University's TNE tipping point occurred when the University's Country V TNE operations, in particular the VKP FP, experienced *'a very phenomenal growth'*

(Section 4.3.4.3.2) that resulted in ‘a very large beast’ of a TNE operation (Section 4.3.4.3.3). The large TNE operation showed threats to academic integrity, University reputation and revenue streams, triggering the immediate set-up of a host country office (HCO) in Country V, and an urgent review of TNE across the whole University (Section 4.3.4.3.4). The TNE review of 2012 resulted in the publication of the 2013 White Paper to guide the University’s TNE trajectory. The University’s tipping point is really the story of the evolution of its Country V TNE operations.

## 2.1 Country V Consolidated Franchised Programs (VSM)

In the early 1990s, the University had ‘*sort of bits and pieces* (of small TNE operations) *and then we had VSM*’ (CI10). University C’s Country V TNE operations stabilised with only one OP, i.e., VSM by the mid-2000s (CI1). The VSM OP is an industry association of about 100 members (CF2).

This FP offered mainly Business programs, and two Arts programs, viz., Journalism and Screen (CI3). CI4 explained that two different delivery models were employed, viz., a fly-in-fly-out delivery by University teaching staff, and a joint delivery by University and OP teaching staff. By virtue of professional accreditation, the Accounting undergraduate degree had to be fully taught by University teaching staff, and thus employed the fly-in-fly-out model where the teaching staff spent two weeks in-country. The University’s ‘*MBA was done in a series of intensive teaching programs where half the unit was delivered by a University academic and then the other half of the unit by a local teacher*’ (CI4). The joint delivery was less demanding for the University since it required only a three-day weekend presence in-country.

This operation ran for a good 12 years, having finished in 2016 (CI1). CI3 explained the course of events that culminated in the termination. The VSM OP was described as ‘*a good partner for many years*’. CI3

continued that *'they were doing well and then they had a change of management ... and their direction ... it wasn't anything that went bad with our partnership ... they weren't focused'*. So, the University *'tried to work with them as much as we could ... the University said 'hey guys, the numbers are really declining, you know ... what can we do to help you?' ... so we set a plan with them; we had targets; we did marketing together; we did all sorts of things together ... we held their hand and we tried'*. And *'in the end, it was a mutual decision'* to terminate, and now they *'pretty much don't do education anymore'*.

CI2 commented that *'VSM gradually declined and we moved out from that partnership, and they were happy to get out of it ... so that was by mutual agreement'*. CI3 explained that the teachout process was *'really easy for us ... both parties agreed and we agreed to work together ... it was really easy ... it was smooth and easy ... we had plans for the students to ... just move across (to the VKP OP) ... and they continued exactly in the same units that they would ... it worked ... it was beautiful ... we've got nobody (left to teachout) ... it's clean because we just went, 'OK, we're going over here (i.e., VKP FP) now'*. CI3 added that there was *'no damage ... it was good it was lucky ... the thing with teachouts with us is making sure students are not disadvantaged'*.

## 2.2 Country V Dual OP Experiment

Three years after VSM started, the University initiated another FP with an international TNE provider in Country V. The new FP initially offered programs that were not in competition with VSM, viz., *'Psychology, selected programs, as well as Hospitality and Tourism Management/ Marketing double major, and some IT double majors – which we, VSM don't offer'*, explained CI7, a very experienced TNE manager in Country V.

Then, in 2011, *'VKP started to offer many other double majors that VSM had been offering'* (CI7). The delivery of the same programs at two locations within the same location was unusual, and University staff *'were bewildered by that'* (CI1). The move was attributed to the then VC *'(that was another one that the Vice-Chancellor did' – CI1; 'that was what the previous Vice-Chancellor decided on' – CI7)*. CI1 reflected that *'I can't imagine they (the VSM OP) were very happy'*.

On retrospect, the extension of the VSM programs to VKP was probably motivated by the anticipation that the VKP OP could grow the market for the University, as *'they were big, and they had greater aspirations, greater resources, the means to deliver the kinds of things ... to be a better partner than the VSM OP ... they had Country P (i.e., they were already operating TNE there), ... at that stage, I think they were open to going jointly with us to other places to possibly set up another campus ... those possibilities were at least plausible with the VKP OP and impossible with the VSM OP'* (CI1).

And indeed, the appointment of the new OP to start up the VKP FP did not disappoint the University, but turned out to be the TNE operation that triggered its TNE tipping point through *'a very phenomenal growth'* (Section 4.3.4.3.2). The VKP OP was known among University staff as a *'marketing machine'* (CI3), and a *'good marketing team ... well-oiled machine'* which the University was *'struggling to keep up with their performance'* (Section 4.3.4.3.2). It was probably the competition by VKP that cannibalised VSM's student numbers, as CI3 explained, *'VKP started to really shoot up ... VKP were really marketing, you know, heavily ... VKP shot up and left VSM behind'*.

CI7 explained that the delivery of *'exactly the same'* University programs through two different providers led to *'comparison; students get confused'*. The prospective students *'tend to compare lecturers ... we compete on pricing ... we have to slash the price ... to fight'*. Ultimately,

the market prognosis was *'not good for University C overall ... the experience ... because once you deduct the price ... price equals quality as well ... I wouldn't think this is viable long term'*.

CI1 commented that while the University was not *'particularly upset with our relationship with the VSM OP, we hoped to keep it going and have VKP'* as well, and *'the University had even appointed an on-site Principal at VSM to help oversee academic delivery for about two years'* (CI3). However, the delivery of the same University programs through two providers in the same location turned out to be *'quite messy'* and *'not a viable practice'* in a country like Country V *'that's so small'* (CI7). It was also *'a waste of resources'*, and potentially the host country regulatory authorities might *'also question why we have two partners in just one location, especially if we are offering the same type of courses'* (CI7).

### 2.3 Country V in situ monitored Franchised Program (i-FP)

The VKP FP was described as a *'wonderful success story ... a profitable model for the university'* (CI7). But the *'very phenomenal growth'* also posed serious threats to academic integrity, University reputation and revenue streams (Section 4.3.4.3.4). The University responded by expeditiously setting up and funding a host country office (HCO), headed by an on-site Principal in 2013 (CI7). This HCO was part of an intermediate term strategy in the White Paper that had to be expedited before the entire set of formal recommendations were approved (University C TNE Project Team 2013a, 21-22). The Principal was later re-designated Dean. Throughout the interviews, the informants used the terms Principal and Dean interchangeably.

The VKP FP is still *'all about franchising ... the VKP OP licenses ... an agreement, where we run our programs ... the curriculum would be exactly the same ... everything is exactly the same as what we do in University C's home campus ... just that we run the programs offsite in*



*this part of the world ... the partners pay a so-called licence fee to the University'* (CI7). The only difference between this FP model and others, lies in the set up of the in-country HCO, which provided a platform for the University to *'involve ourselves more, including setting up a proper office in Country V and ... minimizing those risks'* of non-compliance by the OP with University and regulatory standards (CI1). To distinguish this FP from other FPs, it is labelled as an i-FP (franchised programs with *in situ* oversight) (Section 5.1.2.3).

### 2.3.1 Partner Motivations

Most informants thought that the motivation of the OP was financial returns, e.g., *'it's the money'* (CI7), *'they always have, in their view they have, like 'how much money they can make' ... they're in for the profit, not for the goodwill of it'* (CI2). CI1 is of the view that *'the VKP OP would have made a lot of money ... we were pretty cheap ... we're at the bottom end, really'*, which is not surprising given that *'they are very strategically-minded, (with) highly intelligent operational management'* (CI8).

For the University, CI6 observed that *'obviously there's money ... there's financial benefits to the University'* in having a presence in Country V. However, *'financially, we don't make that much per student for TNE ... (but) branding's a big one ... the idea is that if we have a good brand in Country V, then we will also get TNE students, but we'll also get Country V students, or students from a wider area ... coming here (i.e., Australia) as international onshore, full-fee paying students and they're the ones who bring us significant amounts of money'* (CI5). CI10 added that *'for the University, here (i.e., the Country V i-FP) is really important, because it's, you know, a quarter of the total enrolment'* of the University. The income is significant considering the *'funding pressures ... so basically the Australian government has said to all universities, 'you can't grow your domestic load' or at least, you can but we're not going to fund you anymore ... for growth in your domestic load ... so the options are*

*international onshore or offshore ... (and) international onshore is sort of, maxed out' (CI10).*

Further, referring to the set up of the HCO, *'the idea of the Country V office is to have a lot more control and oversight of our whole operation' (CI13).* While initially not the rationale for the HCO, the *'good gross margin ... (has also) seeded the research centre (in the HCO)' (CI2).*

### 2.3.2 Business Delivery Model

The VKP i-FP is *'a franchise operation when you look at who has control over what parts of the operations ... so we are dealing with the academic side of it, but the delivery is done by the VKP OP' (CI6).* CI1 explained that the VKP business delivery model is *'somewhere in between ... a model where you set up your own campus where you have more staff there; or staff fly in and out and do their own teaching'.* The University is *'not just licensing IP ... we got some risk management there as well ... but we've not got great costs there ... we obviously now have got an office ... we've got more involvement and greater costs there than when we started but we're getting a higher fee share'.*

While the University provided the intellectual property, quality assurance and student administration systems (CI6), the OP provided the premises and facilities (CI6), the corporate proprietary limited vehicle (CI3), the regulatory compliance (CI7), the marketing (CI3, CI4, CI6), the sourcing and funding of teaching staff (CI4, CI7), and student services (CI4, CI6). The host country regulator also *'insist that it's the private education institution (i.e., the OP) that carries the registration of the foreign university' (CI10).*

The strength of the VKP OP lies in their *'marketing machine' (CI3), a 'well-oiled machine' (Section 4.3.4.3.2) that includes 'very extensive agents in the sub-continent, in the AS region' (CI2).* CI3 added that *'they*

*heavily market ... they spend a lot of money on marketing and, they really know what they're doing'. The OP 'also have a significant amount invested in being related to own our brand name and our reputation' (CI4) since it is the licence-holder of the University C programs (CI10).*

To operate the FP, the VKP OP has invested significantly in setting up teams to handle admissions, enrolments, program management, lecturer management, and examinations management (CI5), as well as IT systems, including one to manage classroom allocations (CI9). The high level of investment by the OP also means that the *'price comes down to it'*, i.e., the University receives a smaller share of the fees (CI8), as a result of *'a bigger flow of income to the VKP OP'* (CI10). CI11 surmised that since *'they're (i.e., the OP) taking the infrastructure risk and the capital risk ... most of it, ... their share of the revenue model has to take that into account'*.

In the past, i.e., about 2011 or 2012, the University used to employ a Principal who would be stationed within the VKP institution (and VSM institution) with the OP's staff (CI3). This arrangement did not work out because the Principal was *'kind of institutionalised because they sat in the VKP and VSM OP offices ... they became one of them'* (CI3), and *'to an extent there was a perception that they were being captured by the organisation (i.e., the OP)'* (CI4). CI3 explained that the University *'found it was very difficult for us to work under those situations ... we realised the best thing to do was to have a person directly employed by the University to sit ... in a separate location, away from the full operation of the OP, and to look after the whole operation'*. This was how the HCO came about, and *'the idea of the HCO is to have a lot more control and oversight of our whole operation'* (CI3). The HCO was led by a Principal, who later became Dean (CI11). CI1 added that *'it's about minimizing those risks'*, i.e., the risks of non-compliance by the OP of University and regulatory standards, while CI10 argued that the HCO *'makes a difference having as we like to say boots on the ground we're operating'*.

On reflection, C11 remarked that *'it was very high risk in those days (i.e., the early days of TNE) ... now, I think we've made Country V a little bit more secure ... in fact more secure than Country X really because there were more people paid by the University'* (in Country V). The University appointed one or two full-time teaching staff at the HCO for every School represented (C12).

The preceding comments about the HCO, and comments by other informants confirmed that all of the intermediate term strategies recommended in the University's White Paper of 2013, except for the last two (which were not evidenced), were implemented (University C TNE Project Team 2013a, 21-22). These strategies were

- 1) recruitment of full-time University C academic staff to be located in Country V. These academics would teach and coordinate units as well as mentor and coach host country teaching staff and students.
- 2) recruitment of learning support staff to assist students requiring such support
- 3) introduction of teacher training for host country teaching staff
- 4) introduction of student facilitated study sessions to improve attainment levels
- 5) provision of scholarships to attract high performing vocational training graduates
- 6) development of a student exchange program so that some Country V students might experience the University C home campus experience and mix with students and faculty in the home city

Apart from the University's programs, the OP runs *'its own diploma and educational services ... (including) a franchise to do ACCA (a British professional accounting award) qualification training on their campus'* (C14). In addition, the OP also delivers degree programs awarded by eleven other universities from around the world (C13). C14 commented that the OP does *'risk diversification by having other programs and other*

*degrees with different financial models to them', and that this is a 'danger' to the University because it poses 'serious concerns about potential conflicts of interest ... (but the) University doesn't share those concerns'.*

These concerns include the possibility of cannibalisation of prospective students by internal substitutes, offering a sub-optimal range of programs, and loss of market access on termination. The first concern was articulated by CI6 that since the OP has *'other partners as well ... you got to think that the sales team will direct students to the course ... that gives them the most benefit ... that's their job, they are to do that ... we can't blame them for that'* (CI6). But more fundamentally, the bulk of the OP's Bachelor's degree students (offered by its 12 university partners) come from the OP's own articulated Diploma programs (CI4).

CI3 referred to the second concern, that *'the VKP OP sometimes don't want to run programs that we feel ... should run well'*. And finally, in the event of a termination, CI7 added that *'they (i.e, the OP) still have other universities to back on ... but we don't have any'*. However, CI3 concluded that these concerns are probably mitigated by VKP's size, i.e., that *'the OP has come to the realisation I think, over the last few years, that they need the University maybe more than the University needs them ... (since) we're their biggest partner ... we must be making the most money for them'*.

### 2.3.3 The TNE Review and White Paper

The rapid growth of the VKP FP operation triggered the set up of a TNE Review Team in 2012 to study the implications of this rapid growth as well as recommend a plan to grow and manage the University's TNE operations (University C TNE Project Team 2013a). The review which employed a variety of methods, including school meetings, town hall

meetings, the Delphi method and archival research, led to the publication of a Green Paper, and subsequently a White Paper in 2013 (Ibid.,).

The White Paper concluded with four recommendations, viz.,

- 1) establish 'non-negotiable minima' in TNE delivery, recognising that in some cases the adoption of these standards will render certain units/courses/disciplines and partnerships unsustainable or unattractive for either the partner, the University or the School
- 2) develop and enforce a policy framework around very large unit offering cohorts (500-1,000 students)
- 3) investigate the requirements for establishing a reliable, high quality, digital interface between the University and our Country V partners to facilitate high quality outcomes of both the delivery and administration of the University's TNE enterprise
- 4) engage with a professional marketing agency to enhance the appeal of its TNE offerings. Particular attention should be paid to the drive to improve quality and to the distinctive University advantages e.g. local academic and administrative staff, local Principal, blended learning, internships, local research capability, increased face-to-face contact with University staff with international reputations

On the four White Paper recommendations, the informants reported that the University did enforce its non-negotiable minima in TNE delivery (CI3, CI5, CI8), address the delivery to large cohorts (CI3), and professionalise its marketing to strengthen its appeal in Country V (CI3, CI8). There was however, no evidence of the third recommendation being implemented, i.e., the digital interface between the University and the OPs. These observations were made by University staff with managerial and academic responsibilities.

It was interesting that the University also implemented a set of intermediate term strategies, while developing the White Paper. The Chair of the Review, the Country V Principal (who was later appointed Dean at the HCO), and the Vice-President (Offshore Partnerships) *'identified a need for immediate action in relation to some issues ... they recommend a quality assurance (QA) strategy of building local capacity (i.e., the HCO) to support the Country V cohort of students that represent close to one third of the University's total enrolment'* (University C TNE Project Team 2013a, 21). This strategy is proposed to be funded through *'both partners impos(ing) a quality enhancement levy on each student in every unit ... the amount to be levied is (Country V)\$60 per unit, per student, adding around 3 per cent to the total cost of each student's program ... (and) both the VKP OP and VSM OP would pass on this additional contribution to students but may wish to absorb some or all of this increase'* (Ibid.). The resulting HCO was supposed to support both the VKP and VSM FP operations. However, the VSM FP operation terminated in 2016 (Section 5.4.2).

CI1 reflected on the impact of the White Paper, saying that *'that White Paper really established the Country V office ... and changed the contract so that we got more ... control; made us change the contract so that we would get a higher fee share as well ... but we would have to involve ourselves more, including setting up a proper office in Country V and ... of the Country X aspects, we wanted more control over admissions because that was a bit loose ... we wanted a Dean appointed by us, not by them ... so we did want to take more control in Country X as well, as a result of the White Paper'*.

CI6, who *'was part of writing it'*, is of the view that the White Paper *'was a great paper'*, and had some impact on the University's TNE operations (*'TNE has been as a result of that for University C'*), e.g., having *'staff in Country V teaching is an improvement on what it was'*.

However, CI6 contended that the White Paper is now largely '*consigned to history*', and that the University did not go '*as far as it could*' because of '*money ... change in management, change in direction*'. In addition, '*I think we can go a lot further still ... but I don't know whether that is going to happen*'.

It was noteworthy that one University staff with strategic responsibility was not familiar with the White Paper, and remarked that '*I didn't read the White Paper ... I need to review it obviously to see if it provides what we've done ... by sheer commercial want, and educational will, if you like*' (CI11).

#### 2.3.4 TNE Performance

The high number of students at VKP can be attributed to the OP ('*they drove recruitment, significant recruitment in the first 8 years of operation*' – CI2), and its high pressure sales team ('*sales is all pressure ... to meet targets ... they have various tiers (of payment for student recruitment) ... if they go through the first tier ... for example, the Bachelor of Business in Marketing, they're given this tier - they need to get in, so maybe 30 students, as a minimum; and you know sales is all about money ... so if they reach their target then they get their reward ... and then there's higher and higher (tiers of) rewards ... (and) if they can keep on meeting their targets and there's a chance of you know high increment, and high bonus*' (CI9). CI2 commented that the OP has been '*brilliant*', and called it '*a juggernaut in Country V*'.

The OP is very skilful in deploying the University's on-site staff for student recruitment, e.g., CI8 is regularly engaged to conduct marketing previews both in Country V, as well as overseas (Countries O and Y) although CI8's designated role does not include marketing (CI8). CI3 added that even the Dean gets involved in marketing, as he '*constantly goes to Open House events; he goes to recruitment events*'. The OP



promotes the HCO in marketing, declaring that the University *'has its own Country V Dean; you can speak to the Dean anytime you like'* (C13). The market loves *'the fact that there is a ... white person who's representing the University here in Country V ... and he speaks well; he's articulate; he's professional ... that means a lot'* (C13).

The very large student numbers for University C, compared to the other university partners of the OP, could also be ascribed to the University's *'curriculum advantages over other universities, and we also had some price advantages over other universities ... we had a much more flexible curriculum than most universities'* (C12). C11 commented that *'we were pretty cheap ... we're at the bottom end, really'*. The early curriculum advantage, where *'people want to get in and they want to do the courses quite quickly ... they like the fact that they can ... do a three-year degree in two years'* (C13) is being levelled in the market as other providers replicate that mode, *'which is a bit of a problem there because we've lost that advantage'* (C12).

At the end of the strong eight-year growth in student numbers, the VKP operation experienced a small dip in student recruitment because the University *'changed the curriculum'* (C11). C11 explained that the University *'changed the delivery mode from 12-weekly classes to six fortnightly classes ... and they're very long, four hours long ... we changed that a little bit to reduce the hours on a night time from 4 hours to three-and-a-half ... it's a very long ... people getting there late; it's a very long night ... people working all day long; then they come and study at night for four hours'*. The market has adjusted to the new delivery mode, and *'our numbers are coming back for this year ... so I would anticipate we will be back to 2016 levels by the end of this year'* (C11).

The current (i.e., 2018) market environment has been affected by the state of the country's economy (*'economically things have gone a bit slow ... everyone's struggling ... numbers are not rising as quickly as they*

*maybe have experienced in the past* - CI3). The government had also *'changed things; it's impacted on numbers slightly'* (CI3). The slow-down might have been the impetus for the University to take *'a step back from'* offering a new Executive MBA, and return *'an area that we had leased (which) is coming up for renewal; the staff that there's now will be moved in with the other staff where we had a lot of teaching spaces that we're probably never going to use'* (CI4).

Although student numbers have *'gone back a little bit'*, the University, with more than 5,000 students at VKP, is *'still one of the biggest foreign universities operating in Country V, if not the biggest'* (CI10). CI10 is of the view that the VKP operation is *'mature, hopefully not in decline'*. The largest beneficiary of the VKP operation is *'the Business school with the largest number of students ... it's been a consistent growth for eight years ... steady for two years'* (CI2). The student numbers for IT programs, although small has been growing (*'though they (i.e., Business school) have been contracting and we have been expanding over the last two years'* – CI6).

The University is concerned with the contracting numbers for Business programs at VKP as it *'will be a massive risk to the school of Business here ... our Business school ... is so dependent on Country V, not totally, but very dependent ... so that's a bit of a risk of over exposure'* (CI2). Nevertheless, *'there are some people in Business who are still very sceptical of the absolute benefits of transnational education ... who are very hesitant to give praise to the Country V i-FP and the outcomes there'* (CI2).

### 2.3.5 TNE Contract Renewal

The VKP operation started in 2008 on a five-year contract (CI10). It was renewed for another five years in 2013, and a further ten years in 2018 (CI4). CI1 reported that the White Paper contributed to a number of

changes to the second contract, including the establishment of the HCO through funding from a quality enhancement levy that was imposed on students, and the increased control over academic processes. The longer third contract of ten years '*says a lot about the confidence on both sides*' (CI10).

CI2 commented that '*the contracts weren't as strong or as tight as we've now got*', and that recent contract renewals were '*much more thorough than ... we did in 10 or 11 years ago ... (and) so obviously the data on their (i.e., OP's) track record, their financials, then their ability to recruit, their network of recruiting agents, their reputation with the government and regulatory body*' were scrutinised.

The recent contract '*is a win-win ... much more controlled than it was previously, and I think to our benefit, we are getting a better return but we are committed to growth with the OP*' (CI2). CI6 added that the '*latest contract is more favourable in terms of financial returns to the university*'. The quality enhancement levy, introduced in the second contract was '*done away with because we've got an increased fee share to cover that (i.e., the funding for the HCO)*' (CI4).

The negotiations for the recent contract '*took about 18 months to be able to complete ... it was exhausting ... it was complex ... but I think that both parties saw the future potential ... and I think when both parties did their financial modelling ... (and) when we both ... looked at the total value of the partnership, it was quite striking for both parties over the ten-year period*' (CI10). The stakes were high in the negotiation because '*it's almost a situation where there would be mutually assured destruction if either one of us pulled out of the relationship ... although you know I think that the OP will probably continue on without us, and we probably continue without them ... but it is acknowledged I think by both sides that it is a relationship that works for both parties*'.

There was a point when the University did consider going it alone, but decided against it because *'they (i.e., the OP) bring capabilities that we don't have as an institution ... the local knowledge, the agent network ... not just their agent network offshore but also they've got people in-country ... like in Countries O, T, R, Q and Y ... their reputation, their brand in Country V ... (and) the efficiency of their model ... pretty sharpened ... I mean if you go over to the campus ... rooms are ticking over; their very forward, contemporary campus and brand new smart classrooms ... it's what they do quite well ... and those would be things that I think any institution like University C would find difficult to reproduce'* (CI10). The University also acknowledged that while *'certainly they (i.e., the OP) probably value the IP, ... they've got other university partners that offer business degrees ... there's nothing particularly novel about that'* (CI10).

CI4 elaborated on the circumstances surrounding the negotiation for the recent contract, saying *'in almost every contractual situation there is a dominant party and a weaker party ... in our prior contractual negotiations, because of different circumstances, I think that this organisation has gone into them giving the perception of being the weaker party; a desperate sale, if you like ... it didn't help that when the contract re-negotiations were going on in 2015, 2016, that the University here went through its own traumas ... with (governance issues and changes in) its Vice Chancellor and others ... that automatically put us on the back foot in terms of ... trying to get the best possible opportunities ... and I think to that extent, the contract reflects that we were the weaker party to those negotiations'*.

### 2.3.6 Country V Alumni Engagement

The University's long TNE presence in Country V has resulted in a large number of alumni, numbering about 18,000 (CI9). These alumni are actively serviced by an alumni team comprising of volunteer alumni, and

supported by the University's home campus alumni office (CI7). The HCO '*lend them (i.e., the Country V alumni team) the office*' for their activities (CI7). CI9 added that '*when they come here (i.e., the HCO), we want them to feel as if they are coming home ... and so the way we do this is through workshops and through other activities ... could be a fun activity for their families, could be movies, could be like soap-making or socials*'. The support from the HCO for the alumni team is '*ad hoc ... we want to engage them a little bit ... not so structured*' (CI9).

Apart from supporting the alumni and their families, the HCO staff also see alumni engagement as a potential for branding ('*the alumni is our brand ... and they should also be like our PR; I wouldn't call them our PR machine, but you know, PR strategists*' – CI9), and recruitment for '*a second degree or a Master's*' (CI7).

The alumni activities are run by a formal team of alumni which conduct its annual general meeting (AGM) '*every two years ... so we give the alumni the opportunity to elect their own president, vice president, secretary and treasurer ... so they will come up with ideas on what they want ... we don't want to pressure them ... they would come up with something ... they came up with this idea of ... a movie*' (CI9).

### 2.3.7 Completing the Portfolio with Research and Community Engagement

While the initial set-up of the HCO did not include research and community engagement as an intermediate term strategy, these activities were made possible through the '*good gross margin ... that's seeded the research centre*' (CI2). CI2 also added that the HCO has been leveraged for research, and '*that's why we've got a research centre there now*'.

The research centre ('SCORE', a pseudonym) is now headed by a full-time head (CI4), who has '*done a great job ... and in-fact we are getting*

*more traction from investors in Country V than we are in the University's home city for some of our research particularly in agriculture' (CI2). CI11 also commented that 'we've been very successful in research grants and research funding pools in Country V'.*

The University, through SCORE now has *'access to different Country V and other organisations to do collaborative research projects ... and they seem to be picking up more and more as the institution becomes better known, especially within the Country V government authorities and trusted as an organisation that can deliver' (CI4). The University's full-time academic staff, numbering about five persons, have 'the usual expectations of research and there've been an allowance for research' (CI4). CI9 clarified that the 'allowance for research' that CI4 mentioned is the arrangement where 'our lecturers will teach two trimesters and then one trimester for research'.*

CI5 reported that her School *'have a full-time Psychology lecturer in Country V ... (who is) based in the HCO and she does a lot of research in Country V ... (and) I'm running a project at the moment with her that's looking at academic integration and institutional commitment for University C TNE students versus University C onshore students'.* When asked if the HCO full-time academic staff is remunerated for research, she explained that *'she's also on a salary ... so it's just part of our job that we were required to do research and to supervise student research projects ... and she teaches some of the units'.* CI5 also clarified that *'it might be the case that in some of her projects, she does get funding into SCORE, but I think, um, it's worth saying it's SCORE ... so if she gets money that goes into SCORE, she doesn't get any money out of that, personally ... so, it exists within SCORE, and she's helped get the money in there, but she doesn't benefit financially at all from that money'.*

On the part of the OP, there is no expectation that the OP or its academic staff be involved in research or community engagement

(CI11). However, CI11 commented that the OP is involved in some *'community engagement ... and some government connections ... and those are the things but not to do pure research'*. CI7 added that the OP *'are quite supportive, especially when we have certain events ... like ... events promoting work placements, ... we have some workshops that we want to introduce to the students ... they are very supportive in terms of monetary, (and) letting us use their premises'*.

## 2.4 Country V Operating Environment

The Country V operating environment has been described as *'a high risk environment for foreign institutions'* (CI8). CI10 quipped that *'some of the big brands of course came here and then left'*, referring to several world renowned universities, some of which were set up to support the development of local government institutions. For VKP, the majority of its students (60% of total VKP student population) used to be domestic Country V students who have completed their vocational studies and looking to topping up with a degree (CI10). With the growing options provided by additional local government universities, this proportion has dropped to 50%, which has *'hurt us a little bit'* (CI10). CI7 is of the view that *'the growing market no longer is Country V ... our universities should also look at opportunities elsewhere'*. It is imperative that universities *'have to cater to all these changes and I think that for a university to survive now, we need to make changes'* (CI7).

### 2.4.1 Economic and Business Environment

From the economic and business perspectives, CI7 asserted that *'in the micro view, I would say this market is very saturated'*. The number of government universities has grown rapidly to meet various local needs; there are now six government universities, some of which *'have collaboration with external universities like University W (a TNE-active Australian 'Others' university)'* (CI7). Citizens of Country V have an

affinity to their own government institutions, as C17 described *'I'm with the local university'*.

Having a larger number of government universities also means that *'you are increasing the number of places'*, which in turn implies that *'the entry requirements might be slightly lower'* (C17). Therefore, *'they take the bulk now; before, they were taking the top tier and now they have come down (i.e., accepting lower performing students) and this is what we are getting ... so we have less students to be shared among all the foreign institutions'* (C18). C17 explained that *'the demand is not there ... it's already more or less fixed ... and you have added so many other public universities'*.

There was a period when the Country V government *'actively solicited foreign overseas (like some of the top 100 in the THE ranking) to come here, and those universities were brought in on subsidies and when the period of subsidy ended, those universities said, 'well, we can't survive'* (C110). Some of these foreign institutions could not survive because they were charging very high fees, and *'Country V citizens are actually more price sensitive when it comes to education and you might think ... so, University E (a top 10 business school) (Badre 2017) is still very popular; it does very well but the bulk of our students are very price sensitive'* (C110).

C17 shared that domestic students usually assess four key criteria in selecting an institution of higher education, viz., *'location, price, ranking and ... duration of the course'*. Location as a key criteria has been demonstrated by VSM's experience in moving from the CBD to the suburbs, resulting in its business having *'disappeared almost overnight ... (because it was) less convenient for students'* (C16). Duration is important *'because students can complete three academic years, in two years ... (and) 'that's the reason why we run in trimester basis instead of semesters'* (C17). In terms of ranking, there seems to be *'no competitive*



*advantage between universities ... all our Australian universities, you can only look at their rankings'*, which are similar (C17).

#### 2.4.2 Regulatory Environment

The operating environment has also tightened up in terms of the regulatory requirements imposed by the government. There were two events that precipitated this tightening, viz., '*some high profile failures*' among private institutions (C16), and the results of the 2011 general election.

The government had proactively marketed itself (C110) as a regional education hub since 2003 (Lee 2012, 2). This push led to the proliferation of private higher education institutions, some of which were '*fly-by-night schools ... students paid the full sum, and then in the end ... got cheated*', while in some of the others '*the curriculum was not exactly what was taught in the main campus*' (C17). For these reasons, the government '*introduced DQF* (a pseudonym for the government's regulatory authority in education) *into this sector ... (and) shook up the market in 2011*' (C17).

The education sector became '*very regulated*' (C17), and DQF was perceived to be '*perhaps overzealous*' (C16). It was not difficult to understand why when the informants shared their experiences with DQF. First, all programs are '*required to register with DQF*' prior to delivery (C17). Second, all '*lecturers must be approved by DQF*'. Third, institutions '*need to issue a student contract* (C17), and '*if the student wants to change a major, they have to have a new contract ... (which costs) 500 dollars*' (C16). C16 added that '*if we change the name of a unit, it has to be approved by the DQF before it can be offered to the students ... if we change the structure of our courses and so on ... we've never had anything not approved, but it takes time*'. This was demonstrated recently as C15 shared that '*regretfully we haven't had very much time to market it*

(i.e., a new post-graduate program) *because it took a long time to get approvals from the DQF and then obviously we couldn't start recruiting until we've got those approvals*'.

In CI7 words, *'everything needs to be approved by DQF, and any changes that we make, we will need to submit for approval ... however, while the Country V government has to look after its own reputation ... but that lack of flexibility makes things difficult'* (CI6). The inflexible environment is not helped by the mass media, as CI6 explained – *'when we have students who complain about academics ... it's just one step to one of those people writing a letter to the national daily or complaining to the DQF ... and they are very prominently reported by the press'*.

The other *'turning point was 2011 after the general election'* (CI10). CI10 explained that the governing party *'lost two seats and two electorates ... and that had never happened before ... that was a real wake up call ... and the feeling was that the electorate were very concerned about foreigners generally'*. CI10 described it as *'an early outbreak of sort of the nationalism that you now see in the United States ... the sort of resulted in Trump ... or Brexit in the UK or ... the shift to the right that you see in parts of Europe and Australia as well ... so this idea that we need to look after our own national interests first'*. But somehow *'education got caught up in all that'*. For example, *'very talented international students were coming in on full scholarships, but then the local kids were missed out'*. There were also grouses that *'our city was becoming congested ... it's hard to get a job ... only Western expats taking over their good jobs at the top end, and at the bottom end ... foreigners from the neighbouring countries are taking other jobs ... and so, the citizens are getting ... squeezed out ... and at the same time housing prices are going up; we can't afford ... so there's a lot of concerns about foreigners'*. CI10 concluded that *'the government, after the elections was over, they got the message and they tightened up on immigration, they tightened up on the perceived benefits given to*

*foreigners'. CI7 added that 'now they tighten up the requirements, and they don't ... easily allow students ... issuing of student pass (for entry into the Country), including barring students from 'certain countries ... (or certain states in some countries (with poor immigration patterns) ...because some of them might stay on illegally'.*

In a discussion on the value of tight regulation, CI10 is of the view that *'regulation can actually lift the reputation of the entire sector and those that are willing to adhere to the regulatory thresholds ... and I think that makes it easier for consumers to know that it's a reputable industry ... what it says on the box I'm actually going to receive'*. CI10 contrasts this with the time *'before Country V had its private education act, there were a lot of cowboys ... and what happens is that when you get degree mills setting up in unregulated areas and you've got no way of discerning quality is that it becomes quite confusing for prospective students and ... the whole sector develops a bad reputation'*.

CI10 also acknowledged that *'of course regulators can become quite pedantic and they can focus on things that I think are not so relevant to the educational experience of students'*, giving the example of the University's *'inability to deliver a program here (in Country V) ... that we don't offer on campus'*. While there is justification for this restriction *'because they want to make sure that is tried and tested in the home market, ... but what if you don't have the industry in the home market to support it?'*. CI10's experience in operating within Country V's regulatory environment led to the conclusion that *'it's (i.e, regulations) really unclear actually'*.

#### 2.4.3 Political and Policy Environment

CI2 reported that the Country V *'government decided that they want to have more people doing STEM (Science, Technology, Engineering, Mathematics) ... so they are putting pressure on international providers,*

*universities to offer more STEM courses, because they (are) skilling their work force for the future, so that's a risk' for the University. The government had also in the past, 'decided that there was a range of law providers that they no longer recognised', but the University's law degree 'survived, but other quite prestigious universities didn't ... so that's always a risk transnationally' (CI2).*

CI10 related that *'the other thing that's changed is the whole government narrative around the value of university education ... there's been this big push against so-called paper qualifications and ... a big focus on skills but also saying you don't need a university degree to be successful ... you need to explore other options', e.g., vocational diplomas. CI10 continued that 'the main issue with the vocational students is that they might go and work for a while but then they realise that they get stuck at a certain level (and) without ... having a university qualification, they couldn't go any further, they couldn't earn more money ... so of course they want more money so they get a degree ... but the government is trying to change that as much as possible ... I don't think that they are succeeding'. Country V society has evolved and now 'also young Country V citizens don't want to work in ... what they consider to be dirty industries ... because they all want to go work at a financial district right away ... they want to sit in air conditioned offices, and then go down to Starbucks'. CI7 added that 'the government is also not very supportive of (university providers) ... because they see that it's very saturated, there are too many graduates – white collar'. In fact, the government allocates (Country V)\$500 per citizen, per year for skills upgrading (CI7). When asked if the University might enter the skills development area, CI7 responded with 'no ... because we're a university ... but we are also looking at changing our curriculum to cater to that as well', and that the OP has plans to offer skills programs through 'their own subset (i.e., subsidiary)'.*

For international students studying in Country V, the Country is a '*politically stable environment and a peaceful environment*' (CI9). However, domestic politics and policies are currently hindering a higher intake of international students.

#### 2.4.4 Cultural and Social Environment

CI9 asserted that '*for us, the main stress point would be ... our lower population growth*', which is observed in the '*lower than expected*' numbers for VKP, the '*merging of secondary schools*', and the '*recent government initiative to source nurses from a neighbouring country*' (CI9). CI9 added that the government hoped '*that they would stay ... and migrate here ... so to grow our young population*'. However, this view seems somewhat incongruent with CI10's view of the current nationalist sentiments pervading the Country.

On academic delivery, CI4 reported that '*simply being distant from us causes me some concerns; there are different cultural and social standards that I have to be mindful of to accommodate within my view of what is equivalent student expectations in a jurisdiction like Country V are different from expectations of students here (i.e., on home campus) ... (and it is important) for me to explain and demonstrate what my expectations are*'. CI4 explained that '*students in Country V tend to be reluctant to be active learners, to actually engage with the teaching staff in discussion and discourse ... "just tell me what I need to know"*'. For students on the home campus '*we're probably a bit better at actively encouraging that engagement because we have permanent academic staff that know that that's one of the best ways for students to learn ... you can't do the same to the same extent when you're doing this stuff offshore*' (CI4).

The '*majority of our students in Country V are part-time, so they are all working ... they come in after work, they grab some McDonalds or KFC*

*on their way to their classes ... they sit there and then they go home ... or they go shopping at half-past ten ... I don't think there's much of an opportunity for social interaction between the students as it would be in a university campus'* (CI6). CI6 continued that *'it is much more difficult to do group work in Singapore than it is here (in the home campus) ... because if the students have to do that at night, well they have to do it on the weekends ... they can't do it after class because it is too late at night'*.

CI9 reported that there is a cohort of students among civil servants, who know that *'if they complete their degree then there's a higher chance of them ... (to get a) promotion, ... and increment (and) ... credential'*. For this market segment, VKP provides them with the flexibility of taking fewer units per study period, even to the point of *'just take(ing) one'* unit (CI9).

### 3.0 Changing Offshore Partner in Country X (2008 to date)

Although the University had been operating in Country X for ten years, it decided to terminate the operations due to poor student numbers and suspect quality of delivery. However, a newly appointed Vice-Chancellor decided to reverse the termination decision, but re-started the operations with another OP.

#### 3.1 Country X *in situ* monitored Branch Campus (ic-IBC)

This section explores the University's first TNE operation in Country X, and describes its eventual termination.

##### 3.1.1 Background and Motivation of the OP

An *in situ* monitored collaborative branch campus (ic-IBC) is a branch campus that is operated by an OP with some university partner staff presence on-site. The beginnings of the University's first ic-IBC in

Country X can be traced to an approach by a privately-owned global multimedia corporation that had a region-wide franchise for a '24-hour finance news network' (CI1, CI6). Their strength obviously lies in the media sector, and the focus of the ic-IBC was in 'the arts, the media, (and) film' (CI2). The OP's parent organisation initially held the franchise for the news network covering the northern AA region of countries, and later added the southern AA region as well (CI1).

CI1 explained that '*previous to working with us, they didn't have any education arm, no educational experience at all ... it is a media company*', while CI4 saw the OP as not having '*any educational institutions of their own ... it was simply a management body that saw education as a field of business to get into*'. CI4 added that '*they had no academic background ... (and) they simply recruited sufficient staff that they needed to deliver our units, and a couple of academic managers/administrators to have oversight of the program ... (and they) didn't have that global network that the VKP OP have available to them, and the expertise that comes from having a large global network*'.

CI1's perspective of the OP's motivation to set up the ic-IBC was that the OP '*wanted to do some training for their own staff ... that's how they approached University C and said, 'We wanted to use your IP; we'll set it up in Country X; we think there's a market there ... we need to train our own staff as well' ... we wanted to get into education ... (but) I don't think we ever saw any of their own staff*'. One of the principals of the OP '*had an aspiration to be involved in university work*' because '*although he wasn't an educator himself, his father was very high up in the Country Q education*' sector. However, in CI3's view, the OP plainly '*see that there's money to be made*' out of private education. Similarly, the University's perceived benefit was mainly financial (CI1).

### 3.1.2 TNE Business Delivery Model

In line with the University's preference for asset-light TNE operations (CI11), the Country X ic-IBC engaged an OP which was the '*infrastructure provider*' (CI6), where the campus '*was (a) fully funded infrastructure by the OP ... we didn't put anything into it*' (CI1). The OP invested '*significantly in infrastructure around film, (and) media*' (CI2) to cater for programs in '*Journalism or Screen Production, or Creative Media*' (CI1). This significant investment was not unexpected given that '*they have studio, they've got equipment ... they were in that business*' (CI1).

The OP was responsible for employing all academic and administrative staff, with the University approving all teaching staff prior to engagement (CI1). The Country X ic-IBC was commended for having started well by employing several full-time core teaching staff, and supported by other part-time teaching staff, compared to other TNE operations where almost all teaching staff are part-timers (CI1). CI6 also commented that '*we have quite a stable group of people teaching with us in Country X ... we had the same 3 or 4 people teaching for us in Country X since we've been there*'. The on-site teaching staff were responsible for teaching and grading of all assessments, including examinations, while the University retained the role of moderation of all assessments (CI6).

To monitor the TNE operations, the University seconded Deans on-site, and there had been '*five Deans in the eleven years I've been here*' (CI2). However, CI2 added that there were '*some failed Deans earlier on, didn't work out, so that wasn't a great start*'. These appointments were found wanting because '*it was always a bit grey ... they were kind of paid by University C, but they were kind of institutionalised because they sat in the OP's office ... they became one of them ... so we sent them somebody that works here over there .... (and one of them) was institutionalised; he became an OP person and he's still with the OP to*



*this day*' (CI3). CI1 reported that the University currently has two on-site staff reporting directly to the University, viz., one Dean and an admissions officer.

In terms of the programs, it was interesting to note that apart from the degree programs delivered by the University, the OP also delivered its own Foundation as a feeder into the University's programs (CI1). CI1 explained that *'that's where the OP I think made their money with the Foundation ... because there's always good numbers in the Foundation program ... it could have been 100 every semester but as much as ... (or) bigger than each intake of the University each semester'*. However, *'we didn't have much control over that; it was their program'* (CI3).

This Country X ic-IBC was the University's first foray into the MM/AA regions (CI3, CI1). The OP's *'aspirations were quite broad'*, having ventured into one of the AA countries with another British university, and had *'wanted to expand University C into a southern AA country and ... we were keen on that'* (CI1). However, CI1 added that *'they actually never ventured into those other countries ... it's never come up at the Dean's level'*.

### 3.1.3 TNE Performance

The Country X ic-IBC had been running for about ten years when it was terminated in 2018 (CI1, CI10). The OP had been *'looking around at Australian universities'* prior to identifying University C, and they were attracted to the University's interactive TV research institute, but *'essentially they wanted IP and they wanted to start their own ... their own area'* (CI1). The OP ended up selecting Communication, Business, IT and Education programs for the ic-IBC (CI1).

While *'their first conversation was with the Vice-Chancellor'* (CI1), one of the University's senior executive deputizing the VC met the OP's CEO

*'and explored the opportunities', and ultimately 'signed off on that deal' (CI2). The relationship between the senior executive and the OP's CEO had been close and described as 'a yin and yang in Country X' (CI2).*

CI1 described the environment in Country X during the negotiation stage as *'flourishing ... really expanding at a hell of a rage ... all based on speculation, real estate prices and construction industry ... Country C was booming ... I think it had a quarter of all the cranes in the world or something ... it was extraordinary', and 'they (i.e., the OP) had a grand plan and they were funding it accordingly anyway, ... we were in some way, like many organisations, buoyed or seduced even, to go to ... Country X', although 'it was not part of ... the University's strategic plan'.*

However, the ic-IBC had *'never been a lot of students' (CI6), hovering between 500 and 600 students (CI1, CI3). CI1 added that 'probably in the last four years, it's been that level ... it's been up and down a little bit, because we changed the entry requirements for the Master of Business Administration ... something like 2012, maybe ... we changed the rules to say you had to have experience ... you couldn't go straight from a Bachelor's degree into the MBA ... we lost a lot of ... students'. CI4 commented that 'one of the underlying problems or issues or concerns was the lack of sustainable volumes of students recruited into our programs'. The OP was commended about having 'all the will and the best intentions to grow', and indeed, 'we worked relatively cooperatively I think for six, seven, eight years but the last few years became difficult when we wanted to grow' (CI2). On the part of the OP, they 'did try very hard, but I'm sure they lost money, and we certainly didn't generate enough profit to sustain' (CI2).*

The poor performance of the ic-IBC was attributed to the *'incredibly competitive environment', and the onset of the 'the financial crisis' which caused the majority of the students, who are mostly international students, to leave the Country 'in droves' (CI2). CI2 also added that 'they*

(i.e., the OP) *hadn't done the market intelligence ... as well as they should have because it's an expensive start-up and it's more expensive to deliver (Communication programs) than Business (programs)*'. Similarly, CI1 commented that 'we (i.e., the University) *just didn't do any research on this ... I presume that they proposed something interesting ... you've got to understand this was 2007, before the ... global financial crisis*'.

Although CI6 was of the view that the failure of the ic-IBC was not 'a *quality thing*', CI3 contended that the University 'was to *blame too for the fact that this relationship maybe didn't go as well as it could*'. CI3 explained that '*I don't think that he (the University's senior executive who signed the contract) nor the people that worked in TNE at the University set things up as well as they could have been set up ... and we made mistakes ... we let the OP have too much control and we are so far away that I think people just said, 'oh you know, let's ... let them get on with it' ... let them do this, let them do that ... you know, it's going OK, it's not going grave ... it's all alright, so let them get on with it ... they seem to know what they're doing*'.

However, 'when we (the new TNE team at the University) came on board like five or six years ago ... and we're going, 'Jeez, what's going on in Country X? Why are we letting them do this? Why are we letting them do that?' (CI3). In describing the infringements, CI3 went on to say that '*sometimes we found that the host country teaching staff weren't being approved appropriately, like a teaching staff might be approved, and then, after week two, that teaching staff, for some reason, couldn't continue ... and then somebody ... would take over which we don't know about*'. The University also '*were a bit more loose or lax with our admissions in Country X ... we didn't take control of that ... so there was always some pushing going on in relation to admissions*', despite the ic-IBC having '*the admissions staff, and ... the Dean ... employed by the*

OP' (CI1). CI2 attributed some of these infringements to the fact that *'the contracts weren't as strong or as tight as we've now got'*.

CI3 was also of the view that the OP was not *'great at marketing ... not as well known worldwide ... (and) don't know education as well'* (in comparison with the University's other OP). While *'they own their own buildings and stuff ... the people that actually own the OP really weren't education people'* (CI3). CI2 explained that there was a mistake in *'the curriculum offerings .... I mean if we would have started off in Country X with a really strong push on Business (programs) and then grown into other areas, it might have been a better strategy, but the OP convinced us and they were committed to Media and Film (which apparently appealed to a smaller segment of the market)'*, and *'until Business started to grow, the other areas have been very low ... from day one'*.

### 3.2 Country X Re-constituted Branch Campus (ic-IBC)

CI11 had a candid take on the changing of OPs in Country X at the conclusion of the first OP's contract, saying *'we've had an interesting time swapping partners ... we've had to swap out in Country X ... the first partner that is a family-cum-educator, from the family business to a company that's been set up ... the new OP with a global network ... that deliver these services, which are their core business'*. Although the negotiations with the new OP *'went on for a long time, ... I think it's fair to say that we're happy with the arrangement ... it's a better arrangement than we had with the previous OP ... so we're happy and they're happy'* (CI3). CI11 added that *'it's a very different relationship there now ... and the fact that we can negotiate some really good outcomes for new, long-term partnerships ... fifteen years with the new OP, with a further ten years as a possibility ... stands us in good stead to ensure that we're working with partners that are there for the same reasons that we are'*.

### 3.2.1 Country X TNE Partner Swapping

CI4 reported that *'we've been in partnership with them since I think 2008 ... (and) the contract comes to its natural end at the end of this year (i.e., 2018)'*. Prior to the conclusion of the contract, the then new VC *'came on-board as our Vice Chancellor, (and) he told the OP that we're going to be pulling out at the end of the contract'* (CI3). The OP was naturally *'upset with us leaving ... they said, 'we set this up ... we're still in debt for having set it up''* as the ic-IBC *'was (a) fully funded infrastructure by the OP ... we didn't put anything into it'* (CI1). In fact, the host country Regulator was also *'very concerned ... that they would lose another international university'* (CI2), and *'unhappy with both parties ... it caused some level of concern among Australian circles as well; this was the way the Regulator viewed it ... it was 'can we trust Australian institutions?' ... they might have had a flow-on effect there ... it looked bad for the University to pull out after making commitments to the city - in the Regulator's view ... they take a long view of it obviously'* (CI1). The Regulator *'scrutinised us closely thereafter'* (CI2).

The view of many University staff was summarised by CI3, that *'everyone here thought, we've been flogging this horse for ten years ... it's been tough work ... maybe we should just get out'*. In 2016, the University appointed a new VC, who had previously been working in another Australian university that was active in TNE (CI3). The VC had a different view, *'believed that Country X is a good place to be ... TNE-wise ... (and) believed that we've spent 10 years of building a reputation in Country X and to actually get out ... and throwing that away (was a waste)'* (CI3). Further, *'if you ever want to get back in in the future ... very difficult and the Regulator do not look very kindly upon people who decide to go and want to come back in five years' time ... I think the VC knows how other universities are busting their guts just to get in as well'* (CI3).

Hence, in *'late 2014, early 2015 was when the University reversed its view that it should get out of Country X ... we were going to get out of Country X altogether ... it reversed its view'* (CI2). This reversal was attributed to the VC who *'had the final say'* (CI3). CI10 described the pull-out as *'under a different leadership ... and then a new leadership comes along and they have different ideas'*. CI3 added that *'I think everyone's attitude, now that the decision was made by ... our new Vice Chancellor to stay in Country X and with the new OP who is a much more experienced partner, people have turned around and said, 'oh, you know, at least we've got a partner that understands (education)'*.

Since the University announced its decision to terminate its TNE operation, the OP then went *'searching for a new partner'*, and succeeded in signing up University A to replace University C (CI3). In the meantime, University C reversed its decision to leave Country X, and engaged a new OP to continue its TNE operation there (CI2). CI1 commented that *'in the end, we decided that we're not going to leave Country X; we're just going to leave that partner'*.

The reversal was described as *'decisions that happened at higher levels than mine'* (CI6). When it was known across the University that *'we're going back to Country X with a new partner ... you can imagine the Arts Dean, (and) the Engineering and IT Dean are a bit sceptical because it hasn't been a land of milk and honey ... it's a university decision, we seek feedback but we've got a whole range of new offerings that the new OP want to offer'* (CI2). Further, *'there's a lot of commercial-in-confidence ... we were committed to Country X, we were committed to a new partner but the details ... the Deans weren't across the details of that deal ... but now we know who the partner is, now we know we've got the course portfolio and some of these may not run depending on their market intelligence, but the schools really would have had 12 months to start getting ready for 2019 implementation'* (CI2).

The re-starting of the TNE operation under the new OP was not smooth; *'we were forced (by the previous OP) to follow the strict rule of the contract, which was that we go for ten years and then start teaching it out ... we wanted to convert, we wanted to transition out of the relationship but we've been held to the relationship until now, until the end of this year ... the University would have wanted to go sooner ... but we were held to the contract'* (CI1). CI1 went on to explain that *'we destroyed the trust ... because we decided we didn't want to stay in Country X three years ago ... we're the ones who wanted to get out of the contract ... and they pushed back on that'*. Similarly, the University A offshore partner *'couldn't work with University A until there were some legal things in place'* (CI2). In fact, the OP *'created another (legal) entity, and that entity went with University A ... very clever'* (CI1).

### 3.2.2 Background of New OP

The new OP is an acknowledged global player (CI11) with a *'proven track record (working with) ... Universities A and B'* (CI2). CI10 added that, apart from being *'very experienced'* and *'a good partner'* (in TNE), the new OP also has a *'good agent network'*. It does seem *'that part of the strategy of going with someone like the new OP, is that given the scale of their operations, we're more likely to get more students attracted through them to our programs'* (CI4).

CI2 was of the view that the new OP would be *'profitable'* to the University and present *'good synergies'* through its AA region connection, given the University's own extensive *'research in AA ... great coverage with some really good universities across the continent ... in food production mainly, but also mine site closures, (and) environmental impacts'*. CI2 also added that the location of the TNE operation will position the University to benefit from the *'growth of the middle class in AA'*.

### 3.2.3 TNE Business Delivery Model

The host country Regulator required the University to ‘*hold the licence*’ (CI3), and operate as an IBC, which CI3 defined ‘*in my view is (like) University A in Country T where they’ve built their own, or they own their own building, etc and they don’t have a partner*’. CI3 explained that ‘*in Country X we called it the branch campus and that’s what it looks like ... the University’s name is on the building ... right now ... and you don’t even know that you’re working with anybody else ... and it does look like it’s a branch campus*’.

The Regulator ‘*want it to look like University C is the branch campus and that’s it ... there’s really no one else ... the OP are just in the background helping the University to run it ... so no one really knows about the OP ... they (i.e., the Regulator) don’t want anyone to really know about the OP*’ (CI3). Further, the Regulator ‘*don’t want them (i.e., the OP) involved in the actual delivery of courses ... (but) they’re just an infrastructure provider ... (although the OP is) an education provider*’ (CI3). The OP ‘*have to provide the infrastructure ... and the staff ... we do rely on them to employ people to teach our units ... and paying them ... so it goes a bit beyond, in my view, it’s not really a branch campus but people do refer to it as a branch campus*’ (CI3).

Similar to Country V’s i-FP, the Country X new ic-IBC is expected to be helmed by a Dean, who will be paid and reports directly to the University (CI11). CI4 reported that ‘*there’re subtle differences in that the Country X Dean is actually located where the teaching is done ... (while) in Country V, the Dean is physically separated from the partnership*’. CI1 noted that ‘*we try to emulate (our TNE model in) Country V as much as we can in Country X*’.

The University is also in the process of appointing ‘*program coordinators*’ on-site (CI3). Although these program coordinators are already in place,



they are *'paid by and report to the partner'* (CI3). These are *'the real key people in each discipline, one person in each discipline, that ... had been with the University for quite some time and that were doing really well ... (except that now) the OP have agreed that they can report directly to ... our Country X Dean ... so we can have a lot more control over all their teaching staff ... (which is) much cheaper ... (as) we're not paying for them'* (CI3). The appointment of program coordinators seems to be a refinement of the University's Country V HCO model, where the University hires its own academic staff, some of whom are also unit coordinators (Section App I 2.3b). The new Country X ic-IBC seems to be less costly for the University in terms of the employment of program coordinators.

In the past, the Regulator permitted the previous OP to deliver its own Foundation program, and *'that's where the OP I think made their money with the Foundation ... because there's always good numbers in the Foundation program ... it could have been 100 every semester but as much as ... (or) bigger than each intake of the University each semester'* (CI1). CI3 observed that the Regulator *'has wizened up as well ... now OPs can't run their Foundation program ... we have to run the Foundation program .... it has to be badged as University C and it has to be run by University C'*.

The re-constituted ic-IBC currently operates out of the same premises as University A, but by *'mid 2019, the OP will have sourced new premises and the ic-IBC operations will move out ... in fact the DVCI is in Country X now ... looking at accommodation'* (CI2). CI11 reported that *'we need to give the (new) partnership a good 6 - 12 months to get established and then we'll more than likely establish a small office around the Dean like we have in Country V, and we'll add research opportunities there. ... in the region, not just in Country X'*. The research opportunities will be managed in the same way as the Country V HCO, and *'we're thinking of something similar to that in Country X ... we've certainly talked to the*

*Regulator there ... and various ambassadors to Country X and so forth, ... to be able to create something similar ... (so that) industry, defence and education, and various other industries located there ... would benefit from a university providing some research around ... innovation and some of the skills we have on the environment, water, and also technology as well' (CI11).*

#### 3.2.4 TNE Performance

*CI3 reported that 'word got out there when a rival institution was saying things like, 'you don't want to sign up with University C because University C are going to get out of Country X' ... so there were rumours floating around for a little while, while we were trying to decide what was going on ... I don't think it helped our reputation ... but I don't think it damaged our reputation too much'.*

It was also difficult to assess the performance of the new TNE operation during the period of transition between the two OPs when the interviews were held (CI1). However, CI3 is upbeat and of the view that *'this partnership with the new OP is going to be so much better because we learned so much over the last ten years'.*

The *'transition period'* (CI3) was described as attracting a *'higher risk just at the moment ... I think we're at a special moment because as it turns out, we're in a contract with the previous OP ... but it's now been announced we're going to go with the new OP from January next year ... so, we're in this transition period, where we're recruiting ... well, we don't do the recruiting, the previous OP does the recruiting, ... (while) they're (i.e, the new OP) not allowed to start yet until January (2019) ... so all the recruiting for the new OP is being done by the previous OP for the next six months, seven months ... it's a very unusual situation we're in'* (CI1).

CI1 explained that the new OP *'can't do anything just at the moment ... they're allowed to set up ... they start talking to us; we can talk to them ... we can start our plans but they're not going to deliver any infrastructure until January (2019) ... they don't employ any staff ... currently working for the TNE operation ... they're not employing anybody in that regard just yet ... although ... I presume they're looking for staff at the moment, and staff are allowed to approach the new OP to say, 'I want to go with you in January; not stay with the previous OP'*. It was also weird that *'the previous OP have now gone with University A ... across the corridor on the same floor; in the same building ... (and) you go up the same lift with University A students and staff ... they've only just started at the beginning of this year ... with their first intake of Foundation units students and I think some MBA students'*. CI3 observed that the new University A TNE operation *'is going so slowly that they have to put people off ... they don't need all the staff ... (and) we are happy to take some because we like some of them'*.

The performance of the University's programs in Country X in 2018 had taken *'a little bit of a dip because we've had to work with the previous OP on a strategy for this year ... how University A can come in ... and how University C's going to work alongside and who's going to get what fee share ... this year has been a difficult year ... (as) the previous OP have had to market for University A, (and) market for University C at the same time'* (CI3). Further, *'numbers have dipped, but not just because of that (i.e., the transition of OPs) ... (but) numbers have dipped generally across ... in Country X because economically, a lot of families ... of international students have had to leave because there's not as many jobs ... so it's a bit of a combination'* (CI3).

In January 2019, the ic-IBC will see the first cohort of students under the new OP's management (CI4). There will continue to be existing students from the previous partnership who are *'going to seamlessly transfer; they're going to continue to be University C students ... there will just be*

*a different management infrastructure around them ... they may notice some different administrative staff ... they may even notice some different teaching staff, but I hope that some of the current teaching staff will choose to stay with the University C program with the new OP' (CI4).*

The University, together with its new OP are contemplating *'moving in the next 12 months to a different site in Country X ... so we're able to be more agile and move to where our markets are better suited ... in those CBD locations ... which I think is a benefit' (CI11).*

CI11 commented that *'at this stage, I don't think we can judge the benefits of being in Country X for University C, fully ... I think in 25 years time we might or 20 years time, maybe even in ten years when we've been there 20 years ... (because) if you looked at some of the others that have been there 20 years, they ... (have) very much more substantial numbers ... play a greater role in the community, or in business ... have got a higher profile, and they've got their own campuses'*. CI6 on the contrary, argued that *'I don't believe it (i.e., the Country X TNE operation) covers the costs ... I fail to see how classes with so few students can be profitable'*.

### 3.3 Country X Operating Environment

CI3 reported that the Regulator *'didn't know what was going on'* (when the University informed the OP that it was going to pull out of Country X), and *'I think we're on the nose a little bit ... but we're back in their good books because we've just met with the Regulator last week ... (with) the CEO from the new OP ... the Country V Dean, the Country X Dean, (and) our DVCI'*. The Regulator *'were extremely impressed with the CEO of the OP and what the OP does and they learned a bit more about the OP ... and they were really pleased that we're partnering up together'* (CI3). The Regulator noted that *'this is a first for us in many ways, with the OP, with the English, for instance and stuff like that ... and the*

*Regulator is looking at this as if to say, 'well we can learn from you guys as well' ... in the end ... no reputational damage ... no major issue' (CI3). In fact, the Regulator had 'wized up' over the years, and no longer allow infrastructure partners to deliver their own programs (CI3).*

*CI2 observed that 'the risk was always greater in Country X (compared to other countries where the University operates TNE) because of the market, but Country X is so committed as a ... country to grow education as a central part of their economy'. However, the business environment in Country X 'is an incredibly competitive environment ... when I first went there in 2010 or 2009, ... a prominent American public university had just closed down and that was very significant' (CI2). It was also interesting to note that 'other universities are busting their guts just to get in (to Country X) as well ... (but) it's not as easy as people think it is ... it's a lot of work' (CI3).*

*Apart from the previous OP, who 'wasn't an established partner, they're new into education, into higher education', the University had to contend with 'the regulatory environment and the cultural environment in Country X, particularly with the focus that the partner wanted us to take around the arts, the media, film, that was probably the biggest risk we took there' (CI3).*

*CI2 described the 'political debate in my school about the paucity of free speech in Country X ... and there were some concerns also about the fact that some of the materials that we were going to use, especially in communication studies areas, screen production ... would in a sense, violate the sensibilities of the ... conservative citizens of the Country'. However, 'essentially, the Deans were encouraged to agree ... (and) I think there were probably a couple of reasons why in the end we basically agreed to do it ... one was (that) free speech in Country X was no worse than in Country V ... Country V was lower on the free speech index than Country X' (CI2). The academics were also 'heartened by the*

*fact that it was in an academic zone; it was in a free zone ... so for instance, the free media were there ... (and) more liberal than any part of the MM region' (C12). C12 reported that 'there was one course that we tweaked a little bit ... one single unit was about screen text and we ... after consultation, ... we took some reference to psychoanalysis out of one of the units ... and delivered in a different fashion in Country X'.*

*C14 also cautioned that 'we do have to be very mindful of the particular cultural and religious backgrounds of the jurisdiction in which we ... are working ... (and) this does have an impact on some of the materials that we can and can't use ... in that particular jurisdiction in terms of case studies and examples' and 'if there's any culturally inappropriate or religiously inappropriate material given to students, they have a right to complain to the government authority'. But C14 noted that 'we just have to be careful and we've been doing it for long enough that we know what to look for and amend'.*

*C16 shared that 'we have to be a little bit more careful about some of my lecture recordings ... I have to be very careful about the words that I use ... (and) one of the case studies that I've used a lot here is the target case study where they developed a way of determining whether their loyalty card members were pregnant ... you can't talk about that in Country X ... so I can't use that case study in Country X, so I have to review that'. However, 'most of the time that sort of intelligence comes from the people that are teaching the courses ... so the lecturer in Country would say 'Look, I can't use this case study here' ... because if somebody complains, then it will go to the government'.*

*Similarly, C15 commented that 'we do lean on our OP teaching staff a lot to help us with the context ... I don't know a lot about Country X, and I think a lot of the academics here don't know a lot about Country X ... our impression is that it is sort of, like a travel hub, a cultural melting pot, but at the same time it does have these really orthodox, traditional values*

*that run through*'. As an example, *'in some of our Psychology units, we do touch on things like homosexuality and ... it'd be useful once we started recruiting people to teach our unit set, (that) the host country lecturers can help us with how do we translate that into the context, so that we're not going to be offending anyone, or nobody's going to be arrested'* (CI5).

#### 4.0 Charting the Future (2019 and beyond)

The informants were mixed in their perspectives on the future of TNE at the University. Some informants advocated growth as a strategy to address funding restrictions in Australia (CI3, CI10). Others *'think the university at the moment needs to be consolidating what it has in the shorter term ... it needs to be having a balanced budget and all of those sorts of things'* (CI6).

#### 4.1 Financial Imperatives

While TNE operations are *'great for the brand, global presence, Times Higher Ed ranking and all of that, but it has to generate an income for the University ... we can't be there with a sense of service and benevolence and things like that ... it has to fund the research here, for example'* (CI2). CI3 asserted that TNE *'is important ... in this climate, of course ... (and) that's probably the main reason we will stay in TNE'*, adding that *'it's been a struggle for all local universities in the University's home state'*. CI7 added that *'monetary returns is still one of the factors ... if not, there's no motivational push for us to be outside of Australia ... and also issues that we face back home ... the government is cutting down on the budget'*. On the flip side, *'you can't subsidise ... these operations from domestic institution'* (CI4), an observation that was made in Section 2.7.4.1 that all TNE initiatives undertaken by Australian public universities must be fully costed and fully self-funded.

During 1980s and 1990s, *'there were lots of Australian universities in TNE, and then TEQSA came along and I think many of them ... pulled back ... but now I think there's likely to be a push back into TNE actually and that's as a result of funding pressures'* (C110). C110 argued that out of the two other funding alternatives of *'international onshore or offshore ... international onshore is sort of ... maxed out'*, leaving international offshore as a viable means for growing revenue. Although the onshore international student market is *'a massive industry ... worth like A\$22 billion, you don't see it growing massively more, ... (due to the) the exchange rate, the relationship between Country O and Australia is not good ... at the moment and there's been a pullback of Country O students and then the other issue that you find with TNE is that ... lots of international students who would love to study in Australia ... can't afford it'* (C110). Further, *'some of them want to work in their own countries to pay for their education ... so delivering in their own countries starts to make sense'* (C110).

C11's view of TNE was that the University is *'here (i.e., in TNE) only to the extent to broaden our base ... (because) University C was very subject to government funding ... we don't have a big foundation ... we have land but we don't have other income ... so, we are very at the vagaries of the government policies here ... so (we need) to have other operations ... (in) diversifying (our income sources)'*.

While not disagreeing with growing the University's offshore revenue, C16 cautioned that *'there's quite a short term perspective of many things - because money is tight, and that's what happens in any business ... when money is tight, you start to try and pinch pennies ... you try to control your spending, and I think that's one of the things that universities are experiencing at the moment because of changes in funding models and so on ... so it means there isn't the luxury of having a longer view, there isn't a luxury of having a strategic longer term perspective ... and how we might have to take some pain in the short term, to have a good*



*long term outcome*'. CI6 was referring to the need for the University to invest in more University staff travel to support TNE operations.

#### 4.2 Governance Framework

CI3 reported that the University has '*a strategic plan, an international strategic plan ... and TNE is part of that portfolio*'. This strategic plan will say '*that the university wants to grow its international student numbers by onshore and offshore*' means, and that '*the university has very big plans with the new Country X OP, and it will be interesting to see how that turns out*' (CI6).

The University's Country V TNE model is considered a model '*to emulate ... (including) the fee arrangements and ... the operational aspects*' (CI1) and because '*you've got your ground, your basic model working pretty well, and you know what is working, then branching out shouldn't be too difficult, really ... saying that though, it's hard work*' (CI3). CI4 commended the Country V TNE model, saying that '*it gives the University a strategic focal point to deal with not just the Country V partner, but to use the Country V Dean as a kind of regional academic presence ... (as) it expands throughout the neighbouring region and up into Country O as well*'.

In fact, the '*Country V Dean was also heavily involved in the negotiations with the new OP over Country X's re-constituted TNE operation*' (CI4). Informants observed that the Country V Dean had been deployed '*in a number of capacities*' (CI4) and takes on '*a broad array role now*' (CI3) because of '*his extensive experience in TNE*' (CI3). CI3 noted that '*we see that he may be able to play a bigger role in TNE overall in our overall operation, not just Country V ... so the idea of the Country V office is to have a lot more control and oversight of our whole operation*'.

In discussing the role of the Country V HCO, CI10 noted the *'way in which Country V is used by multinational companies and University C has become a multinational; it is operating in different countries ... although parts of the university haven't caught up with that idea ... but when you look at other multinationals, that's how they use Country V as a base, headquarters'*. While the *'the division of responsibilities otherwise seems to work ... in terms of those three pieces (viz., the Country V OP, HCO and University C home campus academic administration), the next steps we're thinking about in terms of our maturity in this space as an institution'* is to address the missing *'governance framework that oversees all of transnational education ... (and) to tie everything together'* (CI10). The DVCI *'would like to move to a situation where we have a board made up of relevant directors that oversees all of the University's TNE, including compliance with TEQSA as well as with QA bodies of other jurisdictions'* (CI10).

CI10 also argued that the overarching governance framework *'will allow us to be much more strategic rather than opportunistic, ... saying, 'where do we actually want to be ... who do we want to be in that country'', rather than entertaining 'an offer from XYZ university, to come to our country to partner with us'*. Further, *'the idealism around transnational education for me is around nation building, capacity building ... if we can do some good, and if we can do it in a commercially savvy way that's sustainable economically then I think, why not?'* (CI10).

#### 4.3 Geographical Expansion

The University is on a quest to expand its TNE offerings to new countries, as CI3 attested that *'there are certainly plans and certainly ... a desire to build (more TNE operations), and to increase TNE numbers'*. This desire is observed to be motivated by several drivers. First, several informants commented that the University rated very highly (*'something like 14<sup>th</sup> in the world'* – CI1) in the Times Higher Education rankings for

internationalisation (CI1, CI2, CI3, CI10). This achievement was attributed to, inter alia *'the staffing, the background of each of the staff, like where do they come from, where students come from, whether we are set up in other countries'* (CI1), and the Country V TNE presence (*'we do well in Times because of Country V mainly ... our presence of 6,500 students in Country V makes us do very well'* – CI2).

The first driver is related to the second, viz., *'the university's reputation ... so reputation is linked to rankings; internationalisation ... is something that the ranking agencies include as part of their assessment of a university ... but it does distinguish I think a university where it has other locations where it delivers its programs, where it has research offshore, where it has engagement, it has alumni that is global ... they're really points of distinction'* (CI10). The enhanced reputation has been well employed by the University in its branding, *'when you look at the advertising that we do, now it's University C home city, Country V, Country X ... and they heavily brand that now ... because I think senior leadership group feel that it's good for the University's reputation'* (CI3). CI2 added that *'our transnational is great for the brand, global presence, Times Higher Ed ranking and all of that'*.

Third, the enhanced reputation helps with recruiting international students onshore, as CI3 explained, *'globalisation ... it's great for you, for the University's reputation ... if you want to be an internationalisation-type university and you want to actually recruit international students onshore as well, this is really good for your reputation ... (and also the impact of) alumni ... we have so many in Country V now ... have them in Country X, and have some in Country T and we're expanding'*.

Fourth, the University's Country V TNE operation seems to be at a mature stage, and has limited growth potential. CI10 explained that *'I would like to see us expand in the region ... I think we have to ... the Country V market has become very mature ... it's become actually quite*

*challenging for private education participants ... (and while) it's still a good market for us because we've got our brand here ... we need to think of expanding'.*

Finally, the University takes a proactive perspective towards TNE as documented in its international strategic plan, where *'the latest iteration talks about being the gateway to region AS ... so it wants to really be part of the AS growth story and to diversify its interest throughout region SS and maybe go towards SA'* (CI10). CI3 added that *'they definitely want to expand the TNE operation ... we're looking at five (new) countries at the moment'.*

As an example of the University's geographical expansion, CI3 shared that *'the Country V OP are getting into Country H ... and we probably will go with them there ... so we'll be having another TNE location with this OP ... and that will be happening very soon ... (in a country with) lots of young people ... lots of young population'*. This new foray was confirmed by CI10, who is leading the initiative with the Country V OP, saying *'it's going to be open on June 20<sup>th</sup> (2019) ... just offering post-graduate business to begin with ... (and) we are going to be charging Country V fees for our programs'*. CI10 is excited about the prospects (*'I'm raring to go'*), especially given the young population (*'it's stats are 44 percent of the population under age 25 ... so, it's a huge market potential ... so we're excited about that'*). However, CI10 is also cautious about its prospects, musing that *'we have to figure out the difficulty ... for us is figuring out how to do it at our level which is affordable ... that's the challenge ... (while) there's lots of demand in Country H and I'm sure that if you survey the population and said, 'would you like an Australian university degree from a reputable institution like University C', there'd be hundreds of thousands of people who'd say, 'yes we would' ... and, 'could you pay for it?' ... probably not ... if only we could somehow ... bridge that gap between demand and supply'*. CI10 continued that *'we have to become much more efficient and try to lower our costs ... but I*

*think the other thing is the financing ... how do we between ourselves maybe the private sector, maybe the Australian government, maybe the country that we're working in - how do we maybe come together to try and finance education'.*

The above initiative in Country H seems to be somewhat incongruent with CI1's criteria for starting new TNE operations, i.e., *'we'd probably do that (i.e., emulate Country V's CBD operation) if we take up another TNE campus somewhere else ... we'd look for a country that's got an increasing middle class and market for higher education ... has to be stable ... (with) proper governance'*. While Country H has a market for higher education, and the University's TNE delivery location is in its capital city, CI10 had some reservations about the purchasing power of the market. It is also known that Country H is an emerging economy that has relatively lower governance standards compared to other countries in the region (Section 5.2.2.2.3).

#### 4.4 Addressing Major TNE Academic Issues

Delivering University programs offshore presents unique difficulties arising from market demands, and OP business requirements and infrastructure limitations. This section explores how University C resolved three major TNE academic issues.

##### 4.4.1 Multiplicity of Study Periods

The competitive market environment in Country V is characterised by students who are keen to *'complete three ... academic years, in two years'* which dictated the University's trimesterly delivery in Country V although this delivery is out-of-synch with the University's home campus semesterly delivery (CI7). CI3 added that *'trimesters work in TNE ... people want to get in and they want to do the courses quite quickly ... they like the fact that they can do them, do a three-year degree in two*

years'. CI5 observed that *'I don't foresee any changes with that – onshore students want semesters; offshore students want trimesters ... so in terms of what the demand is, I don't perceive the system changing at all'*.

However, the multiplicity of study periods is *'always a challenge ... (and) it continues ... but we cope with it, having trimesters ... so we have January, May and September'* (CI3). CI3 explained that *'it doesn't leave us a lot of time to obviously get exam papers back, to get marks, to get Board of Examiners happening and all the rest of it'*. More specifically, CI5 observed that *'there's a lot of administration related to collating results ... it can be an issue for student progressions ... and then it sort of screws up their enrolment going forward ... (and) it's an issue because staff like me who teach trimesters and semesters never get a break from teaching ... and essentially if you don't have breaks in teaching, you don't have space for research'*.

The issue is more grave for the Business school because of the large number of units, whereas with *'Psychology we offer all of our units every trimester ... (but) in other schools they don't ... (and) if they're only offering one unit once a year or something like that, then that student have to wait until next year to take that unit'*. Additionally, *'we have less units as well ... (as) I capped them at 20 students and if the OP want to add one or two students, they just get permission; usually I'll allow it, up to about three students above'* (CI5).

Although *'it continues to be a challenge ... we're not looking to change'* (CI3). However, *'the DVCA has aligned the trimester calendar onshore with the trimester calendar offshore ... next year'*. For a start, *'we will be considering ... offering some of the Business courses on a trimester basis here ... to align them with Country V ... so we're looking to align here more with there, instead of trying to align them more with here ... (and) we'll be maybe making some more adjustments ... offshore'* (CI3).

#### 4.4.2 Offshore TNE Teaching Methodology

The University's Country V TNE OP operated out of commercial buildings that had restrictions in classroom sizes, and the OP *'didn't have the infrastructure to have big lecture theatres ... so to actually have a lecture of 200 students or 500 students that are in the classes and then break off into other rooms (for tutorials) was not doable ... and that's why a lot of the classes were three-hour classes face-to-face, which combined the lecture and tutorial, which became a seminar and that's what we did'* (CI3).

But in 2017, *'we started to introduce blended learning in Country V ... so we went from 36 hours of contact time, face-to-face for each unit, each teaching period, to 24 ... so (that) students were only having to come to class for two hours ... and that third hour, was online via LMS'* (CI3). The lecture *'for the most part would be online or some kind of quiz or whatever the unit coordinator wanted to do ... and we'll be doing the same in Country X as from next year'* (CI3).

#### 4.4.3 Scalability of Offshore TNE Teaching

The University used to send home campus staff overseas for teaching and moderation visits to TNE delivery locations. CI6 reflected, saying *'I look back with some fondness about going to Country V to teach because I enjoyed it ... and I think the students got a lot out of it ... I believe that many academics would benefit from actually being in Country V and working with students in the country'*. CI6 explained that *'it is not so much about being near ... but it's about having a clear picture of what is happening ... so for instance, if you have never been to the Country V TNE operation, you don't know how the campus works there, you don't know how the teaching gets done, you don't know what the rooms are like ... and if you have not met that group of students, again*

*it's just a list of names in a class list ... and until you get to actually sit down and talk to the academics in Country V, again there is a temptation ... to not take them seriously'.*

However, CI6 acknowledged that *'I'm not sure if that model is scalable ... I would have 30 students, now I would have 300 students ... so I can't go and teach 300 students ... I think the models now are far more pragmatic and that changed because they had to change to actually make things work ... because I don't think that we could do it the way we used to do'.* The University now employs a small number of academics in its HCO to anchor each discipline (CI3), and relies on the OP's mostly part-time teaching staff to teach (CI6). There is *'no travel, practically no travel'*, and the liaison between the University's unit coordinator and the offshore teaching staff is undertaken *'with great difficulty ... so that's done with email, skype and so on'* (CI6).

Although the Country V teaching arrangement works (*'it's their (i.e., OP's) business model'* – CI4), it has also attracted some criticisms of questionable ownership, dedication and integrity of some of the OP's part-time teaching staff, who have been labelled *'taxi-cab professors'* for having to shuttle between institutions to teach (CI6). For example, *'they are very reliant on positive student feedback, and they are very reliant on having good relationships with the professional staff at the partner who appoints them ... so we have had people who haven't had appointments because they've not got on with the clerk that's managing the appointments'* (CI6). Also, *'I suspect that the lecturers start to look upon their students as being their employers ... and the students are the people who've got the power as to their continued their employment ... and again, until you've actually spent time talking with the lecturers, it's very tempting to believe that they do take that seriously – and they do give the students good marks for other reasons ... but I don't think they do'* (CI6).



If there's any consolation, *'I think the good thing is that we have quite a stable group of people teaching with us in Country V and in Country X as well ... we had the same 3 or 4 people teaching for us in Country X since we've been there'* (CI6).

Both CI6 and CI5 spoke about the *'precarious nature of their employment'*, and that *'if you can take a longer term view of it, I think we can build a better business in Country V, to have a more developed academic work force'*. CI6 explained that *'at the moment we do provide a lot of support (for the OP teaching staff) ... the learning and teaching certificates and ... access to quite a few resources ... but there's just that last step, and if we could be ... more as their employers rather than someone who provides them with a trimesterly teaching contract ... I think that would be a great thing ... and to me, it's the whole model of how you describe a TNE partnership ... looking at the different aspects of TNE and who has responsibility for what, I've wanted to see us have a bit more responsibility with the teaching staff'*.

CI4 is of the view that *'taxi-cab professors' get 'teaching experience more broadly, (and) they will always help inform with how they do the teaching with my students ... I don't see the direct downside to it ... they're never going to be an institution that's going to be employing 40 or 50 permanent academic staff – that's part of their business model ... but we are encouraging them to get more, better qualified PhD teaching staff and if there're opportunity, we do encourage them to have more permanent faculty ... but it's a business model we're dealing with'*.

#### 4.5 Research and Community Engagement

The University's Country V HCO provided a base for the University to develop research initiatives in the country as well as across the neighbouring countries, as CI10 explained, *'we've also tried to diversify the University's interests ... so, we have our research centre (in the*

Country V HCO)'. The success of the research centre, including attracting '*good government funding*' (CI2) has led to new initiatives to establish a similar research centre in the Country X ic-IBC (CI11). CI2 is hopeful that the University's Country X ic-IBC will find '*some good synergies there ... (because) we do a lot of research in region AA, we've got great coverage with some really good universities across the continent ... (and) the OP has a good record, good grounding in region AA*' as well.

The research centre in Country V has a good reputation within the University as well as in Country V, and had just recently '*spun out our first company ... from technology that we have developed here in Country V*', and the company is '*partly owned by the University; partly owned by its founders (one of whom is CI10)*' (CI10). The company had '*a venture capital fund that's come in and funding it ... so that's the sort of thing that we would do ... (and) again more diversified than just teaching and learning ... that's obviously critical*'.

With regards to the University's new TNE initiative in Country H, an emerging economy, CI11 is hopeful that it can help launch new research initiatives. CI11 reasoned that '*when we look at things that we're looking at now, we're looking at some countries that are probably only relatively newly politically stable ... have some issues still, but our emerging potential markets with 50-odd million people, and a good middle class that can sustain into the future ... and because they're relatively newly stable, or still relatively unstable, depending on which way you look at that, that can give the opportunity to do some research and add quality back into that community and the government in that ... part of the market*'. This drive is grounded by the University's aspiration to '*balance the two off, and the good thing about University C is we're not in these countries just to make money off teaching ... we're ready to give back on the research and we're a research-intensive university*', a sentiment that CI10 also espoused ('*the idealism around transnational education for me*

*is around nation building, capacity building ... if we can some good, and if we can do it in a commercially savvy way that's sustainable economically then I think, why not?').*

Interestingly, CI2 commented that although *'we've got massive research activity in Country O, but we hardly get any Country O students (onshore); massive research in Country R, but we hardly get any students from Country R'*. So there is some indication that offshore research might not translate to increased onshore enrolments from the countries where the University conducts research in.

## 5.0 A Review of TNE Business Delivery Models

A number of informants were very experienced in TNE, and shared their experiences with various TNE business delivery models. These models include the fully-owned and operated James Cook University in Singapore and RMIT University in Vietnam, to Newcastle University's Singapore TNE collaborative operations with the PSB Academy.

There were also comparisons of TNE with the private healthcare and hotel models (CI4, CI10, CI11), and the isomorphism demonstrated by the shift of universities towards more commercialised behaviours, and OPs (that are usually commercial entities) having to assume more academic responsibilities, e.g., research (CI10).

### 5.1 TNE Business Delivery Models Reviewed

CI1 reminisced on the University's early TNE business delivery model that can be labelled as franchised programs (FP), where *'we had control over the IP ... we didn't just give unit guides and coursework materials, curriculum to another university to teach and take a licence ... we let other people provide the teaching, and we didn't do much apart from moderation and unit coordination back here, and some level of*

*assessment back here like the exams we marked here*'. This FP model was frequently contrasted with the branch campus model, where *'you set up your own campus; you have more staff there; or staff fly in and out and do their own teaching ... that's more intensive and involved, and you'd want a higher fee share for that because you're doing more work'* (C11). The current TNE business delivery model is *'somewhere in between ... (with) a little bit more control ... (where) we're not just licensing IP, ... we've got some risk management there as well ... but we've not got great costs there ... (except for) an office ... more involvement and greater costs there than when we started but we're getting a higher fee share'* (C11).

Most informants would like a wholly-controlled and operated branch campus (w-IBC), but also acknowledged the higher costs and risks associated with such a model. C16 argued that *'there is always risk when you don't have control over all aspects of your business'*, and that the w-IBC conferred *'far more control ... employing the academics; we would be leasing the premise in our own names ... (and avoiding being) at the mercy of business decisions by the partner'*.

While *'having a campus, that would be fantastic, but number one is the high risk of not having sufficient students to be sustainable and second, a very important factor is that there has to be financial strength and massive financial support from the home campus, so everything leads back to the worth of the home campus'* (C18). C10 described the w-IBC as *'a pretty heavy investment'*.

Some of the informants shared their knowledge or, and/or experience in the set up and management of various TNE operations across Australian universities. Two of the more prominent w-IBCs are the RMIT University branch campuses in Hanoi and Ho Chi Minh City (Vietnam), and the Monash University branch campuses in South Africa and Malaysia. Although *'very different offshore operations'*, they all *'mostly had (their)*

*own physical campuses' except for Monash University Malaysia that has 'got a medical campus which was actually run by a partner ... which was probably less successful ... but reputationally, it was good' (CI11). CI11 added that 'the (Monash) Malaysian operation was mainly from the private partner, ... but academics and IP was provided by the university; whereas the university owned the South African campus ... it was a different kind of operation – Monash didn't own the land in Malaysia, or it didn't own the facilities'.*

In the case of RMIT Vietnam, the university ran the branch campus on its own with *'some bequests and donations to set up Vietnam ... to help with the capital infrastructure ... but it was quite profitable as well ... (and) in terms of profit share, obviously we're getting 100% of the profit once you've paid back the capital investment'*. The university's location *'in a suburban ... District 7 ... didn't fit with RMIT's model of being quite urban in Australia ... however RMIT certainly benefited from creating District 7 really ... it became an expat hub, and RMIT was one of the first ... key anchors if you like, to lure investments into District 7 ... (and) District 7 really grew around the university ... which was unplanned, and there's a lot of expat businesses and residences now in District 7' (CI11). CI11 noted that RMIT Vietnam was *'very well respected ... (being) one of the foreign universities that have done really well and not as a partnership ... whereas the others, the French universities for example are partnered with national universities and don't own the infrastructure'*. In operating w-BCs, *'you own your own campus, and you need skills to do that, you have your own capability to ... determine your own strategic future ... and you're more aligned with government and so forth, whereas you're still beholden to partners through the TNE (i.e., FP) models ... so you might argue the RMIT model had more capital risk upfront, but then once that's invested, ... lower strategic risks in the future' (CI11). The 'TNE (i.e., FP) model is more agile, has less capital ... and probably sovereign risks and others upfront, ... but then, you've got a higher strategic risk into the future because your model is tied to a partner' (CI11).**

CI8 commended the Newcastle University TNE model in Singapore that *'had their own campus together with PSB (i.e., their host country OP) ... (where) the students were there, the management were there (in one location)'*. In the same country, Curtin University had *'everything like their own cafeteria, counselling services, mini library, ... its own campus ... (and) I do believe that it gives that spirit of being a tertiary student, its different'* (CI8).

In the case of James Cook University's (JCU) Singapore campus, CI8 envied their *'strong number of full-time staff'*, but CI7 cautioned that *'it's good to have but again the risk might be even bigger ... you would expect more risk in the JCU model, operating by itself ... (and) whether universities are willing to spend so much ... on marketing, on recruitment, on human capital ... to get students ... you have to rent the premises, you have to build it up from scratch ... (but of course) JCU has full fee'*. CI10 related an interesting anecdote about JCU, i.e., despite *'all they've put down ... they've done a lot a lot of good as well (in Singapore), ... although they have the highest rating under EduTrust (a Singapore quality assurance scheme administered by the Committee for Private Education for private education institutions) (Committee for Private Education Singapore 2019) which is the local system of registration, but they don't have university status'* and *'they're not James Cook University ... they're JCU Singapore'*. CI10 added that *'they have a private education company which is wholly-owned by the university, and all its works'*, and contrasted JCU with INSEAD (also in Singapore) which is *'not subject to the Education Act ... there's a number of others but JCU thought they were going to get on that list (of exempt institutions) ... and they're not'*.

While *'it's a pretty heavy investment, but again they've (Curtin Singapore) done quite well ... Curtin's courses are run by Navitas (their OP) ... but it*

*is called Curtin Singapore, it's not called Curtin University Singapore'* (C110).

CI1 remarked on *'foreign universities that have a campus'* in the United Arab Emirates (UAE), e.g., *'Heriot Watt, University of Wollongong, (and) Bradford I think ... they've very ... substantial numbers ... they play a greater role in the community, or in business ... have got a higher profile ... (and) they've got their own campuses'*. While *'Wollongong is in Knowledge Park, which is over near Media City, ... Heriot Watt is (in) Academic City ... but it ... stands alone'* (C11). Similarly, *'Manipal, the American University of Sharjah, (and) a lot of others ... have got their own buildings'* (C11).

For CI4, *'in the end that gets down to a question of scale ... (and) I don't think it's ever ... financially viable for an institution as small as we are in the scheme of things ... we are a small university to go through the capital investment of establishing our own campus in any of these offshore locations'*. Quoting the past, CI4 commented that *'there was a history in the early 2000s of some universities going down that pathway and feeling the financial sting ... when they had made 10-, 15-year commitments for the leased premises that were largely sitting idle because the market didn't eventuate for them'*. The University, according to CI4, made the decision *'probably 10 or 12 years ago ... (to find) the right partnership institution who had the responsibility to provide all the infrastructure and then in essence we provide the intellectual assets'*. This model has *'taken some time to settle in to what I think is as close as I'm ever going to get to an equivalent type model ... (because) there's a lot of time to build up trust and you've got to look at a lot of iterations of units, to ensure that you do have that kind of consistency of students meeting the learning outcomes that are required'* (C14).

In describing the University's TNE business delivery model, CI11 commented that *'the difference here at University C is that we don't have*

*a physical campus ourself ... but we partner with infrastructure providers ... providing all the infrastructure to deliver IP (i.e., intellectual property) ... so it's the lower of risk modelling in terms of capital-intensive risk ... for the University'. However, 'the first ten years of operation, it's been very favoured towards ... outputs favoured towards the partner ... and that was largely around ... growing the base ... the student base and the ... buy-in in Country V ... it's largely weighted in the partner's favour' (CI11). Therefore, 'we re-weighted those commercial outcomes to be a lot fairer towards the University in terms of both risk sharing and IP development and the infrastructure partner requirement ... their overheads ... the models are now ... settled, in place in the University in that we've got a better way to share the revenues coming from the partnership with respect to relevant risks, overheads and development costs for IP, etc'. CI11 also reported that 'the advantage to the University is that we're not capital intensive, but we're not getting a lot of operating revenue from them .... but we were growing our student base now, (and) we're getting a more equitable share of revenue'.*

## 5.2 TNE Risks

CI2 asserted that '*transnational always has moderate risk*' to the University, despite engaging '*experienced global provider(s)*', who may be '*well established ... with other universities*'. The risks associated with TNE might be a result of the University not having '*control over all aspects of your business*' (CI6). CI6 continued that '*if it was a proper branch campus ... if it was a full branch campus, we would have far more control*'. However, CI7 cautioned that '*it's good to have (a w-IBC) but again the risk might be even bigger ... you would expect more risk in the Country V University J w-IBC model, operating by itself*'. In fact, CI3 acknowledged that '*there's always mutual risks involved in these things ... from the university's perspective, although there's no significant capital outlay in terms of facilities, there is the reputational issue ... (and) there may well be some financial costs ... (but) the financial investment*



*risk ... (is) on the organisation that chooses to be the one that manages and delivers our programs, and they are the ones that have to enter into building leases, equipment leases ... they are the ones with the sunk costs'.*

CI2 summarised TNE risks well using the University's first Country X TNE operation, saying the poor outcomes were *'because they (i.e., the OP) were new, and the University was relatively new in the TNE environment ... it was a risk with the courses, and then of course in 2008 we had the global financial crisis'.*

Risks associated with OPs include over-inflated promises made by OPs to University decision-makers, as CI4 explained that *'I am always going to be somewhat sceptical ... I've got to discount the rhetoric and the hype that comes from senior management about these brave new opportunities ... and the potential for hundreds of students here or hundreds of students there'*, and using the new Country X University A TNE operation as an example, *'to the best of my knowledge and idea, University A have recruited about four students into their program (so far)'*. The second risk with OPs is in the knowledge and experience of the OP, as the University discovered in the previous OP of its Country X ic-IBC operation, where *'the risk has really been just related to the partner ... (it) wasn't an established partner, they're new into education, into higher education'* (CI2).

Third, CI2 illustrated the risk of poor program selection on TNE performance at the previous Country X ic-IBC operation, saying *'the focus that the partner wanted us to take around the arts, the media, film, that was probably the biggest risk we took there ... it was more of a commitment because their strength was in media ... their desire to get into media, film was probably misplaced'*. CI2 was convinced that *'if we would have started off in Country X with a really strong push on Business (programs) and then grown into other areas, it might have been a better*

*strategy, but the OP convinced us and they were committed to Media and Film (which apparently appealed to a smaller segment of the market)'.*

In OP management, there were two diametrically opposed perspectives on the number of OPs that the University should partner in one location. CI7 is of the view that *'having multiple partners in the same location, especially if you are talking about Country V that's so small, it's not a viable practice ... because there's bound to be comparison; students get confused ... (and) pricing might be an issue'*. On the other hand, CI1 argued against the *'risk with having one partner ... (in case) the partner doesn't keep to the contract ... it's a more difficult situation ... (but) if you had two partners, then you could actually shift your interests'*. However, even if there were no OPs, and the University opted for the w-IBC model, *'the risk might be even bigger'* (CI7), and *'a very high risk'* (CI8) due to the higher infrastructure and operating investments needed (CI1, CI11), not to mention the *'local knowledge'* required of the University's staff (CI10).

CI2 also counted the University as contributing some risks in TNE. These include lapses in market research (*'they hadn't done the market intelligence'* – CI2), over-reliance on one staff (*'that would be a big risk if we lost the Country V Dean ... he's got a lot of credibility'; 'but he was institutionalised; he became a Country X OP person and he's still with the OP to this day'* – CI3), poor set-up of TNE monitoring systems and processes (*'I don't think that he nor the people that worked in TNE at the University set things up as well as they could have been set up ... and we made mistakes ... we let the Country X OP have too much control'* – CI3), and poor quality assurance processes, leading to *'reputational risks'* associated with offshore programs that are considered *'second rate curriculum that's being offered in that country to what you offer in Australia'* (CI1).

Last on CI2's list of TNE risks is the impact of the operating environment. These risks are dependent on the maturity of the country's regulatory framework governing private higher education, and CI2 observed that such risks are higher in Country X compared to Country V. A highly mature regulatory environment can also adversely affect a TNE operation, as CI5 discovered when the Country V i-FP did not have sufficient time to market a new post-graduate program *'because it took a long time to get approvals from the DQF'*. Different jurisdictions also have differing standards of cultural and social sensitivities, resulting in risks associated with inappropriate study materials (CI4, CI5). These violations can result in complaints to the regulatory authorities (CI4), or in adverse profiling in the local mass media (CI10).

In the case of University C's Country X TNE operation, the transition between OPs had been identified as *'higher risk'* because the previous OP insisted that the University *'follow the strict rule of the contract'* during the transition (CI1). The OP's insistence was because they were *'upset with us leaving ... they said, 'we set this up ... we're still in debt for having set it up'*, and the University having *'destroyed the trust ... because we decided we didn't want to stay in Country X'* (CI1).

### 5.3 Relative Gain/Loss for TNE Partners

The University C informants were asked to identify the TNE partner who would gain the most from the TNE collaboration, and the TNE partner who would lose the most in the event of a termination. They were also asked for the reasons for their choices. The table below summarises these perspectives.

No.	Partner	Reason for Perspective	Informant
<b>A</b>	<b>Which partner would gain the most from the TNE collaboration?</b>		
1	University	Financial	CI1
2	University	Financial	CI6
3	University	Profit and brand	CI2
4	OP	Income	CI10
5	University/OP	Branding/Financial	CI5
6	University/OP	Internationalisation-branding/Monetary	CI7
<b>B</b>	<b>Which partner would lose the most in a termination?</b>		
1	University	Financial and Reputation	CI1
2	University	Time and energy investments Financial (for Business School)	CI2
3	University	Reputation	CI6
4	OP	Revenue	CI7
5	University/OP	Income (in the short-term/long-term)	CI9
6	University/OP	Revenue	CI10

**Table App J.1 Which Partner Gains Most/Loses Most in TNE (University C)**

On who would gain the most from the TNE collaboration, two of the informants thought that both partners would gain equally, but differently. CI5 and CI7 were of the view the University would benefit from the branding, while the OP benefit financially. Most of the other informants thought the University would benefit the most financially.

Most informants also thought that the University will lose more financially and in terms of branding than the OP in the event of a termination. Some interesting and insightful informant remarks are reproduced below.

While CI1 thought that the University gained more financially, CI2 reported that branding has *'been a great benefit ... so I think that's important for a global university'*. For CI5, the OP probably benefited *'financially ... although I know we have brokered a better deal for the University ... financially from the share of the student fees'*. In fact, *'it's obviously worthwhile for the OP to maintain that relationship ... (because)*

*financially, we don't make that much per student for TNE compared to what the OP makes' (CI5).*

The rationale of *'a good brand in Country V ... (is that) then we will also get TNE students, but we'll also get Country V students, or students from a wider area ... coming here (i.e., Australia) as international onshore, full-fee paying students and they're the ones who bring us significant amounts of money' (CI5)* – a notion that again points to a financial motivation. CI6 saw branding differently, and suggested that *'it gives the University exposure in Country V which is a useful thing in terms of development of perhaps research partnerships and so on'*. While CI7 mentioned internationalisation as the University's foremost gain in the TNE collaboration, CI7 really meant *'the University probably would be better off, because Australia is so far away from any part of the world ... (so) having a strategic location ... in Country V allows us to be known to others ... it's good for the University to branch out to other parts of the world to make known to others – that University C is present'* – pointing to brand visibility, and not the broader meaning of internationalisation.

Interestingly, CI6 saw *'the risk for the university as reputational ... it wouldn't be a financial burden at all ... (and) in fact, I think it would be a financial release'*. Only one informant reported that *'the damage is more internal'*, i.e., the loss in terms of staff investments in *'time and energy into work with transnational students and set up and if it doesn't flourish'* (CI2). CI2 also commented that *'the Business school would be completely devastated (in the event of a termination) ... so that's a bit of a risk of over exposure'*. CI8 asserted that the University would lose more than the Country V OP in the event of a termination because the OP *'does not ever put all the eggs in one basket – you see all the schools they have, all the universities – and last year they made another agreement with, I don't know which Australian university, for engineering – they now have a university for nursing, they are I think, diverging, diversifying so that if one is eliminated, they will still have the ... numbers*

*... when the star is dying out, you know, there will be others that are already there, but merging and getting bigger'.*

## 6.0 University C TNE Value Chain Activities

CI3 asserted that *'TNE does have a lot of complexities and challenges ... (and) I think University C collaborates really well with our partners and I think we do TNE pretty well as well'*. This claim is not without basis because the University had *'learnt ... made changes ... improved things'* (CI3) and consolidated from its tipping point and developed a *'three-piece'* TNE value chain framework (CI10) that has been consistently delivering on income, as well as research and community engagement in Country V. The University had also employed *'people on the ground, University C people on the ground ... (that) we feel that that's what was missing in the earlier days ... really good people working on TNE and international that know what they're doing'* (CI3). This section will report on the value chain activities that the University has developed to manage its TNE operations.

### 6.1 Due Diligence and Starting Up

In the past, many TNE operations were started with minimal due diligence, as was reported by CI1 who said *'we just didn't do any research on this (i.e., the previous Country X TNE operation)'*. The due diligence was also managed by a senior executive responsible for International in the Chancellery who assisted the VC, and who *'signed off'* on the TNE contracts. This process attracted some conspiracy theories, such as the claim that *'there has always been a yin and yang in Country X'* referring to the relationship between the senior executive and the CEO of the OP.

The University has learnt a lot from its TNE experiences and now *'consider everything from emerging markets, sovereign risks, alignment*

*to our strategic goals, obviously opportunities for research, and teaching as to how that aligns with what sort of markets and quality ... how does our brand, product, if you like ... connect with the country and partners we're looking to work with'* in TNE due diligence (CI11). The hard yards of negotiations fall on the Chief Operating Officer (COO) and Chief Financial Officer (CFO), while *'the DVCE would come in on the curriculum and the course portfolio offerings and things like that ... but the Vice-Chancellor signs off'* (CI1). The due diligence process is thus *'very much controlled by our senior executive group'* (CI1).

As an example of due diligence, the University *'looked at Country R for some years, and ... we're looking at other countries at the moment, with emerging markets that have some instability but are growing markets, and you have to be very careful ... so, we are looking at them because if you have first mover advantage in some of those countries, then obviously, you know you can build a better reputation, a strong reputation over time ... but it comes with higher sovereign risk obviously ... so, you've got to balance that and that's worked very well'*. The foregoing considerations have guided the University's planning for entry into Country H (CI10).

The negotiations and planning for re-entry into the Country X market was also undertaken with a lot of consultations, howbeit at different levels. The strategic decision to proceed was limited to a select group of senior executives within the Chancellery, which included the VC, the COO and the Country X Dean, and *'no one else was consulted on it ... not the Deans'* (CI1). Because of the *'upset'* OP, and the strict regulatory environment in Country X, *'there's a lot of commercial-in-confidence ... but ... the deans weren't across the details of that deal ... everybody was sworn to secrecy who knew'* (CI1).

After the decision was made to re-enter Country X with a new OP, the Deans were approached that *'we're going back to Country X with a new*

*partner so you can imagine the Arts Dean, the Engineering and IT Dean, are a bit sceptical because it hasn't been a land of milk and honey ... so it's a university decision, we seek feedback but we've got a whole range of new offerings that the new OP want to offer' (CI1). Since 'now we know who the partner is, now we know we've got the course portfolio and some of these may not run depending on their market intelligence, ... the schools really would have had 12 months to start getting ready for 2019 implementation' (CI1). CI4 confirmed that academics were rarely consulted on TNE strategic decisions - 'not a great deal, no ... these are usually made at the senior executive level - PVC, Provost, Chief Financial Officer, Vice-Chancellor, Deputy Vice-Chancellors ... the hierarchy of these institutions as you know just keeps growing ... I don't know how many DVCs or PVCs or what we've got; there just seems to be more and more of them'.*

## 6.2 Contracts

The University's first TNE contracts with Countries V and X OPs were observed to be not *'as strong or as tight as we've now got'* (CI2). CI3 observed that the University *'learnt a lot from ... what might not have been in the first contract ... then, you obviously talk about that in the second contract ... you learn a lot from the past ... so you then make things more specific'*.

The new contracts since 2016 (CI3) are now *'more favourable in terms of financial returns to the university; whereas in the past it perhaps was not ... so that has made some difference'* with the benefits accruing to the University (CI6). CI2 also confirmed that *'we are getting a better return but we are committed to growth with the Country V OP, so that's good ... so yes, the legal requirements are quite extensive'* (CI2). However, CI4, a law academic, is of the view that *'they are not as good as I would otherwise have liked them to be ... in terms of quality control measures and holding people accountable ... (and) that is where the bureaucracy*



*and the senior management takeover (to monitor and enforce the contracts)'. While some informants thought the new contracts were an improvement for the University, they also caused the OPs to make corresponding adjustments, e.g., 'the Country V OP have changed a few things ... they used to purchase books ... (which) were included in student contracts so they would get all of the books bought for them or they'd pay for them through their contracts ... (but) that doesn't happen anymore ... students now purchase their own books' (CI3).*

In CI4's view, *'one of the reasons that we entered into these types of agreements is to try and place as much of the financial investment risk on the organisation that chooses to be the one that manages and delivers our programs, and they are the ones that have to enter into building leases, equipment leases ... they are the ones with the sunk costs ... (and) have a significant amount invested in being related to own our brand name and our reputation'. As for the University, 'I'm running the same programs, the same units' (CI4). CI10 on the other hand, takes a more conciliatory view of the collaboration, saying 'we really depend upon each other quite a lot ... it's almost a situation where there would be mutually-assured destruction if either one of us pulled out of the relationship ... although you know, I think that the Country V OP will probably continue on without us, and we probably continue without them ... but it is acknowledged I think by both sides that it is a relationship that works for both parties'.*

On contract enforcement, CI4 mused that *'the problem with contract enforcement is that they're only as good as you are willing to put effort in to hold people accountable for their responsibilities and obligations'. However, no matter how comprehensive an agreement is, there is bound to be loop holes that contending parties can use to their advantage, such as the previous Country X OP's use of a separate corporate vehicle to collaborate with University A while they were negotiating termination with*

University C (*they created another (legal) entity, and that entity went with University A ... very clever* – C11).

Having a University HCO presence in Country V enabled better contract monitoring and enforcement, as C10 illustrated that when *'occasionally we get a bit muddled up by our partner ... we have to remind them that there're certain protocols that need to be followed and just keep everyone on the same page'*. This regular monitoring is accompanied by *'an annual contract review ... so there's myself, the DVCI and the Country V Dean ... we sit down and we have a long meeting with them ... and ... we talk about all sorts of different things that we both put on the agenda in relation to issues or improvements ... we look at statistics; we look at how things are performing; we look at numbers'* (C13).

On contract negotiations, C14 explained that *'in almost every contractual situation there is a dominant party and a weaker party'*. C14 was of the view that *'in our prior contractual negotiations, because of different circumstances, I think that this organisation has gone into them giving the perception of being the weaker party; a desperate sale, if you like'*. Further, *'it didn't help that when the contract renegotiations were going on in 2015, 2016, that the university here went through its own traumas ... with its Vice-Chancellor and others ... that automatically put us on the back foot, I think, in terms of ... trying to get the best possible opportunities ... and I think to that extent, the contract reflects that we were the weaker party to those negotiations'* – hence, his earlier criticism about the recently negotiated *'not as good'* contracts.

Apart from the circumstances that seem to have weakened the negotiating power of the University, C14 also observed that *'the organisation that we're dealing with (i.e., the Country V OP) is big enough, business savvy enough; they certainly, from my perspective, are better at negotiating terms and conditions that suit them better than the university ... well, they're just good at business ... the Country V OP*

*sends people from Country G whose only job it is to get the best possible terms and conditions for every contract entered into ... they know how to do that ... they know when to say no, pack their briefcases and walk away from the table ... they attempted to do so ... now I don't think in my opinion it (i.e., the new contract) worked out any better'.*

Similarly, CI6 noted that *'the Country V OP is very strong in terms of bargaining power ... is a multinational corporation and it is not going to let itself be bamboozled by some regional university which is what we basically are'*. CI6 was however, satisfied that the renewed contract was financially more favourable and *'has made some difference'*.

On the University's contract negotiation capabilities, CI4 shared that *'we employ ... a senior leadership of academics first and foremost ... not business managers ...they're not business people ... they think they are, but they're not business people ... they don't have the experience of these things'*. Further, *'it was I think a little bit of window dressing, but I think it's a fundamental feature of education ... (that) is still being run by academics, not by people of business but we're trying to operate in a business-like manner and to be perfectly honest, most academics, no matter how senior they are, wouldn't know how to operate in a business-like manner because ... they haven't been trained to do it ... they don't have DNA skills that have been honed over years of practice to do it ... but they're highly intelligent people that think this is easy stuff (CI4)*.

CI10 on the other hand, is more measured in commenting on the relative bargaining power of TNE partners. From CI10's experience, *'the bargaining power is a difficult one ... I think that over academic matters ... it's something that lies with the University ... it's probably easier for us to push back on the academic stuff ... (while) the commercial stuff is probably with them ... the bargaining power is a bit more complex than simply saying, it's them or us. ... got to drill down to what issue are you talking about'*.

### 6.3 TNE Resources

Naturally, a TNE operation will require the provision of space for teaching and learning, *'which is one of the most expensive ... thing to own ... because ... location is one of the most important thing when students look for a course'* (C17). In all of the University's TNE operations, the buildings are provided by the OPs, e.g., the Country X facility *'was fully a funded infrastructure by the OP ... (and) we didn't put anything into it'* (C11). C13 explained that *'the building is leased by the infrastructure partner'* (in Country X).

It was interesting to note the difference in building presentations between the Country V and Country X TNE operations, in that the Country V campus is branded as the OP's, while at the Country X campus, *'you would think you were at University C ... and the company that's providing the infrastructure has got no paraphernalia or no particular profile to the customer, to the student ... whereas (for) the Country V OP, its branding is all over it ... (because) they teach their own courses as well ... and of course, they teach other degrees ... degrees from other universities and University C is one of the range you can choose from'* (C11).

The OP-funded buildings will at least provide space for *'classrooms and the administration'* (of the TNE programs) (C18), *'computer labs, software'* (C11), and *'library'* (C18). These facilities are usually minimal, sufficient for the students' studies, making C18 long for *'a real campus environment'*, featuring *'the library ... (and) at least the librarians because I am also doing the librarian's work whenever needed, ... an IT department where students can access something, or can access the learning management system or can upload their assignments and technical aspect of things, ... (and) own cafeteria'*.

Although the Country V facilities met the basic requirements and *'there hasn't been any issues there'*, CI5 mused about how the Country V OP does not have *'1,000-seater, 500-seater lecture halls for some of the big Business units especially'*, and therefore *'a student will go to class for say three hours and they will get the lecture part at the start and then the tutorial part at the end'* instead of *'here (in the home campus) we would usually conduct a lecture and then at a separate time during the week, the student would attend a tutorial'*.

CI1 noted that *'the student experience must be comparable, for instance ... we haven't delivered certain things (i.e., programs) ... for instance, something like Games Art and Design would probably be attractive in Country V but the OP don't want to invest in laboratories and the other software and stuff that you need to develop that; ... we had some issue, for instance with Journalism ... we are running Journalism there but there've been some technical requirements that they have found hard to meet'*. Further, *'you need equipment (for) Games Design and the Multimedia area and Interactive Digital Design ... I think the expense of that was prohibitive ... but I think it would have to be more attractive than say, Journalism'*. In the case of Country X, although *'the problem is ... Journalism or Screen Production, or Creative Media we have here, you've got to invest that first ... now, the OP were happy to do that ... they have studio, they've got equipment ... (because) they were in that business'* (CI1). However, *'I think they would find it harder to do that in the Sciences and Engineering because there're a lot of infrastructure ... and they wouldn't be certain about the numbers'* (CI1).

Apart from the premises, *'you've got to have infrastructure in terms of public transport access in Country V, ... you've got to have good infrastructure in terms of telecommunications ... without those things it would not have worked'* (CI6). CI6 also added that the location of the TNE delivery is also critical to the success of the operation, and quoted the example of the VSM OP's move from the CBD to the suburbs when

*'their business almost disappeared overnight ... because ... it was less convenient for the students'.*

Invariably all University C's TNE operations feature OP-funded teaching staff, most of whom are part-timers (CI1). However, all such appointments are vetted and approved by the University's unit coordinators prior to engagement (CI4). CI8 bemoaned that *'in terms of quality, there's one thing that I truly believe is that you (should) have full-time staff, full-time teaching staff; not per hour, per trimester'* (part-time staff). To address this issue, the University has appointed and funded key full-time teaching staff at its Country V HCO, and program coordinators at its Country X TNE operations (CI1, CI3, CI10).

An outcome of the University's tipping point is the set up of the Country V HCO to provide TNE leadership, unit coordination, teaching staff training, OP and student support, and operational monitoring (Section App J 2.3b). The HCO also provides space for *'supplementary or deferred exams'* for a *'handful'* of students (CI9), and enhances the University's presence through support for alumni activities (CI9), management of research (CI4) and participation in community engagement (CI10). This Country V HCO will be emulated at the newly re-constituted Country X TNE operation (CI11).

CI9 reported that Country V students were initially *'not used to'* accessing the University's newly launched online study materials within a flipped classroom teaching format, but later received *'positive feedback in the sense that they (i.e., the students) are more disciplined'*. This teaching methodology, coupled with the reduction in face-to-face teaching time resulted in lower cost for the TNE operation (CI11).

#### 6.4 Academic Administration

The administration of the University's academic TNE processes is undertaken mainly across three entities, viz., the OP's academic administration infrastructure, the University's HCO, and the University's home campus TNE office (UTO). In CI10's view, *'I think that in terms of those three pieces I think that works well'*.

The objective of the University's TNE academic administration is *'to make curriculum absolutely comparable ... and the student experience ... similar ... but what you don't want is you don't want a second rate version of University C in Country V ... there's no doubt that countries for instance, are worried about ... their markets are worried about ... a view that a University C degree in Australia is better than ... for the Country V citizens, than a University C degree in Country V'* (CI1). Further, *'they are University C students (in Country V), they are students in the School of Arts, or the School of Business or the School of Engineering, so we try and mirror the same quality'* (CI1).

Hence, TNE monitoring is *'no different to the way we monitor them here (in Australia) ... obviously in enrolments, obviously assessment of students, quality of student feedback, completions, retention, all of the same variables that we require through TEQSA'* (CI2). CI1 explained that *'there are mechanisms to do that ... (to assure) the curriculum's the same, the coursework's the same, the marking is comparable and certainly the admissions'*.

While the University TNE infrastructure has been commended by various OPs (CI3), it has also attracted some criticism of being *'purely bureaucratism'* (CI4). CI4 explained that *'from my perspective, ... one of my primary roles is to ensure that a student who was awarded a Bachelor of Commerce in Country V is getting the same quality of education or opportunity and degree as the student in the home campus'*

*doing the same degree, of the same units and the same major ... so to that extent, anything that's put in place to try and maintain that, that does add to the administrative workload, but nonetheless to have that equivalency, ... it's a lot of work, but you're dealing with two different organisations ... (and) the business of education seems to become more and more bureaucratized anyway'. With respect to the UTO, 'we do have a transnational education area that likes us to go through them for all these things ... and my preference is to let them know what they need to know when I think they need to know' (C14).*

#### 6.4.1 Key Academic Processes

The key TNE academic processes described by the informants were mainly for the Country V operations because of the large volume of students there. Except for regulatory requirements, the basic processes are similar for Country X, and will emulate the very successful Country V model (C11).

Marketing and sales are OP functions, which the Country V OP does very well, mainly because of the attractive tiered sales incentives (C19). For the OP, the *'heaviest workload are ... the application and the enrolment (processes) ... just before trimester starts, the OP gives a bulk of enrolments ... that's about 9,000, 10,000 enrolments per trimester'* (C19). The volume is so large that the OP have had to set up a separate sales administration team (*'literally good at sales but they may not be as effective in administration work ... so, now that they have their own admin team to give us the enrolment list'* – C19). The University's HCO *'help the OP in terms of their student services ... the turnaround time here is a lot faster ... (for) admissions, offer letters ... we do it within 24 hours'* (C17). C13 explained that *'they do the enrolments after the OP confirms the classes ... (and) give them the admission application ... they (then) spit out the offer letters; they spit out the advanced standing letters and that*



*goes back to the OP Sales (team) ... our staff in the HCO do all the work ... nothing comes here'.*

After application, the OP prepares DQF-mandated contracts that *'are signed between the OP and the student ... the OP will draw up a schedule (of units) for them ... so this template has been given by ... the UTO'* (C19). The OP *'will collect all the fees from the student, whether it's a bridging unit or a full unit'. 'And (if) the students don't pay, then they will give me a list to encumber the students ... so the encumbrance can come at any time but especially they could be one long list, during the start of the trimester especially when just before the results are out ... so I will hasten them to give me the list and reason being you know when they can't view their results, then they will pay up ... and also they won't be able to get their transcript ... they won't be able to graduate ... so there's a lot of obstacles and challenges for the students ... so they will pay up'* (C19).

On receipt of the enrolment list, the HCO staff will enter the student details into the University's student management system, a routine that is done *'every four months, one and half months before the start of course, ... three times a year'* (C17). C15 remarked that *'they do all the enrolments for the Country V OP ... so he does all of that ... he enrolled everybody, which is ridiculous ... I don't know how he does it'*. The HCO is an important part of assuring compliance in student admissions, and will be emulated in Country X as the University *'wanted more control over admissions because that was a bit loose ... we wanted a Dean appointed by us, not by them ... so we did want to take more control in Country X as well, as a result of the White Paper'* (C11).

Long before each trimester, the Country V OP's program management, lecturer management and sales teams will meet to consider the sales team's student projections (C19). The lecturer management team *'will then table what are the other units, how many classes and how many*

*lecturers (in their IT system) ... but they also have to check manually'* (C19). The scheduling of classes and planning for lecturer appointments have had to be carefully synchronised because of the large numbers of students, and complications arising from differing study periods and delivery models of the OP's multiple university partners (C19). C19 also reported that *'they (program management) also have to liaise internally because you know there are so many classrooms ... about 88 classrooms'* across two campuses that are *'walking distance ... basically across the road'*. This planning work is *'a lot of work because of the timetabling of the classes and also getting the lecturers ... (and) a bit of a headache, because you have to plan months in advance for the next trimester ... and then they will then do the contracts with the lecturers ... every trimester ... a lot of paperwork ... very ... headache'* (C19).

Meanwhile, the UTO will inform and coordinate with home campus unit coordinators to prepare study materials *'at least 4 weeks before start of course'* (C17). After that, the OP's *lecturer management team will ... (distribute the) unit guides'* (C17). The home campus unit coordinators also receive from the OP's lecturer management team, curriculum vitae of potential host country teaching staff for approval to teach in the following trimester (C17).

At start of course, the OP conducts a week-long orientation for new students, which now usually sees about 800 students per trimester (C19). The on-going process of advising students on their units, conducting writing workshops, investigating academic misconduct (e.g., plagiarism) are undertaken by the HCO (C19). Some examples of these *'day-to-day student queries ... (are) 'which unit should I enrol?', 'whether or not I have satisfied the prerequisite?'* (C17). There are also *'students who decide to change their major, change their course, (and) we have to issue a study plan so that they can put the study plan into the student contract'* (C17).

Unit coordinators have *'an in-built process of moderation ... done in three parts - before the start of the teaching period, we encourage our staff here to contact and talk to who's going to be their teachers in Country V and Country X ... if they're familiar with the regulars and the unit, it may just be to bring up to them any minor changes or ... changes that have been made; to discuss previous offerings that they've been involved in and any feedback that we've got from students or someone like me that looks across the program; and what they're going to be doing in that teaching period, and whether the expectations are going to be changed or anything of that type'* (CI4).

Second, *'we encourage our unit coordinators to maintain regular contact with the teaching staff so that we don't get any surprises where there's issues, and finally, at the end of the teaching period when the results are submitted for the Board of Examiners, every unit coordinator must submit a report on how that particular unit has run and that teaching period with particular focus on the qualities or otherwise of the teaching staff that have been involved'* (CI4). CI4 added that *'if we get negative reports about a particular teaching staff that had been involved, and that gives me grounds to go to the partnership institution and say, 'no, this person isn't suitable for this unit; don't nominate him again because we won't accept him'*. Additionally, unit coordinators have *'an obligation to moderate the marking ... so for Country V, we mark the exams; for Country X, we moderate them'* (CI6).

While the University has its own student surveys focusing on *'the teaching and the unit materials'*, the OP also administers its surveys to gauge *'from a business point of view, ... more qualitative information from students about that experience that feeds into your product or services that they need to provide or not provide'* (CI4). The University and OP share these survey results (CI4).

In the early years of the Country V TNE operation, *'they had a lot of that kind of work (training of OP teaching staff) early on ... for the past three to four years ... (however) I've noticed that there has been a much more settled and consistent ... teaching staff cohort ... I would say that at the present time, somewhere between 80 and 90 per cent of the teaching staff that the Country V OP employed, have been employed in the same units for probably three to four years now'* (C14). Any teaching staff training and familiarisation is now undertaken by the HCO (C18).

Each year, the University conducts two series of graduations in Country V for about 1,000 students in March and October each (C19). There are three ceremonies in *'October ... and another two in March'* (C19).

#### 6.4.2 Offshore Partner TNE Administration Infrastructure

The OP's TNE administration, *'a very huge operation'* (C17) comprises a sales team that is supported by a sales administration team, a program management team, a lecturer management team, and an examinations team (C13). C17 reported that the program management team has ten staff who are dedicated to University C programs, and manages timetabling and classroom allocations, as well as *'managing current students' queries'*. Similarly, their *'sales staff ... (are) dedicated to the University's programs'* (C17). However, lecturer management and the examinations team *'would be shared'* across the OP's 12 university partners (C17).

C10 values the OP's inputs because *'they bring capabilities that we don't have as an institution ... yes we've got our marketing people but they don't have any expertise in this market ... the local knowledge, the agent network ... that they have ... not just their agent network offshore but also they've got people in-country ... like Country O and Country T, Country R, Country Q, Country Y ... their reputation, their brand in Country V ... (and) the efficiency of their model'*. C11 added that *'we partner with*

*infrastructure providers, if you like ... (and) what they provide is all the infrastructure to deliver IP, for want of a better word for curriculum ... so it's the lower of risk modelling in terms of capital-intensive risk ... for the University'.*

CI1 commended the Country X OP, saying they *'did right from the start, by employing fulltime staff in the disciplines that we teach - Business, IT, Communication and Education'*. When asked if all the OP's teaching staff were permanent staff, CI1 explained that *'they do resort to part-timers for the various units, because there're so many units ... (and) these four couldn't possibly teach everything ... but at least we've got fulltime staff there'*.

In the University's Country V TNE operation, CI5 reported that *'the Business school ... have a lot of turnover (of OP teaching staff) ... whereas we (i.e., Psychology) tend not to have turnover'*. On the contrary, *'in terms of quality control, I mean generally we're in a position where our teaching staff do a good job so we don't have to ... (look over their shoulders) and we do sort of extend on their abilities beyond just a sessional and give them the ability to have input into the content of the unit ... which I think some of the other schools don't ... so we see it as a collaborative process'* (CI5). Quoting an example, *'say for my unit, I wanted to make a change to an essay topic, I might send an email to the teaching staff and say, 'what are your thoughts on this? How do you think that would work in the context?' ... and then we would have a discussion about it'* (CI5).

Even though the OP managed the bulk of the TNE delivery, CI7 clarified that *'everything is still governed by University C, not by the OP ... they only help us to facilitate, provide the premises, undertake marketing ... but still overall controlled by University C'*. However, CI7 acknowledged *'that certain things we can't control, e.g., marketing ... so if they're not*

*doing well, the University won't be able to recruit more students .... so that's probably the downside'.*

#### 6.4.3 University C Country V TNE Host Country Office (HCO)

The HCO had its origins in the appointment of Principals '*after things started to grow ... (they were) looking after each of the (two) partnerships (in Country V) ... one at VSM, and there was one at VKP ... and then for whatever reason, they both left*' (CI10). CI3 clarified that the previous appointments were compromised because they became institutionalised by being too close to the OP (Section App J 5.2).

On reflection, CI10 commented that '*in the old days there was always the tyranny of distance and there was a lot of friction that developed in the relationship as well ... and ... (now) there's a better understanding about how we should work together ... (while) there are still, occasionally the odd points of friction but most of the time, we realise that our interests are actually quite aligned and ... being local really helps*'. Further, the large 5,000-strong student operation necessitated the offshore processing of admissions, advanced standing and enrolments in the HCO (CI7). Setting up the HCO '*also means that we're asset light ... we have a lease over this office and we've got some furniture and a big Microsoft service hub ... that's about it*' (CI10). The HCO was such an improvement from just having a Principal, that CI3 asserted that '*it changed the relationship utterly ... we didn't have a Dean in Country V until 2012 or 2013*', while CI7 commented that the previous arrangement was '*very messy ... (but) now it's so much better*'.

The funding for the HCO was originally derived from a quality enhancement levy paid by students, an arrangement that was recommended by the White Paper (Section App J 2.3e), and agreed to by the OP ('*the great thing about a private partner - we said we want this happening and they said 'well we will just increase the charges don't*

we?” – CI2). The renewed TNE contract did away with the levy through an adjusted fee-sharing arrangement (CI10).

The University’s motivation for the HCO *‘is to have a lot more control and oversight of our whole operation’* (CI3). It is led by a Dean who *‘oversee quality and make sure things are running smoothly’* (CI3). Organisationally, *‘our systems can’t cope too well with the fact that the Country V Dean doesn’t really work for the University on paper ... the Dean works for HCO Pty Ltd ... (and) paid by the entity not by the University’* (CI3). The HCO *‘gives the University a strategic focal point to deal with not just the Country V partner, but to use the Country V Dean as a kind of regional academic presence ... it expands throughout the SS region and up into Country O as well ... (as) they’re simply physically closer ... (and) the Country V Dean was also heavily involved in the negotiations with another OP over Country X ... and used in a number of capacities’* (CI4).

Somewhat unique with the Country V OP operation, the HCO employed an *‘Academic Learning Advisor ... (who) goes to the OP’s premises and presents to students as well as have students see the Advisor (in) the Advisor’s office ... (provide) training on how to use LMS (learning management system) ... does an orientation for new teaching staff’* (CI3), and conducts *‘academic writing workshops’* (CI9). The Advisor’s services are *‘very helpful which makes us stand out from the other universities ... especially for those returning to school after long periods of working’* (CI9). There are also three staff *‘in the Student Services area’* responsible for the high workload areas of admissions, enrolments, student support and alumni relations (CI3).

The HCO *‘now have, in most part, one academic for every discipline that we teach in Country V and that person’s employed by the HCO ... it’s around about eight or nine academics’* (CI3). Further, *‘they don’t all unit coordinate ... we have a couple that unit coordinate, but the majority don’t*

*because our unit coordinators are back here in the home campus but they do teach in our programs and they mentor the OP teaching staff in their disciplines as well* (CI3). CI7 reported that *'all these academics are doing research'*. One of these academics is also reported to be doing joint research with CI5 on a transnational education topic related to Country V. These academics *'report to the school Dean with a dotted line to the Country V Dean ... and it works so amazingly because they teach in our programs like an OP teaching staff does ... (and) the OP 'then reimbursed the HCO for the time that they teach in their program'* (CI3).

CI5 gave an insight into how home campus school TNE representatives liaise with the Country V HCO. CI5 liaises with the HCO's student services officer *'probably say everyday or every second day there've been issues, (and) he's usually the one sending me requests for what a student wants to do, a unit that they don't make the prerequisites or late enrolments or .... third attempts; I deal directly with the officer quite a lot ... I don't have a lot of communication on a daily basis with the Country V Dean, unless a major issue comes up, e.g., if there're conflicts with the OP, that would be something that the Dean will deal with'*.

CI11 reported that the model will be emulated in Country X, with some refinements. There is already a Dean appointed who, *'like the DVCE, carries all the academic matters, students' concerns, students' enrolment, students' completion, students' failures, student cheating ... whatever it is'* (CI2). However, CI4 pointed out that *'there're subtle differences in that the Country X Dean is actually located where the teaching is done ... (whereas) in Country V, the Dean is physically separated from the partnership'*.

While the University's Country V TNE operation is supported by a mature HCO, *'there's only two staff employed by the University in Country X directly, viz., the Dean, and another one who ... deals with admissions to*



*university ... (and) the two of them take their orders only from University C' (C11).*

The difference with the Country X HCO (compared with Country V) also lies in the appointment of *'program coordinators ... (who are) the real key people in each discipline, one person in each discipline, that had been with the University for quite some time and that were doing really well ... (and functions) like a head of that program'* (C13).

#### 6.4.4 University C Home Campus TNE Administration Infrastructure

At the home campus, the University's TNE coordination infrastructure was set up from scratch (*'I was given this role, and no one really had anything set up'* – C13) as an *'office (that) would be the one who will be managing all ... the back end'* (C17). It is a small team of two staff led by a manager, and *'we guide everybody as to what has to happen ... so, our job is to let you as a school know what you have to do, how you should do it, and when you need to do it by, ... (and) communicated directly with partners (and) provide things to partners via my office'* (C13). C15 confirmed that *'they (i.e., the UTO) would send reminders ... and text lists are due by this date and so forth'*.

This University TNE Office (UTO) have been working with *'six schools and next year we're going to work with all schools because every school will be involved in TNE ... that's eight'* (C13). The UTO liaises with *'a couple of key people, admin people in each school, that we work as a team with'* (C13). The UTO manager *'design(ed) the process ... and I teach our partners what that process is ... I teach the schools what that process is ... I set timelines'* (C13). On the provision of materials to OPs, the UTO coordinates this so that *'it's all consistent and it's all compiled ... it's not the School of Law, the School of Business, the School of Education, all separate with different ideas ... it's all consistent ... and the partners love it ... the partners think we're like ... the best'*(C13). The

Country V OP *'think we are the best, and out of all their 12 partners, we do things the most efficiently ... we are their biggest partner'*.

On campus, the UTO works with two groups of staff, viz., the *'the academic and then the professional'* (CI3). CI3 asserted that *'the key is to have people on the ground; at your home campus working extremely closely with your TNE partner; as well as extremely closely with the schools ... so in each school we have a TNE representative at the academic level and we have a transnational consultative group (TCG) that we get together and meet with'*.

CI1 explained that the TCG *'was all the academic chairs, or at least someone from each school who's responsible for International plus our TNE office, plus the Deans ... and they reported ... we had three or four meetings a year, and we discussed things that were happening ... and we pick up information pretty quickly'*. Explaining further, *'for instance, we've been concerned this semester, whether OP teaching staff were getting paid for all assessments that they were doing, to make sure, because some of the OP teaching staff were going, 'I'm not going to mark that; they don't pay me for that', (and) we thought, 'why don't they pay you for that?' ... anyway, so we followed that up internally because we're hearing these little ... subtle problems'* (CI1). The mainly operational TCG discussions also feed into the *'annual review between the University and the OP'* (CI1).

The UTO manager reports to the Country V Dean, with *'a dotted line to our Director International ... so I belong to University C International Office'* (CI3). CI3 went on to describe the nature of the UTO work, where *'I've got time differences; I've got distance to cope with ... sometimes it's challenging ... so it's nice that I can have some support on-ground here and I'm part of that University C International team because I can work closely with the University's International Admissions Manager, the Partnerships Manager, the Director International and the*

*DVCI ... I'm the connect between the schools and the partners'. The UTO manager needs 'to build relationships, really good, strong relationships with schools and really strong relationships with partners .... and I'm the glue, I'm the key, I'm that centre thing' (C13).*

*On academic matters, 'we also have an academic board for Country X and an academic board for Country V ... and that deals with the students' experience ... (which) also includes two or three section heads in' each country, e.g., 'the head of Business, the head of Communication, and the head of IT ... and they meet four times a year ... (via) skype' (C11).*

*In describing communication lines open to unit coordinators, C11 explained that 'if we have a problem here, we contact our TNE office (i.e., UTO) ... (and) the TNE office will liaise with the (Country) Deans if it's at that level, if that's a kind of academic issue'. On the other hand, 'if it's an operational one, we can go straight to our OP teaching staff ... each unit coordinator can talk to our OP teaching staff ... but if we need to talk, ... get to the management of the OP ... we would probably go through our Dean there, not the Dean here' (C11).*

*It was interesting to know that 'a few years ago, the UTO, they did a lot more ... used to do a lot more and then there was a decision that was made to outsource it to the schools ... so a lot of the functions that used to be done by the UTO are now done in the schools and I think the team was then reduced in size and now they're more as an intermediary communication between the OP and the schools' (C15).*

*C15's 'role is quite unique in the university in that I sort of have an administrative, managerial and academic oversight ... so part of my role is as academic chair of the programs ... so things like students have issues around advanced standing, they haven't met prerequisites for units, if they've failed a unit more than twice, then I have to give approval*

*for a third attempt ... (or) if they've got poor progression, then I need to speak with them around the progression and strategies, learning strategies and all of that'.*

*Additionally, 'administratively, I do things like, all of the psychology students will email me if they need an extension for their assignments ... so, across all the units ... I set up LMS pages ... I put together the unit guides, ... choosing due dates for assignments and stuff, submitting texts lists, submitting approvals for teaching staff ... and I write the unit guides ... I'll send them to the unit coordinator for approval, but I do a lot of that stuff myself' (CI5). Interestingly, the 'Business (school) ... they're actually looking to move to a model like mine, but I think their problem is that they're going to give it to somebody who doesn't have academic oversight, so there's going to be double handling ... whereas in my role, I have, you know, the ability to make decisions about things so I don't have to consult ... I don't have to consult with anyone about staffing and stuff, so I just make those decisions' (CI5). Finally, 'from a strategic point of view, I also sit on the Associate Dean International meetings within the University' (CI5).*

*The broad capability and capacity of CI5 enabled CI5 to 'just correspond directly with people at the OP because I know this person does this, this person does that ... they all know me so I just communicate directly with them ... but the UTO will do things like, you know, once we filled out all the text lists, they will collate them all, then send them to the OP and if there're any issues, the idea is that the OP would either go back to the UTO, or they will go back to the school depending on the issue'.*

Being a senior staff at the University, CI4 described the current centralisation of the TNE functions with the UTO as part of the University's centralisation-decentralisation cycles of change management, and compared it to the mining industry's outsourcing-

onboarding cycles, and *'think there's just been, again the pendulum has gone back and forth'*.

#### 6.5 Refinement of TNE Framework for University C TNE Operation

The foregoing observations provide the basis for the refinement of the TNE Framework of Section 2.5.5 specifically for University C's TNE operations. The University considered the following value chain activities as mission-critical for TNE :

- 1) on site administration expertise and facilities (in the form of the HCO)
- 2) continuous assessment
- 3) examination grading
- 4) moderation of continuous assessment
- 5) moderation of examination grading
- 6) research
- 7) community engagement

Similar to University A (Section App I 10.6e), the TNE Framework for University C's TNE operations also includes research and community engagement.

No.	TNE Processes		Direct Models		Outsourced Models
			Hybrid Governance Models		
			Country X ic-IBC	Country V i-FP	Country T, N and V r-FP
<b>A</b>	<b>Primary Activities</b>				
1	Academic recruitment	Curriculum design	S	S	S
2		Curriculum delivery	H <sup>s</sup>	H <sup>s</sup>	H <sup>s</sup>
3	Student recruitment		H <sup>s</sup>	H <sup>s</sup>	H <sup>s</sup>
4	Teaching management	Award	S	S	S
5		Curriculum designed	S	S	S
6		Curriculum delivered	H <sup>s</sup>	H <sup>s</sup> andS <sup>i</sup>	H <sup>s</sup>
7		Continuous assessment	H	H andS <sup>i</sup>	H
8		Examination grading	H	S <sup>i</sup> andS	S
9		Moderation of continuous assessment	S	S <sup>i</sup> andS	S
10		Moderation of exam grading	S	S <sup>i</sup> andS	S
11	Alumni relations		NR <sup>p</sup>	S	NR
12	Research		NR <sup>p</sup>	S	NR
13	Community engagement		NR <sup>p</sup>	S	NR
<b>B</b>	<b>Support Activities</b>				
1	TandL physical infrastructure provision		H <sup>s</sup>	HandS <sup>i</sup>	H
2	Student support	Academic	H <sup>s</sup>	HandS <sup>i</sup>	H
3		Admin/Professional	H <sup>s</sup>	H	H
4	Academic staff support		HandS <sup>i</sup>	HandS <sup>i</sup>	S <sup>r</sup>
5	Divisional management		HandS	HandS	HandS

- Abbreviations :
- 1) S – Sending Higher Education Institution/Provider
  - 2) H – Host Higher Education Institution/Provider
  - 3) H<sup>s</sup> – Undertaken by H, but wholly-controlled by S
  - 4) S<sup>i</sup> – Sending Higher Education Institution/Provider providing service *in situ*
  - 5) S<sup>r</sup> – Sending Higher Education Institution/Provider providing service remotely
  - 6) NR – not referenced
  - 7) NR<sup>p</sup>- not referenced but planned for future
  - 8) NA – not applicable

**Table App J.2 TNE Framework for Organisational Economics Research (University C)**

## 7.0 University C Home Country Environment

While operating offshore, Australian universities are also subject to the local Australian environment, especially the regulatory regime and the competition for domestic students.

### 7.1 Home Country Regulatory Environment

Although the University operates offshore, it is also subject to Australian regulations, as C111 explained that *'our overseas operations are regulated by TEQSA as well ... so, the offerings that we offer have to align with our Australian regulated offerings ... (and) we can't be seen to be doing things that are of lesser quality'*. TEQSA's requirements encompass *'enrolments, assessment of students, quality of student feedback, completions, retention'* (C12), *'curriculum, the quality of the academic delivery, student experience ... outcomes, (and) employability'* (C111).

Apart from the reviews by host country governments, the University's TNE operations are also *'reviewed every 3 – 5 years through TEQSA as most universities are'* (C111). Increasingly, country regulators are coordinating their quality assurance activities, as C16 explained, *'the regulators in both sending and receiving countries are developing strong relationships and they are checking up – they are pulling their resources to check up on each other, and check up on providers'*.

University C was one of the first universities to be re-registered under TEQSA. As a result of TEQSA's requirement that teaching staff must be *'qualified at least at one qualification standard level higher than the course of study being taught or with equivalent professional experience'*, the *'allocation of sessional and contractual staff to the teaching of core units in the MBA'* had to be reviewed for compliance (Holloway et al. 2013, 9).

For CI4, the regulatory oversight is *'purely bureaucratism ... it's the bureaucracy of education ... if you look at all the different external bodies that we know how to be accountable to, that in itself is a bureaucratic cost, ... the cost of compliance'*. Further, *'the last federal budget I think introduced the fee to the universities for the TEQSA application that was made, and a fee or a levy on each university to pay for TEQSA and AQF (Australian Quality Framework)'* (CI4).

## 7.2 Home Country Higher Education Sector Environment

CI3 commented that all universities within the state are struggling in terms of student numbers. It has been partly due to the competition for *'declining numbers of students eligible for university'*, despite a small increase in the domestic population (CI2). For onshore enrolment of international students, the University is also *'under-exposed greatly in most countries ... (although) we're growing Country Q now so that's good; but then again we've got massive research activity in Country O but we hardly get any Country O students (onshore); massive research in Country R but we hardly get any students from Country R'* (CI2). CI2 continued that *'we want to correct that, we want to have a diversified portfolio of onshore international students'*. CI6 underscored how *'international onshore students are a source of discretionary income for the university'* and that *'most of these universities are relying on international onshore students to pay the bills ... that's got to be the prime motivation (for TNE)'*.



## **APPENDIX K**

Themes, Concepts and Stories from University D Telephone Interview

The telephone interview with the highly experienced senior academic (DF1) revealed that his University, a Group of Eight university, no longer runs any TNE program. It last delivered TNE programs out of three SEA countries and one out of a non-SEA country. While this telephone interview is lean on details and is not corroborated, it has been documented in Appendix K (Themes, Concepts and Stories from University D Telephone Interview) for information and possible comparison with the views at the other three universities.

No.	Region	Current TNE Business Delivery Models	Terminated Operations
1	SEA Country V	None	Franchised
2	SEA Country R	None	Franchised
3	SEA Country M	None	Franchised
4	Non-SEA Country O	None	Franchised; being taught out

**Table 1 University D TNE Models and Host Countries**

#### 1.0 Country V TNE Operation

The TNE program at Country V was initially with one OP, but transferred mid-way to another OP. The new OP has '*excellent student numbers and excellent quality*' of delivery. DF1 was then responsible for the Country V professional doctorate program. The collaboration ended as a result of the host country's accreditation pressure, to '*weed out the weaker colleges*'. DF1 intimated that the University did not have the commercial capability to stay the course, remarking that TNE '*requires much stronger entrepreneurship and dedicated effort to work*'. He considered Curtin University, with its Sarawak TNE operation, as one of the '*most entrepreneurial*'. He also identified Swinburne University of Technology, Monash University and Victoria University as highly entrepreneurial universities. It was insightful to note comments that '*the people who recommended withdrawal from Country V were never comfortable with*

*TNE*, intimating that the University did not have a strategic agenda for TNE.

## 2.0 Country R TNE Operation

Country R TNE was a joint delivery of a TNE program, where the students spent half the time in Country R institution, and the other half in University D in Australia. The institution is a government-owned institution. DF1 remarked that the venture was not '*primarily commercial*', and that students paid in Country R currency.

## 3.0 Country M TNE Operation

The University took over a MBA program from another Australian university so that it would not '*fall apart*'. The motivation was thus to prevent reputational damage to the Australian brand ('*reflect badly on Australia*'). DF1 commented that the operation '*did not make money*'. The program was taught out on the recommendation of AUQA.

## 4.0 Country O TNE Operation

DF1 remarked that this program was a '*small, niche*' DBA program that was managed by another of his colleagues in the University. It was being taught out. At the point of the telephone interview, there were still some students in the program.

When the project was being reviewed, DF1 submitted both '*oral and written*' recommendations for the University '*to stay there*'. However, the University '*decided not to proceed*'.

## 5.0 University Motivation for TNE

DF1 remarked that TNE happens '*when industry globalises*'. He referred to his own PhD study on the dependency of institutions on the international market, which, *inter alia* discovered that '*one-third of their staff and many facilities (were) funded by international fees*'. In his view, many TNEs are '*purely financial*' and have '*always been money, money, money and everything else is just spin*'. He also quoted a conversation he had with the head of an Australian university operating in a non-SEA country where he said that the campus is '*primarily to make money*'.

## 6.0 Issues Impacting TNE

DF1 enumerates two main issues plaguing TNE projects, viz., the way universities treat TNE programs as commodity, and the related cost economisation approach to TNE delivery. He commented that '*university education ... must be treated with more respect*'. This lack of respect is observed from the deployment of teaching staff in TNE, where '*local lecturers*' are engaged because of the high cost of appointing sending-country teaching staff. This is just one of many strategies TNE operators use, and is a '*result of shaved costs*'.

## 7.0 Summary of Telephone Interview

Compared to the focus groups, this telephone interview was brief and the content too lean for many grounded conclusions. Like the other Universities, DF1 intimates that universities are mainly motivated by commercial imperatives. Interestingly, DF1 is of the view that the success of the University's TNE projects is determined by its entrepreneurial capabilities.

## **APPENDIX L**

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Schmeisser's Integrating Framework for Literature on Offshoring of Value Chain Activities (Schmeisser 2013, 403)

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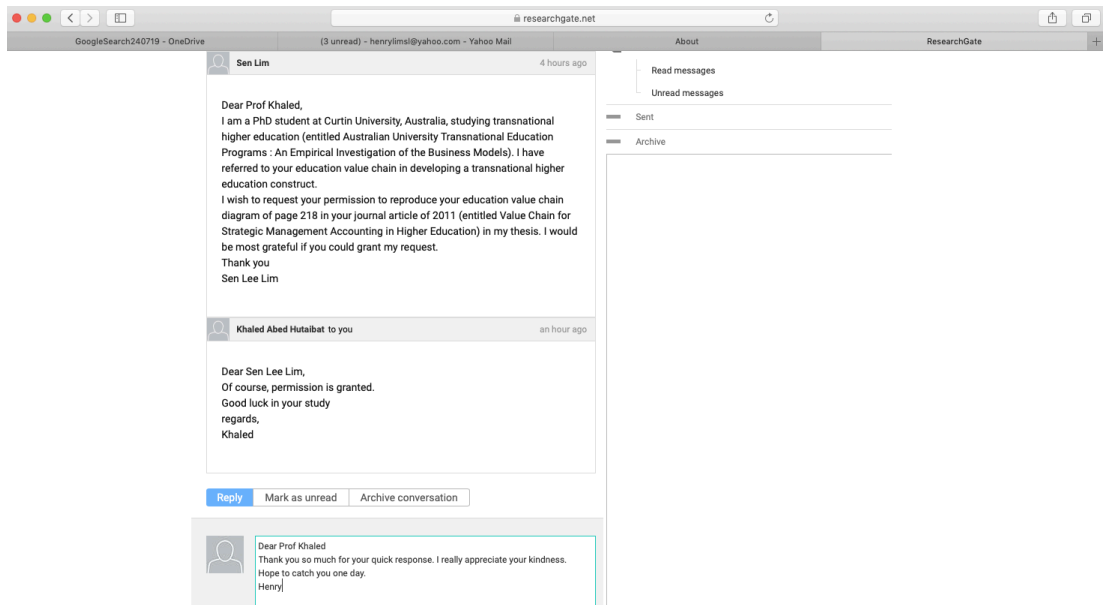
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