A Stages Approach to the Internationalization of Higher Education? The Entry of UK Universities into the Chinese Market

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This article contributes to understandings of the internationalization of Higher Education by investigating the extent to which a stages approach is evident in the overseas expansion of universities such that they beginning with exports before moving on to contractual arrangements, then joint ventures and finally the establishment of wholly owned subsidiaries. Focusing on the expansion of UK universities into the Chinese market, the findings from ten case studies reveal that universities do not follow a uniform market entry pattern. Moreover, evidence suggests that access to high level personal networks in China determines the development of high commitment entry modes.

Keywords: Higher Education, Universities, Internationalization, Market Entry, Stages Approach, UK, China.

Introduction

The demand for Higher Education (HE) services is increasing across the globe as nations seek to compete in an increasingly knowledge-based economy. Indeed, the level of tertiary education is an important indicator of a nation's knowledge resources (OECD, 2007). For UNESCO (2009: 9) the rising demand for higher education is illustrated by an increase from 100.8 million tertiary students worldwide in 2000 to 152.5 million in 2007. This growth in demand has been accompanied by increasing internationalization, as illustrated by the 53% rise in the number of students enrolled in educational institutions outside of their country of

origin since 1999 (UNESCO, 2009. p. 36). The international mobility of students is not a new phenomenon; it can be traced back to the 4th century BC (Chadee & Naidoo, 2009). What is new is the rapid growth in the number of students studying abroad, a trend that is underpinned by economic growth and the process of globalization.

Moreover, HE is an important economic sector in its own right. For instance, in the UK it is considerably larger in size than the aerospace and pharmaceutical industries (Browne, 2010). Higher Education Institutions (HEIs) are worth £59 billion per annum to the UK economy and through their international activities they are one of the United Kingdom's (UK's) fastest growing sources of export earnings, attracting £5.3 billion in overseas revenue in 2009 (Universities UK, 2009: 3). Higher Education Institutions are important economic organizations contributing to local, regional and national economies (Arbo & Benneworth, 2007; Marginson & van der Wende, 2007).

Although in the past HEIs were largely publicly funded organizations, embedded firmly in the public sector, they are increasingly subject to market forces. In 2010, the UK sector saw a further step towards the market with the Browne Review on the funding of HE, and the subsequent passing of legislation paving the way for the full cost of HE to be borne by students. The increasing marketization and commercialization of HE is a widespread trend (Dill, 2003; Hemsley-Brown & Oplatka, 2006; McKelvey and Holmén, 2009), which is in line with the neoliberal economic policies that have gained increasing support across the globe since the early 1980s. In today's global market internationalization has become central to the development of universities providing opportunities to 'enhance their influence, visibility and market share' (Denman 2000, p. 5). Nevertheless, given its centrality to national culture, HE remains one of the least liberalized services with only a handful of World Trade Organization (WTO) members having proposed commitments for the sector under the General Agreement on Trade in Services (GATS) (Knight, 2003; Czinkota, 2006).

A study of the entry of UK universities into the Chinese market offers a valuable context within which to examine the internationalization of the sector. With 15.1% of the global market in 2007 China was responsible for the greatest number of students abroad, almost 421,100 (UNESCO, 2009, p. 36). In the same year the UK ranked 2nd among the top recipient countries of foreign students (12.6%) after the US (21.3%) (UNESCO 2009, p. 36 & 37). China is a major consumer of UK HE services and UK HEIs are actively involved in entering the Chinese market. For instance, UK universities have the highest level of engagement in China with involvement in 23% of all China-foreign joint programmes conferring bachelor or master degrees (MOE 2011). Nearly half of UK HEIs have been involved in some way in providing HE opportunities in China (QAA 2006). Additionally, the first two HE joint venture (JV) campuses in China were set up by UK universities. Therefore, an examination of the market entry of UK universities into China can cover a full range of internationalization modes. Finally, given the country's economic performance and the 12th 5-year plan (2011-2015), which includes a target of 87% of 16-18 year old people being enrolled in high school with the potential to qualify for HE (MoE, 2011), there is great potential for growth in the Chinese HE market.

A growing body of literature exists on the internationalization of HE focused mainly on topics from mobility, the mutual influence of HE systems, and the internationalization of the substance of teaching and learning to institutional strategies, knowledge transfer, cooperation and competition, and national and supranational policies (for reviews of this literature see: Kehm, 2007; Marginson & van der Wende, 2007). However, it is only in recent years that HE as an international commercial activity has received attention. Indeed, Healy (2008) questions the extent to which the internationalization of universities is comparable with that of multinational corporations in other sectors and argues that HE internationalization is a response to government policy, which makes the unregulated international student market

more attractive than the highly regulated domestic market. Aspects of universities' internationalization strategies have been the focus of a number of studies. For instance, Mok (2007) critically reflect upon the adoption of Anglo-Saxon internationalization strategies by universities in East Asia, and, Li, Faulkner and Yan, (2011) investigate the characteristics of various types of strategic alliances between Chinese and UK universities. Drawing on the findings of research on the growth of Asian students studying in the US and UK, Chadee and Naidoo (2009) suggests that the HE marketing strategies need to be tailored to the needs of specific markets. The management capacity to pursue international strategies is the focus of Foskett's (2010) study that identifies a deficit of skills among senior university leaders. Form a varieties of capitalism perspective, Graf (2009) compares German and British universities finding that country specific specializations in cross border activities reflects the institutional environment in which the home HE system is embedded. Knight (2003) and Czinkota (2006) examines HE internationalization in relation to the GATS agreement, and, more specifically, Czinkota, Grossman, Javalgi and Nugent (2009) explore the foreign market entry modes of US business schools.

Despite such contributions there remain gaps in our understanding of the internationalization of HEIs as business organization. In particular, research is required to gain a deeper appreciation of how HE services are delivered across borders and how universities develop their overseas market delivery modes over time. The development of understandings of HE internationalization can be assisted through empirical research and the consideration of research on the internationalization of business organizations (Johanson & Wiedersheim-Paul, 1975; Johanson & Vahlne, 1977; *inter alia*) and especially service sectors firms (Dunning, 1989, Vandermerwe & Chadwick, 1989; Edvadrsson, Edvinsson & Nystrom, 1993; Aharoni, 1996, 2000a; *inter alia*). Indeed, universities are increasingly being viewed as knowledge businesses (Deiaco, Holmén & McKelvey, 2009), and the cross-border provision

of HE services has similarities with that of knowledge intensive business services (KIBS), which include professional and business services (Miles, Kastrinos, Flanagan, Bilderbeek, Hertog, Huntink, & Bouman, 1995). The internationalization of KIBS has attracted much scholarly attention (Noyelle & Dutka 1988; Aharoni 1993; O'Farrell, Moffat & Wood, 1995; Roberts 1998, 1999; Ball, Lindsay & Rose, 2008; *inter alia*.) Such research has value when exploring the internationalization of HE.

Hence, the aim of this article is to contribute to understandings of universities as international businesses, which compete for students in international markets through a variety of mechanism, including the mobility of students, the mobility of academic staff, contractual mechanisms, such as franchise agreements, joint ventures and the establishment of wholly owned overseas campuses. In particular, the article focuses on assessing the nature of the internationalization of HE services and the extent to which an evolutionary approach to internationalization is evident in the overseas activities of UK universities. The following questions guide this research: What is the nature of the cross border delivery of HE services? Do universities traverse through a number of stages during their entry into overseas markets, becoming more involved and committed to the foreign location as they pass through such stages? What factors influence a university's level of commitment to a particular market and therefore the mode of market entry? Drawing on primary and secondary research the article focuses specifically on the internationalization of UK universities as they expand into the Chinese market.

The nature of the internationalization of HE is considered in the next section. This is followed by an overview of the stages approach to internationalization and its application to HE. The research methods are then briefly outlined before the stages of internationalization evident in the case of UK universities' expansion into the Chinese market are considered through the analysis of primary and secondary data. The nature of the internationalization of

HE services delivered to China will be considered as will the factors influencing the extent to which universities progress through various stages. The findings of the analysis are then discussed before conclusions are drawn.

The nature of internationalization in HE

Despite the rapid rise in the internationalization of services during the past 30 years (UNCTAD, 2004), the overseas expansion of service organizations remains poorly appreciated (Blomstermo, Sharma, & Sallis, 2006; Kundu & Merchant, 2008). Although services include a heterogeneous range of activities, they are distinct from goods in the sense that they are intangible and are often produced and consumed simultaneously (Hill, 1977; Roberts 1998). Consequently, services are generally non-tradable in the traditional sense associated with tangible goods (Roberts, 1999). Nevertheless there are various possible modes of overseas service delivery. The identification and classification of these modes has attracted much attention (Sampson & Snape 1985; Vandermerwe & Chadwick 1989; Edvardsson, Edvinsson & Nystrom, 1993; Roberts 1999; Ball, *et al*., 2008; *inter alia*.). Currently the most influential classification of cross-border service delivery modes is that detailed in Article I of the GATS agreement (WTO, 1999).

The four GATS modes of cross-border service delivery are detailed in Table 1 together with the comparable mode of internationalization in HE. Each mode requires different levels of engagement and commitment on the part of the internationalizing university. Mode 1 - 'Cross–border supply' is equivalent to exporting in the traditional sense and therefore requires very little commitment. Although this mode could merely involve the extension of distance learning activities delivered in the home market into an overseas market, it is often linked to contractual forms of overseas supply. Similarly, Mode 2 - 'Consumption abroad' requires

little commitment. Indeed, if this type of service export is unsolicited, in the sense that the university does not actively seek out overseas students or expend resources facilitating exchange programmes, it is the form of internationalization with the lowest level of commitment and the form with the longest history. In contrast, Mode 3 - 'Commercial presence' requires the highest level of commitment because it includes a significant allocation of resources in the form of foreign direct investment to establish a joint venture or a wholly owned operation. Mode 4 - 'Presence of natural persons' is a low commitment level of delivery, which involves the temporary movement of academic staff to deliver lectures and courses overseas. This mode is often linked to other methods of HE delivery.

[Insert Table 1 Here]

Czinkota (2006) elaborates on the various GATS modes in the HE context focusing on the types of mobility that are involved: student, academic, programme, and, institution. In the context of US MBA programmes, Czinkota *et al.* (2009) break down the institutional mobility, which involves the establishment of a commercial presence, into licensing investment, franchising, joint venture and full equity investment modes. However, as indicated in Table 1 the modes of licensing and franchising more accurately reflect programme mobility rather than institutional mobility. Nevertheless, it is important to note that the internationalization of HE may necessitate the simultaneous employment of more than one mode of delivery.

Each mode of cross-border service delivery gives rise to specific types of barriers. For instance, barriers to the cross-border supply of HE materials may take the form of trade tariffs. Modes of delivery requiring the mobility of students or academic staff are affected by visa regulations and the ability to establish an overseas presence will be determined by regulations related to the right of establishment.

Technological development have significantly increased the extent to which services, including HE services, can be embedded in tangible or electronic form allowing delivery through traditional exports (Bhagwati, 1984). In the case of such services consumption is decoupled from production. Erramilli (1990, p. 57) refers to such services as *hard* services, underlining their similarity with tangible goods, while referring to those services where production and consumption occur simultaneously as *soft* services. In HE the delivery of services embedded in teaching materials including module workbooks and DVDs provide examples of *hard* services whereas the face-to-face delivery of lectures, seminars and tutorials provide examples of *soft* services. A similar distinction is captured by the idea of front and back room/office services (Chase, 1978). While front office services require proximity between producer and consumer back room services can be provided at a distance (Illeris, 1994).

Often production and consumption can be decoupled for standardized services, for example, when HE services are embedded in course materials delivered at a distance to a large number of students. Nevertheless, some standardized services may require face-to-face contact between the lecturer and student, with for instance the same lecture being repeated to multiple cohorts of students. Additionally, while customized services often require a high level of producer consumer interaction this can be achieved by a combination of face-to-face meetings and digital communications technologies including the real time communication via instant messaging and video conferencing. An example, from HE would be the supervision of a doctoral student, which requires a high level of customization but can, to some extent, be facilitated through technology enabled delivery modes. Importantly, modes of cross-border service delivery are not mutually exclusive. An organization may use several simultaneously, for example, the movement of personnel may accompany cross-border trade. In addition, the cross-border delivery of services may actually involve service transactions within the

boundaries of the organization in the form of intra-firm trade. Roberts (1998, 1999) identifies this type of trade in the context of multinational business services firms where manuals may be distributed throughout the global network constituting intra-firm trade, yet to facilitate the cross-border delivery of a final service requires that the knowledge embodied in the manual be extracted and applied by a consultant *in-situ* either through the mobility of consultants or through the establishment of a locally staffed office. In the HE context this type of intra-firm trade is evident when an overseas campus is supported by fly-in/out academic staff that use teaching materials produced in the home university to delivery lectures in the overseas location.

A final service may be compiled from a range of intermediary services components. Consequently, it is possible to deliver highly customized *soft* final services through the integration of *hard* standardized intermediate service components (Sundbo 1994). For instance, by dissecting the value chain and employing the concepts of front and back office, Ball *et al*. (2008) develop a conceptual model that reveals 10 types of market entry modes for information intensive services, all involving lower levels of involvement and resources than the establishment of a subsidiary. Given the scope for a variety of modes of cross-border service delivery, all requiring different levels of commitment, HEIs can select the mode that best suits their motivations, level of experience and availability of resources. But do universities traverse through a number of stages during their entry into overseas markets, becoming more involved and committed to the foreign location as they pass through such stages? And, what factors influence a university's level of commitment to a particular market and therefore the mode of market entry? We turn to these questions in the next section.

A stages approach to the internationalization of HE

This section considers the relevance of the literature on the stages approach to internationalization to the overseas expansion of HEIs. Based on the review of this literature a number of propositions are formulated to guide the interrogation of the empirical evidence on the entry of UK universities into the Chinese market presented in a later section.

Studies suggest that the internationalization of manufacturing firms occurs in a number of evolutionary stages (Johanson & Wiedersheim-Paul, 1975; Stopford & Wells, 1972; Aharoni, 1966; *inter alia*). For example, on the basis of their research into the internationalization of Swedish firms Johanson and Wiedersheim-Paul (1975, p. 306) argue that internationalization occurs in four distinct stages: 1. no regular export activity; 2. export via independent representatives (agents); 3. sales subsidiary; and, 4. production/manufacturing. The firm develops its commitment to a market over time as its knowledge of the local environment grows and levels of uncertainty thereby diminish. This sequential approach is often referred to as the establishment chain or the 'Uppsala model' – having been the subject of research at the University of Uppsala in Sweden in the 1970s (e.g. Johanson & Wiedersheim-Paul, 1975; Johanson & Vahlne, 1977). Such interpretations of the internationalization process have been subject to confirmation and criticism (Johanson & Vahlne, 1990; Turnbull, 1987; Ietto-Gillies, 2005).

Given the characteristics of services discussed in the previous section, caution is required when applying models of internationalization developed from studies of the manufacturing sector to service organizations. Nevertheless, a stages approach to internationalization can be indentified among service firms. For instance, Roberts (1999) found a variety of distinct stages in a study of the internationalization of business services. Evidence of the four modes of exporting, licensing production, joint ventures, and, sole ventures in the internationalization of HE is provided by Healey (2008). However, he sees the development

of these modes as a response to government policy rather than as a purposeful business strategy of increasing engagement in overseas markets. Moreover, Chadee and Naidoo (2009) found that exporting remained the main overseas delivery mode for US and UK universities until the home campuses reached full capacity, following which delivery in the form of franchising and joint ventures with Asian HE providers in offshore markets began.

From a business orientation, supplying education services through exports and contractual mechanisms allows universities to gradually build experience and knowledge of the foreign market, thereby reducing the risks and uncertainty involved in the process of internationalization. As a university develops knowledge of a foreign market it may be willing to invest more resources and develop its activities in that market. As a result, like firms in other sectors, a university may take an ownership share in the local presence and even gain full ownership (Johanson & Vahlne, 1977). This may indeed be required if, as commitment increases, intangible assets, like reputation and brand, are shared. Increased ownership will facilitate greater control over the foreign presence and thus ensure the protection of intangible assets. This is highly relevant where the knowledge assets being shared with overseas subsidiaries are non-codifiable (Buckley & Casson, 1976), as is often the case for knowledge intensive service. Indeed, with greater local market knowledge, stimulated by market deregulation and liberalization, some universities have started to open campuses jointly with local HE providers or through the establishment of wholly own overseas operations (Healy, 2008). Thus we propose:

> **Proposition 1:** *UK universities initially enter the Chinese market using a low commitment mode of delivery, namely exports, before moving onto modes of service delivery that require higher levels of commitment, including contractual mechanisms and joint ventures.*

Moreover, Erramilli and Rao (1990) argue that client following strategies are more likely to be associated with wholly owned overseas presences rather than equity joint ventures or contractual arrangements, while market seeking service firms are more likely to engage in cooperative alliances than those adopting client following strategies. Although many KIBS firms do engage in client following strategies, particularly in their initial phase of internationalization (Roberts, 1998), the expansion of universities into overseas markets is predominantly market seeking with a view to enhance revenues and in line with this approach universities engage in a range of contractual and cooperative arrangements. In this sense HE may be more akin to the hotel and retail sectors where non-equity modes are widespread (Contractor & Kundu, 1998; Alexander & Lockwood, 1996). When universities do enter markets with high levels of commitment from an early point their motivation is often driven by a desire to enhance reputation as well as long term global strategic positioning. Accordingly we propose:

> **Proposition 2:** *Whether UK university entry into the Chinese market is market seeking or reputations enhancing will influence the mode of entry.*

The network perspective on internationalization offers additional insights into the development of an organization's overseas activities (Johanson & Mattsson, 1988, 1992). Although it is often associated with client following internationalization (Erramilli & Rao, 1990), it also holds relevance for the reputation enhancing strategies of some universities. The network approach draws on theories of social exchange and interpersonal relationships (Axelsson & Johanson, 1992; Granovetter, 1985). Where successful service provision is dependent on the development of trust and building and maintenance of reputation, interpersonal relations are highly important (Aharoni, 1996, 2000b; Roberts, 1998, 2003). In order to protect reputational capital service providers will prefer to exercise high levels of control over service delivery. Hence, the provision of a service will be internalized within the

boundaries of the firm and internationalization will be facilitated by high commitment modes of market entry, including joint ventures and foreign direct investment.

Indeed, Johanson and Vahlne (1992) note the importance of the development and maintenance of relationships over time in their study of foreign market entry. More recently, they have revisited the stages approach to internationalization and now view the business environment as one characterized by a web or network of relationships rather than a purely neo-classical market with independent suppliers and customers (Johanson & Vahlne, 2006, 2009). While newly internationalizing businesses continue to develop their internationalization in stages, the nature of the stages may vary according to levels of knowledge and trust available in networks that serve to reduce the uncertainties involved in the internationalization process. Indeed, Johanson and Valhne (2009, p. 1411) suggest that *insidership* in the relevant networks is a necessary condition for successful internationalization, and, that there is a liability of *outsidership*. Network *insidership* may even precede market entry (Coviello, 2006). The trust embedded in personal relationships helps to overcome uncertainty and reduced the difficulties that may arise from cultural differences, (Uzzi, 1997; Krackhardt, 1992; Zucker, 1986). In a sense, trusting relationships between parties in the home and host countries can help to bridge 'psychic distance', which Johanson and Vahlne (1977, p. 24) define as 'the sum of factors preventing the flow of information from and to the market. Examples are differences in language, education, business practices, culture and industrial development'.

Education is an important element of national culture and it underpins economic competitiveness, so despite its increasing marketization and globalization, it is still dependent on state support and regulation. Consequently, when universities enter overseas markets they have to satisfy the regulatory requirements set in place by national and local governments as well as the demands of the overseas students. Connections to appropriate regulatory and

governance networks as well as partner universities are likely to influence access to particular markets as well as the mode of entry. This is particularly relevant for the Chinese HE market, which is subject to high levels of government regulation.

Based on the importance of networks to facilitate the internationalization of businesses we propose:

> **Proposition 3:** *Network access will influence a UK university's market entry mode in China.*

Additionally, the regulatory conditions in the overseas market will also impact on the mode of entry. For instance, although China has, in line with its domestic industrial objectives, gradually opened its market up to wholly foreign owned enterprises in many sectors (Fung, Iizaka, & Tong, 2002; Xie & Gao, 2005)[1], overseas ownership in the HE sector remains highly regulated and to date there are no wholly owned foreign universities operating in China.

Research method

To investigate the entry of UK universities into the Chinese HE market this research employs both primary and secondary data. The secondary data are drawn from the latest list of all foreign universities in China delivering undergraduate and postgraduate courses through partnerships approved by the Ministry of Education (MoE, 2011). This source permits an examination of the key types of China-foreign HE collaborations. To capture the characteristics of the key stages of internationalization, primary data were collected from ten UK universities which have entered the Chinese market and their partnering universities in China. The ten universities were carefully selected to represent the key types of

[1] In China, the activities of overseas businesses in general have been influenced by three distinctive regulatory stages (Xie & Gao, 2005), which resulted in the following pattern of market entry: 1979-1985 the experimental stage- focusing on contractual alliance; 1986-1999 - the strategic investment stage- focusing on joint ventures (JVs); and, since 1999 - the market-determined stage – in which wholly foreign owned enterprises have become the dominant form of market entry.

internationalization identified from the analysis of the secondary data. The case data are presented anonymously to preserve the confidentiality of the informants.

Qualitative research methods were adopted to collect primary data because compared to quantitative technique they are more suitable for studying organizations, groups and individuals (Strauss and Corbin, 1990) when the objectives of the study demands in-depth insight into a phenomenon (Ghauri *et al.*, 1995, p. 88). Such methods develop understanding of the context of the environment being researched in depth (Bryman 1989). As Daft (1980, p. 632) argues, the complex, intangible, emotional dimensions of organizations cannot be processed through the fine filter of linear statistics. A quantitative approach would fail to provide the detailed data required to understand the UK universities' internationalization process in China and to show how and why it happens in certain ways, and to trace the characteristics of, and progression between, the stages of internationalization.

Therefore, this study employs qualitative method and uses the case study as the main instrument of research. According to Yin (2011, p. 5) a case study method is appropriate when a research question seeks to address 'what is happening or has happened' or 'how or why something happens', and emphases the study of a phenomenon within its 'real-world context'. This paper examines the stages that UK universities go through when entering the Chinese market, how and why this happens in its natural settings, hence a case study method is suitable to provide rich descriptions and insightful explanations. In addition, the secondary data show that 99% of overseas universities employ non-equity forms of entry in China and there are only two equity joint ventures (JVs) accounting for 1% of the total (MoE, 2011). Moreover, only 54 UK universities are active in China and they include the two equity JVs, consequently an examination of ten case studies reflects 18.5% of the phenomenon.

In order to enhance the validity of the data, as shown in Table 2, interviews were conducted in both the UK and China with those responsible for the collaboration at various

levels of the organization's hierarchy, including chancellor/vice-chancellors (UK) or president/vice president (China), Deans of the departments, project directors, coordinators, and academic members of staff who were engaged in the project. In total, 41 face-to-face interviews were conducted between 2007 and 2009. Each case had been in operation at least 2 years at the time of the data collection. The length of semi-structured interviews ranged from 40 minutes to 2 hours and 40 minutes. The unit of analysis for this research is the case and for each case data were collected through interviews of varying length with individuals holding different positions within the organization. The fieldwork for each case was regarded as complete once a full picture of the market entry process was captured. Each interview was recorded and later transcribed. Findings were derived from the content analysis of the interview data for the ten cases and supported by secondary data. A summary of the categories emerging from the content analysis is included in an appendix.

[Insert Table 2 Here]

UK universities' market entry into China

Exporting

Exporting in the form attracting of mobile Chinese students to study in the UK is a common first stage in process of entering the Chinese HE market. Exports not only allow UK universities to exploit their ownership advantages, including reputation, research, and the UK culture but also to address the funding short fall arising from government cuts and the declining domestic and EU markets (Universities UK, 2008). It also facilitates the internationalization of their home campuses. Among the ten cases studied the average proportion of international students against the total students on the UK campus was 18%, ranging from as low as 13% to a high of 26% (Table 3). Importantly, all of the universities

studied had engaged in the provision of HE to Chinese students through exports, facilitated through student mobility, prior to the developments of other mechanisms to service the Chinese market. Hence exporting can be seen as the first stage in the internationalization of UK universities in relation to the Chinese market.

[Insert Table 3 Here]

For those UK universities wishing to grow overseas student numbers without expending significant resources, the employment of recruitment agents (indirect export), who are embedded in specific regions and have knowledge and understanding of local markets, can increase student numbers more rapidly than recruiting from the open market (direct export). However, even with the use of an agent the quality and stability of student inflow is not guaranteed, a factor which is often central to decisions to adopt a contractual form of market entry.

Validation mode

The next stage of UK universities' internationalization generally takes one of a number of contractual forms. Of these the 'Dual-based Validation' (DB-V) mode, which we refer to as the validation mode, requires the lowest level of commitment. Three of the case study universities employed a DB-V mode. Here a UK university cooperates with a Chinese university to provide a degree course with delivery being split between the two countries. For the UK university a validation arrangement is equivalent to running extra programmes building on existing infrastructure, and hence there is no significant additional investment required. The Chinese partner is responsible for the part of a degree course taught in China (e.g. for a 2+2 model a UK undergraduate degree course is adjusted from 3 to 4 years with 2 years' study in China being recognized as equivalent to Year 1 of a UK undergraduate).

Following completion of their studies in China, students move to the UK to complete their degree programme. On completion they receive a UK degree in the UK.

In the validation mode the international supply of the service occurs through the mobility of students in the third year of their studies. The UK partner must validate the earlier years of the students studies to ensure that they are commensurate with those undertaken by UK students. Consequently, student mobility is accompanied by contractual mechanisms that will require the temporary movement of UK university personnel to the Chinese partner institution as well as the movement of information embedded in documentation required to support the validation of the programme. In Year 1 or 2 when students are in China, the UK partner assigns one or two of its members of staff as coordinators. Their main duty is to visit the Chinese partner to interview and issue offers to those students that qualify to complete their studies in the UK. The validation mode therefore requires little commitment on the part of the UK university.

Validation is regarded as an early stage of internationalization in HE, its main purpose is to secure a more reliable flow of higher quality students for the home campus than is possible through agents. In addition, when UK universities are not familiar with the Chinese market validation is preferred as it demands low levels of commitment but provides access to knowledge through partner universities and allows for a gradual development of market understanding, as a coordinator from case 1 elaborates:

> 'It is really our first formal partnership. I think they (Chinese partner) approached us, and it didn't require anything particularly different to what we are doing now. We are just drawing up an agreement, and just keep going. There is no financial implication at all' (Coordinator in the UK, DB-V 1)

In the third case, a specific person is identified as important to the establishment of the

validation agreement:

> 'We had a Chinese colleague, Mr. Li (anonymous), and he was born in Zhengzhou (the location of the Chinese partner university). In an international conference, he met the president (of the Chinese partner university), so logically the partnership started.' (Project manager in the UK, DB-V3)

In this case the partnership formation was facilitated through the personal network developed by a member of the university. Indeed the key individual played an important role enabling the smooth establishment of the validation agreement. In a sense this individual reduced the university's liability of *outsidership* (Johanson and Vahlne 2009). Lacking a similar individual, the establishment of the validation agreements in the other two cases encountered greater difficulties in the set up stage.

Two factors appeared to motivate the three universities employing the validation mode to enter the Chinese market. As the following statement suggests, the first of these was market seeking:

> 'Clearly because we are restricted in having home students we can take, that restricts our income. Where will we get more income? We can take more and more overseas students ... obviously it is a significant model.' (Principal of the UK university in the case of DB-V1)

Secondly, interviewees regarded validation as preferable to recruiting non-EU students from direct or indirect export because it ensured a higher quality and a more secure flow of students.

The three cases investigated in this category were set up quite quickly. However, when the validation was in operation, problems emerged resulting from the major features of this approach. Firstly, because the management arrangements were very clearly divided between

the two partner institutions, the students' experience was undermined by a lack of coherent management. Secondly, even though the quality of students was potentially better than for students recruited directly or via an agent, student quality remained a challenge with the validation mode.

The quality of students is largely accounted for by the regulated system of entry into Chinese universities, which is controlled by the MoE. Students qualifying to attend a Chinese university are referred to as 'In-plan Enrolment' students. Students that do not meet the required standard are referred to as 'Out-plan Enrolment' students. These students are able to attain a UK degree by joining China-UK cooperative programmes, including validation programmes, facilitated by Chinese institutions offering non-degree level education and subject to municipal approval. Hence the quality of the students recruited to the three universities using validation programmes is limited.

The difficulties surrounding the management of the validation programme together with the variable quality of students has been further compounded by visa requirements. According to one interviewee, the number of students in one of the cases declined from thirty per year to three in 2006 and no new enrolment in 2007 due to visa policy changes. All of these challenges explain why none of three universities cases using validations performed well in terms of their activities in China.

Franchise mode

The second most popular contractual form of market entry is 'Dual-based Franchising'; we refer to this as the franchise mode. Three of the university cases are included in this category. Here a degree course is completed in two countries, China and the UK. The part of course taught by the Chinese partner is franchised by the UK university and it is therefore almost

purely designed in the UK. The course delivered in China therefore includes service components, course materials, produced in the UK and exported to the partner in tangible or electronic forms. These *hard* back room service components are delivered *in-situ* by local, rather than UK, tutors who combine these components with their own *soft* delivery skills to provide the final 'front room' service to students in China. Students move to the UK (joining from Year 3) to complete their degree course and receive a UK degree in the UK. As the franchised course leads to a UK degree, the UK partner is responsible for the quality of the overseas operation in line with the UK's Quality Assurance Agency's (QAA, 2006) requirements. Normally two third of a UK degree course are taught in China arranged as a 2+1 (China: 2 years, UK: 1 year) or 3+1(China: 3 years,; UK: 1 year) model. The Chinese partner carries a heavily responsibility in this mode therefore identifying a good partner institution is essential to ensuring quality.

Even though personal relationships between staff members played a role motivating the market entry of the three franchise cases, these UK universities seem to be more cautious in their selection of partners than those using the validation mode of market entry. In addition to the identification of a personal link, they went through a strict procedure to evaluate the Chinese partner. In the case of DB-F3, this process was guided by a 'global campus' team supported by documented procedures including negotiation processes, terms of agreement and auditing practices.

When asked why the UK side adopts this type of market entry mode in the Chinese market interviewees explained that a franchise model can guarantee that quality control would be held by the UK partner, especially in the final year. In addition, the UK partner pays regular visits to the Chinese partner to ensure the maintenance of quality and harmonization of provision between the two locations. Although local lecturers are recruited by the Chinese partner, the UK partner checks their qualifications and experience and provides training to

ensure they are able to deliver a student experience on a par with that received by the home students. However, the maintenance of quality and consistency of overseas delivery is still the major concerns for this type of internationalization.

With more knowledge acquired through a franchise form of collaboration, UK universities are better prepared to engage in higher commitment modes. However, adopting a market seeking perspective, the case study universities using a franchise mode rejected higher levels of market commitment. For instance, interviewees noted that in JV forms the tuition fees would not be returned to the UK, but are retained and reinvested in the Chinese campus, thus the capital would be localized rather than returned to the UK. Higher commitment modes of market entry were seen as holding more risk. In addition, the UK universities lacked sufficient resources, specifically mobile staff, to support more sophisticated modes of overseas operations.

Joint Programme

A 'Single-based joint programme' form (SB-JP) occurs when a UK university co-operates with a Chinese partner university on a degree course delivered entirely in China with the award of a UK degree or dual degrees from each partner's university; we refer this as joint programme (JP). Two of the case universities engaged in this type of market entry mode. A three year UK undergraduate degree course may be adjusted to four years: one year preparation followed by three years of core module study. The preparation year is the responsibility of the Chinese partner in terms of course creation and delivery. When a dual degree is issued the course for Year 2, 3 & 4 is jointly developed with the UK partner taking the dominant role. When a single UK degree is awarded it is equivalent to the UK award and its development is the UK university's responsibility. The UK side also shares 50% of the

course delivery in Year 2, 3 & 4 by sending 'core' fly-in/out staff to China teaching courses in a block delivery structure. Although students receive a UK degree they complete their programme in China. The service delivery is then supported by the export of *hard* course materials produced in the UK and delivered in tangible or electronic form together with the mobility of UK staff who combine their skills with the course materials to deliver *soft* final services *in-situ* to students studying with the Chinese partner institution.

A formal governance structure is established to manage this type of internationalization, which includes steering and academic committees to monitor the quality and operation. Because this type of internationalization involves a UK degree being awarded in China approval from the Chinese MoE is required.

In both cases key personal relationships were found to be important for the initiation of the partnership, but the positions of the individuals involved were higher than those in the franchise cases. In the case of SB-JP1, the president of the Chinese partner university studied and worked in the UK and as a result knows two members of Chinese staff in the responsible department at the UK partner. Cooperation started from a joint-laboratory collaboration, before moving to the formation of a franchise form. In 2003, when the president met the Vice-Chancellor of the UK partner during a visit, the initial framework of the current cooperative SB-JP was formed. A clear progression between stages of market entry with increasing levels of commitment is evident in this case.

In the case of SB-JP2, the initial contact for the cooperation started from the visit of the Dean of the responsible department of the UK university to China. He had collaborated on a research paper with his counterpart in China for a conference on the WTO agenda, held in Hang Zhou (the location of the Chinese university) in 2002. Discussions about the development of the WTO lead to the idea of establishing a Master's programme in International Trade and Finance. As the Pro-vice-chancellor of the UK university recalled,

> '… there was a strong personal relationship developed between me and the Dean of the faculty (of the Chinese university), and based on that, confidence grew.'

There are several reasons for the UK universities' choice of a JP form to enter the Chinese market. First, in both cases, the UK universities demonstrate high trust in the Chinese partners, giving them confidence to issue a UK degree abroad. In the case of SB-JP1, when both sides cooperated in a franchise form in 2001, the UK side was very impressed with the high quality of students from the Chinese partner. Among the first cohort of students who did a Master's in the UK partner, seven out of nine graduated with distinction. In the case of SB-JP2, the partner universities' cities had been twinned since 1988, so there had been many exchange visits between the two universities. Second, the key persons involved in these two cases share a common vision to educate bright young people selected on their academic merit rather than ability to pay. Third, the UK university perceived that a JV was very risky in terms of finance and reputation as well as being slow to set up. As the pro-vice chancellor in the SB-JP2 argued:

> 'Strategically, it does not make sense. Why should we be people who are spending money getting into a campus or agreement on fixed assets in an overseas location? I believe that overseas investment causes various problems due to the potential changes at that premises for international, political or economic reasons.'

Dispatching more staff from the UK partner and government approval for any changes to the JP were constraints for the further expansion and the speed of development for both cases investigated. Finally, the Chinese partners do not want to act as feeders for foreign universities because this could damage their own reputations and brands which they have built up in China.

Joint Venture

Following changes in government policy on foreign ownership in the HE sector in 2003, overseas universities have been allowed to set up joint venture university campuses in China (SCPRC, 2003). UK universities responded quickly to these reforms and the internationalization of UK universities in relation to the Chinese market evolved from non-equity to equity forms. A China-UK equity joint venture (JV) in HE involves the establishment of a separate legal educational entity. It is established by the two universities from China and the UK, with the new legal entity operating within the territory of China.

Each case had a financial investor with assets provided specifically for setting up a JV committed to the non-profit provision of HE. In addition, both JVs also received support, including funds, land and buildings, from local governments. Both JV campuses were located in affluent cities, namely, Ningbo, Zhejiang Province and Suzhou, Jiangsu Province (National Bureau of Statistics of China, 2007). These locations guaranteed the presence of wealthy students, which is important because a JV university charges tuition fees that are about nine times higher than normal course fees in Chinese universities. Finally, as a legal entity a JV has to be approved by the Chinese government.

To support the JV, the UK university contributes to both the backroom *hard* service components including course materials and the *soft* front room delivery activities, in this way it is responsible for the full academic operation of the campus. In the case of JV1 the UK university acts as the 'parent' and treats the JV campus as its 'baby'. In this case, to help the China campus build up a foundation capable of the overall operation, the majority of the first seventy-two professors were contributed by the UK side. In both cases to achieve and maintain the same quality and standard of a UK degree in China, the UK university shares intellectual property and related expertise by continuously providing seconded staff to cover key functional positions, including the President, the Provost and the Vice President. In the

case of JV2, the JV campus was conceived as an independent university combining the essence of the two systems but remaining distinct from the two parent universities.

In the two JV cases, the intention was originally to staff the campus with the following distribution of faculty: 1/3 from the UK partner, 1/3 newly recruited from the international market and 1/3 from the Chinese partner. However, sending, and retaining, enough seconded staff from the UK to the campus in China has been the major challenge for both JVs. In the case of JV, the number of seconded staff from the UK who stay 1 to 3 years on the China campus accounts for only 20% of the total faculty and there were only 2 UK seconded staff in the case of JV2 when this study was conducted. Meeting their commitment to provide 1/3 UK faculty continuously for 30 or 40 years is a significant challenge of this type of internationalization. Clearly the JV method of market entry requires a higher degree of commitment than the other modes examined.

In both cases senior Chinese managers on the UK side played a key role in the formation of the JV. In the case of JV1 it was the Chancellor (Yi Zhang, anonymous) and in JV2 it was the Pro-vice-Chancellor (Qing Wang, anonymous). Professor Zhang is an academician of the Chinese Academy of Sciences, a renowned nuclear physicist. He was formally installed as Chancellor of the UK university in 2001, and the Pro-vice-Chancellor in this case notes:

> 'Having him is very important because he is very highly regarded, the former president of Fudan University. He has some connections in China, not exactly guanxi, some are more regulated than that. If we just turn up from raw sense, and say this is what we want to do it's hard for people to understand. …. He understands the Chinese context in a way that we would not. He was able to act as a go-between, so that the relationship built up steadily and eventually moved into formal joint negotiations.'(Pro-vice-Chancellor, UK, JV1).

Here the Chinese Chancellor of the UK university provided access to a high level network within China as well as providing valuable knowledge of the market and regulatory environment. Furthermore, the Vice-Chancellor of this university was highly motivated to pursue forms of internationalization with high levels of commitment. Importantly, maintain quality and reputation and developing global reach were high on his agenda, as the seconded president of China campus explained:

> '…internationalization of HE has two dimensions in his perception, one is, to export British education to another country, China, for example, to increase the independent globalized setting. So campuses of a UK university do not just appear in one country, as this might not be sufficient in a global economy for a high level of interaction with British culture. The other is an ambitious brand plan, that the students coming to us, no matter what subject they study, they should have an opportunity to study abroad for a semester or for a year in another university in that country.' (Seconded president of China campus, JV1)

Hence, in this case establishing a campus in China is part of the UK university's definition of internationalizing education. In addition, the UK universities in both cases see that China is an important country and that a university cannot be truly internationalized if it is not engaged with China whether in the teaching or the research.

In the case of JV2, the UK university has had academic contacts with the Chinese partner since 1980 through a key person, Qing Wang, who is the Pro-vice-Chancellor on the UK side. He is Chinese, and achieved his Bachelor degree in Tsinghua University China, and his Doctorate degree in Cambridge. Since 1980, he has been a visiting professor at the Chinese partner university. Inspired by the regulatory changes of 2003 the two sides started to discuss opportunities to establish a joint university in China.

When asked why the UK universities in both cases chose a JV to enter in China, reputation protection was highlighted in both cases. As one Pro-vice Chancellor noted:

> '…any kinds of franchised operations, eg. 2+2 or 3+1, are too risky. It is our degrees, they employ other people who are not from this university to teach, that's too risk for our reputation. We want to offer the full experience and have a control of our experience.' (Pro-vice-Chancellor, UK, JV1)

Furthermore, non-equity approaches are also perceived as a small scale operation. The UK university in the case of JV1 already has a campus abroad, so they have learned from their experience in Malaysia and have the confidence to seek high commitment modes of foreign market entry. A JV campus is also regarded as part of a long term strategy by both sides with the potential to develop into a fully-fledged university. More importantly, modes of market entry with lower levels of commitment, like validations and franchises cannot build their own distinctiveness and reach the depth of cooperation that can be achieved with the development of a separate autonomous campus university.

For example, both JVs had attracted non-Chinese students on to the campus and set up research centres, which were perceived as conducive to the attraction and retention of academic staff by the UK universities. Moreover, the JVs were negotiating research projects with local industries and some international companies have approached them with project proposals. Such activity, which is rarely found in the case of other modes of market entry, helps the JVs to become embedded in the host country and to develop sustainably.

Discussion

Focusing on the operations of UK universities in China, this study employs a stages approach to analyze the internationalization of HE. Based on an in-depth investigation of ten case

studies, together with substantial secondary data, this research finds that UK universities have been proactive in their expansion into China. The modes of market entry utilized by UK universities in China are: exports, contractual arrangements (validation, franchise and joint programmes) and joint ventures (Figure 1). These modes are supported by the delivery of HE services in a variety of forms, including tangible and electronic, and through the movement of both students and academic staff. Importantly, HE services may be produced from the combination of *hard* and *soft* components that circulate between the home and host location. Hence, the overseas delivery of HE services has similarities with the way business and information intensive services are supplied across borders (Roberts, 1999; Bell*, et al.*, 2008).

Although in each of the ten universities studied in-depth market entry began with exports, the second stage varied. For the majority of universities the second stage involved contractual mechanisms. Two universities jumped the contractual arrangements stage and progressed directly to the establishment of joint ventures.

[Insert Figure 1 Here]

In terms of the level of commitment and involvement of UK universities in the overseas operation, contrary to Healey's (2008) study which claimed that there is no a real internationalization route in HE, this study observes that most UK universities traverse an evolutionary path in their entry into the Chinese market, namely, from exports to contractual modes, including, validations, franchising and JPs. There is also evidence of a progression from a low commitment contractual mode (franchising) to a high commitment contractual mode (joint programme) (e.g. SB-JP1). Whether these universities will go on to establish JVs remains to be seen. The five modes of cross-border supply identified through the empirical research are detailed in Table 4, where their key characteristics are summarized. Indeed, in future, and in other markets, this development route may well extend to wholly owned campuses involving high levels of commitment. The evidence from the ten case studies and

secondary data would appear to support proposition one: *UK universities initially enter the Chinese market using a low commitment mode of delivery, namely exports, before moving onto modes of service delivery that require higher levels of commitment, including contractual mechanisms and joint ventures.*

[Insert Table 4 Here]

Furthermore, this study finds that beyond the initial stage of exporting UK universities do not follow a uniform pattern in their internationalization. These findings suggest that universities do not always enter the Chinese market in a gradual manner.

The evidence suggests that the internationalization of UK universities in relation to the Chinese market is still in the early stage. Most UK universities are developing their knowledge of the Chinese market and partners in an incremental fashion. This could be partially explained by Child *et al.* (2005) and Lorange and Roos' (1992) research that when partners are not sure of the nature of the cooperation, loose collaborative forms are preferred. This is reflected in the adoption of contractual types of internationalization by 96% (51% in Validation, 19% in Franchise and 26% in JP) of UK universities operating in China (Table 5). The vast majority of UK universities are employing market entry modes with low levels of commitment, and, as the case studies suggest, the universities adopting these modes are pursuing market seeking internationalization strategies. The 4% of UK universities engaged in JVs display higher levels of commitment to the Chinese market and their market entry mode is part of a long term reputation protecting and enhancing and global positioning strategy. When reputation protection is as priority universities seek high commit modes. These findings support proposition 2: *Whether UK university entry into the Chinese market is market seeking or reputations enhancing will influence the mode of entry.*

[Insert Table 5 Here]

The type of market entry mode adopted by the case study UK universities appeared to be influenced by the personal relationships between key members of the UK university and the Chinese partner university, providing support for proposition 3: *Network access will influence the UK universities' market entry mode.* As shown in Table 6, the nature of these relationships varies from case to case. Nevertheless, the longer, the more intense, and the more senior the level of the relationship between members of the partner universities, the more likely and quicker a high commitment type of internationalization occurs. A pre-existing personal relationship was present in eight of the ten cases. However, the position of those involved in the relationships varied in terms of location in the organizational hierarchy. In the two JVs the relationship exists at the highest level of the university, that is, at Chancellor/Vice-Chancellor level.

[Insert Table 6 Here]

The two JVs were established following only very low levels of previous commitment in the form of exports. They therefore represented a high level of commitment at a very early stage of market entry. These JVs were based on the existing knowledge, and access to the Chinese networks available to key members of the UK universities involved. This suggests that the internationalization process of these UK universities conforms to a network approach to internationalization with *insidership* being central to successful internationalization rather than the gradual development of market knowledge. This would appear to be in line with Johanson and Vahlne's (2009) recent reflections on the internationalization process. That being said, UK university joint ventures in China are rare and most universities enter the market with much lower levels of commitment suggesting perhaps that they suffer from the liability of *outsidership* (Johanson and Vahlne 2009), a factor that may well account for poor performance.

In addition, the 2003 government reform in China, which permitted joint ownership rights for foreign universities, was an essential condition that allowed the two UK universities to jump from exports directly to JVs. Prior to this, equity forms of market entry in the Chinese HE sector were not an option for foreign providers. Other conditions, such as available resources, particularly the availability of mobile academic staff to support overseas operations on the UK side, the motives of foreign market expansion - either market seeking and student recruitment oriented or reputation enhancement focused, and, the desire for control over foreign market engagement, also influence the paths of internationalization taken by UK universities.

Conclusion

This article set out to explore the process of internationalization in HE through an investigation into the modes of service delivery employed by UK Universities as they enter the Chinese market. The findings from a detailed study of ten UK universities expanding into the Chinese market suggest that universities do not follow a uniform pattern of internationalization due to differences in resource availability, motivations and access to personal networks in China.

In terms of levels of overseas involvement and the extent of knowledge acquisition, a developmental route is observed through which export and contractual arrangements are demonstrated as key stages of internationalization for UK universities in China. Most UK universities gain their initial experience of the Chinese market through exporting, and a large portion of these universities have build upon this initial experience to move into the Chinese market. Generally, the entry of UK universities into the Chinese market is still at a relatively early stage with low levels of commitment. As time progresses the development of further

UK-China joint ventures can be expected. Further research is required to develop an understanding of how UK universities develop their knowledge of the Chinese HE market and the extent to which access to networks facilitate the development of higher levels of market commitment.

The range of market entry modes revealed in this study provides potential options for HE practitioners involved in the development of internationalization strategies. The formation of high level committed modes is highly influenced by a desire to protect and enhance reputation as well as senior managers' personal networks in the target market. Low level commitment entry modes appear to be motivated by market seeking behaviour and a concern for revenue generation, while personal networks are also present in such cases they tend to be at a lower level in the organizational hierarchy. Consequently, when considering modes of market entry practitioners must identify the motive driving the internationalization of their university as well as the availability of network connections in the Chinese market. Importantly, this paper reminds mangers that an awareness of the host government regulation of HE is important for the long term development of activities in China.

This study contributes to the under researched topic of the internationalization of HE. Nevertheless, it is subject to a number of limitations. First, although the full range of market entry modes employed in China is investigated, the small number of cases of each type limits the ability to capture the full nature of internationalization in HE. In particular, the research focuses on UK universities entering the Chinese market. While the findings derived from this research are meaningful to this context, they cannot be generalized across all context of HE internationalization. Second, the two JVs are given equal weight in the discussion of the modes of market entry, however, their limited number and short life suggests that the findings derived from these cases must be treated with caution. This limitation could be addressed by conducting longitudinal investigations into the current cases or expanding this research to a

wider range of countries where JVs in the HE sector are permitted by the host governments, for instance, the foreign campuses in Dubai and Singapore (Becker, 2010). Finally, the ten cases examined in this study are constantly evolving, although the authors traced the key points of development in these cases for two years, some important insights no doubt remain hidden.

The internationalization of HE is at an early stage of development. National HE markets are increasingly opening up to overseas providers, with the potential to create a significant global market. If universities are to compete successful in such a market they need to have a clear understanding of the nature and practice of HE internationalization. While this research contributes to understanding of the entry of UK universities into the Chinese market, much more research is required to develop a comprehensive appreciation of the internationalization of HE.

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Table 1. Correspondence between GATS modes of service supply, forms of education services traded internationally and types of HE internationalization

GATS mode of service supply	Education examples/forms	Main feature [a]	Type of HE Internationalization
1.Cross-border supply (mode 1)	Distance education Online education Commercial franchising/twinning of a course	Programme mobility	Exporting and contractual mechanisms
2.Consumption abroad (mode 2)	Students abroad	People (student) mobility	Exporting
3.Commercial presence (mode 3)	Establishment of an educational institution or satellite campuses Branch campus, including joint venture with local institutions	Institution mobility	Equity joint venture and wholly owned branch campus
4.Presence of natural persons (mode 4)	Professors, lecturers, teachers, researchers providing education services abroad	People (academic) mobility	Exporting/ contractual but generally linked to other methods.

[a] The taxonomy of people, programme and institution mobility is based on work by the OECD. See OECD (2004), Internationalisation and Trade in Higher Education: Opportunities and Challenges, p. 20.

Source: Adapted from WTO (2010) Education Services: Background Note by the Secretariat, Council for Trade in Services, S/C/W/313, 1 April 2010, WTO, Geneva, p. 8.

Table 2. Entry mode of UK universities expanding into the Chinese market: Case study details

Mode / Case information	Non-equity								equity	
	Dual-based						Single-based Joint programme		Joint venture	
	Validation			Franchise						
	Case1	Case2	Case3	Case4	Case5	Case6	Case7	Case8	Case9	Case10
Year in operation (2009)	2ys	7ys -	9ys	10ys	6ys	5ys	4ys	5ys	2ys	4ys
location	Beijing	Nanchang, Jiangxi	Zhengzhou, Henan	Beijing	Beijing	Shenzhen, Guangdong	Beijing	Hangzhou, Zhejiang	Ningbo, Zhejiang	Suzhou Jiangsu
Level	UG	PG	PG	UG	UG	UG	UG	PG	UG and PG	UG and PG
Course arrangement	2+2	1+1	1+1	2/3+1	3+1	2/3+1	4+0	1+0	4+0 and 2+0	4+0 and 2+0
Areas	Business Economics	Computing	Management	Business HR Marketing Advertisement Media Computing	Business Inf. system. Inf. Tech.	Business and food management	Telecommunication E-commerce	International finance	Business Maths & finance Inf. management Computer Electronics. Engineering.	International business Linguistics Communication English studies Computer engineering Mechanics
Size (No. of Students, 2009)	13	33	0	200	60	150	500	48	3700	1500
Interviews	UK: 1.Senior lecturer in marketing 2.Director of international department 3.Dean of department 4.Vice-principal China: 5.Director-the dept. of international cooperation 6.students:2	UK: 1.Vice-Chancellor International 2.Director of academic programmes (2006) 3.Director of academic programmes (2008)	UK: 1.Director of international partnerships 2.Academic staff-key coordinator China: 3.Dean of school of international education	UK: 1. Associate dean and head of business system 2. Professor of information system China: 3. Associate Dean of the international college 4.Graduate student from 2002 group	UK: 1.Dean of external liaison 2.Course manager China: 3.Course manager of the joint programme	UK: 1.Associated dean 2.Senior lecturer 3.International development manager China: 4.Head of China management centre	UK: 1.Head of department 2. Director of Offshore Operations 3.Assistant Director of Offshore Operations China: 4.Dean of International school 5. President	UK: 1.Pro-vice chancellor 2.Faculty International Manager China: 3.Director of cooperative project	UK: 1.Assistant director for transnational education 2.Pro-Vice-chancellor China: 3.Vice-President of the new university 4.Lecturer seconded to China	UK: 1.Director of Planning 2.Director of Facilities Management 3.Head of Project Management 4.Academic Secretary China: 5.The vice-president (Pro-vice-Chancellor)

Table 3. Characteristics of the ten UK universities

Cases / Information	Case 1	Case 2	Case 3	Case 4	Case 5	Case 6	Case 7	Case 8	Case 9	Case 10
Year of University status establishment	1900	1994	1992	1993	1996	1992	1992	1915	1903	1948
Age (at end of 2010)	110	16	18	17	14	18	18	95	102	62
Total number of students on the UK campus 2010	8500	5084	31,000	23,000	4000	22,000	30,000	13,000	21,000	32,000
Overseas students on the UK campus 2010 (%)	20	18	17	13	15	20	13	20	15	26

Table 4. Characteristics of modes of cross-border supply of HE in China

Types / Characteristics		Export	Validation	Franchise	Single-based Joint programme	Joint venture
Mobility	students	move	move	move	no	no
	staff	no	rare	low	medium	high
	program	no	no	move	move	move
Degree		UK	UK	UK (or dual)	UK	UK
Place of degree completion		UK	UK	UK	China	China
Equity/Non-equity		non-equity	non-equity	non-equity	non-equity	equity
UK ownership		no	no	no	no	half ownership
Course delivery		100% UK	existing Chinese lecturers	local tutor with international experience	50% UK	100% UK
Visa requirement		yes	yes	yes	no	no
Local government approval		no	no	yes (in-plan) no (out-plan)	yes	yes
Teaching language		English	Chinese	English (not 100%)	English	English
International students (non-Chinese)		yes	no	no	no	yes
Course designed by		UK	China	UK	Joint	UK
Motivation of UK universities in china		Market seeking	Market seeking	Market seeking	Market seeking	Reputation enhancing
Level of commitment to overseas market		0	low	Low to medium	medium	high

Table 5. UK universities in China: configuration of types of internationalisation

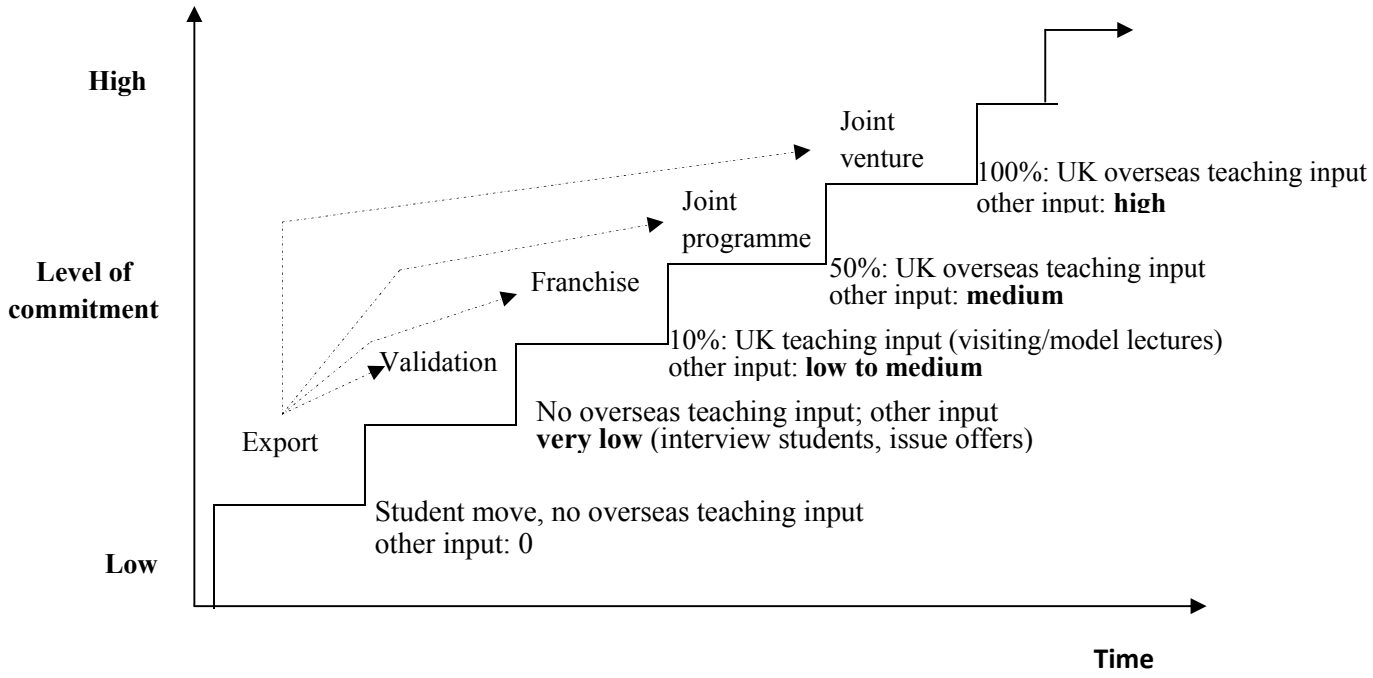
Type / Configuration	Dual based Validation	Dual based Franchise	Single - based Joint programme	Joint venture	Total
No. of UK universities examined in this study	3	3	2	2	10
No. of UK universities in China in 2004[1]		3	6		9
No. of UK universities in China in 2011[2]	28	10	14	2	54
UK universities in China in 2011 (%)	51%	19%	26%	4%	
	96%				

Note: [1]MoE, 2004; [2]MoE, 2011

Table 6. Types of personal relationships between UK-Chinese partners among the ten cases

Cases / Personal links	Dual-based						Single-based Joint Programme		Joint venture	
	Validation			Franchise						
	C1 2ys	C2 7ys	C3 9ys	C4 10ys	C5 6ys	C6 5ys	C7 4ys	C8 5y	C9 2ys	C10 4ys
Originated from personal link	N	N	Y	Y	Y	Y	Y	Y	Y	Y
Position of the key person (UK)			Member of staff	Member of staff	Member of staff	Member of staff	V-Chancellor	Dean	Pro-V Chancellor	Chancellor
Nationalities of the key person (UK)			Chinese	Chinese	Chinese	Chinese	British	British	Chinese	Chinese
Position of key person China			President	Dean	Member of staff	Dean	President	Dean	Top management team	President
Type			The staff working in the UK university met the governor from his home town during his visit in the UK , he then introduced the link	The staff working in the UK university has a classmate working as the department dean at the partnering university in China; then the Chinese side proposed the partnership between the two universities	The staff working in the UK university introduced both sides to know through her personal friendship in China	A person who was a member of staff at the UK university introduced the UK university to the partnering university in China.	The president of the Chinese university visited the UK side, and he and the V-chancellor had the same inspiration for collaboration; he also has a Chinese friend working at the UK partnering university	The two cities (A and B) where the two universities locate have been twinning cities for over 10 years, there have been exchanges going on between two sides at government level; the Dean in the UK partnering university met the Dean of the Chinese university at a conference and they co-authored for a paper	The pro-V Chancellor in the UK has been visiting professor at the Chinese partnering university for over 10 years; he introduced both sides to know.	The Chancellor dreamed to set up a world-class university at his home town in China; the president of the Chinese partnering university approached him to express their willingness to set up a partnership with the UK university
History of existing personal link (years)			<5	>10	<5	<5	> 5	<5	>10	>20

Figure 1. Key types of internationalization of higher education: UK universities in China



Appendix:

Summary of categories emerging from data analysis

Themes	Categories
Nature of the arrangement	Length in operation
	Forms: dual based validation, dual based franchise, single based JP or JV
	Arrangement: 2+2, 3+1 or 4+0
	Mobility: student, staff or course
	Number of degree received by students: single (UK) or dual degrees (UK & China)
	Approved by: MoE or university itself
	How fees are collected and allocated among partners: separate collection, 50/50 or re-invested
	Visa requirement for students to complete the degree course
Motivation	Direct recruit students: validation, franchise Indirect recruit students: JP Inidrect recruit students and enhance reputation: JV
	Research opportunity: JVs; rare in other forms
	Generate income: validation, franchise Income reinvested in the project: JP Surplus re-invested in China campuses: JVs
	Student exchange opportunities: JP, JV
	Industry link: JV
	Attract non-Chinese students to China campuses: JV
Rationale	**Validation**: • Affortable students available • Impossible to send seconded staff to China • China is an important market • No extra request from the Chinese side • Stable student inflow • Chinese side proposed the form • JV: too risky, too much input, difficult to manage Not cost-effective No investor

Summary of categories emerging from data analysis continued

Themes	Categories
Rationale	**Franchise** • Affordable students available • Impossible to send seconded staff to china • China is an important market • 2+1 model is efficient: as a Chinese BA degree needs 4 years • Student must be in the UK for at least 12 months • Chinese side proposed the form • JV: not cost-effective Retain income in host market No investor **JP**: • Students are recruited by their ability not affordability • Possible to send fly-in/out staff to China • China is an important market • Strength of cooperation • Chinese side does not want to be feeder for overseas universities • Both sides agreed on the form • Long term goals • JV: not cost-effective Risky in terms of finance and reputation due to market condition changes Slow to set up No investor **JV**: • Students are recruited by their ability and affordability (middle up class families) • Possible to send seconded staff to china to stay 1 to 3 years • China is an important market • Inspired by new regulation in 2003 • The UK side proactively seeks overseas presence • Part of definition of internationalization • Other forms: risky, damange reputation, small scale; no own features • Available investor • Long term goals
UK commitment	Origin of core course: China or UK
	Quality standard: Validation: China Franchise, JP & JV: UK (QAA)

Summary of categories emerging from data analysis continued

Themes	Categories
UK commitment	Teaching material: Validation: recognized by UK Franchise: UK provided JP: adjusted & UK provided JV: UK provided all
	Learning resources: available on-line-franchise, JP and JV
	Staff: Validation: local or local with international experience, Franchise: local with international experience, plus UK visits JP: UK staff share 1/2 of teaching JV: 1/3 mix-UK seconded, international and local
	Scope of involvement: 1 or 2 departments involved-Validation, Franchise, JP University level involvement - JV
	Formal governance structure-joint steering and academic committee: JP, JV
	Seconded staff cover key functions: JV
	JV campus design: UK briefing