Foreign market entry mode choices in the internationalization
of higher education institutions

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ABSTRACT
Internationalization is a major concern for higher education institutions (HEIs). Current research investigates the drivers for internationalization by applying a macro perspective, but do not analyze how HEI respond to those effects of globalization. Based on cases collected in the HE sector we develop a framework of foreign market entry modes by HEIs. Those are discussed on the basis of resource commitment, relational friction and control. By comparing our analysis with entry mode strategies applied in the service industry we recognize that those are not generalizable to the HE sector. We therefore conclude that the choices for HEIs are unique that further research efforts should be devoted to analyze foreign market entry choices for HEIs.

KEYWORDS
Higher education institutions; internationalization strategies; entry mode choices; service industry

INTRODUCTION
Internationalization is a major concern for the management of higher education institutions (HEIs). The results of the 2005 International Association of Universities’ (IAU) study show that 73 per cent of HEIs consider internationalization at institutional level of their universities with high priority (23 per cent with medium priority)(Knight, 2005: 13). Australia and New Zealand since long are highly active in the export of higher education (HE) services (Oetli, 1999). During the 1990s also European HEIs increasingly started to establish off-shore institutions and to recruit foreign students. INSEAD e.g. opened his campus in Singapore in 2000 and established thereafter centers to promote its programs in Abu Dhabi, UAE, India and China (http://www.insead.edu/discover_insead/who_we_are/history.cfm, last accessed 20 January 2009). In another case, with a clear European vision towards

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1 I acknowledge the support by Denise Steckstor (GGS-Heilbronn) to a previous version of this paper.
Easter Europe the European University Viadrina in Germany was founded 1991 in Frankfurt (Oder) close to the German-Polish border operating faculty buildings in Germany as well as in Poland (http://www.euv-frankfurt-o.de/en/ueber_uns/index.html, last accessed 20 January 2009).

Globalization, technology innovations, massification and new competition from private institutions in HE are the main factors that increased the pressure for HEIs to internationalize their curriculum, student body, faculty, staff and institutional structures. These developments and the decline in public funding increasingly aggravate the pressure for HEIs to act entrepreneurially at a corporate level to enter foreign markets. The benefits associated with internationalization are summarized in Figure 1. Internationalization of the student body and faculty as well as improved academic quality are ranked most important followed by strengthen research, curriculum innovation and international solidarity.

This research aims to contribute to a knowledge base for HEIs when making decisions on their internationalization strategy. Thus we build on the findings by Hardy, Langley, Mintzberg and Rose (1983, 1984) that HEIs are inundated with strategies as consistent patterns of actions: within study programs and department developments, about research funding and approaches to tenure, concerning teaching etc. (Mintzberg & Rose, 2003). We just do not know how strategies evolve in the HEI setting, how they interrelate and how HEI weight tradeoffs especially in their internationalization strategy to achieve the highest benefits to the institution. The impact of entry modes on the success of an internationalization strategy in manufacturing was recognized as essential already by Wind and Perlmutter (1977), followed by a stream of research on the topic, reviewed and synthesized e.g. by Sarkar and Cavusgil (1996). As an outcome of the growing research interest in the internationalization of the service industry (e.g. Bouquet, Hébert & Delios, 2004; Aharoni & Nachum, 2000; Clark, Rajaratnam & Smith, 1996; Aharoni, 1993; Andersen, 1993; Vandermerwe & Chadwick 1989; Boddewyn, Halbrich & Perry 1987) research on entry mode strategies in services emerged as central
topics (e.g. the overview provided by Blomstermo, Sharma & Sallis, 2006; Ekeledo & Sivakumar, 1998; Erramilli, 1990). A study of the literature, however, raises the question, whether research findings on entry mode strategies taken from manufacturing or other service industries are generalizable to the HE sector.

Manufacturing firms and service firms may enter foreign markets using a variety of entry modes, for example, exports, licensing, joint ventures or wholly-owned subsidiaries. The choice of a foreign market entry mode is usually related with the commitment of resources and the level of control (Blomstermo, Sharma & Sallis, 2006). Control, understood as the ability to influence systems, methods and decisions (Anderson & Gatignon, 1986), is crucial as it applied to ensure achievement of the ultimate business purpose of the investment (Dolles, 2003). In addition, resource commitment and control appears to be significant factors determining both risks and returns especially in co-operative agreements, the amount of relational friction between business partners, and finally the performance of the overseas investment (Dolles & Wilmking, 2005; Barkema & Vermeulen, 1998; Barkema, Bell & Pennings, 1996; Wurche 1994a, 1994b). Controlling the face to the customer even when entering foreign markets only allows HEIs to provide good quality services to their students, thus protecting their reputation and increase their international brand value. Therefore this research concerning entry mode choices of HEIs and the implications towards commitment of resources, relational friction and to control is important.

After briefly introducing the methodology applied and defining important terms, we develop the drivers for internationalization in the HE sector. Further a distinction between different levels of foreign entry mode choices for HEIs, based on resource commitment, the danger of relational friction and the possibility to exert control is made. Then we investigate whether research results on the internationalization obtained from service industries might generalize to the HE sector. Finally managerial and theoretical implications of this research are addressed.

**METHODOLOGY**
The focus of this study is laid upon the institutional level of HEI and analyzes the most fundamental decision when targeting foreign markets, i.e. foreign market entry mode choices. The following points need to be made to capture this global development in the HE sector in research: First, international studies on the HE sector must emphasize the political, economic, cultural and social patterns that contour and shape modern HEIs. The second point concerns the concept of internationalization itself. This concept refers to the growing interconnectedness, with multitude of transnational or global economic and technological exchanges, communication networks and migratory patterns that characterize this interconnected world pattern in HE.

The chosen methodology reflects the exploratory nature of our research and is based on the suggestions to a systematic review by Lipsey and Wilson (2001). We searched the websites of government and supranational institutions as well as top universities (taken from the Financial Times Ranking) in order to gain information about drivers in the internationalization of HEI and about their ways to access the international market. These searches yielded a number of documents, articles, and reports that were placed in the literature pool. We applied next a qualitative content analysis in order to identify internationalization drivers as well as different foreign market entry modes based on the method suggested by Mayring (2000a, 2000b, 1994). This structural approach consisted of the following steps: (1) Formulating structural categories for interpretation extracted from the literature pool; (2) extracting definitions, examples, and rules for codification of the structural categories; (3) compiling the data by attaching sequences out of the documents collected in the literature pool; and (4) performing a qualitative analysis of the assembled data.

An academic literature review followed in order to provide scientifically-based evidence available to support the preliminary composition of different foreign market entry choices for HEIs. Those articles were added to the literature pool, too. In cases where strong scientifically-based research did not exist, we decided to produce syntheses of research summarizing the evidence taken from practice. Thereafter we reviewed the internationalization literature for service firms aiming to improve our understanding of the foreign entry mode decision by service firms in different types of service
industries. The purpose was to explore, whether general research findings from the service industry can be transferred to the HE sector, or whether the internationalization process of HEIs is so unique, that there is a need to develop a separate theory to explain the foreign market entry strategies of HEIs. Because of this step-wise development of our research topic we provide a more thorough, comprehensive, and precise analysis that might also serve as a basis for future research on HEIs’ internationalization processes.

INTERNATIONALIZATION OF THE HIGHER EDUCATION SECTOR

Internationalization has dominated HEI agendas and political discussions since the early 1990s (Teichler, 2007; Kondakci, van den Broeck & Devos, 2006; Scott 1998; Knight & de Wit, 1995; Davis, 1992), thus leading to a growing interest in research on this topic (refer to Table 1 on the main streams of research). Existing studies focus on the developments from supranational or national perspectives but mainly ignore the strategic implications of HE internationalization strategies at institutional level. Altbach (2004) and Douglass (2005) focus on the general impact of globalization on HE systems, whereas Bourke (2000), Larsen and Vincent-Lancrin (2002), Sadlak (1998) or Teichler (2007) emphasize international student mobility flows and corresponding political programs such as ERASMUS / ERASMUS MUNDUS / SOCRATES in Europe. International ranking processes make HEIs generally, and business schools in particular, sensitive to issues of reputation, status or legitimation (McKee, Mills & Weatherbee, 2005). HEIs therefore become increasingly sensitized to how they were evaluated in the rankings and seek to brand themselves for compete for both students and resources nationally and internationally. International accreditation is perceived as an esteemed stamp of program approval and the process is recognized in research as having improved the quality of business education (Hayward, 2001; Eaton, 2000; Mayes, Heide & Smith, 1993). Only a few case studies examined internationalization at the institutional level of HEIs, thus looking at the establishment and enhancement of a presence overseas (van der Wende, et al., 2005; McBurnie, 2000). The 2005 IAU Global Survey Report is the only large scale survey on the internationalization of HEIs worldwide, providing data on the rationales for internationalization and examples on the implementation of international measures. Nevertheless of this research efforts, there is still a gap to
close concerning the institutional strategies of HEIs and the reasons why they opt for certain internationalizations forms, in which sequence in time and whether they can achieve their goals towards internationalization.

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**DRIVERS FOR INTERNATIONALIZATION**

According to Knight (1997: 6) “globalization is the flow of technology, economy, knowledge, people, values, ideas […] across borders. Globalization affects each country in a different way due to a nation’s individual history, traditions, culture and priorities.” Beerkens (2004) adds a dynamic perspective, when defining the globalization of HEIs, in which basic social arrangements within and around the university to become disembedded from their national context due to the intensification of transnational flows of people, information and resources. To integrate the two levels of aggregation, the impact of globalization on nations as well as the increasing institutional internationalization of HEI, we apply the following definition for our research: Globalization in the context of HE is the flow of technology, knowledge, economy, peoples and their values across national borders, affecting each nation in a different way. This leads to the dissociation of basic social arrangements within and around HEIs from their national context. Internationalization strategies are considered as the way HEIs respond to, or actively exploit, those effects of globalization.

At the same time internationalization is a driver for globalization and shapes the process through the internationalization activities. Knight and de Wit (1995: 17) consider internationalization of HE as “the process of integrating the international dimension into the teaching, research and service functions of an institution of HE.” The terms ‘transnational education’ or ‘multinationalization’ (Altbach, 2004; Teichler, 2007) are often utilized in the context of international education. Transnational education is a key element of a possible internationalization strategy of a HEI, where international education markets are targeted by the institution. It can be defined as HE services,
including programs, sets of courses or distance learning, where the student is located in a different country than the awarding HEI (dos Santos, 2000; Teichler, 2007).

Key drivers pushing the internationalization process of HE are discussed below. These can be distinguished into the four groups of political, economic, academic and cultural/social/technological factors as described in Figure 2.

MARKET ENTRY MODES OF HIGHER EDUCATION INSTITUTIONS
There are several different options to target the international market in HE as illustrated in Figure 4. The decision of the market entry mode is fundamental since it effects the institution as a whole and needs to be undertaken carefully at the beginning of the internationalization strategy (Aharoni, 1966; Erramilli & Rao, 1993, 1990; Terpstra & Sarathy, 1994). 70 per cent of HEIs find the implementation of internationalization activities fraught with risks (refer to figure 3), which underpins once again the critical importance of choosing a suitable entry mode strategy for HEIs.

The most common forms of HE internationalization are the mobility of students and scholars. Large numbers of students study abroad for a certain period of time or a complete program including a degree abroad. In order to cope with the increasing international demand the number of international distance learning programs is increasing. Delivered online, they do not require the physical presence of the students, who could even be located on a different continent. Among the contractual forms of internationalization the partial credit recognition between two or HEIs, called ‘articulation’, is most common. The concept of ‘franchising’ in HE involves the use more resources to enter a foreign
education market than articulation. One HEI (franchiser) authorizes another HEI (franchisee) in the
target country to offer the programs developed by the franchiser and to award the degree of the
franchiser. This concept is also referred to as ‘McDonaldisation’ of HEIs (Altbach, 2004; dos Santos,
2000). ‘Twinning’ is a kind of co-production agreement between two HEIs to offer joint programs
(double degree programs) where students attend parts of their studies at both institutions. These
agreements are known as double or multiple agreements between HEIs, where students are able to
obtain two or three final degrees as a result of these agreements. The establishment of ‘joint ventures’
is another option to enter a foreign education market that requires direct investment and the
commitment of resources but allows a higher level of control than contractual entry modes. Another
form of direct investment would be the establishment of a ‘branch or satellite campus’, where the new
campus offers the programs of the mother institution (Jones, 2001). An ‘off-shore institution’ is
similar to a branch, but is autonomous and does offer its own degrees (Teichler, 2007).

APPLYING EXPERIENCES FROM SERVICE INDUSTRIES FOR
HIGHER EDUCATION INTERNATIONALIZATION

In comparison to research on the HE sector foreign entry mode strategies have been studied
extensively in service industries. Blomstermo, Sharma and Sallis (2006) state, that especially during
the last decade, research on how service firms enter foreign markets has accelerated. Contractor, Kudu
and Hsu (2003) argue that there are substantial differences among different types of services.
Research on the internationalization of services therefore focus specific service industries like hotels
(Gannon & Johnson, 1997; Littlejohn & Roper 1991), retailing (Burt, Dawson & Sparks, 2003;
Andersson, 2002; Dawson, 2001), financial services (Grosse, 1997) or tourism (Björkman & Kock,
1997). Ekeledo and Sivakumar (1998: 278) suggest to use the distinction between hard and soft
services “to reduce the large diversity of the service sector and uncovers useful insights about
international entry modes that extend beyond individual service industries.” This typology is
frequently applied in the research on the internationalization of service firms (e.g. by Blomstermo,
Sharma & Sallis, 2006; Ekeledo, & Sivakumar, 2003; Majkgard & Sharma, 1998; Hellmann, 1996;
For soft services, production and consumption happen simultaneously, as it is the case with HE. In contrast to this, hard services are those where production and consumption can be decoupled. Thus hard services can be stored in a tangible form such as software or R&D services (Erramilli, 1990), which can be transferred in a document or some other tangible media. They might be standardized, thus making mass production feasible. This is only important for a few distance learning types in the HE sector. With soft services, where production and consumption occur simultaneously, decoupling is not viable (Blomstermo, Sharma & Sallis, 2006). For the purpose of our research we therefore assume “educational services” might classify as soft services, whereby the key characteristic is that the customer, in the HE case the student, is the co-producer of the service. We propose further that it might be possible for HEIs to opt for similar internationalization strategies as soft services firms.

Sanchez-Peinado, Pla-Barber and Hérbert (2007) state that knowledge intensive HE services are difficult to transfer on a contractual basis. Accordingly, we assume HEIs would prefer fully owned subsidiaries in their internationalization strategies, such as branch campuses or off-shore institutions. This would guarantee the highest level of control over program delivery, reduce relational friction and allow the best service quality management. At the same time, a high control level demands stronger resource commitment, especially into HR capacities, but it allows direct control over quality standards and to correspondingly build up reputation, which is extremely important in the highly competitive HE markets. We might therefore assume, the important assets of a HE institution’s brand value and reputation can be transported best to the foreign students by establishing an overseas facility. Only the strong local presence facilitates to build up personal relationships which are necessary for this type of service (Blomstermo, Sharma & Sallis, 2006). To differentiate through the personalization of the service, the interaction with the consumers is a major success factor for service companies, as it is for HEIs. By establishing local branches or off-shore institutions HEIs can gain insight into the local demands of the market and are able to adjust services accordingly. Still, the choosing of a high control entry mode bares a high commitment of resources due to the necessary capital investment. Universities from New Zealand explained that when they established satellite campuses abroad they
were faced with problems of scale. The adjustment to local laws and employment conditions caused as well difficulties for the HEIs (http://www.minedu.govt.nz/, accessed 20 February 2008).

The criteria of the service typology of knowledge intensity, used by Sanchez-Peinado, Pla-Barber and Hérbert (2007) and other scholars (Contractor, Kundu, & Hsu, 2003; Hertog, 2000; Windrum & Tomlinson, 1999) might also be applied to educational services. Human capital is the most important factor for knowledge intensive services as it is the case with education. Furthermore, Vandermerwe and Chadwick (1989) systemize services on the basis of consumer/producer interaction and the relative involvement of products during the service delivery. Knowledge (primarily in the form of information provided to consumers) is a key factor in Vargo and Lusch’s (2004) service-centered perspective on marketing. They defined service as “the application of specialized competences (knowledge and skills) through deeds, processes, and performances for the benefit of another entity or the entity itself” (ibid.: 2). According to their model, knowledge can be extended to the entire service-provision chain, and in that chain the primary flow is information to a consumer who desires it. From their perspective, primary marketing activities include interactivity, integration, customization and co-production. Applying this to HE services where value is defined and co-created with the student rather than embedded in output, the goal of HE is to customize offerings for international markets and to recognize that the student is always a co-producer, and to strive to maximize involvement in the customization.

We might therefore claim that HEIs with the characteristics of high knowledge intensity, where value is defined and co-created in high interaction with the student, and low involvement of products would opt for an entry mode with high control and investment, such as fully or partly owned direct investment options. They would less likely choose to enter a market through exporting (students, faculty, distance learning) since this is the entry mode with the lowest level of control over the delivery of the services abroad. However as the number of student and faculty exchange programs is growing and a growing number of contractual agreements between HEIs is recorded (Knight, 2007) the arguments by Blomstermo, Sharma & Sallis, 2006; Erramilli & Rao, 1993; Erramilli, 1991 are not
supported in the HE sector, that soft service firms are more likely to choose high control entry modes. In addition the Ministry of Education NZ came to the conclusion when striving towards transnational education activities, that “perhaps the best approach, both in terms of mode of delivery and financial risk, is seen to be twinning programmes or joint ventures with local, established partners that involve an arrangement to offer curriculum and/or teaching without direct offshore capital investment” (http://www.minedu.govt.nz, accessed 20 February 2008). This finding is also a clear distinction from findings of the manufacturing industry where firms follow the different stages from exporting to foreign direct investment (Johanson & Vahlne, 1977). It addresses the purpose of our paper that research findings from manufacturing or other service industries are not always generalizable to the HE sector. The entry mode of a contractual agreement, such as franchising, lies in the middle of the two ends of this axis. Figure 5 shows the different possible entry modes for HEIs and the corresponding level of control, commitment and relational friction.

In a call for marketing practitioners and scholars to change their theoretical approach to marketing, Gummesson (2002), recommended a reduction in the distinction between producer and consumer and conceptualized the consumer as an “active co-producer, user, and value creator” (ibid.: 587). He presented two “new economy” marketing theory perspectives; the first of which includes three factors: goods, services, and information technology. “In services, customer-supplier interaction and relationships in the service encounter stands out as the most distinctive feature separating them from goods” (ibid.: 586). The second perspective included two sub-economies - value and networks. The value economy focuses on the desired output and the network economy focuses on the character of the input. Similar to the view of Vargo and Lusch (2004), Gummesson (2002) contends that in the new economy, “suppliers both produce and consume value and exist in networks, and customers do the same. Value is not present until an offering is used for something and experienced as satisfying a need for somebody” (ibid.: 587). In HE this requests to develop reflection on how HEIs can provide
the right mix of skills and competencies for the labor market, which e.g. was one of the objectives mapped out in the European Bologna Qualifications Framework (http://www.ond.vlaanderen.be/hogeronderwijs/bologna/documents/QF-EHEA-May2005.pdf, last accessed 20 February 2008).

CONCLUSION AND RESEARCH AGENDA

Globalization in the context of HE is the flow of technology, knowledge, economy, peoples and their values across national borders, affecting each nation in a different way. This leads to the dissociation of basic social arrangements within and around HEIs from their national context. Internationalization strategies are considered as the way HEIs respond to, or actively exploit, those effects of globalization. Compared to foreign market entry modes found in manufacturing or other service industries we developed a framework of entry modes by HEI with four distinct categories: Export (student/scholar mobility/teaching assignments/distance education), contractual modes (articulation, twinning, franchising), co-operative modes (joint ventures) and wholly owned forms (branch campus/satellite campus/off-shore institution).

Knowledge intensive HE services are difficult to transfer on a contractual basis. Accordingly, we assume HEIs would prefer fully owned subsidiaries in their internationalization strategies, such as branch campuses or off-shore institutions. This would guarantee the highest level of control over program delivery, reduce relational friction and allow the best service quality management. At the same time, a high control level demands stronger resource commitment but it allows direct control over quality standards and to correspondingly build up reputation, which is extremely important in the highly competitive HE market. We therefore propose, the important assets of a HE institution’s brand value and reputation can be transported best abroad by establishing a branch or satellite campus. Empirical evidence from the 2005 International Association of Universities’ study however show, that most HEIs prefer ‘export’ as the most common form of internationalization. Various cases describing contractual forms of internationalization could be found through our own survey, whereas joint-ventures are mentioned only seldom. Wholly owned branch campuses or off-shore institutions where faced with problems of scale. The adjustment to local laws and employment conditions caused as well
difficulties for the HEIs. We therefore might conclude that research findings taken from internationalization strategies found in the service industry are not always generalizable to the HE sector. The choices of foreign entry modes and the steps taken in the internationalization process of HEIs are pretty much unique. This issue needs more research. Furthermore, we do not know how successful different entry mode strategies are and which obstacles the institutions face during their internationalization measures. However, it seems to be clear from the empirical data that HEIs will continue to internationalize, targeting new markets, thus creating even more demand for research.

Our analysis also has important managerial implications for HEIs. First, this research shows that there are differences between the HE sector and the service industry with regard to the selection of foreign market entry mode. Specifically, HEIs are much more likely to choose an export or contractual mode than the soft-service industry would opt for. Second, as it is important for HEIs to co-create value with the students the goal of HE marketing should be is to customize offerings, to recognize that the consumer is always a co-producer, and to strive to maximize consumer involvement in the customization. Nevertheless, the pursuit of profit goals can lead to the loss of essential values within the culture of the HEI, as soon as only these dominate the organization. HEIs should interrogate themselves whether they want risk this loss. Therefore, a careful balancing of the traditional HE values and entrepreneurial objectives is desirable.

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### TABLE 1

**Summary of Main Research Streams on Internationalization of Higher Education**

<table>
<thead>
<tr>
<th>Internationalization Form</th>
<th>Author, Year</th>
<th>Focus of Analysis</th>
<th>Main Findings</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Curriculum development</strong></td>
<td><strong>Altbach, 2004</strong></td>
<td>–Focus on the effects of globalization on HE systems in the developing countries&lt;br&gt;–explorative analysis</td>
<td>– Powerful HEIs in developed countries dominate the production and distribution of knowledge, although few HEIs from Asia are approaching&lt;br&gt;–Staff and student mobility flows are largely directed from South to North&lt;br&gt;–Central goal of multinational activities is to earn profit</td>
</tr>
<tr>
<td><strong>Branch campus</strong></td>
<td></td>
<td></td>
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<tr>
<td><strong>Franchise</strong></td>
<td></td>
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<tr>
<td><strong>Twinning</strong></td>
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<td></td>
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<tr>
<td><strong>Student mobility</strong></td>
<td><strong>Bourke, 2000</strong></td>
<td>–Focus on undergraduate medical education&lt;br&gt;–host country Ireland, sending country Malaysia&lt;br&gt;–In depth interviews with key personnel and students</td>
<td>–Development of a model of determinants of trade in HE (only student mobility)</td>
</tr>
<tr>
<td><strong>Staff mobility</strong></td>
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<tr>
<td><strong>Distance learning</strong></td>
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<tr>
<td><strong>Branch campus</strong></td>
<td><strong>Douglass, 2005</strong></td>
<td>–general analysis of the effects of globalization on the American HE market</td>
<td>–Globalization remains a potent force, but strong countervailing forces do also have their impact on the US HE market</td>
</tr>
<tr>
<td><strong>Curriculum development</strong></td>
<td><strong>Kehm, 1999</strong></td>
<td>–Focus on the SOCRATES program&lt;br&gt;–Analysis of for the applications for SOCRATES funding necessary HEIs’ European Policy Statements (EPS)&lt;br&gt;–Interviews and workshops with key personnel</td>
<td>– most HEIs showed a targeted approach to internationalization</td>
</tr>
<tr>
<td><strong>Articulation/cooperation</strong></td>
<td></td>
<td></td>
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<tr>
<td>Internationalization Form</td>
<td>Author, Year</td>
<td>Focus of Analysis</td>
<td>Main Findings</td>
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| **Student mobility**      | Knight, 2005| IAU global survey report questioning HEIs and university associations at national and regional levels | - 73% of HEIs rank internationalization as a high priority  
- Especially HEIs in developed countries compared to developing countries ranked international profile and income generation as important rationales for internationalization  
- 82% of HEIs have an internationalization strategy in place  
- The 3 most common internationalization forms were institutional networks, student mobility, research collaborations  
- Recruitment of fee-paying students was ranked fourth place as priority for growth |
| **Collaborations**        |             | Data collection from 95 countries with a sample size of 526 HEIs |               |
| **Curriculum development**|             | Largest internationalization survey until now |               |
| **transnational education**|             |                   |               |
| **Organization and management of HEIs** | Kondakci, van den Broeck, Devos, 2006 | Managerial approach transferring organizational change process literature to HEIs  
- Explorative analysis | - Development of guidelines to internationalize the HEIs according to organizational change literature (strategy, leadership, organizational culture, structure, management practices, systems, climate etc.) |
| **Student/scholar mobility** | Larsen, Vincent-Lancrin, 2002 | Analysis of challenges and opportunities through trade in HE services for HE systems in high income and developing countries  
- Macro economic perspective on the basis of OECD data | - International market for HE services is expected to continue to grow  
- Major problems will be the recognition of foreign qualifications and quality regulation |
| **Distance learning**     |             |                   |               |
| **Foreign investment**    |             |                   |               |
| **Student mobility**      | McBurnie, Pollock, 2000 | Case study on the Australian Monash University and its individual internationalization strategy  
- 3 perspectives: entrepreneurial, academic, quality | - Internationalization strategy is central to the future of the university  
- The university successfully set up locations abroad, increased the number of international students, established quality reviews and achieved a positive student performance and financial situation |
| **Branch Campuses**       |             |                   |               |
| **Curriculum development**|             |                   |               |
| **Student mobility**      | Sadlak, 1998| Focus on global student mobility flows  
- Based on UNESCO data | - ¾ of all foreign study takes place in only 10 OECD countries |
<table>
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<th>Internationalization Form</th>
<th>Author, Year</th>
<th>Focus of Analysis</th>
<th>Main Findings</th>
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</table>
| **Student mobility**      | **Teichler, 2007** | - Analysis drawing from several studies with European and especially German focus  
- Main focus on student mobility  
- Supranational and national perspectives | - Internationalization of the HEIs is no longer limited to elite universities and seen as an systematic and integral part of the whole strategy  
- Greece is the country with the highest presence of foreign HE suppliers mainly from UK, France and the USA |
| **HEI collaborations**    |              |                   |               |
| **transnational education** |              |                   |               |
| **Student/staff mobility** | **van der Wende et al., 2005** | - Case study analysis from 36 German, Norwegian, English, Dutch, Greek, Portuguese and Austrian HEIs | - Most of HEIs participate in ERASMUS-Programme  
- Staff mobility is encouraged at faculty level and not managed centrally  
- All interviewed HEIs internationalized the curriculum of their institutions including joint or double degree programs  
- All HEIs considered internationalization activities as necessary for their institution |
| **Curriculum development** |              |                   |               |
| **Research collaboration** |              |                   |               |
| **No specific form**      | **Yelland, 2000** | - Supranational perspective  
- OECD data | - Most HEIs realized the importance of internationalization, but still have to actively take more measures  
- HEIs need to act more entrepreneurial |
FIGURE 1

Ranking of the most important benefits of internationalization by HEIs

<table>
<thead>
<tr>
<th>Benefit</th>
<th>Percentage</th>
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<tbody>
<tr>
<td>Internationalize staff/students</td>
<td>22%</td>
</tr>
<tr>
<td>Academic quality</td>
<td>21%</td>
</tr>
<tr>
<td>Strengthen research</td>
<td>15%</td>
</tr>
<tr>
<td>Innovation in curriculum</td>
<td>14%</td>
</tr>
<tr>
<td>International solidarity</td>
<td>12%</td>
</tr>
<tr>
<td>Diversity of programs</td>
<td>6%</td>
</tr>
<tr>
<td>National and international citizenship</td>
<td>4%</td>
</tr>
<tr>
<td>Revenue generation</td>
<td>4%</td>
</tr>
<tr>
<td>Brain Gain</td>
<td>2%</td>
</tr>
</tbody>
</table>

Source: Knight, 2006: 14 (on basis of 526 HEIs participating in the 2005 IAU survey)
FIGURE 2
Drivers for the internationalization of Higher Education Institutions

<table>
<thead>
<tr>
<th>Political</th>
<th>Economic/Competitive</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Peace &amp; mutual understanding</td>
<td>- Labor market demand</td>
</tr>
<tr>
<td>- Nation building &amp; identity</td>
<td>- Client following</td>
</tr>
<tr>
<td>- Trade Framework GATS</td>
<td>- Income generation</td>
</tr>
<tr>
<td>- Harmonization of academic systems in Europe (Bologna)</td>
<td>- Research &amp; innovation</td>
</tr>
<tr>
<td>- Quality assurance</td>
<td>- Brand value and profile generation</td>
</tr>
<tr>
<td>- Decline of public funding</td>
<td>- Foreign market entry by renowned HEIs</td>
</tr>
<tr>
<td>- Human capital development</td>
<td>- New entrants &amp; competition by private HEIs</td>
</tr>
<tr>
<td></td>
<td>- International standards &amp; accreditation</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Academic</th>
<th>Internationalization Drivers</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Knowledge production &amp; publication strategies</td>
<td></td>
</tr>
<tr>
<td>- Professional networks and conferences</td>
<td>- Research collaborations</td>
</tr>
<tr>
<td>- Research collaborations</td>
<td>- Research funding access</td>
</tr>
<tr>
<td>- Research funding access</td>
<td>- Faculty profile and status</td>
</tr>
<tr>
<td>- Faculty profile and status</td>
<td>- Quality enhancement</td>
</tr>
<tr>
<td>- Quality enhancement</td>
<td>- Standardization of instructional materials</td>
</tr>
<tr>
<td>- Standardization of instructional materials</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Social/Cultural/Technological</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>- Knowledge-based society</td>
<td>- Labor market demand</td>
</tr>
<tr>
<td>- Student/staff development</td>
<td>- Client following</td>
</tr>
<tr>
<td>- Massification of HE</td>
<td>- Income generation</td>
</tr>
<tr>
<td>- Information access</td>
<td>- Research &amp; innovation</td>
</tr>
<tr>
<td>- English as common language</td>
<td>- Brand value and profile generation</td>
</tr>
<tr>
<td>- New media</td>
<td>- Foreign market entry by renowned HEIs</td>
</tr>
<tr>
<td>- Advances in information and communication technologies</td>
<td>- New entrants &amp; competition by private HEIs</td>
</tr>
<tr>
<td></td>
<td>- International standards &amp; accreditation</td>
</tr>
</tbody>
</table>
FIGURE 3

Ranking of the most important risks of internationalization by HEIs

<table>
<thead>
<tr>
<th>Risk</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Commercialization</td>
<td>23%</td>
</tr>
<tr>
<td>More foreign degree mills</td>
<td>17%</td>
</tr>
<tr>
<td>Brain drain</td>
<td>15%</td>
</tr>
<tr>
<td>Growing elitism</td>
<td>12%</td>
</tr>
<tr>
<td>Overuse of English</td>
<td>9%</td>
</tr>
<tr>
<td>Loss of cultural identity</td>
<td>9%</td>
</tr>
<tr>
<td>Jeopardize quality</td>
<td>8%</td>
</tr>
<tr>
<td>Homogenize curriculum</td>
<td>7%</td>
</tr>
</tbody>
</table>

Source: Knight, 2006: 15 (on basis of 526 HEIs participating in the 2005 IAU survey)
FIGURE 4

Forms of foreign market entry modes of Higher Education Institutions

- Student mobility
- Scholar mobility/international teaching assignments
- Distance education
- Articulation
- Twinning
- Franchising
- Joint venture
- Branch campus/satellite campus
- Off-shore institution

FIGURE 5

Characteristics of foreign market entry modes by Higher Education Institutions

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>- Student mobility</td>
<td>- Articulation</td>
<td>- Joint venture</td>
<td>- Branch campus/satellite campus</td>
</tr>
<tr>
<td>- Scholar mobility/international teaching assignments</td>
<td>- Twinning</td>
<td></td>
<td>- Off-shore institution</td>
</tr>
<tr>
<td>- Distance education</td>
<td>- Franchising</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

CONTROL

CANADIAN INSTITUTE OF PUBLIC ACCOUNTANTS

RESSOURCE

COMMITMENT

RELATIONAL

FRICTION