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**UNIVERSITY OF SOUTHAMPTON**

FACULTY OF SOCIAL, HUMAN AND MATHEMATICAL SCIENCES

Southampton Education School

**International University Partnerships: A Cost-Benefit Analysis**

by

**Damon Burg**

Thesis for the degree of PhD

April 2017



**UNIVERSITY OF SOUTHAMPTON**

FACULTY OF SOCIAL, HUMAN AND MATHEMATICAL SCIENCES

Southampton School of Education

Thesis for the degree of Doctor of Philosophy

**INTERNATIONAL UNIVERSITY PARTNERSHIPS: A COST-BENEFIT ANALYSIS**

Damon Storm Burg

## **ABSTRACT**

This study's purpose is to examine academic partnerships between universities in the United Kingdom and Korea. It aims to examine both partnership fundamentals and what leads to a mutually successful partnership. The fundamentals are the why, who and where. -It aims to examine partnership formation and the relationships between partners, and the impacts of the partnership on the university.

This study uses qualitative interviews mixed with a cost-benefit analysis. The interviews serve two main purposes. The first is to gain a fine-grained analysis of why universities create partnerships and how they go about it. The second is to understand the partnership factors that impact universities. These impact factors are then used to create cost-benefit analyses of three different UK-Korea university partnerships, differentiated by intensity of partnerships, to illustrate the partnerships' impacts on the individual universities.

Through thematic analysis, the qualitative results show that different types of partnerships are created in different parts of the university. The central offices create development co-operation and exchange partnerships, whereas the academic units create more exchange and commercial trade partnerships. However, in each of these partnerships, funding and international rankings are key motivations. The cost-benefit analysis shows that partnerships are beneficial to universities with commercial trade partnerships the most beneficial. The implications are that the academic units should work to create academic partnerships, with the central office helping in terms of standardisation and with the pastoral aspects of student services.



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# DECLARATION OF AUTHORSHIP

I, Damon Burg declare that this thesis and the work presented in it are my own and has been generated by me as the result of my own original research.

## **International University Partnerships: A Cost-Benefit Analysis**

.....

I confirm that:

1. This work was done wholly or mainly while in candidature for a research degree at this University;
2. Where any part of this thesis has previously been submitted for a degree or any other qualification at this University or any other institution, this has been clearly stated;
3. Where I have consulted the published work of others, this is always clearly attributed;
4. Where I have quoted from the work of others, the source is always given. With the exception of such quotations, this thesis is entirely my own work;
5. I have acknowledged all main sources of help;
6. Where the thesis is based on work done by myself jointly with others, I have made clear exactly what was done by others and what I have contributed myself;
7. None of this work has been published before submission:

Signed: Damon Burg .....

Date: 9 April 2017 .....



## Acknowledgements

I would like to thank all of those who encouraged me throughout my time at Southampton. I am extremely appreciative to my supervisors, Dr Michael Tomlinson and Professor Daniel Muijs. They have both been supportive, encouraging and dedicated in guiding me through this process, and without their guidance, I would not have been able to complete this project. In addition, I would like to acknowledge the academic staff at the Southampton Education School. They have been collegial and encouraging throughout the process at Southampton. I would especially like to thank Professor Bruce Macfarlane for his mentoring and for giving me an opportunity to work on other research projects.

I would also like to thank my fellow PhD students: Steph Allen, Hamis Mugendawala, Shumaila Mahmood, Rosie Cruz, Selar Othman, Mailizar Mailizar, Liyuan Liu, Gisela Cebrian, Abdulsalam Almanthari, Sami Alshahrani, Chun Borodzicz, Willeke Rietdijk, Eva Nedbalova, Joanna Williamson, Rebecca Ridley and Khulud Khumage for creating a fun working environment throughout.

In addition, I would like to thank the participants for their time and honesty, without which there would be no data and no study.

However, the person that I need to acknowledge the most is my wonderful and loving wife, Jungmin. She has endured much hardship and suffering in coming to a foreign country while I worked on this PhD, and despite this, she has never been wavering in her optimistic faith and reassurance that I could complete it. I am truly fortunate to have a wonderful person like her in my life.



## Definitions and Abbreviations

BCR	Benefit-Cost Ratio
CAS	Confirmed Acceptance for Studies
CBA	Cost-Benefit Analysis
CS	Consumer Surplus
HEFCE	Higher Education Funding Council for England
IRR	Internal Rate of Return
NHS	National Health Service
NPV	Net Present Value
NSB	Net Social Benefit
PPP	Purchasing Power Parity
PS	Producer Surplus
PV	Present Value
REF	Research Excellence Framework
SNU	Seoul National University
SS	Social Surplus
TVC	Total Variable Cost
UK	United Kingdom
UKVI	United Kingdom Visas and Immigration
US	United States
WTP	Willingness to Pay



# Chapter 1: Introduction and Background

## 1.1 Introduction

Previous studies have addressed whether universities are international (e.g. Scott, 1998, Beerkens, 2003, Enders, 2004, Altbach, 2004b). This relates to whether the university is a late nineteenth or twentieth century creation and an instrument of the state (Enders, 2004) or whether universities are medieval creations with scholars and students wandering from one university to another in an attempt to further knowledge (Altbach, 2004b). The question concerning the degree or scale a university has internationalised has been researched (Ayoubi and Massoud, 2007). Even the question regarding how a university may internationalise has been addressed (e.g. Ellingboe, 1998, Taylor, 2004, de Wit, 2010). While this will be addressed in more detail in the next chapter, a popular method of internationalising is to form partnerships with their overseas counterparts (Knight and de Wit, 1995, De Vita and Case, 2003, Marginson and Sawir, 2006, Altbach and Knight, 2007). It is estimated that worldwide universities collectively have thousands of international partnerships (Ayoubi and Al-Habaibeh, 2006, Gunn and Mintrom, 2013, Taylor, 2016). Currently, however, data are scarce on universities overseas activities. While there is some scholarship on partnerships, it tends to be descriptions of forming partnership (Dickie and Dickie, 2009), maintaining partnerships (Shore and Groen, 2009) or what characteristics should point towards successful partnerships (Heffernan and Poole, 2005). However, there have been few studies attempt to evaluate the partnerships.

From a cost-benefit perspective, this study examines partnerships between universities in the United Kingdom and Korea. Through the scaffolding approach built into a cost-benefit analysis, this study has four basic goals that build up to its fifth and crucial goal. This study's purpose is to examine the economic effects of a partnership on the university, both negative and positive. First, it aims to examine both partnership fundamentals of how partnerships function. The fundamentals relate to what is classified as a partnership and what defines success. Second, this study hopes to begin unravelling why partnerships exist. Third, it hopes to establish who the main players in a partnership are. Fourth, it aims to examine partnership formation and the relationships between partners. Once an understanding of partnerships is developed, an economic evaluation of the costs and benefits is necessary. This is to determine their effects on modern universities, this study's fifth goal.

## 1.2 Background

This study aims to demonstrate a method to evaluate international higher education partnerships. It hopes to provide an economic understanding of a common and expanding practice that little is currently known about. It also seeks to develop a framework for future economic analyses.

With the growth of mass participation in higher education and the decrease in government funding, universities in the UK have been forced to become more entrepreneurial in search for funding (Hodson and Thomas, 2001). This has led, in part, for universities to internationalise (Scott, 1998).

International partnerships in higher education are not a new phenomenon (Jie, 2010). However, partnership is a vague and ill-defined term often used incorrectly and interchangeably with terms such as consortia, networks, alliance, joint ventures or associations (Beerrens, 2002). For the purposes of this study, partnerships are bilateral, indefinite agreements for co-ordination purposes (Beerrens, 2002). By defining a partnership as bilateral, it is important to distinguish its size with networks and associations that are multilateral and necessitate a more structured bureaucracy. It is also important to distinguish the agreement timeframe. A project, or short-term agreement, functions differently than a partnership because a partnership's goals are organisation and can differ in times as economic or other situations differ. A partnership can be either university wide, departmental or research group based. However, even with this defined scope partnerships are varied on their goals. For example, partnerships exist for student exchange, faculty exchange, research projects or marketing.

Knight (2011) goes further by clarifying intensity. She divided intensity into three categories: development co-operation, exchange and commercial trade (p. 23). Development co-operation is where universities agree to work with each other on future projects. However, they have little substance in that these agreements, as they usually do not call on the universities to do any substantial action. This is the most common partnership type. Exchange trade partnerships allow for short-term student and faculty exchanges. Commercial trade partnerships are the least common. These partnerships are the most intense as they involve having the two participant universities working together to form and administer a programme or entity. Commercial trade partnerships include double/joint degree programmes and foreign franchise agreements.

Currently, international partnerships are an emerging interest in academic scholarship. Previously, partnerships were often mentioned as a type of internationalisation (Altbach and Knight, 2007, McBurnie and Ziguras, 2007, Taylor, 2010). When partnerships were the central

focus, the papers have often been biographical narratives of the author creating a partnership (Dickie and Dickie, 2009, Shore and Groen, 2009). Dickie and Dickie (2009) write about the beneficial procedures they created for their faculty to establish partnerships. Shore and Groen (2009) write about how their developing personal friendship during the partnership creation was the key factor in successfully maintaining the partnership. Other works on partnerships are qualitative case studies. The most prominent are Heffernan and Poole's (2004, 2005) works on what causes partnerships to go poorly or well. Partnerships tend to fall apart if their champions change positions, the partnerships are not mutually beneficial or if the partnership becomes strategically unimportant (Heffernan and Poole, 2004). However, partnerships work when strong working relationships among the partnership is developed and there is an intense tie created among partners (Heffernan and Poole, 2005). While giving great insight to partnerships, these papers do not analyse reasons behind the partnerships or their outcomes.

Ayoubi and Al-Habaibeh (2006) wrote the first paper to address partnership outcomes. They compare the university's strategy, based on mission statements and qualitative interviews, and the signed partnership agreements. This approach, however, does not measure the impacts of partnerships. It measured the university manager's ability to achieve university strategy. Jie (2010) was first to analyse partnerships outcomes by using game theory to show how the divergent partners' goals lead to partnership friction. However, to date, there is no economic analysis of partnership outcomes.

This study evaluates three international higher education partnerships between universities from the United Kingdom and Korea. The partnerships will be examined, one from each of the intensity levels, as defined by Knight (2011), to determine their economic value to the participating universities. For this study, cost-benefit analysis (CBA) is used as the conceptual framework for determining the partnerships economic value. CBA was developed in the 1930s to evaluate alternative policy options (Perkins, 1994). It has been used in every sector of public policy, including education (Layard and Glaister, 1994, Bennett, 2008). A CBA is a comprehensive form of economic evaluation used to analyse a decision (Robinson, 1993). It is a form of cost-effectiveness designed to determine if a project makes a positive contribution to the welfare of an organisation (Perkins, 1994, Layard and Glaister, 1994). It evaluates the alternatives to each decision in terms of their costs and benefits as measured in monetary terms (Levin and McEwan, 2001). Since CBA assesses all alternatives in monetary values of costs and benefits, one can conclude (a) if benefits exceed costs, (b) which alternatives with different objectives has the highest ratio of benefits to costs and (c) which alternatives among different programmes shows the highest benefit-cost ratios for an overall analysis of where an organisation should invest (Levin and McEwan, 2001, p. 15). The latter is particularly important because one can compare many

programmes with widely disparate objectives, as long as their costs and benefits can be expressed in monetary terms. “In contrast, the alternative analyses are limited to common objective” (Levin and McEwan, 2001, p.15). In terms of higher education partnerships, a CBA can be valuable because university managers need to measure alternative that have different objectives, such as quality, recruiting international students or funding. Thus, she could analyse different types of agreements, different possible partners or the alternative of doing nothing.

### 1.3 Objectives

Although inter-organisational arrangements between universities have existed for a long time there have been a great increase in the past two decades (Beerkens, 2002). With this growth in international partnerships, it is unclear as to what the impacts for the university. Even with this growth, there have been few studies on the subject. Denman (2004) wrote from a macro level on the increase of partnerships. Beerkens (2002) and Knight (2011) each have created useful typologies to describe what types of partnerships that are being formed. Middlehurst (2001, 2004) writes about how economic and political environment higher education finds itself in and how this leads to more partnership creation. While Saffu and Mamman (2000) explore what universities expectations were in partnerships, Jie (2010) uses game theory to measure those partner expectations to gain a bit of understanding on whether those expectations are being met. However, it is unclear if partnerships produce value for the university, and if so, what that value would be.

In order to do this, it becomes important to first develop an understanding of what is happening at universities. To help determine this, the first research question is therefore:

- 1) What are the types of partnerships formed between British and Korean universities?

To analyse this question properly, it is necessary to determine the motivating forces behind the development of international university partnerships. Since this cannot be separated from the environment universities find themselves, this allows the researcher to test the higher education literature. However, it also allows for two other purposes. The first is to gain a deeper understanding of the complexities that go into partnerships. The second is to understand partnership’s role in a modern university by determining the environment they exist in. Thus, to accomplish these goals, the main question can be broken into the following sub questions:

- a) Why are they being formed?
- b) How do they operate?
- c) Who are the key actors-management or faculty?
- d) Where do they operate: At the university, department or individual level?

Once the background of the partnerships is determined, it becomes important to move into understanding why some partnerships are successful and why others may not be. This allows for a basic understanding of what elements are necessary for beneficial partnerships. In addition, this question should help add to the knowledge of what sections of partnership agreements are valuable to the universities that agree to them. For this study however, the next step is to determine the variables necessary for calculating the cost-benefit analysis. Thus, this is where the research allows one to determine the framework to the cost-benefit calculations. Therefore, the second research question is:

- 2) What variables lead to successful or unsuccessful partnerships?

After the cost-benefit analysis equation is established, the final step is to analyse the results. This should allow for a detailed view at how international partnerships affect modern universities and to what economic scale. Thus, the third research question is:

- 3) How beneficial are partnerships to universities?

This question has two purposes. The first is to learn about an individual partnership's economic impact on universities. However, the second purpose is to compare the types of partnerships to determine if a certain type of partnership is more beneficial to universities. While explained in more detail in section 2.12.1, their intensity levels define the types of partnership. Therefore the fourth research question is:

- 4) Which types are most beneficial?

## **1.4 Assumptions**

As with any research, this study relies on some assumptions. These assumptions come mainly from both the conceptual aspects of the study and the methodology. However, the first assumption relates to the university's place in the world. That being that the university is an indirect agent of the state. Universities are indirect agents in that they are not directly controlled by the state but are influenced greatly through research or other funding schemes (Liefner, 2003). This assumption is not new (Enders, 2004), but it may be slightly controversial. Under this assumption, the university is an intuition that may be self-governed with faculty control that may act at times against the state, yet the actions that are available to the university are mainly limited by the state. Any time that a university does act against the state, it is a result of unintended consequences from state action. The second assumption comes from the conceptual framework of cost-benefit analysis (CBA) and the economics that underpin it. This is that actors, in this study the universities, will act on incentives. This is to say the university will attempt to maximise its economic benefits from what it knows of the market. The third assumption is from the

## Chapter 1

philosophical underpinnings of CBA. That underpinning is a normative economic understanding of decision-making. While this is to be discussed in more detail in Chapter 3, normative economics and CBA specifically, is influenced by positivism. Under this assumption, normative has the classic definition of what 'should' happen. However, normative economics is highly influenced by positivism much more than what normative thought is influenced by positivism in other social science disciplines (Hausman, 1992, Friedman, 1994, Gilead, 2014). This belief follows that there is a reality, or knowledge, that needs to be discovered (Williams, 1972, Boadway, 1974, Hausman, 1992). Thus, in normative economics, it is necessary to discover reality and then to determine the possible alternatives to that reality (Williams, 1972, Mishan, 1981). The fourth assumption, and those following, relate to the data collection and analysis. It is that the key stakeholders, the participants in this study, parlayed the institutional perspectives and preferences. The fifth assumption is that an institutional perspective could be identified based on views collected from the involved key stakeholders. Although stakeholders' views regarding an issue may vary, institutional decision-making would create a common institutional practice. The sixth assumption further relates to different views among stakeholders. If radically opposing opinions are evident among the key stakeholders at the participating university, those problems would have been identified during the partnership implementation process. It shows that partnerships are shaped by the part of the university, central office or academic units that creates them based on external pressures.

### **1.5 Significance of this Study**

This study adds to the literature on international higher education partnerships. It hopes to do this by providing new perspectives on the political situation that incentivise partnership creation and the economics consequences of those partnerships through methodically conducted empirical research. Findings of this study demonstrate the extent to which universities are impacted by partnerships and identifying factors lead to more economic benefits to the university.

### **1.6 Organisation of the Thesis**

The design of this study is based on the research questions. It is divided into seven chapters. The first chapter introduces the background for the study. The background identifies the gaps in current scholarship that set up the reasons for this study. Once the holes are identified, the chapter moves into a brief overview in how the research was conducted. From there, it moves into the research questions and objectives. Chapter 2 reviews the relevant literature in

international higher education partnerships. It starts from a basic overview of higher education, in general and higher education in Korea and the UK. From there, the chapter moves into the structural forces that are shaping changes in higher education. These structural forces are unplanned events that occur naturally that political leaders, let alone university leaders, do not have the power to alter. These structural forces include globalisation and neo-liberalism. The discussion then progresses into how the consequences those structural changes are having on the university. Those changes include massification. From there, the chapter moves into what options university leaders may choose to affect the changes being forced upon the universities. One of these options, partnership developments, is discussed next. Chapter 3 provides a theoretical framework for the study. It begins with a discussion on the theoretical underpinnings for partnerships. It then moves into the theory behind the methodology being used for the study. Chapter 4 focuses on the practical steps involved in the methodology. Cost-benefit analysis is a scaffolded process that involves both qualitative and quantitative steps. Since it is often misused and misunderstood, it is important to clarify those steps. This chapter also includes gives a brief description of the three case studies and the participant universities. The following three chapters relate to the analysis of the data that came from this study. Chapter 5 is the qualitative data. This chapter is broken down into two main parts. The first part relates to the themes that came from interviews using thematic analysis. The second part introduces the case studies that set up the basis for the cost-benefit analysis. Thus, chapter five tries to accomplish two goals. The first goal is to help add a qualitative insight into what is happening at the universities in relation to the partnership. The second goal is to determine the impact areas that partnerships have on a university. This leads to Chapter 6. The data collected from the qualitative interviews is used to establish impact categories for the cost-benefit calculations. The results of the calculation are also analysed to give a quantifiable understanding of partnerships. The seventh chapter concludes this study. This chapter discusses the theoretical and practical implications of this study. Policy recommendations and suggestions for future research are discussed in this chapter.



## Chapter 2: Literature Review

### 2.1 Introduction

This study's intent is to examine relationships in higher education. Specifically, the relationships examined here are international higher education partnerships. There are two main purposes in this analysis. The first purpose is to develop a fine-grained qualitative analysis of how partnerships are created. This includes who does the work and the universities' motivations. The second purpose is to analyse how partnerships impact universities. To do this requires a theoretical understanding from the higher education literature. Thus, this chapter looks at the central themes in the higher education literature in an effort to put partnerships, and this study in particular, in the correct context. This provides the theoretical base for this study's purpose.

This chapter is divided into twelve sections. The next section is both a typology and a descriptive narrative on the modern international university. This creates a map to illustrate where partnerships belong in higher education. Sections three and four are outlines of higher education in Korea and the UK. This moves into section five, which discusses the structural world that universities find themselves. From there, sections six through ten look at how those structures have affected modern universities. Section 11 begins to look at the choices that universities have to put themselves in a better place compared with the competition. That leads to section 12, which focuses on one choice in particular, partnership, the focus of this study.

### 2.2 What is higher education?

The basis of this study is the forces that impact the university and the university's response to those forces. However before looking those forces, it is first important to briefly discuss what a university is as there are slight differences between terms often used interchangeably such as: tertiary education, postsecondary education, higher education and university. While it seems self-explanatory to the casual observer, it is more complex considering the growing functions of universities (Tight, 2011, p. 649). It becomes more complex when considering the possible difference that may arise from different cultural understandings around the world. The terms seem to be used interchangeably at times. The first two, tertiary education and postsecondary education, generally have similar meanings though one may be more common in some cultures than in others (Farrington and Palfreyman, 2012). They are commonly defined as non-compulsory education beyond secondary school. This may include universities, but it may include technical schools and further education (Marginson, 1997, Tight, 2011). Higher education is more specific

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in that it does not include technical education or further education but does include education that may lead to an undergraduate or postgraduate degree. Legally, in the UK, it is:

Any course of education which --- (a) is a course at a higher level in preparation for a higher diploma or certificate; (b) is a first degree course; (c) is a course for the education and training of teachers; (d) is a course of post-graduate studies (including a higher degree course); (e) is a course at a higher level in preparation for a qualification from a professional body; (f) is a course at a higher level not referred to in any paragraph (a) to (e); (g) provides instruction for persons where participating in a course of education referred to in this subsection and who have support needs; or (h) is designed predominantly to prepare a person for participation in any course of education referred to in this subsection (Farrington and Palfreyman, 2012, p. 9).

This indicates the academic staff's ties to their individual disciplines in addition to their employer. Thus, HEIs includes foundation courses or community colleges, as they can lead to an undergraduate degree. The word university, however, is a bit more complex. In the UK, or at least in England since devolution, have legal connotations as one cannot use a name which includes the word 'university', without an act of Parliament, Royal Charter or Privy Council approval (Tight, 2011, p. 650). A university, according to the Higher Education Act of 2004, is an institution that has:

- at least 300 fulltime equivalent students in five of HEFCE's nine Academic Subject Categories;
- that there should be a higher education enrolment of at least 4,000 fulltime equivalent students;
- that at least 3,000 fulltime equivalent students should be on degree-level courses (Farrington and Palfreyman, 2012, p. 63).

For this study, university will be defined as an institution whose primary mission is in education and grants degrees in a variety of subjects at the undergraduate and/or postgraduate level(s).

In the previous chapters, this study has focused on higher education in general. This allows one to determine how the international university partnerships fit into the university as a whole. It also allows for shaping an appropriate path to a better understanding of their economic impacts on the university. In this chapter, there is a brief contextual look at the higher education systems in the two countries involved. While Korean and British higher education systems share many of the themes discussed in the previous chapter, there are some idiosyncrasies. Thus, this chapter hopes to highlight them. Since the academic literature regarding Korea is more limited than the UK, this chapter may be a bit Korea heavy to balance against this. Thus, the next section discusses Korean higher education by first giving a background into Korean culture and history and demonstrating how that impacts its universities. The final section does the same with British higher education.

## 2.3 Korean Higher Education

Korea is a country that has faced many challenges and changes over the past century. Those challenges have revitalised and altered the country in every facet of its culture. This section will start with a brief overview of where Korea was and where it is going. This takes a macro view of the country, to help gain a better understanding of how cultural and economic factors have come to shape the higher education sector. From there, the discussion will move into how the structures of globalisation and neoliberalism have affected Korean higher education through internationalisation and marketization. This will help to understand Korean higher education's place in the world, and the reasons Korean universities enter into partnership agreements.

### 2.3.1 A Brief View of Korea

Korea, located on a small peninsula in Northeast Asia, has a long cultural history shaped by geography, foreign interference and Confucianism. In terms of geography, the rocky soil with a mixture of mountains and valleys leaves the country with few natural resources, poor agriculture and relatively isolated (Samuels, 2011). However, Korea was not completely geographically isolated as the country is positioned between two powerful neighbours, Japan and China, who each saw the Korean peninsula as a highway to attack each other in their various wars (Samuels, 2011). Thus, Korea would often become dominated by whichever was more powerful at that time (Shin, 2006). This put enormous pressure on Korea often going through cycles of unification, division into two or three states and unification again. It left Korea with a deep suspicion of foreign culture and yet some cultural exchange with each neighbour (Samuels, 2011). From China, Korea picked up many cultural traditions, but for this study, Confucianism and its impact on education is the most important cultural import. Confucianism is an ethical and philosophical system that is quite humanistic (Elliott and Tsai, 2008). At its core are human relationships and how humans should interact based on those relationships (Shin, 2012, Choi and Nieminen, 2013). Confucianism believes that humans are teachable, improvable and perfectible through virtue and self-cultivation. While many writers focus on Confucian family relationships, the relationship between teacher and pupil is important. This relationship is similar as that of the father and son. The teacher is to be respected as one with knowledge that unselfishly guides the pupil and shares knowledge. The teacher performs an important function in as it is the teacher's duty to nurture and guide the student's growth. The teacher imparts virtue and the discipline needed for the student to develop self-cultivation. Thus, being a teacher is considered an honourable and respected position (Elliott and Tsai, 2008). This in a small way creates a culture where education

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becomes more important than in other societies. However, this is coupled some modern elements to create a deep-seeded passion for education (Shin, 2012, Choi and Nieminen, 2013).

As mentioned above, there was a constant fear in Korea of being dominated by one of its more powerful neighbours. This led to occasional political pressures which at times ripped the country apart as either Japan or China tried to destabilise Korea (Shin, 2006). This led to a deep distrust of foreign influences while a paradoxical desire to emulate and accommodate when it was felt to be in the government's interest. Thus, Korea has often isolated itself by sealing itself from the outside world in terms of trade and travel (Shin, 2006). This coupled with the relatively poor agricultural land and the lack of nature resources created a Korea that has been historically poor economically. One can observe this in North Korea today, where the country is isolated and poor. It is vocally critical of the US, Japan and South Korea, but willing to accommodate China when useful (Shin, 2006). Yet in the South, one can notice similar cultural tendencies. The country is highly protective of its markets and highly suspicious of foreign influences (Myers, 2010). Yet, they are willing to accommodate to the Americans to have access in world markets and for military protection (Friedman, 2010). This leads to some societal contradictions, such as racism and xenophobic behaviours (Kim, 2005, Myers, 2010, Berggren and Nilsson, 2013), yet the intense drive to learn English and study abroad (Kim, 2005). While the North remained poor, since the late 1960s, the South's economy has grown immensely. The first stages of the economic expansion came from the surplus of low-skilled labour in low-technology manufacturing (Shin, 2006). This gradually brought some money to the country that was used to invest in higher-skill technology design and production. Today, Korea is a leader in home appliances, computers and mobile phones. This economic boom helped move Korea from being one of the poorest countries in the world to a dynamic developed economy (Shin, 2009a). It also led to the need to improve the higher education system, as it was incapable of producing the skilled workers necessary for an advanced economy. Korean companies lobbied the government to improve the higher education system. This led to the creation of the confusingly named Brain Korea 21 project in 1999 (Kim and Lee, 2006, Seong et al., 2008, Shin, 2009a).

### **2.3.2 Higher Education Prior to 1999**

While there was some form of higher education since the fourth century, the academic practices taught and the institutions did not pass into modern Korea. At the conclusion of the Korean War in 1953, Korea had only a few universities (Shin, 2012). The country had little money to spend on higher education. Foreign Christian missionaries or the Japanese colonial government started the first few universities. The first public university, Seoul National University (SNU), was founded in 1946 but did not open to students or participate in research in a meaningful manner until after

the Korean war (Kim, 2005). The higher education system that did develop was based on the American higher education system. There are two-year colleges that offer associates degrees, similar to the US community colleges. At the university level, the degrees comprised of four-year bachelor's, two year masters and the PhD (Kim, 2009). The number of universities increased slowly from the end of the war until the late 1970s, when the numbers grew more rapidly (Kim and Lee, 2006). While the central government established public universities in the various regional provinces and some in Seoul, the vast majority of universities were private (Kim, 2010a). These private universities comprise about 85% of the 171 universities in operation today (Kim, 2008). The creation of the newer universities was to meet a student increase. Korean higher education, like the most other developing or developed counties at the time, was undergoing massification. However, Korean higher education massification occurred after their economic miracle. This coupling, along with the Korean cultural attachment to education, led to vast growth in higher education in a short time. Whereas few could afford higher education before, suddenly expanded to universal levels based on Trow's (1974) typology, of the university age population were demanding higher education. In addition, university education was seen as necessary for a good job and successful life, which could be guaranteed upon graduation. Higher education participation grew until the 1990s, when it levelled off to roughly the 81% participation level of today, making it the highest level in the world. The response was to encourage the creation of private universities. These private universities were based on the American universities. While they are private and based on American higher education, private universities are different with two institutional features. The first is that universities may have spin-off or side businesses. This is different from companies that are formed from research ventures. In Korea, these companies owned and operated by a branch of the university and designed to create profits for the university owner or shareholders, not merely to support future university operations. The most common profit-making enterprises deal with property holdings (Shin, 2009b). Universities often hold land in undeveloped areas, holiday resorts and business rental property in the larger cities. However, other ventures include English cram schools, taekwondo academies, dental franchises and dairy production. The second difference is the amount of governmental control over the private universities. While in the US, there is indirect control over private universities in the government's control over the student loan system and through research grants, the Korean Ministry of Education has direct control (Kim, 2008). Every university public and private, apart from SNU, which is controlled with its own ordinance, falls under the Education Act. With private universities even more strictly controlled under the Private School Law. While there are slight differences between universities, the act emphasises "rules and regulations rather than autonomy" (Kim, 2008, p. 558). Despite this government control, the government contributes a relatively low 0.6% of GDP to higher education (Kim, 2008). This is despite Koreans contributing

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about two per cent of GDP through private means (OECD, 2008). Only the US contributes a greater percentage of their GDP on private higher education (OECD, 2008, Kim, 2005). The Korean government has direct control on enrolment numbers and academic programmes offered. One other difference from American higher education, though this is more cultural, is that universities were not considered a place of major learning. For example in the UK, a university education is the culmination of most students' formal education. It is the most academically challenging phase of one's academic career. In Korea however, secondary school is where the most intense schooling takes place. A university education, while not superficial, is far from intense. It is scheduled as a four year break from the intensity of secondary school and the realities of Korean labour practices. It is designed to gain a professional and social network to be used in obtaining the desired career. If a student could gain entrance in a top university based on secondary school performance, the student's career was all but guaranteed to be successful (Jang and Kim, 2013).

### **2.3.3 Brain Korea 21**

At the end of the past century, the Korean government started to take measures to improve its higher education system. While there were complaints for some time from industry leaders that Korean graduates did not have the required competencies for the economy, it took the 1997 Asian Financial Crisis for the government to act. Before 1997, most graduates expected relative ease in finding positions leading to middle-class lives. After 1997, this was not necessarily true anymore. While the Korean economy recovered quickly, growth rates became normalised in comparison to pre-1997 rates. However, the Korean government realised that it needed to do more to compete in what was being called a knowledge-based economy (Shin, 2009a). Thus, the government wanted to revise the higher education system to better match the economic realities. In addition, this can be seen as part of a trend globally to create competitive research universities to be competitive (Altbach, 2007). The result was to create the Brain Korea 21 programme. The programme's goals were to improve graduate schools at the top universities, strengthen regional institutions and upgrade academic research (Kim, 2005). The last goal was to benchmark local universities against their foreign competitors on the basis of internationally published Scientific Citation Indices (SCI) (Kim, 2005). Brain Korea 21 cost US\$1.2 billion and was to run for seven years with the majority of money, about 70 per cent, going to PhD students and post-doctoral researchers (Kim, 2005). Of this money, roughly two-thirds went to STEM fields as these fields are thought to better help the economy (Kim, 2005). This was done with the assumption that it would be easier to create a new research culture with new researchers as opposed to change existing habits of academics. Before the programme was implemented, Korean academics were

rarely encouraged to publish scholarly research. Research published in international journals, in English the international language of academia (Marginson, 2004), was even more rare as it was naturally more difficult in a foreign language. However despite the added money into the higher education system, the results are somewhat ambiguous. There is little evidence to suggest that the added input into higher education greatly affected the economy either positively or negatively. The economy grew at a modest rate with the knowledge-based fields of communication technology and stem cell research being firm growth engines. However, some would argue that Korea benefited more from a relatively weak won, in comparison to the US dollar or Japanese yen, than from the improvement in higher education. In terms of research publications alone, the project was successful. Research papers published in SCI journals more than doubled (Shin, 2009a). Some of the increase was due to research collaborations or co-authorships with non-Korean based researchers, but this was comparable to the rise in international collaborations in other parts of the world. However, the pre-1999 publication total was low in comparison to most countries. In addition, in terms of numbers, the rise was comparable to rises in the US and Japan. Korea lost ground in comparison to China over the same period (Shin, 2009a). Some universities began to improve their research profile and classification, though SNU remained the only research intensive university based on the Shin Index which is based on the Carnegie Classification in the US (Shin, 2009b). The remaining universities remained teaching intensive. Apparently satisfied with these results, the Korea government extended the programme for an additional seven years when the original funding expired in 2006 and again in 2013 (Byun et al., 2013). While early, it seems that the results of the second phase of the programme have been similar to the first. The biggest difference was in how research publications were measured. Whereas the volume of research papers was the only measure of success under the first phase, quality was thought about in the second. Thus for the second phase, the citation number on research projects has been used to assess quality (Seong et al., 2008, Kim, 2008). However, the main criticism of the Brain Korea scheme, other than the cost, is that success of the measures is often based in easily countable quantities, such as rankings or publication counts, while ignoring qualitative measures (Cho and Palmer, 2013). Despite this, one interesting result has been the rise of SNU in the global rankings. While rankings may be methodologically circumspect, they do indicate government input into the university. The next section will briefly look at the differences with SNU and the remainder of the higher education system.

### **2.3.4 Seoul National University**

As mentioned in the previous section, Seoul National University is a special case in Korean higher education. Whereas every other university in Korea, public or private, falls under the Higher Education Act, SNU has its own legal mandate (Kim, 2008). This ordinance gives more government funding in comparison to other Korean universities that allows the university to hire the most respected academics in Korea. It also includes the money necessary to lure Korean academics back to Korea after spending years working abroad. In addition, the university is allocated extra funding to entice foreign academics of reputation, usually those with international awards such as a Nobel Prize or similar. Under this scheme, the university offers a housing allowance, much higher pay and research funding grants than what is offered to the local academics. The scheme was conceived to make the university a 'world-class university'. It is hoped that bringing in academics of higher reputation would help the university itself gain a better reputation (Jang and Kim, 2013). In addition, it is assumed that those with better reputations will produce more academic publications. Thus, with academics with a better reputation and more productive publication records would increase the university's ranking in the international rankings leading to recruiting more international students. These international students also lead to a more favourable placement in some of the rankings (Dahlin-Brown, 2006, Delgado-Márquez et al., 2012). It does not matter if the rankings are accurate. The rankings however, measure perceived quality, and that perceived quality could lead to more students and possibly better quality students.

### **2.3.5 Internationalisation in Korea**

In addition to the Brain Korea 21 programme, there was a movement to internationalise Korean universities. At the turn of the century, the numbers of foreign academics in Korea was quite low. In 2001, only 2.9 per cent of academics in Korean were foreign (Kim, 2005). Even at the prestigious SKY universities, Korea's version of the Russell Group, numbers of foreign academics were low, with Korea University not having any in 2003 and Yonsei University, which prides itself on its international education, had seven foreign academics out of 1,345 (Kim, 2005). The vast majority of these academics were hired on short-term contracts as English as a second language instructors. However through the Brain Korea 21 scheme, the government is providing additional funds to increase the numbers.

However, Korean higher education is facing a few problems that are forcing their hand at becoming more international. The first problem deals with demographics. As mentioned above, with roughly 81 per cent of traditional aged students in higher education already, a slight

decrease in population could cause problems in maintain a supply of student. However, Korea has one of the most aging societies in the world. The average Korean woman has roughly 1.3 babies in her lifetime, well below the replacement rate of 2.1 babies. This is expected to have a substantial effect on the population. In the short to medium time frames, this will significantly reduce the traditional student age population. It is estimated that by 2018 there will be more university places than students to fill them. While university closures or mergers may solve some of the problem, filling the empty spaces with international students is another. This solution also encourages a solution to the second problem with Korean higher education internationalisation, the language. Korean is a language few learn outside of Korea. In addition, despite spending a substantial amount of money in learning English, Koreans face great difficulties with the language. However, in order to attract international students, courses and modules are being taught in English. This is being done by offering local Korean academics a bit more payment in exchange for teaching in English and by recruiting foreign academics. These solutions, however, create other problems. Korean academics, facing a difficult job market, feel betrayed when universities hire foreign academics. Studies have shown they are resentful of having to speak English in their own country, while foreign academics come in and take away their jobs. In addition, studies have shown that Korean academics fear their teaching quality decreases when conducted in English (Byun et al., 2011). Despite these worries the policy is expanding. Part of this may be part of how the government measures the success of universities, by using international rankings. Some rankings such as the Times Higher Education Supplement use number of foreign academics and students to measure quality. Thus, it becomes advantageous to a university to increase the amount of foreign academics and staff (Shin, 2009a). There is evidence to show these internationalisation strategies working as the number of each are increasing. While most of the degree seeking foreign students being Chinese, Korean universities use international partnerships with Western universities to attract visiting academics and short-term students interested in Korean cultural studies (Kim, 2010b).

The one problem that Korean internationalisation does not seem to have solved is racism (Kim, 2005, Shin, 2006). Korean society is based on Confucianism and collectivism. Here, actions or behaviours that are judged to sway from the norm are socially punished to bring the offenders back to the norm. This cultural trait was affected during the period of Japanese colonisation from 1908 to 1945. During this period, Japan conquered and occupied Korea. In order to pacify the population and legitimise control, the Japanese created an ideal of racial purity in Korea (Shin, 2006). Though this is a twentieth century addition to Korean culture, it has become to be seen as a traditional value. Following independence, this idea of racial purity combined with the traditional sense of collectivism. In North Korea, this has led to the Juche system-the national

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governing ideology. While South Korea is more internationalised than their northern brothers, it does lead to racism (Shin, 2006). In higher education, this can play out in a few ways. First, the Korean academics attempt to portray traditional ideas of Korean society. The theory is that the time spent overseas embedded in them a greater sense of nationalism and drive to portray Korean traditions. Second, Korean students get a sense that foreign students receive more advantages than themselves. This includes special schemes to help the internationals adjust to Korean life. However, international students generally have a negative view of the Korean higher education. There have been three main complaints. The first complaint is common to international students around the world in that they often have to pay higher tuition. However in Korea, policy applies to private universities. Second, internationals are often segregated from the Korean student population. This may happen either by procedure, such as being in English language modules or in modules specifically created for them. This often makes it difficult to learn Korean or get a Korean cultural experience (Kim, 2005). However, there have been accounts of physical structures separating the international and Korean students (Cho and Palmer, 2013). This comes in the form of international student dorms and even a designated foreign student classroom building (Cho and Palmer, 2013). The third criticism comes from research students. Their visa compliance is controlled by their supervisors, who at times can force the students to do extra labour or menial labour by threatening them with their visa (Byun et al., 2013). Despite these criticisms however, the international student population is increasing (Altbach et al., 2009). However, internationalisation has progressed to some degree without cultural diversity (Kim, 2016, Moon, 2016).

### **2.4 UK Higher Education**

Higher education in the UK dates back to 1096 with the founding of the University of Oxford. It was established for the study of theology, law, medicine and the arts. It grew rapidly after King Henry II forbade English students to study in Paris in 1167. By 1209, Cambridge would be founded by Oxford University academics chased away by angry Oxford locals. In Scotland, the Pope allowed for the creation of St Andrews in about 1410 (Bratberg, 2011). By the 1760s, the university count had expanded to seven and the British kingdoms united, but higher education had not changed remarkably. The faculties may have expanded some, but higher education was firmly for the elite. Here elite, does not include the top noble class, but those immediately below with family funds able to afford books and the leisure time to learn to read and not forced to toil for survival.

The Industrial Revolution began in the UK during the 1760s. This created a massive change to every aspect of society (Kearney, 2006). While it helped the UK to create a global empire, the changes that are important for this study relate to the higher education system. The new economy that emerged during this time brought wealth to the country that created a greater demand for higher education while the complexity of society created a greater need for higher education. One result of creating the Empire, and the bureaucracy that comes from it, was the need for a more educated group of professional civil servants to administer it (Kearney, 2006). This meant a gradual shift from hiring based on class to one based on ability, which created a higher demand for university education (Kearney, 2006). Another result from the Industrial Revolution was the expansion of the non-noble elite economic class (Crafts, 1985). This added to the population that was able to spend on their children's education. In addition, the new economy created a greater need for higher education. The technology that went into creating the factories, and the goods they produce, the bureaucracy needed to manage the distribution of obtaining raw materials and shipping out finished products was becoming complex (Crafts, 1985). In addition, with money coming in from the Empire and with increased efficiency and profits from the new factories, the UK was able to invest into public works for transportation and to improve sanitation in the cities (Crafts, 1985). With this greater demand for higher education, the number of universities expanded slightly and percentage of the population in higher education expanded (Maxwell, 1980). While higher education expanded, mass higher education was not yet the reality. Tuition was relatively low, compared to modern rates but paid privately.

The Industrial Revolution lasted until about 1840 and created an industrial society. The economy was based on liberal economic theory, which generally meant that the government stayed out of the economy (Harvey, 2005, Kearney, 2006). Liberalism led to a stratified society and an economy that favoured efficiency. It created great wealth for the elite. However, this was based on a strong stable currency backed by gold, which limited inflation. This coupled with higher interest rates created incentives for the elite to invest their profits (Harvey, 2005). This led to further industrialisation as the profits were invested into railroads and in new factories. In order for these ventures to be successful, labour was needed. This created near universal employment though the wages were low. In the beginning of this process, the workers were able to build and buy houses to move to the city.

However by World War I, the economic system that built the economy was beginning to constrain it (Kearney, 2006). The low wages encouraged savings as the workers would need something for old age. In addition, having the money backed by gold constrained credit. The workers were not able to buy the products they were producing. This led to a fall in production that closed factories

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and put people out of work. The economic fall coupled with the chaos and destruction of World War I led to the Great Depression in the 1920s and 1930s (Friedman, 2010).

The only solution was to find a way to create a transfer of wealth from the investors to the consumers to increase consumption. Since many companies had failed, the government was the only institution with enough money to put people to work (Harvey, 2005). World War II began this process, but in the years after the war this continued. New government programmes were begun to create a welfare state. The NHS and the BBC were the most famous of these programmes. They were designed to create a wealth transfer from the wealthy elite to create a larger middle class base (Harvey, 2005). This helped to create a larger percentage of the population with the money to spend on education. While these neoclassic economic policies are discussed in more detail in section 2.5.2, they impacted higher education by creating a larger segment of the population with the resources to attend university. A large part of this had to do with the elimination of tuition fees in 1946. This combined with a growing post-war population and those benefiting from neo-classic economics created a large demand for increased higher education. In addition, the growing sophistication and advancements in technology created a larger demand for higher educated people in the economy. This led to mass higher education in the UK and the creation of the Redbrick universities (Scott, 1998). A popular theme in policy and education literature at the time discussed the public benefit of higher education (Marginson, 2007b). Under this argument, the public benefit from higher education outweighed the costs it put to the taxpayer. This argument can be best exemplified in the Robbins Report of 1965 (Scott, 1998). In order to attract more students and more funding, universities tied themselves to the belief that education led to higher paid employment upon graduation. Numerous studies were used to demonstrate this advantage (e.g. Blundell et al., 1997, 2000, Green and Zhu, 2010). In time, this led to a shift in the debate as to whether higher education constituted a public good or a private good to the individual that benefited from the education (Marginson, 2007b). This helped to ensure that student demand was high and the government funding secure.

However with the switch from neo-classic to neo-liberal economics, the public sentiment shifted in the favour of higher education being a private good. This can be seen in the Further and Higher Education Act of 1992, based on the findings from the Dearing Report (Trow, 1998). This increased the number of universities from 60 to 123 by converting polytechnics into universities (Parry, 2005). However with the number of students now in higher education and the successive Major and Blair governments encouraging more, the government could no longer afford to provide free higher education (Wilkins et al., 2013). This together with students from the European Union being considered domestic and neo-liberal economic policies led to the re-introduction of tuition fees, £1,000, in 1998 (Tapper, 2005). These fees were subsequently

increased to £3,000 in 2004 and £9,000 in 2012 (Wilkins et al., 2013) with possible increases in 2017. However, despite these increases, the tuition fees did not account for the shortfall of government funding. Thus, universities began to look for funding from more outside sources. This includes an increase in foreign student enrolment, now up to 450,000 (Choudaha and Chang, 2012). It also includes the other aspects of internationalisation mentioned in Chapter 2. Since international partnerships allow for the possibilities of external funding, students and educational enrichment, depending on the agreement reached, this became an important growing feature in British higher education (Ayoubi and Massoud, 2007).

## **2.5 Structural Constraints on Higher Education**

Now that the concepts of higher education and universities have been presented, it is now possible to look at the structural forces guiding change in the sector. While these forces are not limited to higher education, it does create challenges and opportunities. This section will take a closer look at the interrelated phenomena of globalisation and neoliberalism.

### **2.5.1 Globalisation**

Globalisation began in 1492 when each of the world's continents became connected through trade and conflict, though this process is an extension regional interactions (Beerens, 2003). The reasons for globalisation are primarily, but not entirely, economic by opening new markets. New technologies in travel and communication, which have expanded rapidly since the latter 20<sup>th</sup> century, have led to globalisation (Yang, 2003, Marginson and van der Wende, 2007).

Globalisation's outcomes, however, are more important than what causes it. People began writing about globalisation in the 1960s across the social sciences, including higher education. Some think of globalisation as a positive force (Ohmae, 1995), while others label it in negative terms (Streeck, 1997). To some extent, by 2000, the term globalisation has become somewhat of a cliché as it is often ill-defined or lost in conceptual misunderstandings (Held et al., 1999). Thus to be clear, this section first defines globalisation before examining the different concepts of globalisation found in the literature and then looks to clarifying how the term will be used in this study.

"Globalisation denotes the intensification of worldwide social interactions" (Held and McGrew, 2007, p.2). It can be thought of as "a process (or set of processes) which embodies a transformation in the spatial organisation of social and transactions --- assessed in terms of their extensity, intensity, velocity and impact --- generating transcontinental or interregional flows and networks of activity, interaction and the exercise of power" (Held et al., 1999, p. 16). "Rather

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than growing interdependence between discrete bounded national states, or internationalisation, the concept of globalisation describes a structural shift underway ... to a shared social sphere” (Held and McGrew, 2007, p.3). To bring the definition away from the social sciences in general to our more specific field of higher education, Jane Knight describes globalisation as “the flow of technology, economy, knowledge, people, values, and ideas across borders. Globalisation affects each country in a different way due to a nation’s individual history, traditions, culture and priorities” (Knight, 2004, p.8). The emphasis of this definition on the political, cultural or institutional (Marginson, 2007c). While this is the most often quoted definition used in higher education and does have geo-spatial elements, it does “separate itself eclectically” and the higher education field, away from the social sciences (Marginson, 2007c, p.214). Thus to determine how this study views globalisation, it is first important to look at the different concepts in the literature to build the definition.

“Today few doubt the reality of globalisation” (Bartelson, 2000, p. 180). However, this may not be true. The debate on globalisation was traditionally divided into scepticism, hyperglobalist and transformationalist (Held et al., 1999, Morgan, 2001). Scepticism is the belief that globalisation is not happening (Held and McGrew, 2007). Sceptics believe that globalisation has been exaggerated in three areas: “as a description of social reality, as an explanation of social change and as an ideology of social progress” (Held and McGrew, 2007, p. 7). Since the US terrorist attacks, sceptics argue that there has been a rise in nationalism and protectionism with borders and boundaries have become stronger while ethnicity and localism define the era (Held et al., 1999). The level of economic interdependence among nations has begun to decrease in this time (Rugman, 2012). Multinational companies “are the engines of international business” but they devise their strategies regionally and act locally (Rugman, 2012, p.1). While multinationals are regionally centred, governments continue to be the main actors in the world as evidenced by the rise of geopolitics (Hirst and Thompson, 2001, Friedman, 2010), and like multinationals, governments as well continue to act regionally, with the European Union, and to a lesser extent ASEAN, being the prime examples (Gilpin, 2002). The interdependence that we have experienced from international trade has been in part a mirage and in part has a historical precedent (Yin and Choi, 2005). International trade seems unusually high due to the end of a high trade cycle that occurs like waves with peaks and valleys (Held and McGrew, 2007).

While sceptics point out the demise of globalisation, hyperglobalists give a contrary view (Held et al., 1999, 2007). “Globalists believe that rather than the demise of globalisation, current trends ... indicate that it has proved much more resilient or socially embedded than sceptics believed or desired” (Held and McGrew, 2007, p. 8). Hyperglobalists contend that economic globalisation is bringing about a denationalising economies through the instituting of transnational networks of

production, trade and global finance (Held et al., 1999). It is a new era where “traditional nation-states have become unnatural, even impossible business units in a global economy” (Ohmae, 1995, p.5). Thus, states are relegated behind the impersonal invisible hand of the world markets (Reich, 1991). In being relegated, hyperglobalists believe that economic globalisation is erecting new forms of social organisation that will eventually displace traditional states as “the primary economic and political units of world society” (Held et al., 1999, p.3). Examples of the structures replacing the states in importance would be formalised international governance organisations such as the United Nations, the World Bank and the International Monetary Fund along with non-formalised organisations like the G20 (Giddens, 2002). In time, it is believed, that these organisations will become more powerful and erode state power further. In addition, these organisations coupled with changes in technology that enable communication, will allow for a greater global civil society (Held et al., 1999).

The hyperglobalists, however, are divided by a normative question: is globalisation beneficial to the world (Held et al., 1999)? Here there are two main opinions. The neo-Marxists are convinced that globalisation represents the triumph of oppression in the form of global capitalism (Ohmae, 1995). The neo-Marxists feel that the impending ultimate outcome of globalisation will create a small segment of the population controlling a vast majority of the resources and power, while the vast majority of the population struggle to sustain themselves with few if any in the middle. The winners of this new globalised system will be elite individuals spread around the world, as opposed to the previous system where powerful states controlled the global system. The individuals that lose out in this system are finding it more difficult to move into the elite and face the danger of being unable to compete (Ohmae, 1995). On the other hand, the neoliberals welcome the apparent victory of market principle and individual autonomy over state power (Held et al., 1999). They champion the “practice of sound economic management” (Held et al., 1999, p.4).

While the sceptic/hyperglobalist dichotomy has been prominent in the literature, some have sought to clarify the grey areas in the middle. One of these grey areas revolves around the interaction between the local and global. The reason that it appears grey is due to the seemingly opposite trends of globalisation and localisation. Sceptics point towards the growing importance of local identity as proof against globalisation. However, they cannot explain the growing global interdependence in society and the economy. However, hyperglobalists cannot explain the seemingly growing importance of localism. Thus, the idea of glocalisation has emerged (Robertson, 1992, Swyngedouw, 2004). As the name suggests, it is a hybrid of globalisation and localisation. It is generally regarded as the local adaptation of global principles (Robertson, 2012). It refers to the dual practices of governmental power shifting from the national scale both

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upwards to the global scales and downwards to the local. In addition, “economic activities and inter-firm networks are becoming simultaneously more localised/regional and transnational”. The political and economic dynamics of these practices, and their implications, are of key importance (Swyngedouw, 2004, p. 25). Thus, glocalisation is an attempt to explain the importance that a city or region has on the process of globalisation.

In the field of higher education, Marginson and Rhoades (2002) take up this theme. Through coining the term *glonacal*, they add the dimensions of local, national and global, to create a heuristic to examine the forces shaping universities. Based on Clark’s (1983) triangular heuristic on comparative higher education of analysing markets, politics and professionals, it examines them at the simultaneous forces of global, national and local level (Marginson and Rhoades, 2002). This allows one to observe the interconnected and interdependent forces in multiple levels. For example previously, markets were only analysed at the national level (Slaughter and Leslie, 1997). International student movements were only explained by the push of leaving one country and the pull of another. This *glonacal* heuristic allows one to consider global systems, alongside national policies and administration and local political relationships. In addition, one can “effectively observe international markets and consider the shaping roles they have on higher education institutions, operating across national boundaries, and yet shaped in practice by national and local politics, economies, and professional conditions” (Marginson and Rhoades, 2002, p. 305).

In contrast to the typical conceptual breakdown of globalisation, Bartelson (2000) divided globalisation into three concepts. They are named: globalisation as transference, globalisation as transformation and globalisation as transcendence. Globalisation as transference is a process of change at the unit level based on exchange or transference. These units remain equal with themselves through the process. This exchange could be political, economic or cultural. However, the exchange implies across existing boundaries. The globalisation process could ontologically thought of, under this concept, as individualistic with observable changes coupled with unintended consequences (Bartelson, 2000, p. 184). With this understanding globalisation would be little different from interdependence which in the international relations theory of realism refers to events with reciprocal outcomes among countries or among actors in different countries (Keohane and Nye, 1988).

Globalisation as transformation is based on change. It is based on the belief that there were pre-existing units and globalisation is the transformation or change of those units from interaction (Bartelson, 2000). Thus, “globalisation is a process of transformation that occurs at the systems level, and it affects this system as much as it affects the identity of the units” (Bartelson, 2000,

p.186). Globalisation takes place above the units as a result of the interaction between systematic variables across different dimensions and sectors of that system. Thus, ontologically, globalisation is multi-dimensional as it occurs across systems and units at different levels of each unit. With this understanding globalisation is not a course of singular states, but it is a resultant upon the advancement and collaboration of the world-system (Bartelson, 2000).

Globalisation as transcendence can be described as a combination of the two previous concepts of globalisation. Thus in this concept, globalisation is a process that “dissolves the divide” in distinction between the units and systems (Bartelson, 2000, p. 189). With this understanding, globalisation removes the time and space in human practices and replaces them into a global context as “a condition of existence” (Bartelson, 2000, p.189). Globalisation can then be thought of as flows or networks and not pre-existing units. Mobility and information are replacing the states and individual actors.

The final conceptual breakdown comes from Beerkens (2003, p. 133-134). He usefully outlines the different conceptualisations of globalisation from a general perspective before relating it to higher education. This helps bring higher education in line with the general social science perspective on globalisation (Marginson, 2007c). According to Beerkens, globalisation has four main conceptualisations: authority, cultural, institutional and geographical. The first three conceptualisations conceptualists see globalisation as beginning with the formation of permanent intercontinental connections for economic gain. However, they focus on more recent developments and see modern events as more revolutionary. The authority conceptualisation focuses on the breakdown of national borders as states become irrelevant (Ohmae, 1995). The state’s power would be eroding away with that of many different actors, such as large corporations. However, many scholars of this theory describe more of how the state is changing, by transferring authority, to supranational organisations to become more competitive (Habermas, 2004). The cultural conceptualisation sees either the blending of cultures into a global culture or conversely into cultural conflict (Huntington, 1993, Barber, 2003). The institutional conceptualisation sees the world as becoming cosmopolitan place. Global organisations like the United Nations and the emergence of international law see the states becoming less important and a sense of global citizenship emerging (Beck, 2000). Unlike the others, geographical, or geopolitical, conceptualists would believe globalisation focus on the interconnecting of the continents from the Age of Discovery through the colonial period. It has, however, intensified since then with better communication and faster transport (Friedman, 2010).

With the different conceptualisations it was easy to see why globalisation in general, let alone in higher education, “lacked a precise definition” (Held et al., 1999, p. 1). While the above concepts

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are, in part, interrelated and overlapping, it is possible to notice how the above concepts affect various definitions. Globalisation is “concurrent to an erosion of borders” (Teichler, 2009, p. 95). Conversely globalisation is associated in part with “a global elite steeped in common Anglo-American languages and practices” (Marginson, 2002, p. 413). Marginson, however, also sees globalisation as “the development of increasingly integrated systems and relationships beyond the nation” (Marginson and Rhoades, 2002, p. 288). The integrated systems being: economic, technological, cultural and political. In a broader view, “globalisation is a function of technology, the modern age, and something inevitable about human and institutional behaviour – that is, above and beyond policies, and especially beyond the capacity of governments to resist” (Johnstone, 2010b, p. 16).

This study will look at globalisation from the geographic concept. This may seem odd for a study that is primarily investigating the institution. However, institutional globalisation assumes that social organisation and identity not defined by space (Beerkens, 2003). This would fit a description of globalisation as eroding borders, and the state losing power. Some claim that states are becoming mere fiction (Ohmae, 1995, Giddens, 2002). Many university academics like to believe that the university is such a cosmopolitan place as to without borders. However if one looks at globalisation in a geographical context, globalisation connotes a world that is growing in interconnectedness. This interconnectedness is being led by states and facilitated by improvements in transport and communication. Governments are not losing, but voluntarily transferring power, to non-state entities for economic competition. It is unclear if this power transfer is related to globalisation, as it began with neo-liberal policies in the late 1970s, long after globalisation began. “Higher education policy is still predominantly shaped at a national level” (Enders, 2004, p. 361). While some argue that universities are becoming detached from their national context by the increasing flows of international students, faculty and money (Beerkens, 2003), universities are used by states to increase economic activity. States actively support their universities to improve the state’s economic competitiveness. Universities help train the labour force and create the inventions that fuel future economic growth. With states competing with each other economically, states often attempt to use their universities as a tool to achieve goals. Thus, they often create policy designed to make their universities competitive. Thus, for this study, globalisation refers to the inevitable set of processes leading to global and transnational networks for economic, political and cultural interactions (Held et al., 1999, Altbach, 2004b, Johnstone, 2010b).

The university, as an economic and cultural state product, can be units both an agent and result of globalisation. Since globalisation is inevitable, or structural, it will bring about changes to the university and a need for the university to react to those changes. “History shows that when

universities shut themselves off from economic and societal trends they become moribund and irrelevant. European universities, for example, ignored both the Renaissance and the Industrial Revolution and ceased to be relevant” (Altbach, 2004b, p. 6). The next section will look at the modern university’s changes and university policies related to those changes.

### **2.5.2 Neoliberalism**

Like globalisation, neoliberalism is a structural occurrence (Friedman, 2010). However, while globalisation is a long term phenomenon, neoliberalism became prominent in the late 1970s and early 1980s (Harvey, 2005). Though, its beginning prevalence did vary slightly from country to country. The basic principles of neoliberalism are: the self-interested individual, free market economics, a commitment to laissez-faire and a commitment to free trade. The commitment to free market is because it is a more efficient mechanism than government or other outside forces. Neoliberalism varies slightly from classical liberalism. Classical liberalism took a negative view of state intervention as individuals should be free to be rational economic actors. In neoliberalism, however, the state takes a positive role in creating the laws and conditions for individuals can become those rational economic actors (Olssen and Peters, 2005, p. 314-315).

While most scholars agree with the above definition, neoliberalism is controversial. Most agree neoliberalism is the dominant economic theory of governments around the world. That, however, is where the agreements end. Part of the debate is whether it is structural or a policy decision. Since policy assumes choice, for neoliberalism to be policy would be to assume that it is a choice that governments are choosing. However, the argument here is that neoliberalism is structural in that it cannot be changed. It has become the dominate strategy in most counties around the world. Also when the leadership changes from one political party to another, the new leader is either unwilling or unable to change the system. One example to illustrate this, though there are many, is Tony Blair coming to power in the UK. He did not change drastically from the Thatcherite strategy of his successors, despite being ideologically opposed to it (Reay, 2008). This leads many to bemoan the situation and not to evaluate the reasons why neoliberalism has become prominent (Giroux, 2004). However, it is important to understand the reasons for neoliberalism. Prior to the late 1970s, neoclassic economics was the predominate structure. This was classified with high government interference with the economy to help guide markets and mend market failures. The reasons for this stem from the economic disaster of the Great Depression and World War II (Hobsbawm, 1999). When the world emerged from these tragedies, the economy was broken. With many companies and banks going out of business, there was little capital in the economy and high unemployment. The only remaining actors able to fix the system were states. They were able to do this by creating welfare states. Money went into creating a

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public safety net in terms of unemployment benefits and health care systems. While doing this, states nationalised some industries, provided subsidies to aid others and created a large public bureaucracy. This government intervention into the economy led to a rise in employment allowing for a greater consumption than in previous generations. Thus, a growing and vibrant middle class was created. Along with this, technology improved and globalisation led to greater trade patterns. However, neoclassic economics strengths led to its downfall. While creating jobs and consumption, it was on the back of government intervention in the economy and the natural markets. To pay for this, governments needed to raise taxes. Thus, it created a system of collecting and distributing a large amount of money. However under microeconomic theory the markets should be controlled under the invisible hand of the markets. Government, or other entities, intervention of the invisible hand creates inefficiencies. While neoclassic economic policies created growth as the market repaired itself, but the inefficiencies in the system built up in time. These inefficiencies were its downfall. Neoclassic economics was the solution to one problem, but the cause of another. By the late 1970s the economy began to falter, and when governments tried to implement more neoclassic policies the problems got worse (Friedman, 2010). The inefficiencies and the high rate tax system punished the successful, held back private investment and prevented the culling of some unprofitable businesses or industries. Governments needed to find a system that maintained the consumption rates and decreased the inefficiencies. The only logical answer was neoliberalism. As mentioned above under neoliberalism, the state creates policies to allow for the greater functioning of the market forces. Thus, states deregulated industries, decentralised and reduced state intervention into economic affairs (Campbell and Pedersen, 2001).

Neoliberalism has affected higher education greatly as higher education has been funded heavily by the state directly in areas such as Europe and Australia, or indirectly in areas such as the United States and East Asia (Marginson, 2007b, Lee and Neubauer, 2009, Carpentier, 2012). The next few sections discuss the results of globalisation and neoliberalism on higher education specifically focusing on massification, marketization, management and internationalisation.

### **2.6 Massification**

The previous two sections have described the world in which universities find themselves. Beginning with this section, the conversation switches to the impact that the world has on modern universities. While there may be problems with globalisation, such as McDonaldisation (Ritzer, 2002), inequalities (Unterhalter and Carpentier, 2010) or cultural hegemony (Yang, 2003), the focus should be on how it is changing higher education (Beerkens, 2003). The most visible changes revolve around mass higher education (Scott, 1998). Trow (1974) was the first to write

about mass higher education. He divided national higher education systems into three categories based the proportion attending higher education in comparison to the traditional higher education student age (18-21 years). Elite systems have less than 15 per cent access, mass systems have between 15 and 50 per cent access, and universal have over 50 per cent access (Trow, 1974). While the percentage divide is arbitrary, Trow's typology is helpful to create a common language (Parry, 2005). The process of moving from elite to mass higher education, massification, began first, in the United States though moved throughout advanced economies (Teichler, 1998). For the UK, the Robbins Report (1963) increased the size of the higher education system allowing for increased participation. However, the UK did not have mass higher education until 1988 when enrolment reached 15 per cent. Though, it did rise sharply to 32 per cent in 1994 (Parry, 2005). In Korea, the impetus behind massification came from the private sectors and Confucianism. With the economy rapidly growing in the 1990s, the need for a better educated workforce arose (Shin, 2009a). This coupled with the societal pressure for education, based on its cultural importance led to the Brain Korea 21 programme (Shin, 2012).

Massification creates many changes for higher education (Teichler, 1998, Altbach, 1999a). Those changes include: students, new higher education sectors, the academic profession, growth of administrative and funding (Altbach, 1999a). "Students are at the heart of the mass university" (Altbach, 1999a, p. 121). In addition to the middle class, the traditional student groups, massification has allowed the working class access into higher education. However, diversity is not only social class. Elite higher education was mainly targeted to traditional students (Tapper, 2005). Traditional students are defined as being the dominant ethnic group, under 21 years old, middle-class and male (Read et al., 2003). Massification has allowed non-traditional students to enter higher education in greater numbers. In many countries, women are a majority of the student population (Altbach, 1999a, Tapper, 2005).

With more students, in higher education, their talents and abilities also vary. Academic systems are developing different types of higher education institutions to meet these different abilities (Teichler, 2008). Traditionally, universities were designed to integrate teaching and research, where lecturers taught from their innovative research. However, universities are diversifying. For example, depending on its elite selectivity; a university are beginning to focus on either research or teaching based. Research based universities tend to have more selective admissions standards and focus on their research activities. In teaching universities, the teaching based universities focus their energies on the undergraduate level teaching and possibly taught master's programmes (Marginson, 2006). This is in addition to the community college or further education's foundation degree aspect of the system designed to either lead into an undergraduate programme or for technical training (Marginson, 1997).

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In addition to traditional universities changes, higher education is developing new sectors. Increased higher education costs have led to an interest in distance education (Altbach, 1999a). Distance education is not a new concept. The Open University was created in 1969 and a pioneer in distance education. However, with new technology, costs decrease while availability increases (Vest, 2008). Distance education allows students to attend courses from anywhere in the world, without the university having to go to the expense of building a campus (Marginson, 2004). It allows for larger class sizes, saving on labour costs (Vest, 2008). A sign of this is the growing popularity of massive open online courses (MOOCs) (Woudhuysen, 2002). While MOOCs are often free used for adult enrichment and to entice potential students this does not necessitate they will remain this way (Woudhuysen, 2002).

In addition to the course delivery sector, higher education has seen growth in the non-profit private sector (Altbach, 1999b, Chae and Hong, 2009). The non-profit private sector can be “diverse in quality, orientation and focus” (Altbach, 1999a, p. 112). An example would be the creation and expansion of the University of Phoenix in the United States (Kinser, 2005). The for-profit sector has historically been part of the higher education systems in some countries, notably the United States. However, these have been mostly trade or technical school that were not considered part of the main higher education system (Altbach, 1999a). In some countries, it has meant bringing in foreign providers to handle the excess demand at low cost to the state. These mainly are the franchising ventures many British and Australian (McBurnie and Ziguras, 2001), though increasingly American (Lane, 2011c), universities are setting up in the Middle East, Southeast Asia and elsewhere (Knight, 2011).

Distress in the academic profession is intertwined with mass higher education (Enders and Musselin, 2008, Altbach, 2000). “For about three decades it has been widely assumed that the academic profession feels increasingly embattled, and the available literature suggests that the sense of crisis has grown” (Enders and Musselin, 2008, p. 126). This is due, in part, to the profession not expanding to the extent as the student population. This has led to an oversupply of PhD graduates for the academic labour market, which has created a contingency of academics working on temporary or part-time contacts at low wages (Kim, 2010b). Job satisfaction for academics is decreasing and stress is increasing (Shin and Jung, 2014). Some have negatively compared the academic profession with a career in fast food (Nadolny and Ryan, 2014). While this conclusion may be extreme, it does show a lowering of status in society. This may be due to higher education losing its place as the exclusive scientific knowledge producer. With research funding being increasingly tied to performance rubrics, the role of the academic researcher in the classroom is changing (Enders and Musselin, 2008).

In addition to the academic staff, massification affects the non-academic workforce. University administrative power, in most countries, has been traditionally been with the faculty (Altbach, 2000, Morris, 2003). In Europe, the senior faculty elected the president or vice-chancellor. In the United States, the board of trustees would appoint the president based on senior administrations' recommendation. The president would then appoint the senior administrators from the appropriate faculties (Altbach, 2000). Committees, chaired by academics, formed the management and made the decisions (Middlehurst, 2004). While essential to the university and maintaining faculty control, faculty members looked at committee work as an added job responsibility. However, as the student population increases, the administration model became too complex (Whitchurch, 2006). This has led to administrative professionalization (Altbach, 1999a). The university now needs and utilises specialised full-time administrators with specific skills, such as law, accounting, statistics and others. This is creating centralised governance moving away from the faculty led model, especially in post-1992 universities (Whitchurch, 2006, Middlehurst, 2004). This leads to a more business like structure willing to act like a business. It leads the university open for criticism of favouring money over educational principles.

## 2.7 Funding and Marketisation

The overriding factor that mass higher education brings to higher education is related to funding. At the same time that higher education is expanding to more students, government funding has decreased in the UK since the early 1990s. "High education is expensive" (Altbach, 1999a, p. 110). Thus being expensive, significant quantitative increases in student numbers is significantly more expensive to fund. It may be easy for the government to fund five per cent of the population, but the same government may struggle funding higher education for 15 per cent and find it impossible at 50 per cent (Altbach, 2007, 2010). This has led governments to cut the average funding per student (Brighouse, 2010).

With the emergence in neoliberal economic policies decreasing government funding to universities, there has been an intellectual shift in how governments and the public view universities. Similar arguments occur in other sectors of the economy as well (Massy, 2004b, Friedman, 2010). Simply put, the debate revolves around higher education is a public good or a private good. The theory of public and private goods in the twentieth century is based on Samuelson (1954). Here, public goods are those that are non-competitive and non-exclusive as they "can be consumed by any number of people without being depleted" (Marginson, 2007b, p. 311). This is in contrast to a private good, which can be bought and sold in the market. They possess value to the holders and have a limit in supply (Marginson, 2007b). While the definitions indicate a dichotomy, there are few goods that would fit precisely in one category or another.

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However, the extent that higher education would fit on the spectrum has been the basis of debate (Brown and Carasso, 2013, Gibbs, 2001). The notion of higher education as a public good is based in neoclassic economics (Carpentier, 2010, 2012). Higher education produced many benefits that were in the public good domain. The idea of higher education as a public good is the underwriting idea present in the 1963 Robbins Report which greatly expanded higher education in the UK creating the political exuberance to establish new universities in the 1960s (Tight, 2011). The public goods in higher education include: educating the future public servants; promoting democracy preparing citizens to participate in the public debate; inventing new technologies and other innovations; advancing social mobility; and a well-educated society produces the skilled graduates who benefit society as a whole by promoting economic growth (East et al., 2014). As neoclassical economics fell out of favour to neoliberalism, the debate shifted towards higher education as a private good. Higher education endows students with skills that place them in better positions in employment markets. This allows for greater incomes for university graduates as opposed to those who finish education after secondary school. However, higher education does not only better income opportunities, it can also provide social standing. “For universities, especially elite universities, the production of these status goods is central to their social meaning” (Marginson, 2007b, p. 317). This stems from universities goal to produce reputations for conducting quality research. This reputation helps both universities and their students. It aids the universities in attracting higher quality staff and students that will create more quality research. In addition, it allows the universities to attract greater resources. For the students, this status again helps employment opportunities. However, the status also leads to social status (Marginson, 2007b).

While most agree that higher education has elements of being both a public and private good, the shift towards privatisation has changed the way in which universities operate. These include how universities receive their funding. However, market forces have shaped the central missions of universities. The next section illustrates how those changes affect university behaviour.

However, the decrease in government funding has brought two interrelated changes to higher education. First, it has given the universities more autonomy. Second, it has led them to be more entrepreneurial (Poole, 2001, De Zilwa, 2005, Bigalke, 2009). With the government providing fewer resources, the natural result was less governmental influence on the universities. This has created a form of entrepreneurialism or “a pursuit of market and market like activities to generate external revenues” (Slaughter and Rhoades, 2004, 11). The entrepreneurialism is necessary to make up for the reduction in government funding (Hodson and Thomas, 2001, Rothaermel et al., 2007). Universities are now competing with each other to secure resources. In addition to the student fees mentioned above, they obtain these resources from non-profit

organisation, companies, creating start-up businesses, scientific achievements, and international faculty and staff (Hagedoorn et al., 2000, Hagedoorn, 2002). University researchers are collaborating with private companies in joint research and development projects (Hagedoorn, 2002). While this is not new, the practice exponentially increased in the late 1970s to 1990s, before returning to moderate growth since (Hagedoorn, 2002). The main concentration tends to be in the science, technology, engineering and medical (STEM) fields. In addition to joint research, STEM researchers are encouraged to patent discoveries and turning them into spinoff companies. An example of this is researchers at the University of Florida creating Gatorade (Rovell, 2006). However, market activities are no longer confined to the STEM fields (Slaughter and Rhoades, 2004). There is a growing commercialisation of instruction, educational materials and courseware (Slaughter and Leslie, 1997, Slaughter and Rhoades, 2004). Some examples for this include the academic presses at Cambridge and Oxford in the UK or the cram schools that are ubiquitous throughout Korea. This has also led universities to be governed in a more business-like fashion. This has taken away some faculty control universities once revelled in and replaced it with a governance system of professional managers. This has led the university to become a more efficient organisation (Johnes et al., 2008, Johnes, 2008, Johnes and Johnes, 2009) but worries that it could harm educational output in the less marketable fields such as in the humanities. While this pursuit of extra resources does tend to blur the boundaries between markets, states and higher education (Slaughter and Rhoades, 2004), it does meet the states' neo-liberal need of reducing inefficiency and the universities' needs of extra resources.

There is a tension between academic tradition and the market (Kerr, 2001, Massy, 2004b). "Universities exist to produce value rather than profit, but they also must wheel and deal in the marketplace" (Massy, 2004a, p. 28). "Universities act like non-profits in that they maximise a determined value function by adjusting outputs and output prices, subject to market, production and financial constraints" (Massy, 2004a, p.28). The main difference between for profit and non-profit is, as the name suggest, is the profits. While both are constrained by the market, for profit organisations attempt to maximise profits by adjusting outputs and input prices. Non-profits, however, maintain an equal balance between outputs and inputs. This means the more inputs the more they can output.

In general, there are three major arguments for favouring non-profit as opposed to for profit enterprises when considering such subsidies. 1) The enterprise's output is important to society---a "social good". People need it, and no substitutes are readily available. 2) It is difficult to evaluate quality, so buyers have to rely on the supplier to ensure value for them rather than lining owners' pockets by short changing quality. 3) The output costs so much to produce that it would not be affordable if the enterprise had to recover its full costs (Massy, 2004a, p. 29).

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For universities, the inputs tend to be tuition, government subsidies, research grants and private charitable donations while the outputs are research advancements and quality teaching. Though this it is obvious that with more input the more outputs, it is more important to recognise that universities face market constraints. The resources that universities receive are limited. When universities charge tuition, there are market constraints to what they can charge, before the student applications dry up. In some countries, such as the UK with a tuition cap, the government regulates aspects of the market. However, universities still need to compete with each other for the government subsidies and grants. Likewise, the government and grant issuing organisations want to ensure they will receive the maximum benefits for their expenditure. Thus, universities have incentives for productivity improvement as any savings can be used to produce more. In addition, competition is based in changes in supply and demand. These changes force universities to alter to what potential students demand (Massy, 2004a). Responsiveness to supply and demand enhances efficiency over time. The changes are not necessarily wanted by the university or management but necessary for survival (Massy, 2004a). Universities receive public subsidies because they are expected to further the public good. However, as mentioned elsewhere, governments have been reducing these subsidies. This is encouraging university entrepreneurialism. To allow the universities to be successful, a process of deregulation becomes necessary. Deregulation takes away some government oversight and permits the universities flexibility to respond to the market and encourage efficiency. Deregulation tends to reduce transaction cost by removing impediments to philanthropy. Due to the funding that is received from the government and grants emphasise research productivity. This, and that rankings mostly measure research, lead to universities focusing resources on research at the expense of teaching.

### **2.8 Commercialisation**

A related aspect of marketization is commercialisation. Whereas marketization is becoming more open to the marketplace and the competition that goes with it, commercialisation is to emphasise the profitable aspects of an organisation. Here American universities, especially with their sport programmes, lead the way. Universities sell the right to the various apparel companies to manufacture their uniforms or to put the university's name on caps and t-shirts sold to the public (Bok, 2003). However, sport is not the only part of the university to commercialise. "Universities learned that they could sell the right to use their scientific discoveries to industry and find corporations willing to pay a tidy sum to sponsor courses delivered by Internet or cable television" (Bok, 2003, p. 2). While Americans seem most willing to sell what possible, universities in Europe, Australia and Asia have done the same. "Entrepreneurship has taken hold in science faculties, business schools, continuing education divisions and other academic units across the

campus” (Bok, 2003, p.2). Tenure track job lines can be endowed, or sponsored by, large corporations. Thus, an academic’s official job title may become something akin to the Nike professor of business or the Microsoft professor of computer science. The sceptics may assume that this may be caused by high level university managers trying to make a name for themselves by raising vast sums of money and forcing the marketplace on reluctant scholars (Ternouth, 2012, Brown and Carasso, 2013). These scholars feel that universities have lost sight of any clear mission “beyond a vague commitment to excellence” (Bok, 2003, p.5). However, this is an oversimplification. The declining government revenue and massification have forced universities’ hands to commercialise if they want to continue their existence. However, non-profit private universities, where prevalent, have also needed to commercialise despite not being beholden to government subsidies for tuition. In the US, some of this can be explained by the national government funding research. However, the main reason for private universities to commercialise is competition (Bok, 2003). Universities are forever in need of extra money to improve. Ambitions are expensive and cost money. The materials needed to run libraries, books and journals rise much faster than inflation. In addition, technology in the science labs and elsewhere need to appear to be the most modern and advanced. University leaders need to appease their constituents, faculty, students and the government, while protecting the university’s reputation and building a personal legacy (Bok, 2003). Universities need for money is systematic. Universities are constantly competing for the best students and faculty. The reason for trying to attract the best students and faculty is to improve the university’s quality and reputation. This allows for universities to be more successful in the competition for money to fulfil its mission. Thus, the process becomes circular. It is similar to the business structure of Premier League football in England. Clubs want to be successful and in play in the top flight as that is where the money is and their reputations can be made. To do this, they need money to attract top talent. Thus, they sell what they can, such as ads on shirts or stadium names to get this money. The clubs then spend it on the players, and often go into debt, to get to and maintain their desired location in the rankings. However, the consequences of losing the competition can lead to great financial and reputational struggles. For universities, the same can be true.

However, in the 1930s different governments substantially cut funding to higher education as they did in the late 1970s and early 1980s. There was the same competition between the universities on the local or national levels, though not on the international level, but the same commercialism did occur in higher education. The reason that higher education has now commercialised is that there are now incentives to do so (Bok, 2003, Brown and Carasso, 2013), and organisations follow incentives (Campbell, 1995). The neo-liberal based policies, as mentioned in section 2.5.2 were designed to stimulate the economy by eliminating inefficiencies.

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The university being an implement of the state became duly affected. However, those policies created unintended consequences. In 1980, the US passed the Bayh-Dole Act, which allowed universities to own and licence patents on discoveries made through research paid for with public funds. In addition, the American government offered subsidies for a variety of university-business co-operative ventures to translate the research into new products and processes (Bok, 2003). Other governments developed similar policies at about the same time. The intent of these policies was to deregulate and cut back the inefficiencies. However, the unintended consequences created incentives that led universities to seek out profit making research. It was now advantageous for the university to favour research that could create profit in the short-term. Knowledge and the advancement of learning for its own sake were no longer the only incentives. It created incentives for businesses to work with university researchers. Now, businesses could save on costs by working with universities. They could save on their taxes and on labour as university researchers could be cheaper than hiring their own in-house staff. While university and industry research goals did not always fit together, with university researchers wanting to share their findings in publications and businesses wanting to ensure their competitors were at a knowledge disadvantage, the economic incentive for both became co-operation. The growth of the knowledge-based economy, as some have called it, has incentivised universities to commercialise. Universities possessed a lot of knowledge and this was now valuable. This could be done by advertising their researchers for consulting or in lab-based research or by offering their students work-based learning incentives by participating in internship programmes. Commercialisation has not worked evenly across the university. As with the rankings, which are discussed in more detail in section 2.9, some faculties offer more short-term profits than others. The humanities and some social sciences, such as education, are more hard-pressed to appeal to industry as business and STEM faculties.

In addition to the universities benefitting by commercialisation, individual faculty members can as well. While the university took its share, consulting for the companies willing to pay for their expertise could become profitable. This could come from the consultancy fee directly or lucrative stock options. Researchers able to earn patents market-friendly discoveries became able to profit on those discoveries. Some were able to start businesses from their discoveries and either sell them on or profit from the business itself. The process became uneven, like that of the university itself. Those in high demand faculties could be more financially successful than those in others, and those at prestigious universities could be more financially successful than those at the less prestigious.

## 2.9 Rankings

One consequence that has come from the changes in higher education is the rankings. This does not intend to indicate that rankings are a direct result of globalisation and neo-liberal economics. Rankings would have arisen to some extent without these structures. However, the rankings' importance and use impacts higher education to a greater extent from globalisation and neoliberalism. This section is not intended to debate which ranking system is more accurate or the normative question of whether rankings benefit universities. For that, Marginson's (2007d) comparison of the various rankings' methodology is a starting point. However, this section is intended to discuss their impacts on universities.

In simplified terms, rankings are designed to inform the public on what are the world's best universities (Altbach, 2004a, Marginson and van der Wende, 2009, Badat, 2010). However, it is difficult to define what makes a world-class university. There are no agreed upon definitions (Yang and Welch, 2012). Altbach (2004a) proposes that world-class universities include excellence in research, academic freedom and an intellectually stimulating environment, internal self-governance by academics over key aspects of academic life and adequate facilities and funding. He suggests, however, that these features would be impossible to measure in any meaningful manner. A world-class university is something that one can sense once on a campus but with the different goals and missions of universities, unable to compare a university to another. Others scholars seem to agree with this assessment (e.g. Winckler, 2008, Badat, 2010, Yang and Welch, 2012).

While most academics tend to decry rankings, their importance comes in marketing and funding (Dahlin-Brown, 2006, Thakar, 2007). In terms of marketing, universities use their rankings to influence potential students and their parents. In the US, a reported 95 per cent of prospective students compare rankings when choosing a potential course (Dahlin-Brown, 2006). The reason for this appears to be worry about their potential future career and salary. Again, data from the US seem to indicate that employers prefer graduates from the top ranked universities and those graduates earn more money (Dahlin-Brown, 2006). "Prospective students look for schools with a reputation for excellence" that will give them an advantage over their contemporaries (Dahlin-Brown, 2006, p. 157). With this incentive to attract students, it becomes an advantage for universities to advertise their spot in the ranking in the best possible light. If extending the USA data into the international student market, it becomes clearer as to the marketing potential rankings possess (Thakar, 2007). Thus, a university needs to maintain its ranking position in order to attract the necessary foreign student income.

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In addition to attracting students, rankings affect a university's funding. In a situation where the rich becomes richer, universities that have healthy funding sources tend to populate the top of the rankings. However being in the top end of the rankings aids universities in attracting additional funding from both private and public sources (Dahlin-Brown, 2006, Shin and Harman, 2009). Private funding often comes from charitable donations and from research organisations. Similar to consumers who want good value for money they spend, private funders want to ensure they are getting good value in the research they fund. Thus, funders direct greater portions of their funding towards those universities placing well in the rankings. The competition is most intense in US MBA programmes. Here, any movement down the rankings even just a few places can cost deans their jobs (Dahlin-Brown, 2006). In regards to public funding, some of the same pressures apply. In countries that have a large supply of research universities, like the US and the UK, the competition for public funding is intense. While governments do not allot money based on rankings positions directly, they do have indirect influence. They are often used as benchmarks on how well a university is doing. The governments spend money on universities to produce graduates who can help to improve the economy. Thus with government funding in general on the decrease, governments tend to be even more hesitant in increasing funding universities who are moving down the rankings.

In response to the pressures of student recruitment and funding, universities have begun to change in order to improve their standings (Dahlin-Brown, 2006, Thakar, 2007). In addition to advertising their ranking, universities adopt institutional policies and strategies in order to optimise their position in the rankings (Marginson, 2007a, Marginson and van der Wende, 2009). SNU, discussed in more detail in section 2.3.4, is an example of this. Since international students and instructors are important categories in the Times Higher Education Supplement methodology (Delgado-Márquez et al., 2013), SNU began to offer courses in English and substantial scholarships to foreign students (Kim, 2008, Byun et al., 2011). SNU also embarked on hiring more foreign instructors. While the majority were English language adjunct instructors, they did hire Nobel Prize winners on large salaries as the Shanghai Jiao Tong University rankings include that in its methodology (Kim and Lee, 2006, Marginson, 2011, Byun et al., 2013). While the foreign instructors tend to leave quickly, often before their contracts expire, this policy has been successful in increasing SNU's standing in the two rankings (Altbach, 2009, Byun et al., 2013). While SNU is encouraged by governmental funding to help Korea's global brand image, this practice is not unique. Universities from Australia, to the US to Europe are doing what they can to improve their reputation (Thakar, 2007).

## 2.10 University Leadership

The modern university is based on a Humboldtian model. While this is a great oversimplification in many countries systems, one aspect where it does seem to be influenced by Humboldt is the governance system. Under this model, the university is governed by the faculty relatively free from political pressures and censorship (Enders, 2004). However, universities are still beholden on states for research funding and other financial supports, which may impact university decisions (Liefner, 2003). The faculty took leadership roles, often on temporary rotating schedules, as part of their service to the university (Enders and Fulton, 2002, Enders and Musselin, 2008). As academics, the faculty are not chosen by their leadership ability but either their willingness to serve or their time in the rotation. This system of using amateur leaders was a hit-or-miss affair. Some academics are effective leaders, but many are not. While the system leads to an emphasis on teaching and research, it leads to inefficiency (Evans, 2015). However, as discussed above, globalisation and neo-liberalism have been changing the environment in which universities operate. The university is no longer a mostly insulated organisation. The modern university is becoming a billion pound operation. Thus, the leadership model has had to involve with this change as faculty were not professional managers and often without the skill-set or training to lead such an organisation. Thus, leadership in universities is becoming professionalised with senior management positions being removed from faculty (Poole, 2001). This next section details these changes and the implications for universities.

Leadership is a complex concept with multiple dimensions (Northouse, 2013). While there is no universally agreed definition, there tends to be some common interrelated themes. These themes are process, influence, group and common goals (Northouse, 2013). Leadership as a process indicates transition in the relationship between the leader and the followers and a transition that the leader uses to implement that change. This leads to the leader's influence affects followers and conversely how the followers affect the leaders. By using the word leader, at times interchangeably with the word management, this study is referring to those with decision-making power to direct the organisation either at an executive level down to a departmental level. Leadership as a group can indicate either an entire organisation or a small subset within an organisation. However, it indicates how the mutual influence between leaders and followers for them to work together. When the leaders and followers work together, they work towards their common goals. Thus, for purposes of this study, leadership is defined as "a process whereby an individual influences a group of individuals to achieve a common goal" (Northouse, 2013, p. 5).

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With the definition of leadership defined, next is to determine what behaviours leaders should possess. This is well researched in the business, policy and education fields. In the higher education field, Bryman (2007) developed a comprehensive literature review, based on reviewing US, UK and Australian higher education between 1985 to 2005, on the subject and concluded that there are 13 behaviours necessary to make a good leader. Those behaviours are:

- 1) A clear sense of direction/strategic vision;
- 2) Preparing department arrangements to facilitate direction;
- 3) Being considerate;
- 4) Treating academic staff fairly and with integrity;
- 5) Being trustworthy;
- 6) Allowing the staff the opportunity to participate in key decisions;
- 7) Communicating direction;
- 8) Acting as a role model/having credibility;
- 9) Creating a positive work atmosphere;
- 10) Advancing the department's cause to internal and external stakeholders;
- 11) Providing feedback on work performance;
- 12) Providing resources to accomplish the work being done and;
- 13) To make academic appointments to enhance the organisation's reputation (Bryman, 2007).

While disagreeing with the specific qualities that make for a good educational leader, Bess and Goldman (2002) demonstrate that leadership qualities in higher education are similar to that in primary and secondary schools. They point out that traditional leadership theory is difficult to apply to education. The main reason for this is the lack of professional managerial training (Bess and Goldman, 2002).

However, as described above, higher educational leadership is becoming more professionalised, especially at the higher management levels. Thus, this would lead one to believe that with a movement towards a more professional management system in higher education is becoming similar to that in other industries. If that were the case, leadership theory from other academic

disciplines would hold through. Mumford et al (2008) label three leadership types: charismatic, ideological and practical. Under this classification, charismatic leadership is described as the personal characteristics and influence as being the driving determinate in leadership success (Sharmir et al., 1993, House et al., 2004). The second type of leadership, ideological leadership is based on valued goals or results. These goals tend to be based on what has worked well in the leader's personal experiences. If the organisation is not reaching the ideal goal or result, the leader tries to induce changes that are blocking it from taking place. These leaders tend to work well with like-minded followers. The third type of leader is pragmatic leadership. Unlike ideological leaders, pragmatic leaders are not concerned with goals. They, however, see objective threats or opportunity evident at every situation. Thus, a pragmatic leader's actions tend towards maximising the incentives in a given situation. This causes the leader to follow possible paths based on what is controllable. Logical arguments and decisions are made over emotional ones. In addition, the leader and followers work together based on mutual interests as opposed to personal commitment (Mumford et al., 2008).

With all of the types of leadership, there are successful and unsuccessful leaders. The university as an organisation does have its peculiarities, but its governance shares some similarities with government and business in regards to leadership. With business, it shares the need to maximise resources, be entrepreneurial in search for new resources and a competitive marketplace. With government, it shares a diverse organisational structure. It is an organisational structure where the component divisions often do not collaborate and compete amongst themselves for resources. However, it bears repeating that the university faces constraints that may not be obvious to those not in a position of power. This often happens in government but can happen in business or education as well. These constraints occur when systematic changes are highly variable (Schechter, 2012), and the organisation has little opportunity or power to affect the situational environment in which it finds itself (Friedman, 2010). Globalisation and neo-liberalism and their effects are systematic conditions that states have little power to affect. With universities functioning as state agents largely, university leaders have even less power than state leaders in affecting that change. While the next section analyses the types of choices university leaders have the power to implement, it is important to understand that due to these constraints the choices are limited at best.

As mentioned at the beginning of this section, university leadership is moving towards professionalism and away from faculty member service. Since this change is on going, it has been uneven. Due to the nature of academic programmes, it is occurring more at the organisational, or in higher-level management as opposed to at the departmental level (Poole, 2001). Thus, the question many may ask is what type leader fits the university. However since success can be

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gained from any leadership style, the more relevant question is what types of leaders tend to find success at universities. Part of that can be answered depending on what level of the organisational hierarchy a leader falls. At the departmental level, ideological leaders tend to excel for two reasons. The first reason is that ideological leaders perform better in a shared governance structure. This is because the foundation of ideological groups is in shared beliefs or values. The university tends to propagate itself in a shared governance system that plays out at the departmental level. The second reason is that due to the competition between departments, the central, or executive, leaders tend to create the goals for which the departmental leaders try to obtain. For example, the central office may establish an international strategy with a set goal of recruiting a certain number of international students for each department to implement. An ideological department leader will then chart a course to deliver on that goal. However since ideological leaders have difficulty establishing goals in areas with large constraints. Pragmatic leadership, in contrast, is well suited for organisations that face constraints, as pragmatic leaders tend to thrive in organisations with great complexity. This stems from the effective planning that comes from pragmatism (Mumford et al., 2002). Thus, at the executive level in university management, the inclination is towards pragmatic leaders (Mumford et al., 2008).

### **2.11 Internationalisation**

Internationalisation in higher education is seemingly increasing and taking on a myriad of forms (Altbach and Knight, 2007). This section examines internationalisation in higher education. First, there will be a brief typology of the term. This is followed by a discussion of some of the reasons for internationalisation. Then the discussion moves to the forms it can take before discussing how it is changing higher education.

#### 2.11.1 Typology of Internationalisation

There has been much discussion since the 1980s on the definition of internationalisation in higher education. The term internationalisation is not new, political scientists have been using it for centuries (Knight, 2004). In higher education, the term has been debate has progressed through the years. While there is no universal definition, a “focused definition is necessary ... to advance higher education” (de Wit, 2002, p. 114). Thus, it is important to review the debate on the subject. It was originally thought of as an intuitional process (van der Wende et al., 1999). An example of this defined internationalisation as “the multiple activities, programs and services that fall within international studies, international educational exchange and technical cooperation” (Arum and van de Water, 1992, p. 202). However, the idea of internationalisation as a

progression or development was missing. This was accomplished by Knight by defining internationalisation as the “process of integrating an international and intercultural dimension into the teaching, research and service functions of the institution” (Knight, 1994, p.7). Knight (1994) went further to identify the six stages of the internationalisation process as: awareness, commitment, planning, operationalising, review and reinforcement. Ellingboe (1998) defined internationalisation similarly by describing it as “an ongoing, future orientated, multi-dimensional, interdisciplinary, leadership-driven vision that involves many stakeholders working to change the internal dynamics of an institution to respond and adapt appropriately to an increasingly diverse, globally focuses, ever-changing external environment” (p. 199). While these past two definitions acknowledged that internationalisation is a process, they maintained the theme of only thinking of internationalisation from the institutional level (van der Wende et al., 1999). In addition, the definitions assumed that universities were not always international organisations (Maringe, 2009). However, the main criticism was that it ignored the national or sector level (Knight, 2004). Thus, Knight (2003) updated her definition with “the process of integrating an international, intercultural or global dimension into the purpose, functions or delivery of post-secondary education” (p. 2). While it is normative, this definition has become somewhat hegemonic and often quoted in not only higher education but in governmental circles as well (Marginson, 2007c). While Marginson’s (2007c) criticism of the definition seems to be in part due to a naive view or misconception of North American culture, in suggesting that North Americans are more insular than others, it is correct in that Knight’s definition is “practice-driven ... that sets out to guide action rather than critique” (p. 217). Thus, this study will base its understanding of internationalisation on Altbach (2004b) who defines it as: “the specific policies and programmes undertaken by governments, academic systems and institutions and even individual departments or institutions to cope with or exploit globalisation” (p. 6). This indicates a voluntary nature as the actors can choose their policy while at the same time suggesting that internationalisation is an ongoing process of change. This also accommodates autonomy (Scott, 1998, Altbach, 2004b).

However, before moving to the motivations of internationalisation, it is important not to confuse it with globalisation. Johnstone (2010b) described the differences:

Internationalisation connotes between nations, implying relationships that are within the policy grasp of nation states and indeed are built on nation state interconnectedness. Internationalisation is what universities promote and stand for: either importing students, scholars, ideas, and modes of operation or exporting the same, abetted by governmental policies. Globalisation, on the other hand, is more supranational: diminishing and erasing national borders and even the very significance of the nation state (p.16).

Thus, it may be considered that globalisation and internationalisation may be moving in different directions (Marginson, 2007c).

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### 2.11.2 Motivations for Internationalisation

Now that a working definition of internationalisation is commonly understood, it becomes necessary to move on to a discussion of the universities' motivations for internationalisation. The first motivation to be discussed, and possibly the most prominent, seems to be money (De Vita and Case, 2003, Altbach and Knight, 2007). While this may seem depressing or contrary to the ideals of higher education (Carpentier, 2012), but it may be necessary (Kim, 2005, Harris, 2008, Lane and Kinser, 2011). There are some fundamental reasons for this. The first being relates to funding. Funding in many countries is decreasing due to a combination of neoliberalism and massification (Hodson and Thomas, 2001, Rothaermel et al., 2007). In order to make up that funding, international students become profitable. Universities can and do lose money on domestic or home students. However, international students have to pay full fees. These profits help to offset the loss made on domestic students (Marginson, 2006). Australia, Canada, the UK and the US are some examples of this (Altbach and Knight, 2007). Related to the lack of traditional funding, researchers are encouraged to search for collaborations with their colleagues, often overseas to take advantage of additional funding resources (Poole, 2001). The next reason for money to influence higher education comes from basic competition. The higher education market has expanded in recent decades with the inclusion of for-profit providers (McBurnie and Ziguras, 2007, Lane and Kinser, 2011). The most recognised of these being the Apollo Group (owners of the University of Phoenix) and Pearson in the UK (Altbach and Knight, 2007). However, traditional non-profit or public higher education providers are becoming private education providers in international ventures (Lane, 2011b). In this process, traditional universities, often from Western countries, expand overseas. They do this by taking advantage of growing demand in areas such as India, China or Africa by franchising foreign academic programmes or degrees or by establishing branch campuses overseas in markets that have insufficient capacity (Altbach and Knight, 2007). The benefits for the universities are to gain profits, expand their brand name and increase their market share. The host countries benefit in that importing a foreign branch campus is faster and cheaper than establishing new universities. The students benefit by being able to gain a degree from a prestigious Western university at a more affordable rate than having to travel overseas to receive it. In addition, the students would not have the social pressures of living in a foreign country (McBurnie and Ziguras, 2007, Lane, 2011a, 2011b, 2011c). The final motivation for internationalisation is the more traditional pursuit of improving academic quality. Many universities have used international programmes to provide an international and cross-cultural perspective for their students and to enhance their curricula (Altbach and Knight, 2007, p. 29). Campus-based internationalisation initiatives include study abroad, international studies majors, teaching of foreign languages and having international

students and faculty on campus to increase the on-campus cultural diversity are examples of this type of internationalisation (Altbach and Knight, 2007).

### 2.11.3 Internationalisation Strategies

While motivations for internationalisation sound positive, it is essential to put those goals into practice. Ayoubi and Massoud (2007) describe the process in three steps. The first step is to set up the design, categorised by the mission statements and strategic plan. The second step is to implement the design. The third step is to evaluate the results to determine if the implementation actually matched the intent of the strategic plan. In addition, Ayoubi and Massoud (2007) helpfully noticed that previous studies on examining the internationalisation process seem to fall into three categories related to these steps. For example, the first category represents the normative ideals of universities' internationalisation process. The second category is the organisation steps of the process. The final category looks into evaluating the difficulties and advantages of internationalisation (Ayoubi and Massoud, 2007, p. 330).

The first category identifies some components necessary for the internationalisation process. Using Sporn's (1996) organisational culture typology, Bartell (2003) attempted to understand the internationalisation process. Sporn (1996) indicated that an organisation's culture could be either strong or weak. By strong, the indication is that the culture is stable and fixed towards a goal. Sporn (1996) also indicated that a culture can be external or internal. An external based culture is outward looking and is better adapted to change (Sporn, 1996). In doing this, Bartell discovers that universities that have a strong culture externally focused are better adapted to internationalise. Thus, a university to internationalise should have both faculty support and management authority to bring about substantive and integrated internationalisation. Here, the management needs to determine that internationalisation is important for institutional advancement and use their decision making power to create an organisational adaptation. To do this successfully, universities need to articulate to the staff the importance of internationalisation. That process, to be successful, must have staff representation and participation that represents and utilises the organisational culture. Thus, the universities' cultures could harm or enhance the internationalisation process depending on how the organisational culture relates to change (Bartell, 2003). This is related to what some in the literature call a critical mass. Under this theory, the university will internationalise after a critical mass of the faculty get behind the idea, usually this is normatively measured at 15 per cent (McBurnie and Ziguras, 2007). The process to internationalisation is led by either management initiative or by a faculty champion leading the process (Edwards, 2007). However, there is some dispute on who, the faculty or management, is leading the process (Taylor, 2004). While there is some evidence that, it differs from university to

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university. In the UK, many of the universities with better reputations in the Russell Group tend to have faculty led internationalisation supported by management policies (Warwick and Moogan, 2013). In contrast, some of the universities with lesser academic reputations, in the post 1992 institutions tend to have management led internationalisation (Ayoubi and Massoud, 2007). However, the evidence for this is limited.

The second category looks at the various forms of internationalisation and how universities internationalise. Internationalisation can take many forms. The most obvious form to a campus visitor would be international students and faculty. Here, 'international students' is loosely defined as foreign citizen emanating from a country other than the one they went to study in. This is to avoid confusion caused by the different definitions used in from country to country (Bolsmann and Miller, 2008). There is a myth regarding the early universities in medieval and Renaissance Europe (Enders, 2004). The myth centres on state-less scholars migrating from one university to the next in search of knowledge and understanding without regards to political boundaries or other constraints one normally faces. This indicates that international students and faculty were a large presence on those early campuses. However, international students and faculty comprised a relatively small part of university campuses until recently. This began to change in the late 1970s to early 1980s and has since expanded rapidly. In Australia, before 1980, international students were rare (Marginson, 2002, Bakalis and Joiner, 2004, Niland, 2008). They were usually from poorer Southeast Asian countries and this was considered international aid for development by the Australian government (McBurnie and Ziguras, 2003, 2007). This was similar to the US, where international students tended to come from wealthy families or part of the US Cold War diplomacy. The Americans believed that educating a few students from economically poor, but geo-politically important areas would help win the hearts and minds of the beneficiaries as it was hoped that these beneficiaries would eventually become the political elite and help ward off the Soviet threat (Johnstone, 2010a, 2010b). In the UK, the international student numbers were small, about 28,000 in the mid-1950s, but growing to about 90,000 in 1978 (Zheng, 2012). Students from this time, and even before, mostly came from Commonwealth countries, other Anglophone countries and Western Europe (Middlehurst and Woodfield, 2007b). They were regarded as "an enrichment of student life, a source of students for vacant places and 'lastly' a source of revenue" (Bolsmann and Miller, 2008, p. 75). Until 1967, international students in the UK were charged the same rate as native students. When neoliberalism emerged in the late 1970s, the UK began to see international students differently. They began to be seen as a source of profit for the university and extra revenue for the country, as they spent money on housing, food and other items. This led to a greater commitment to recruiting international students (Middlehurst and Woodfield, 2007b, 2007a). Due to a variety of push-pull factors, such as

improved economic conditions in East Asia, an increase in the demand among international students, a lack of higher educational supply or a perceived increased quality in Western countries led to a greater movement of students (Mazzarol and Soutar, 2002). Western governments would also create policies to entice students to come. Some of the direct measures would be ease of visa and possible working rights after course completion (Marginson, 2006, Phelps, 2010, McHale, 2011). The indirect measures were to reduce the levels of university funding while increasing encouraging domestic students into universities. These measures forced universities to compete for international students as the extra revenue generated could help to overcome the shortfall from domestic students (McBurnie and Ziguras, 2003). In addition, international faculty were becoming more important as both sources of external funding, in terms of foreign research grants, and for attracting students from their home countries. The increase in foreign students has led to the World Trade Organisation (WTO) to include education in the list of tradable commodities in 2003 (Bassett, 2006, Yang, 2009). As of the latest data in 2012, there are about 4,000,000 international students in higher education worldwide (Choudaha and Chang, 2012). The most popular countries for these students are the US followed by the UK and Australia. The most popular sending countries are China, India and Korea (Choudaha and Chang, 2012). The trouble for universities, in terms of internationalisation, is how to integrate the international students in the campus to provide both a quality education and interaction with the domestic students for each group can experience an 'enrichment of student life' through learning from other cultures. International students reported some forms of blatant discrimination (Brown and Jones, 2013). However, these cases were rare. The larger problems were latent discrimination. Here, international students felt that they were being left out of the university environment by being left out of social activities and unable to become friends with local students (Brebner, 2008).

However, the influx of international students led to a debate on the curriculum and pedagogy (Leask and Bridge, 2013). On the one hand, some felt that basing the curriculum on the home country was no longer relevant. For example, is it essential to teach political science in the UK from a UK perspective when a good portion of the students were not British? While there were others that argued that students were leaving their home countries to study in the West, at high prices, to receive a Western education. However, these arguments have begun to subside in recent years. Internationalising curriculum has been found to aid in the general campus internationalisation process (Leask and Bridge, 2013). It allows for international students to feel better served while giving domestic students unable to study overseas for part of their course, a chance to get international experiences (McPherson and Heisel, 2010). The argument goes further than simply the curriculum. As mentioned above a large portion, over half, of

international students come from Asia (Choudaha and Chang, 2012). In Asia, the teaching and learning styles can often be quite different from the West (Kim, 2005). The debate, similar to the curricular debate, is whether Western universities should alter pedagogy to reflect their suddenly large population of international students. Some believe that universities are inviting high paying international students for their money, only to fail without accommodating their needs (De Vita and Case, 2003). Others argued that the students were coming to the West due to reputations of the universities being better or more prestigious, thus justifying the higher price, so universities should maintain the traditional pedagogy (Mazzarol and Soutar, 1999). Some added to this argument that universities simply are incapable of switching pedagogy as the faculty was not trained for it (Van Damme, 2001). In addition, it is considered unfair to domestic students or international students from less well-recruited areas. Thus, this aspect of internationalisation is unlikely to change in the near future (McBurnie and Ziguras, 2007, Moodie, 2015).

While the curriculum represented a positive challenge to universities in improving and modernising, one problem that is more difficult is that of degree mills. This is a relatively new term that few expected would arise (Knight, 2013). These institutions are taking advantage of either unsuspecting international students or future employers. Degree mills can work in one of two basic forms. First, the providers sell the students a degree for which little if any work was completed (Bear, 2012). The second type of degree mills to work is to offer education, usually in some form of on-line form, to unsuspecting students (Bear, 2012). Here, the students believe they are attending a foreign university over the Internet and do work towards a degree (Knight, 2013). However, either the instructors are not qualified and/or the coursework is unevaluated. Either form of degree mill is usually accompanied with accreditation mills, or accreditors that provide bogus accreditations that are not legally recognised. Thus, the degrees provide little benefit to graduates. Degree mills hurt traditional providers, by creating extra illegal competition, but more importantly legitimate forms of new providers that are providing innovative higher education services (Bear, 2012, Knight, 2013).

### **2.12 Partnerships**

As discussed in the sections above, universities cannot change globalisation and neoliberalism. However, universities can shape their impacts with their internationalisation policy. One common internationalisation method is for universities to form partnerships with their international counterparts. While partnerships are not new to higher education, they are becoming much more common as universities adapt behaviour that is more industrial. Thus, cross-border higher education agreements are a more recent development in the study of higher education. This is

not because they are a new phenomenon, but for their rapid growth. Despite this, there is little in terms of empirical study into the impacts of these agreements on the university. However, the literature does have some normative aspects of partnerships. This section hopes to highlight that literature before discussing what is currently missing from the scholarship. Thus, this section is divided into five subsections. Since the term partnership is a bit vague, the first subsection is a brief typology on the term. Subsection two then moves the discussion into how these partnerships form. From there, subsections three and four discuss over the qualitative explanations for why partnerships are successful or not. This concludes with subsection five's conversation on where this study fits into the overall discussion.

### **2.12.1 Partnership Typologies**

Based on a comparative case study of universities and student mobility on every continent, Neave (1992) considers international arrangements as a stage process. They were: 1) mono-disciplinary linkages, 2) exchange partnerships, 3) network partnerships, 4) multidisciplinary networks and 5) consortia (Neave, 1992). The more universities enter into a cooperative agreement, the more intricate the agreement became. While Neave focussed on the university, the formation of later stage agreements created the need for a greater, higher level bureaucracy. This approach focuses on the size and intricacy of the cooperation. While this approach was helpful in thinking about the differences between partnerships, it does not look at the different partnership intricacies that appear in partnership arrangements. It does not account for variables such as time and partnership size.

Wachter (2000) takes a broader perspective on higher education agreements. He divides them into five groups: associations of higher education institutions, associations of associations from higher education, associations composed of individual members, regional associations and associations with members from outside and inside higher education (Wachter, 2000, p. 170). This approach focuses on cooperation and role. However, it is too broad to be effective, as there is too much overlap between categories.

De Wit (2002) divides agreements into three broad categories: academic associations, academic consortia and institutional networks. Academic associations are further subdivided into three categories based on individual membership groups. These are groups either for administrators, academics or academic units, for example the Royal Historical Society for history academics. Academic consortia are institution focused, issue focused and based on a contract. Thus, they are short-term entities. Institutional networks are institutional based, multipurpose, leadership driven with an infinite lifespan institutional (de Wit, 2002). Some examples are the ASEAN

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university network and the Global University Alliance. While De Wit's classification is helpful in dividing agreements by size, scope, time and function, they are not systematically derived and focus on only one aspect of the agreement (Beerkens, 2002, p. 306).

Whereas the previous typologies could be described as unsystematic, Beerkens (2002) is highly systematic. He divides his typology into size, temporal scope, activity scope, nature of integration and intensity. If viewed by these variables, one can begin to see the variety of international agreements in higher education. Size can be divided into bilateral, multilateral (limited number) or numerous (unlimited number). Size is an important distinction, as multilateral agreements need a more structured bureaucracy to maintain it than bilateral agreements. Timeframe is also important to distinguish the agreement. A permanent agreement functions differently than a project, or short-term agreement, because the goals are organisational and can differ in times as economic or other situations differ. An agreement activity scope can be either institutional, university wide, or departmental. Integration can be different depending on whether it is vertical or horizontal. Vertical integration occurs between organisations that are in different sectors. While horizontal integration occurs between organisations producing the same product. Intensity is classified along a continuum of co-operation, co-ordination and amalgamation. Co-operation is a loose connection, co-ordination is a more formalised amalgamation when autonomy is transferred and a bureaucracy is established in formal agreement. While, systematic, Beerkens is vague on how the intensity level shapes the international partnership agreements.

Knight (2011) adds clarity to the variable of intensity in her typology. While discussing cross-border higher education, she uses terms more associated with the higher education literature. She also listed intensity into her three categories: development cooperation, exchange and commercial trade (p. 23). Development co-operation is where universities agree to work with each other on projects and hold meetings with each other on how to co-operate. However, they have little substance. Exchange and commercial trade partnerships allow for student and faculty exchanges. This allows students to spend part of their coursework at the partner university and have that time count towards their home degree. This is the most common partnership type. Commercial trade partnerships are the least common. They include double/joint degree programmes and foreign franchise agreements.

In order to have a clear understanding of the term partnership, this study will adapt a combination of Beerkens's (2002) and Knight's (2011) typologies to its understanding of university partnerships. This allows the study to establish a common understanding going forward, and to classify partnerships into the groups to be used in the analysis. The next section looks into why universities form partnerships.

### 2.12.2 Reasons for Partnerships

Now that the background is established of what international partnerships are, it becomes important to think about why they occur. On the surface, it makes sense that universities cooperate with each other. It fits in with the ideals of university education to create and share knowledge for the advancement of human kind. However, in a world shaped by money, and with that money becoming hard to come by, universities are entities competing against each other. While many in higher education do not like to look at themselves as businesses, they have similar pressures and concerns. Oliver (1990) found six reasons to prompt the establishment of partnerships. They include necessity, asymmetry, reciprocity, efficiency, stability and legitimacy. Partnerships may be necessary to meet legal or regulatory requirements. They could be asymmetrical in that one partner may try to exercise power or control. A partnership could be reciprocal if both partners are pursuing common goals. Efficiency could improve internal and external outcomes. Some partnerships are needed during times of market uncertainty. In addition, partnerships could provide legitimise an organisation or university if the agreement was keeping with prevailing norms (Oliver, 1990, Dickie and Dickie, 2009).

The previous section described why partnerships exist. Thus, the next step is to understand what is necessary for successful partnerships and why some partnerships may fail. To start with the negative, failure is being used to describe a partnership that has ended due to not reaching its goals. The reason for this simple definition is that the literature has not agreed upon either terminology or definitions of that terminology (Tahtinen and Havila, 2004, Oliver, 1990, Arimoto, 2002). Tahtinen and Halinen (2002) find, in their business literature review, the terms dissolution, termination, exit, switching behaviour, divorce, deterioration, ending, fading and failure in various studies. Often when these terms are defined, they do not maintain the same definition in further studies (Tahtinen and Halinen, 2002). Since this study's main purpose is not to classify partnership failures, it will keep with the established tradition of creating its own definition for this term. However, what they found to cause to partnership failure ranged from selfishness, communication, better deals from rivals, personal relationship (Parkhe, 1991, Tahtinen and Havila, 2004), change of markets (Parkhe, 1993a) and country of origin (Parkhe, 1993b) each could play a part in a partnership to fail.

Moving from business to higher education, Ayoubi and Massoud (2012) find the following reasons can cause a partnership to fail:

- The selfish behaviour of the partner;
- Trust amongst partners;

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- Financial obstacles;
- Cultural issues;
- Historical barriers;
- Different objectives and missions;
- Imbalance;
- Real interest from staff;
- Poor communication;
- Time and resources;
- Quality obstacles; and
- Student factors.

These can be divided into two general categories, problems with the partner selection and those with the process of partnership arrangements (Ayoubi and Massoud, 2012). In terms of partner selection, many partnerships are arranged based on personal contacts of those in senior management positions (Heffernan and Poole, 2004). Thus, the agreements can be beneficial in the short term, but cause problems in time. When one of the instigators leaves their position or is replaced the interest may not be there to follow what was agreed upon. This problem can be exaggerated if the two partners are not similar types of universities. Thus, a research-intensive university working with a teaching-based university tend to develop problems from having different working interests. Cultural barriers can exaggerate obstacles created through poor partner selection. One reason for this could be a lack of market expertise. A university may want to enter a market without doing the appropriate checks to determine the feasibility (Ayoubi and Massoud, 2012). At times, agreements are made in haste without thinking about the working arrangement to implement them. There may be a respect for the international dimension in the beginning stage of partner selection, but when the partnership work begins, differences in culture can stop work from taking place. These cultural differences may lead to differences in business practice or miscommunication. At times, partners with divergent interests can signal problems for a partnership. In these circumstances, partners tend to work on divergent goals in contrast to that of the stated purposes in the partnership agreement (Jie, 2010). Students can cause problems to a partnership if the demand for an exchange partnership was not met. This could possibly happen for a variety of reasons from cost to poor experience damaging the receiving partner's reputation. Lack of student interest could also be due to an unequal demand between the two countries. For example, a semester abroad in country A may be popular, but a semester abroad in country B may not. Thus, the receiving university in country A may lose financially in the partnership. Research agreements and quality can cause a problem. Universities generally would prefer to use partnerships to enhance its reputation, not to damage it. Thus, they would

need to partner with a foreign counterpart that offers a comparable reputation. Thus, the top universities in country A would want to partner with the top universities in country B. This helps not only reputation in marketing terms, and it helps create better research collaborations. However, partnerships are not always among equals, due to a variety of factors from poor due diligence to negotiation ease. These unequal partnerships often can lead to embarrassment or a poorly performing relationship.

In addition to choosing an insufficient partner, the partnership agreements themselves may cause partnerships to fail. The partnership agreements are often written in a general fashion. They are often aspirational and hopeful, but often these aspirations and hopes do not get met once the hubris of signing the agreement fades (Ayoubi and Massoud, 2012). Finance can add to these problems. At times, a university wants to create exchange activities and sign agreements for this, yet fail to come up with the funding to achieve these exchanges.

Heffernan and Poole (2004) write one of the few studies into partnership failure at universities. They find four reasons for failure: 1) a change or departure of personnel; 2) a failure to establish mutually beneficial relationships; 3) a failure to identify roles and responsibilities in the partnership; and 4) low levels of commitment to the partnership. This mirrored the business literature to some degree. However, there are two slight differences. The first regards with the role of the individual. While it is mentioned in the business literature, the dynamics of either the organisational needs or market needs were the focus. The second difference indicates a lack of forward planning either in due diligence while choosing a potential partner or in creating an effective agreement document when establishing the partnership rules and procedures. This mirrors studies by the Australian University Quality Agency, the predecessor of the Tertiary Education Quality and Standards Agency, regarding some high profile partnership failures of universities from those countries (AUQA, 2003). In investigating branch campuses, Lane (2011a) find some of the same problems in forming partnerships in cultural misunderstandings and lack of foreign language skills for communication. However, one finding that is different from the others is a lack in common working week between partners, either due to time zone differences or different working days in the week hurt partnerships as communication cannot always be immediate (Lane, 2011a).

Now shifting to what makes a beneficial partnership, some factors are the positive end of the dichotomy of what not to do. However, this simplicity is not the complete picture. In addition, the literature on how to create a successful partnership aids in painting a picture of what works in partnerships. There have been four elements that the literature indicates to be indispensable to successful partnerships: communication, trust, commitment and culture (Heffernan and Poole,

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2005). To begin, communication has been found as fundamental in any partnership, whether it is in business (Anderson and Weitz, 1992, Parkhe, 1991, 1993c) or higher education (Heffernan and Poole, 2005, Dickie and Dickie, 2009, Shore and Groen, 2009). Here, communication is defined as “the sharing of meaning and timely information using formal and informal means” (Heffernan and Poole, 2005, p. 228). Effective communication can lead to trust (Shore and Groen, 2009) as it leads to resolving disputes (Heffernan and Poole, 2005), aligning expectations (Parkhe, 1993c, Jie, 2010), reduces misunderstandings (Dickie and Dickie, 2009) and leads to greater commitment (Anderson and Weitz, 1992).

Trust, being identified as “the belief, expectation, confidence or perception that another party’s motives and intentions are honourable, and that they will behave with integrity” (Heffernan and Poole, 2005, p. 228), is considered as important in successful partnerships (Shore and Groen, 2009). In terms of international partnerships, this means that the partners will have “faith and confidence” that each other will “act with integrity” (Heffernan and Poole, 2005, p. 229). Trust can lead to social control, or the ability to self-govern before small problems can simmer into larger ones (Inkpen and Currall, 1997). However, it may also leave a university vulnerable. Trust can come in three forms: contractual, competence and goodwill (Sako, 1992). Following the provisions of the partnership agreement would be contractual trust. In contrast, competence is the assumption that the partner will perform to the necessary standard. Goodwill trust refers to the belief that the partners would act honestly to benefit the agreement and not merely for selfish means (Sako, 1992).

The third necessary aspect of a partnership, commitment, “is the desire to develop a stable relationship, a willingness to make short-term sacrifices to maintain the relationship and a confidence in the stability of the relationships” (Heffernan and Poole, 2005, p. 229). The different types of commitment, according to Mathieu and Zajac (1990), are affective and calculative commitment. Affective commitment is the value of continuing the partnership and calculative commitment is the negative aspects of breaking the partnership (Mathieu and Zajac, 1990). Whether the commitment is affective or calculative, it is important that the partnership agreement is sound (Shore and Groen, 2009). This creates the framework for what is expected and a legal basis for possible penalties.

The fourth factor, culture, becomes important given that this study is delving into international partnerships. While there is no universal definition of culture accepted by those who research management or higher education (Adler, 1983), here culture is being defined as “the collective programming of the mind which distinguishes the members of one human group from another ... the interactive aggregate of common characteristics that influence a human group’s response to

its environment” (Hofstede, 1980, p. 25). Since by definition, international partnerships involve working with people and organisations from another culture, it should be no surprise that being able to understand and work well with people from other cultures. Cultural sensitivity and an understanding of the other cultural context of the relationship partner are necessary (Heffernan and Poole, 2005, McBurnie and Zигuras, 2007). Various studies in management (Parkhe, 1993b) and higher education (Beerens and van der Wende, 2007, Shore and Groen, 2009, Jie, 2010) have shown the importance of culture in partnerships.

In addition to the four factors mentioned above, there is a list of less generally agreed upon that may lead to an effective partnership. Those factors are similarity, strategic and organisational traits, co-ordination, a horizontal structure, performance and management control have all been shown to affect partnership performance (Das and Teng, 2003). When discussing similarity, it refers to similarity of status or reputation. This is the opposite end of the dichotomy of what was mentioned in the previous section. Under this argument, universities with similar reputation would do better to partner with each other as opposed to those with divergent reputations (Harrigan, 1988, Nielsen, 2007). Strategic and organisational traits refer to the characteristics that make a potential partner appealing in comparison to possible competitors (Luo, 1997, McBurnie and Zигuras, 2007, Chiang, 2012). In business, these traits would be absorptive capacity, product relatedness and market power (Luo, 1997). Whereas in higher education these traits would be access to international student markets, new sources of research funds and partners that could enhance one’s institutional prestige (Marginson, 2006, Altbach et al., 2009, de Wit, 2010). Co-ordination refers to the efficient division of work between the partners. This may come from the formal partnership agreement clearly delineating each partner’s responsibility (Shore and Groen, 2009). However, it can also be an assumed norm if not written in the agreement. If the latter is the case, the co-ordination would require the trust and commitment mentioned earlier to ensure the work is done properly and on time (Shore and Groen, 2009). A horizontal structure would be between organisations that produce similar services that are working together to cover weaknesses or to add market share. This is in contrast to a vertical structure where the two partners are in different sectors. Under a vertical structure, one organisation would take care of one end of production and the partner would handle either the next step in the production or the distribution (Beerens, 2002). Horizontal structures tend to work better in university partnerships since they tend to last longer and each partner has the same vested interest in quality. Vertical agreements can often be shifted from one agreement to another as soon as a better deal comes along. In higher education, this tends to reduce stability. Performance is the understanding that a partnership that performs well will continue and one that does not perform well will not continue. However, this is somewhat related to common sense and not informative in that few

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organisations will terminate a successful project haphazardly. Management control is the importance to which the partnership agreement is to an organisation. If the agreement is important, it is given priority status. Thus, executives will manage the important partnerships. If an agreement were not important, it would be relegated to those in middle to low management. Since, in theory, higher-level managers obtained their positions based on competence, the partnership managed from the top will be better organised and perform better than other agreements.

### 2.13 Conclusions and Implications

In this chapter, the focus has been to uncover the labyrinth of outside forces effecting universities. In addition, by understanding these forces, it allows one to have a better understanding for why universities act as they do. While universities have little room to control the main thrust of these forces, there is room for universities to better position themselves moving forward. International agreements and partnerships in general, are one area where universities can act. Partnerships are of interest because they can combine many of the elements of internationalisation in one project. In addition, partnerships' small scale, relative to main university operations, allows universities to form multiple relationships without significant risk. By this, it is meant that a bad partnership will rarely lead to catastrophic situations to their members. However, it could happen. However due to these relative small risks, they often can be overlooked by university managers and the academic community.

The objectives of this study, international university partnerships are a specific type of international agreement. This directs the study to agreements between two members with an indefinite time-span. Thus, the partnership agreements are intended to continue and not disband suddenly, or at an agreed upon time. Since the two members are each universities that view themselves as equal partners, at least in theory, the partnerships can be classified as horizontal arrangements. The intensity of the arrangement is of particular concern for this study as one of this study's goals is to determine the differences in economic impact depending on the type of agreement.

These dimensions have determined the criteria for the case study selection. Partnership can often be a vague concept. Even with the parameters described above, there remains a large scope of variety in action from agreement to agreement. Thus by identifying intensity, it allows to group partnerships into manageable categories to allow for understandings in how each type may affect a university. Chapter Four however, has a more detailed explanation for each dimension. However, before going into the discussion of the methodical procedures for how this study will

measure economic impact, the next chapter delivers the theoretical framework that drives the methodology.



## Chapter 3: Conceptual Framework

### 3.1 Introduction

A co-operative relationship is a social arrangement, while the exchange of resources can be seen as economic activity. University partnerships are agreements where organisations co-operate to exchange and share resources for their own individual benefit (Beerkens and van der Wende, 2007). Theoretical work on international university partnerships is in an early stage. Therefore, it may be important to start in other academic disciplines and to apply them to the practice. International university partnerships, as defined in the previous chapter, can be considered economic actions. There are two disciplines that analyse the reasons organisations make economic actions: strategic management and economic sociology. While two distinct fields with different histories, they do overlap and provide useful theoretical insight. However, while those two fields attempt to describe why “firms do what they do” (Dobbin and Baum, 2000, p. 1), they do not go far enough to evaluate the decision. For that, this study will take a tool developed from welfare economics, cost-benefit analysis, to evaluate the efficiency of the partnership decisions.

This chapter is based, in part, on the work of Beerkens (2004). However, the concepts have been extended to develop a clearer understanding of university partnerships. In the next section, economic sociology and strategic management will be contrasted to observe their core structure. This section includes three subsections that explain the key concepts from the fields. Section three will apply the concepts to international university partnerships. From there, the chapter discusses cost-benefit analysis (CBA). Section five looks at the different types of CBA. Section six then moves to the academic uses and misuses of CBA. Section seven discusses when CBA is appropriate in research. Section eight provides the conceptual framework for CBA.

### 3.2 Firm Behaviour: Economic Sociology and Strategic Management

Economic sociology and strategic management each provide glimpses of firm behaviour. However, these glimpses are from opposite angles. Thus, combining the two gives one more of a complete picture. Nevertheless, before they can come together it is important to look at their differences. Each field comes from diverse ideas. “Economic sociologists draw on Max Weber’s ideas about institutions, Émile Durkheim’s ideas about social milieu and identity and Karl Marx’s ideas about power” (Dobbin and Baum, 2000, p. 1). Whereas strategic management developed from microeconomics and philosophy, different disciplines let alone different paradigms (Hoskisson et al., 1999). Thus, it should be expected to see fundamental differences between the

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two fields. There are three main differences between the fields: firm perspective, methodology and premise (Hoskisson et al., 1999, Dobbin and Baum, 2000).

The first fundamental difference is related to firm perspective. Each field views the firm from different viewpoints. Sociologists focus on efficiency from the perspective of the corporate environment. They focus on and develop theories about the context in which one strategy becomes defined as efficient and spread across the corporate landscape (Dobbin and Baum, 2000). By context, they refer to organisational culture and internal power relationships (DiMaggio and Powell, 1983). Strategists explain efficiency from the firm's perspective. They develop theories of why one strategy is more successful than another, given product, firm and industry characteristics (Hoskisson et al., 1999).

Methodology is the second fundamental difference between the two fields. The reason for this difference may result from different goals. Sociologists want to explain how the context and history contribute to management trends, after the fact. They seek to explain variance in behaviour across large populations of firms and over time, typically using observation following Durkheim's strategy (Dobbin and Baum, 2000). Strategists want to explain the success of a strategy before it becomes common, so others may adopt it. They seek to understand why firm strategies are optimal, or at least efficient, based on insight from successful firms, usually through use of multivariate analysis based on mailed survey questionnaires or large databases (Parkhe, 1993a).

Premise is the third difference between the fields. Sociologists see competitive pressures and efficiency as important, but they "see competition as occurring within a highly structured historical and regulatory context" (Dobbin and Baum, 2000, p. 2). Competitive pressures may lead firms to alter their strategies, but the new strategies they choose are shaped by public policy, imitation, network position, power and random chance. Strategists, on the other hand, presume that firm behaviour is driven principally by competition and the drive for efficiency. They tend to focus on the market and discount political or social factors (Hoskisson et al., 1999).

### **3.2.1 Key Concept: Embeddedness**

Embeddedness is a concept originally developed from Polanyi (1944, Beerkens, 2004). It refers to the idea that the economy is not autonomous, but interconnected, or embedded, with politics, religion, social relations or other important aspects of society (Polanyi, 1944). Previously, under classical economics, economic institutions such banks were thought to be separated from other aspects of society (Polanyi, 1944). Granovetter (1985, 1990) adapts the term to mean that economic action takes place within social networks that create social structure. However, this

definition, while ground breaking, is somewhat limited (Krippner, 2001). Thus, DiMaggio (1994) expands embeddedness by arguing economic action is embedded in culture in addition to the social structure. In addition to this embeddedness can be distinguished by type: cognitive, cultural, structural and political (Smelser and Swedberg, 1994). Cognitive would be “the ways the structured regularities of mental processes limit the exercise of economic reasoning” (Zukin and DiMaggio, 1990, p. 15-16). Cultural would be “the role of shared collective understandings in shaping economic strategies and goals” (Zukin and DiMaggio, 1990, p. 17). Structural embeddedness is similar to Granovetter’s (1985) definition as “the contextualization of economic exchange in patterns of on-going interpersonal relations” (Zukin and DiMaggio, 1990, p. 18).

### **3.2.2 Key Concept: Sustainable Competitive Advantage**

A basic principle in this study is that universities seek to obtain and sustain a competitive advantage over their competitors. Competitive advantage plays a central role in strategic management (Hoskisson et al., 1999). It is loosely defined as sustaining profits exceeding the industry average over its rivals (Porter, 1985). An actor can gain advantage through cost, offering the same benefits as the competitor but at a lower cost. A second type is through differentiation, or offering benefits that exceed the competition (Porter, 1985). In order to decide to lower cost or differentiate an actor needs to consider five competitive forces: customer bargaining power, supplier bargaining power, intensity of the rivalry amongst actors in the industry, the threat of substitute products and the threat of new entrants into the industry (Porter, 1980). If an actor’s strategy was successful, it could achieve sustainable competitive advantage. This is “above average performance in the long run” (Porter, 1985, p. 11). While long run is not defined, it is not permanent. However, sustainable competitive advantage is difficult to overturn as the competitors cannot simply duplicate the successful competitive strategy (Barney, 1991). There are two main assumptions. First, actors within an industry have identical relevant resources and strategies. Second, should resource heterogeneity develop, it will be short lived as the competitor will duplicate it (Porter, 1985). In this framework, gaining competitive advantage is determined primarily by responding effectively to the external environment (Porter, 1985).

In contrast to Porter’s external environment framework, is a framework that focuses on an actor’s interior framework, known as resource-based competitive advantage. It substitutes the two assumptions in the previous paragraph with two alternate ones. The first assumption is that actors within an industry may possess heterogeneous strategic resources. The second assumption is that these resources may not be perfectly mobile across firms; therefore heterogeneity can be long lasting (Barney, 1991). Some resource characteristics preventing homogeneity are imperfect mobility, imperfect imitability and imperfect substitutability (Barney,

1991, Beerkens, 2004). Under this view, a firm is a “bundle of resources” (Beerkens, 2004, p. 63). An actor can use its resources and capabilities to gain competitive advantage (Grant, 1991). Some examples of resources are assets, capabilities, patents and trademarks, proprietary expertise, installed customer base, reputation and brand equity. Not all resources an actor possesses will lead to competitive advantage. Only the resources controlled by an actor which enable it to implement strategies that improve its efficiency and effectiveness (Barney, 1991, p. 101).

### **3.2.3 Key Concept: The Rational Actor**

Both economic sociology and strategic management have a base in neoclassical economics. One key assumption in neoclassic economics is the rational actor. The rational actor assumes that an individual, or one representing a firm, will make the optimal economic decision (Williamson, 1981). For the firm, this assumes that every decision will result in profit maximisation (Simon, 1972). However, within the rational actor assumption is a deeper assumption that the actor is basing decisions on perfect knowledge. However, risk and uncertainty can be introduced and could change the decision parameters. As the nature of uncertainty is uncertain, perfect knowledge becomes difficult, to say the least. A second problem with the rational actor is incomplete information about alternatives. With perfect information, it is assumed that the actor already knows the alternatives and discovering the optimal choice is trivial. However, if the alternatives are unknown, the actor must then decide how much resources should be allocated to search (Simon, 1972, p. 163). A third problem is complexity. The decision may be too complex for the actor to properly compute the possible outcomes. The time necessary to compute the optimal outcome may not be worth the risk of choosing a suboptimal result.

The economic sociology and strategic management response to the rational actor is bounded rationality (Simon, 1959). While originally proposed for game theory, it is a modified assumption that the actor will act rationally. The actor will still make a rational decision, though that decision will be tempered on incomplete knowledge. The problems mentioned above of incomplete or inadequate knowledge, resources and time would be factored, or bounded, into the decision. This allows analysts to better analyse real-world decisions and to understand why they sometimes go wrong (Williamson, 1994).

## **3.3 Cost-Benefit Analysis**

“The term ‘cost-benefit analysis’ has considerable plasticity and various specific procedures have been called by that name” (Sen, 2000, p. 932-933). This has led to academic efforts that call themselves cost-benefit analysis that in reality may not be (e.g. Asgary and Robbert, 2010, Higher

Education Better Regulation Group, 2013). Thus, it may be important to start with a description of what consists of a cost-benefit analysis. Cost-benefit analysis (CBA) is a strategy to provide a consistent procedure to evaluate decisions based on their consequences.

CBA is a practical way of assessing the desirability of projects, where it is important to take a long view (in the sense of looking at repercussions in the further, as well as the nearer, future) and a wide view (in the sense of allowing for side-effects of many kinds on many persons, industries, regions, etc.), i.e. it implies the enumeration and evaluation of all the relevant costs and benefits. (Prest and Turvey, 1965, p. 683)

These include a systematic classifying of impacts as benefits (positives) and costs (negatives), valued in monetary amounts (Mishan and Quah, 2007). While it is related to risk analysis, the two are not the same. Risk analysis is a method to determine to determine the possibility of something going wrong (Adams, 1995). CBA is a bit more in that it determines the cost of that risk and that cost of risk becomes part of the overall CBA calculation (Sen, 2000). It is a form of cost-effectiveness analysis. Though cost-effectiveness focuses only on the costs and addresses the goals of the individual (Miller and Robbins, 2007). “CBA can be thought of as providing a framework for measuring efficiency” (Boardman et al., 2014, p. 27). Here efficiency is considered to be maximising resources to their highest value. CBA is based on normative microeconomics and deeply rooted in welfare economics (Jobin, 2008). It is widely used in various fields and in a variety of purposes, though it is most commonly associated with government policy decisions. CBA’s main advantage over other types of cost efficiency strategies is that it can measure different objectives since it is using a common unit, money (Levin and McEwan, 2001).

### **3.4 Conceptual Foundation**

The concepts of cost-benefit analysis can be traced back to Jules Dupuit in mid-nineteenth century France (Dreze and Nicholas, 1987, Mishan and Quah, 2007). However, “cost-benefit analysis developed in practice and application first, then theory followed much later” (Miller and Robbins, 2007, p. 466). CBA is based in welfare economics (Boadway, 1974, 1984). Early welfare economists believed that economic concepts could be used to rationalise decisions and their implementation (Adler and Posner, 1999).

An understanding the CBA’s conceptual foundations provides a foundation for determining when CBA can be used appropriately used as a decision strategy, when it can usefully be part of a broader analysis and when to use the alternatives (Boardman et al., 2014). CBA is about “economic choice”, where resources are never sufficient to enable anyone to do everything (Newton, 1972, p. 15-16). “Although the conceptual foundations of CBA continue to be refined, most of the basic concepts were in place in the 1930s” (Haveman and Weimer, 2001, p. 2845)

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through Kaldor (1939) and Hicks (1939). While these concepts are steeped deeply in welfare economics, they are not exactly synonymous with each other. The only discernible difference is that CBA are more focused on societal benefits as opposed to individual benefits (Hicks, 1939, Dreze and Nicholas, 1987). However, modern CBA theory and practice have evolved largely from Little and Mirrless (1974) and Layard and Glaister (1994) among others (Perkins, 1994, p. 3). This has allowed CBA to be utilised for more diverse decision makers than government policy makers, such as individual organisations (Perkins, 1994).

The central underpinning of both welfare economics and CBA is efficiency, referred to as Pareto efficiency. An allocation of goods is Pareto efficient if no alternative allocation can make at least one person better off without making anyone else worse off (Perkins, 1994). “An allocation of goods is inefficient, therefore, if an alternative allocation can be found that would make at least one person better off without making anyone else worse off” (Boardman et al., 2014, p. 28). It would be malevolent to oppose Pareto efficiency as you would be withholding resources from someone without inflicting loss on others (Haveman and Weimer, 2001, Boardman et al., 2014).

While the Pareto criterion seems unobjectionable in theory, reaching it in the real world is difficult. This is because decisions and a CBA is a strategy to evaluate decisions, often have a losing actor. This limitation, led to normative economists to change resource allocation to increase welfare and apply more general applicability to actual decisions (Haveman and Weimer, 2001). Kaldor (1939) and Hicks (1939) suggested changing resource allocation by suggesting that it should be regarded as increasing welfare if either the Pareto criterion is met or the actors who have gained from a decision is able to compensate the actors harmed by a decision. This compensation is theoretical, as no one would actually pay it. Any resource allocation that meets Kaldor-Hicks criterion is said to be ‘potential Pareto improvement’ (Haveman and Weimer, 2001, p. 2846).

### **3.4.1 Conceptual Term: Opportunity Costs**

Pareto efficiency is related to net social benefits (henceforth, net benefits). “If a policy has possible net benefits, then it is possible to find a set of transfers, or ‘side payments’, that makes at least one person better off without making anyone else worse off” (Boardman et al., 2014, p. 29). To understand this requires being able to measure costs and benefits in a CBA. Costs that cannot be measured directly require one to determine their value. Policy implementation requires using resources that could be used for other ventures. For example, if a university international office wants to create an international agreement, it may require several meetings. However, those labour costs could also have been used in organising an international academic conference or

establishing a campus wide international cultural awareness programme. The lost opportunity is known as opportunity costs. Another way to think of opportunity cost is that it “measures the value of what society must forgo to use the input to implement the policy” (Boardman et al., 2014, p. 31). This is different from total costs, as total costs include costs that would have happened anyway.

### **3.4.2 Conceptual Term: Willingness to Pay**

In a similar regard to using opportunity costs to measure possible costs, benefits need to be measured. This is done by assessing the stakeholders’ willingness to pay (WTP). This is best explained through the example in section 3.8.1. The proposed international agreement may increase the university’s quality by allowing for better library access and more guest lectures from internationally renowned academics. The WTP measures how much that the university would be WTP for the increase in quality if it were available in the market. However, it should be noted that the university is not actually directly paying for the quality increase. This is related, though negatively, to willingness to accept. This is the payment amount one is willingness to accept for a negative result.

Three sets of fundamental issues arise regarding the interpretation of WTP as a measure of benefits in assessing efficiency. First, a theoretical limitation in the aggregation of WTP amounts across individuals opens the possibility that the net benefits criterion will not lead to fully satisfactory rankings of choices. A satisfactory ranking assumes that if there are at least three choices, then those choices are transitive (Boardman et al., 2014). For example, if A is preferred to B, and B is preferred to C, then A must be preferred to C. However, different stakeholders may have different choice rankings. If aggregated, transitivity may not result. In other words, no choice will be perfectly pleasing to every stakeholder. This is in line with Arrow’s theorem which proves any social choice rule that satisfies a basic set of fairness conditions can produce an intransitive social ordering (Blau, 1972). While not guaranteeing transitive social ordering, it is possible that individual preferences are such that the social ordering will be cyclical (Arrow, 1963). In order to ensure WTP as a measure of net benefits, some assumptions are needed (Blackorby and Donaldson, 1990). They are that individual preferences are represented by utility functions that exhibit positive but declining utility, individuals’ utility functions must be such that the individual demand curves imply that they can be aggregated into a market demand curve with the sum of individual incomes and all individuals must face the same set of prices (Boardman et al., 2014, p. 36). The first assumption is relatively weak and does not guarantee that the net benefit rule based on WTP will be transitive. The second assumption is strong in that it requires each individual’s demand to increase linearly with an increase in income. The third assumption is valid

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when goods are traded in the market, but it may be violated if not traded in the market. Thus, while not perfect as an efficiency measure, WTP is a practical concept for guiding the implementation of net benefits (Boardman et al., 2014, p. 36).

Second, normative issues arise because of the dependence of WTP on the distribution of wealth in society. This would not pose a conceptual problem if losers from choices were actually compensated. This would create actual, not potential Pareto efficiency. However, since losers are not compensated, Pareto efficiency may decrease even when society will increase. This occurs when a choice benefits a segment of society with less utility than it costs a different segment of society. The reason these utilities may be different is that WTP increases as income rises, so WTP is not equal for everyone. While conceptually possible, this type of outcome is not common. When Pareto efficiency is constantly applied it becomes less likely to produce constant winners or losers (Boardman et al., 2014). However, wealth distribution does not have significant effect on university partnerships.

Third, normative issues also arise with respect to the issue of standing, which concerns whose WTP counts in the aggregation of benefits. Standing refers to who are considered stakeholders. CBAs, as they are traditionally used in public policy, need to know who to include before calculating the costs and benefits. In policy, this revolves around the jurisdictional definition of society, the exclusion of socially unacceptable preferences and the preferences of future generations. The definition of society could either be at subnational, national or international levels. Socially unacceptable preferences are as they sound, decisions that people would pay for, but for legal and moral reasons are unacceptable (Boardman et al., 2014). An example from policy would be illegal activity such as human slavery. The preferences for future generations are usually not included in CBAs. This is not due to future generations not having standing, but there is no accurate method to measure their WTP (Boardman et al., 2014). Neither socially unacceptable preferences nor preference for future generations are a concern for this study. University partnerships rarely involve illegal activities, and legal and moral outcomes will be assumed in the cases examined. Since the partnerships in question have temporal contracts, future generations will not be taken in account.

### 3.5 Types of CBA

There are four types of cost-benefit analysis: *ex ante*, *ex post*, *in medias res* and *ex ante/ex post/in medias res* comparison (see Table 3.1). The *ex ante* is the most common type and is usually referred to as the standard CBA. It is most useful for project-specific decision-making. It helps one decide on how one allocates resources. *Ex post* CBAs are the next most common type. This is

used after a project is completed. It allows one to learn about the net social benefits of a specific project. This should be more accurate as all of the costs are sunk, or already used. Thus, they are a known commodity. In an *ex ante* CBA, the costs can only be estimated based on assumptions. This can lead to problems with transaction costs (Jobin, 2008). Since the project is completed, it has little immediate impact other than learning and to create better models on future similar projects. An *in medias res* CBA is conducted during the course of the project's life. This has some advantages of *ex ante* analyses, in that resources can still be allocated or shifted if the sunk costs are low or discontinue an efficient project. It has an advantage over *ex post* analyses in being used to predict benefits in future projects and it aids in learning about the net social benefits of a specific project. Since a project always possesses some uncertainty, the further into a project's timeline, the more accurate the measurements. Thus, an *ex post* analysis is more than an *in medias res*, which in turn, is more accurate than an *ex ante*. The fourth type of CBA, an *ex ante/ex post/in medias res* comparison, is the least common. This is a comparison with at least two stages of the project's lifespan. This is because there is usually no *ex ante* data to compare (Boardman et al., 1994). However, if one did perform multiple CBAs on a project, a comparison analysis is helpful in learning about the initial CBA's efficacy. This helps to understand what errors are made and why they are made. It also helps to prove CBAs validity (Boardman et al., 2014).

### 3.6 Costs and Benefits of Cost-Benefit Analysis

Among academic communities, the reputation of cost-benefit analysis is poor (Sen, 2000). However, it is a well-used analytical method used by governments and private companies alike in practically every economic sector (Adler and Posner, 1999). There are two complications with considering the disadvantages and advantages with CBA. The first reason is the CBA academic literature is spread throughout different academic disciplines that often ignore each other (Adler and Posner, 1999). The second is that CBA tends to differ between the theory in the literature and the how it is practiced in reality (Adler and Posner, 1999). This section will discuss the first complication. The second will be looked at in more detail throughout the discussion of this study's operational methodology in Chapter 4. Thus, this section looks at the diverse criticisms to CBA. While CBA has been used in a wide variety of disciplines, this section looks at philosophy and economics (Adler and Posner, 1999, 2001). This is due to these disciplines are commonly used by others to justify or condemn the use of CBA to evaluate the decision in question.

#### 3.6.1 Philosophy

The philosophy literature has been quite negative when discussing CBA. The main reason is ethics. There are four main ethical challenges related to CBA. The ultimate ethical challenge for

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CBA is death (Adams, 1995). This is may be because many feel that putting a monetary amount to a life may cheapen its value (Nussbaum, 2001). However, the normative attachment of monetary values to lives, or applied more broadly and less grimly, to any non-market variable creates ethical concerns (Adams, 1995, Krutilla and Alexeev, 2012). Normative values can lead to great variations in the evaluations of the same variables (Frank, 2001). It can also lead to inconsistencies as different researchers may use different variables to calculate similar CBAs (Copp, 1985). These inconsistencies may lead to quite different results depending on who conducts the analysis (Boardman et al., 2014).

The second ethical issue relates to an outcome that is not socially acceptable (Nussbaum, 2001). This happens when the Pareto efficiency is met at a point that is socially unacceptable. Examples in the literature of this often revolve around child labour or slavery (Adams, 1995, Boardman et al., 2014). However, the study of international university partnerships does not lend itself to these types of socially acceptable outcomes.

The third ethical criticism comes from applying discount rates on future money. This alludes to the economic principle that money, for example, £100 today, may be worth £50 in the future. The economic principle is not often criticised, but what it implies in a CBA. It implies that the current generation can make decisions for future generations that might not be true for them (Adams, 1995, Nussbaum, 2001). This comes up mainly in studies dealing with the environment where a current beneficial action today could potentially cause pollution to future generations (Nussbaum, 2001).

The fourth ethical criticism comes from how the CBA is implemented. This criticism is derived from public policy as governments to decide where its funds will be the most effective among competing interests often use CBAs. This leads decision-makers to unconsciously adapt all or none of a study's recommendations. Jimenez and Patrinos (2008) point out how this problem has caused heartache in some developing countries educational policies. Whereas money can be split between primary, secondary and higher education sectors, CBAs were used to determine the most effective strategy. While, the goal was to determine the most useful allocation of funds, the results led to depriving secondary and higher education to improve primary schools. This led to near universal primary education but gutted out the further educational tracks. This led to increased poverty in that those finishing primary education were left without outlets to improve themselves and in doing so becoming a more economically productive member in society. However this is not methodology problem, it is more of policy implementation based on CBA research.

### 3.6.2 Economics

“Economics is the science which studies human behaviour as a relationship between given ends and scarce means which have alternative uses” (Robbins, 1932, p. 15). It raises foundational questions concerning the nature of rationality, and it raises methodological or epistemological questions concerning the character and possibility of knowledge of social phenomena.

Economists have questioned the rationale for CBA (Copp, 1985). The rationale for cost-benefit analysis asks the question about its justifications (Hammit, 2013). Those justifications revolve around the debate between positive and normative economics (Krutilla and Alexeev, 2012).

The fundamental theory of standard orthodox economics is of particular epistemological interest because of its consequent resemblance to theories in the natural sciences coupled with its uneven empirical performance. However, the epistemological debate, between positive and normative economics that is of interest. While practitioners of each paradigm do not often like to admit, the two paradigms are more interrelated than opposed to each other. The next section will look at positive and normative economics to analyse their similarities and differences.

Of all the social sciences, economics claims to most closely resemble the natural sciences. Positive economics is based on positivism, and positivism’s basic principles are: The empiricist account of the natural sciences is accepted; Science is valued as the highest or even the only genuine form of knowledge; Scientific method, as represented by the empiricists, can and should be extended to the study of human mental and social life, to establish these disciplines as social *sciences*; Once reliable social scientific knowledge has been established, it will be possible to apply it to control, or regulate the behaviour of individuals or groups in society (Benton and Craib, 2001, p.23).

Positive sciences’ ultimate goal is the development of a theory or hypothesis “that yields valid and meaningful predictions” about “phenomena not yet observed” (Friedman, 1994, p. 183). These theories are derived through observation and experimentation. However, the theory is, in general, a complex mixture of two components, language and “a body of substantive hypotheses designed to abstract essential features of complex reality” (Friedman, 1994, p. 183). The language, for it to fit into a positive theory, can maintain no substantive content; it is a set of repetitions. This functions as a method to organise empirical material. “A theory is to be judged by its predicative power for the class of phenomena which it is intended to explain” (Friedman, 1994). A theory can be rejected if its hypothesis is contradicted by factual evidence. However, a theory cannot be proved correct. It can only be not proven false. The theory may count as knowledge claim if it is testable and replicated. Positive economists believe they are like engineers concerning policy decision. They help policy makers to choose means to accomplish their ends, but that it has no bearing on the choice of ends.

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While positive economists justify their work as fact based predictable theories that create knowledge, positive economics has critics. Since economists attempt to study economic phenomena as constituting a separate domain, influenced only by a small number of casual factors, the claim of economics are true only *ceteris paribus*, or with other things the same. Those conditions are not often replicable. It is difficult or impossible to create testable situations, as there are either too many variables or conditions on the variables to make the test impractical. Thus, *ceteris paribus* statements clauses cannot be refuted. A second critic of positive economics regards assumptions. The assumptions used in economic theory are at times normative. The most common example is the rational actor. The rational actor assumes that an individual, will make the optimal economic decision (Simon, 1972, Williamson, 1981). However, for this assumption to hold, would mean that the actor is making an opinionated choice based on the information available (Simon, 1959).

The normative paradigm is often thought of as what 'ought' to be (Wedgewood, 2007, Korsgaard, 2009). This 'ought', or what should be is often thought of as good and other alternatives are bad (Railton, 2000). This is often compared with positivism with its 'is' and fact-based statements. While this is true to an extent, it is a simplification. The normative paradigm contains two major themes: that human behaviour is essentially rule-governed, and that it should be investigated by the methods of natural science (Cohen et al., 2011, p. 17). The rules that human behaviour is based can be either formalised laws or societal norms. The formalised laws may even be codifications of societal norms. Norms, group-held beliefs about how society should behave in given situations, give normativity its name. However, what separates normativity from many anti-positivist paradigms is its use of natural science methods to test for what should be. Thus, normative and positive are closely related, differing only on the use of substantive language.

The economic expression of normativity is normative economics (Mishan, 1981). Cost-benefit analysis has its base in normative economics (Mishan, 1981). "Normative or welfare economics can be defined as the study of criteria for ranking alternative economic situations on the scale of better or worse" (Mishan, 1981, p. 3). Ranking according to better or worse implies an 'ought' or what should be done. Normative economics is often used in policy or other choice making decisions. This is because it allows for personal opinions. Thus, with normativity, it is important to understand what 'is', before deciding what 'ought' to be.

Another economic concern is the "lack of data or difficulty of estimating valuations" (Adler and Posner, 1999, p. 175). This is usually down to CBA being conducted by analysts and not researchers (Boardman et al., 2014). Analysts often do not have the time or resources to collect the necessary data. Qualitative data determining standing is often ignored or estimated. Thus,

the categories that are evaluated are limited to the analyst's cognitive imagination (Richardson, 2001). This leads to not accurately determining who has standing. Fortunately, this study does not have this problem in that the qualitative research in search of standing was conducted. This, of course, has the same issues of validity that all qualitative research is subject to. While this is discussed in detail in the next chapter, the qualitative data helps to ensure that the issue of standing is more accurate, at least in comparison to the researcher's best guess. This added accuracy increases the reliability of the quantitative calculations and the CBA in general.

### **3.7 When to use a Cost-Benefit Analysis**

As mentioned above, cost-benefit analysis is used too often. In light of the plethora of criticism level against it, one may feel it surprising that it is used at all, let alone as often as it is used. However, CBA does help decision makers to learn about the impacts of alternative proposals (Richardson, 2001). However, as the criticism in the previous section pointed towards, not all impacts can be measured monetarily in an accurate manner that satisfies everyone. This is due to two reasons: CBAs are often too large to measure accurately and it is often attempting to measure variables that are not usually sold directly in the market. This is not to argue that a CBA cannot be used in large-scale projects or that a CBA is inaccurate if cost or benefits values are derived from latent variables. However, larger projects often have more variables and impacts that give the analyst more opportunities for error. In addition, some many variables not sold on the market require more complex procedures to determine the opportunity cost or willingness to pay. Thus, small projects that deal with impacts commonly bought and sold in the marketplace are more likely to lead to acceptance. However, as argued in Chapter 2, international university partnerships can be viewed as business decisions as universities are being more business-like and entrepreneurial. They face many of the same market pressures as businesses. Thus, many of the strategic decisions that university managers need to make regard increasing market share, increasing revenues and cutting costs. While it is often taboo to think of students as customers, universities have intense competition to obtain their clientele. In areas where there is no government influence in tuition fees, such as international graduate students, there is a market. Another market exists for academic labour as academics cross borders for work (Kim, 2009, Cantwell and Lee, 2010). Thus, the areas that partnerships affect most directly are already viewed in monetary amounts. With partnerships being usually conducted in small scales with most variables already measured in money, and others often thought of as having an opportunity costs or willingness to pay, they play well to CBA's strengths.

In addition to the practical issues of whether cost-benefit analysis can measure partnership impacts, there is a more philosophical question regarding using CBA. That revolves around if CBA

is a relevant conceptual framework in a world with a neo-liberal economic structure. Since roughly 1980, the cycle has shifted from neo-classic to neo-liberal economics. However, as mentioned earlier in this chapter, section 3.4, cost-benefit analysis was born from the neo-classic period and in some ways synonymous with it. While the role of states and their actors are vastly different between the two economic systems, CBA has characteristics that fit both. While in the neo-classic period, the government was involved directly in the economy. However since resources are now never infinite, CBA was often used as a decision-making tool. Here, the various proposals under consideration would need to be compared. The proposal with the greatest benefit-cost ratio ( $b/c$ ) would be the one to be given funds for completion. While the economic considerations that the CBA bring to bear was not the only criteria for decision, as politics often played part in the decision, the CBA was looked to for its decision-making criteria. However, CBA faced much criticism, as it is often impossible to accurately measure every important variable in money amounts (Kelman, 1981, Sen, 2000, Richardson, 2001). Despite these criticisms, CBA has expanded under the neo-liberal cycle. This stems from CBA being able to measure economic impacts. Neoliberal governments attempt to less directly influence the economy with government spending programmes. Instead, the governments use funding more sparsely with the goal of allowing market forces to expand economic growth. Thus, a CBA became important as it allowed governments to measure cost efficiencies allowing them to get better value for money. In addition, it allows researchers the chance to measure impact and better understand incentive. It follows that people or organisations will try to maximise their interest. Since CBAs measure impact and maximum value, it allows researchers to better understand action incentives.

### 3.8 Foundations off Cost-Benefit Analysis

Microeconomic theory provides the technical foundation for CBA (Sen, 2000). Microeconomics is the study of individuals' decision-making behaviour with the allocation of limited resources. It examines how these decisions and behaviours affect the supply and demand of goods and services, and how the supply and demand affects the price and quantity of those goods and services (Perloff, 2012).

Demand is the amount consumers are willing to buy at a given price. A demand curve is a visual indication of the quantity demanded at each possible price. For normal goods, demand should decrease as the price increases, so the demand curve usually negatively sloping. This is known as the law of demand (Perloff, 2012). Another assumption, diminishing marginal utility, is that the more quantity one buys; each further unit is valued less. This assumption also forces the demand curve to slope negatively (Boardman et al., 2014). The amount someone is willing to pay for one more unit is the willingness to pay. If all of the stakeholders' willingness to pay is summed

together, it is the willingness to pay (WTP). WTP is approximately equal to consumer surplus, and thus considered to be the measurement for benefits (Boadway, 1974, Boadway and Bruce, 1984). Traditionally, consumer surplus has been defined as “the excess of the price which he would be willing to pay rather than go without the thing, over that which he actually does pay” (Hicks, 1941, p. 108). While the definitions and more importantly the measurements of WTP and consumer surplus do match exactly, the differences are often too little to notice in CBA calculations (Boardman et al., 2014). The greatest exception would be for inferior goods, or goods that are purchased less when income increases (Boardman et al., 2014). However since studies have shown that the higher education market is a normal good, this should not affect this study’s calculations (e.g. Mixon Jr, 1992, Dotterweich and Baryla Jr, 2005, Beine et al., 2014). Consumer surplus is depicted as:

$$CS = B - P^*X^*$$

B is total benefits less actual expenditures,  $P^*$  is the market price at the demand curve and  $X^*$  is the quantity at the demand curve. Thus, the consumer surplus increases with a price decrease and decreases with a price increase. This can be depicted as:

$$\Delta CS = -(\Delta P)(X^*) - \frac{1}{2}(\Delta X)(\Delta P).$$

Supply is the amount of a good that the producer is willing to sell at a given price. A supply curve is a visual indication of the quantity supplied at each possible price (Perloff, 2012). The assumption is that for normal goods the supply curves slope positively. The basis for this is the assumption is that as the price rises, the producers are more likely to produce more. The supply curve is determined by the marginal costs of each additional unit of the good produced above the average variable costs. Here marginal cost is the change in the total cost when increasing production by one unit (Boardman et al., 2014). Variable costs are those that vary with output. These are costs such as labour as each labour hour has a cost. The average variable costs are the variable cost divided by quantity. The supply curve is only measured above average variable costs because if the price is under the average variable costs production would stop as it loses money. For example, if it costs £10 to make a shirt, the average variable cost being £10, a firm will not make them if the price is £9, as it does not cover costs. The supply curve is important as allows one to determine producer surplus. This measures the benefit for firms above the minimum price for production. Producer surplus can be represented as:

$$PS = P^*X^* - TVC.$$

In order to get a better picture of the market as a whole, it is important to combine demand and supply. As mentioned above, the demand curve is usually negative and the supply curve is usually

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positive when considering price and quantity of a good. The point at which they meet is considered equilibrium. Consumer surplus is the triangular area between the demand curve, the equilibrium price and equilibrium quantity. Producer surplus is similarly located, though it is the area between the supply curve, equilibrium price and equilibrium quantity. Put together, consumer surplus and producer surplus form social surplus:

$$SS = CS + PS.$$

Social surplus can be thought of as the economic value added to society from production of a good. However, social surplus can also be thought of as the difference between the benefits and costs assuming perfect market conditions. However, a CBA is done when there are proposed changes to market conditions. The place where the equilibrium moves due to this market disruption is called the net social benefit. This is considered Pareto efficient as the place where society benefits the most and where the winners could compensate the losers of a decision to move away from the market equilibrium. This can be seen in the equation:

$$\Delta SS = NSB = B - C.$$

The Pareto efficient point will never be reached in reality, thus the purpose of CBA is to determine the highest net social benefit of the possible options available.

The purpose of CBA is to determine the most efficient allocation of resources. This chapter had three main purposes. The first was to describe the reasons for why organisations, which may be considered competitors, would be willing to form partnerships with each other. This allows for a greater understanding of the theory of partnerships. The second was to link the conception of partnerships with possible conceptual frameworks designed to measure partnerships efficiency. This is where CBA was introduced as this studies conceptual framework. The third was to describe CBA with its microeconomics base to provide the philosophical underpinnings of this study. The next chapter takes the CBA conceptual framework and operationalises it. Thus, Chapter 4 is a more practical step-by-step account of the research methodology involved in the CBA.

## Chapter 4: Methodology

### 4.1 Position of the Study

As specified in Chapter 1, this study is divided into seven chapters. The first chapter was a description of international university partnerships and how this study developed. The second and third chapters looked at the conceptual and theoretical background for the study. These chapters identified a lack of knowledge in measuring partnership impact and led to a typology in how partnerships can be differentiated. This chapter explores the methods to measure the impacts of partnerships. The first two sections discuss the philosophical underpinnings of the study. The remaining sections explain how the study becomes operationalized. The results from this study's analysis will be explored and describing in the remaining chapters. This will allow future researchers a methodological framework in their studies and aids university managers in maximising their project's utility.

With the research purpose in mind, it is next important to determine the study's methodology. In designing a study, one needs to determine the unit of analysis and how to analyse that unit. This study is looking at determining the impacts of partnerships and measuring those impacts. Thus, the unit of analysis could be analysing either the partnership or the participant universities. This study has multiple units of analysis. This is a logical consequence from the research questions and the cost-benefit framework. The questions themselves directly ask about the partnership's impacts on the university. Thus, the study can reach into the internal process related to international partnerships. In addition, the partnerships having two members by definition and do not establish an outside governance bodies that consortia form. However, basic features of cost-benefit analysis are the concepts of social benefits and social costs (Layard and Glaister, 1994). While elaborated on in Chapter 3, this is determining the impacts on everyone as a whole by summing by the impacts on each group who has standing. This allows the researcher to analyse the partnership as a whole in addition to the individual universities (Boardman et al., 2014).

Social science research has three general purposes: description, exploration and explanation (Babbie, 2001, p. 91). Most studies include aspects of each purpose, and this study is no different. Explanatory studies attempt to discover why a phenomenon occurs. They are used when a researcher attempts to test a theory or by applying it to specific observations (Beerkens, 2004, p. 81). However, as mentioned in Chapter 2, the research in strategic alliances is still at a

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developmental stage (Parkhe, 1993a). Thus, the theories are not well-developed to test, making explanation naive at best (Parkhe, 1993a, Babbie, 2001).

While containing aspects of explanation, the main objectives are to describe international university partnerships, and to explore the impacts of international university partnerships. This is to better understand the current context of international partnerships and how they are changing universities. This chapter will discuss how each purpose fits into this study's research methodology. Descriptive studies attempt to observe a phenomenon and to describe what was observed, as opposed to predicting relationships between variables (Babbie, 2001, Yin, 2009). They are concerned with the characteristics of a situation by attempting to answer the what, where, when and how of the phenomenon (Babbie, 2001). This study attempts to describe the processes involved in creating and maintaining international university partnerships. It needs to do this to increase the understanding of partnerships and to determine what variables should be examined in the cost-benefit analysis.

Explorative studies are conducted when the subject of study is relatively new, or in a developmental stage, to "test the feasibility of a more extensive study and to develop the methods to be employed in any subsequent study" (Babbie, 2001, p. 92). This is in part, what this study hopes to do. It hopes to determine methods of evaluating the impacts of partnerships on universities and implicitly argues cost-benefit analysis is a workable method to do so. With this in mind, the next section will discuss the practical application of the research methodology and reasons for this methodology.

### **4.2 Epistemology and Ontology**

This section is to discuss the philosophical underpinnings of the study through the epistemology and ontology. Epistemology is defined as the theory of knowledge or how knowledge is created (Cohen et al., 2011). There are three main epistemological questions that a piece of social science research should address (Ormston et al., 2014). The first is how is knowledge acquired? The second is what is the relationship between the researcher and the research? The third is what should be accepted as truth?

To address this first question, this study uses a cost-benefit analysis (CBA) approach to address the research questions. CBA is rooted in normative economics. This approach lends itself to deductive reasoning (Sen and Srivastava, 1990, Sen, 2000). Deductive reasoning is a top-down logic that links premise to the conclusion. If the premises are all true, then the conclusion is as well (Ormston et al., 2014). As discussed in more detail in section 4.8, CBA is a rigid step-by-step process that is designed to apply general rules to a closed domain of discourse (Boardman et al.,

2014). In this study, that domain of discourse is the international partnerships. Each step of the CBA process is to apply general rules to reductively come to a conclusion, which is then extrapolated from the specific case to general rules (Boardman et al., 2014). The CBA's conclusion is to determine if the partnership is beneficial based on the rules of economic efficiency, specifically Pareto efficiency. Once that is done, the partnership can be used to understand other international partnerships that universities could form.

There are four main advantages and four main disadvantages to this deductive approach (Crotty, 1998). The first disadvantage to deductive reasoning is the assumptions. Deductive reasoning depends on the nature of assumptions since in economics it is impossible to test an experimental hypothesis. Assumptions may not be realistic if the world around the problem changes. CBAs rely on assumptions when data may not exist (Williams, 1972). One major assumption is that the world around the partnership would drastically change. For example, geopolitical events could impact exchange rates and impact the partnerships. However, there are assumptions in the CBAs that imply discount these possibilities. The third disadvantage is with universality. While the principles used may be universal, the conclusions are often not (Lawson, 1997). Thus, it can be difficult to say that the conclusions from the cost-benefit aspects of the partnerships in this study are necessarily valid if applied to other possible partnerships.

The first advantage is that the conclusion is based on the reality of the situation. The economic benefit of the partnerships is based on real situations that the participant universities face. The second advantage is that deductive reasoning simplifies the complex. In many economic problems, there are multiple factors that can cause a conclusion. Deductive reasoning is an analytical approach that separates these factors (Van Den Doel and Van Velthoven, 1993). Thus in a CBA, each actor and each impact can be identified and separated from the entire CBA for analysis (Boardman et al., 2014). The third advantage is that it is indispensable as a tool to analyse economic matters. This is because it is impossible to experiment in economics. It is not possible to separate the international partnerships from world to test them. The fourth advantage is that deductive reasoning draws inferences that are universally valid, as they are based on general principles. In this study, the general principle is the Pareto efficiency.

The second epistemological question deals with the researcher's relationship to the research. This relates to whether the researcher can be objective in the approach and the research findings can be value free (Ormston et al., 2014). It also relates to whether the participants act differently because they are being researched. To the latter, there is always the possibility that this may happen. However, in institutional research where the data is based on past events, this is not likely. The participants are not directly investigated the institutions are directly investigated. In

addition, the documents collected help to back up the participants' claims, reducing the possibility that they act differently due to the research. To the former, the researcher's values, this could influence the results. The steps in the CBA do help to aid reflexivity in determining which pieces of data may be used in the conclusion. However, the normative nature of CBA in assuming that maximising economic benefit shows the researcher's overall bias towards this value.

The third epistemological question regards that it means to accept particular claims as true (Ormston et al., 2014). This study is normative in its approach. This contains two general ideas. The first is that human behaviour is self-governed and the second is that this behaviour should be investigated through a scientific method (Lawson, 1997). It is generally positivist in that knowledge is produced by careful observation and through testing those observations. It follows positivism in that reality is unaffected by the research process and can be known approximately (Crotty, 1998). However, a normative approach differs from positivism in believing that reality is impacted by values. The values may be based on scientific reason, but there is an inherent value (Cohen et al., 2011). In this study, that value would be that universities should produce partnership that maximise Pareto efficiency, thus being beneficial.

These epistemological questions lead to ontology or how the nature of reality is defined. This study is based on realism. This is the idea that reality is based on an idea of external reality that exists differently than people's beliefs (Lawson, 1997). However, realism is quite a broad approach. This study follows a variant of realism known as depth realism. This is the idea that reality consists of different domains, the empirical, the actual and the real. The empirical is what people experience, the actual exists even if not observed and the real is the underlying processes (Lawson, 1997). This helps to explain the normative approach to the research as the value of economic benefit can be seen as the difference between the empirical and real domains (Lawson, 1997, Boardman et al., 2014).

### **4.3 Comparative Case Study**

Case studies are widely used across disciplines to understand complex social phenomena (Yin, 2009). However "there is a decided lack of clarity in the literature about what a case study is, due in part to imprecision in terminology and in part to disagreements by scholars" (Savin-Baden and Major, 2013, p. 152). "A case study is expected to catch the complexity of a single case" (Stake, 1995, p. xi). It is catching that complexity to illustrate a more general principle (Nisbet and Watt, 1984). A case study details real people's lives and ideas, so it enables readers to understand ideas clearer than presenting abstract theories (Cohen et al., 2011). Some would define a case study as a single instance in a bounded system or institution (Creswell, 2012). However, it is a specific

instance used to illustrate a more general idea (Yin, 2009). A case study “is an empirical inquiry that investigates a contemporary phenomenon in depth and within its real-world context when the boundaries between phenomenon and context may not be clearly evident” (Yin, 2014, p. 16). Since phenomenon and context have blurred boundaries a case study has the following features: It “copes with the technically distinctive situation in which there will be many more variables of interest than data points, and as a result relies on multiple sources of evidence, with data needing to converse in a triangulating fashion, and as another result benefits from the prior development of theoretic propositions to guide data collection and analysis” (Yin, 2014, p. 17).

This study uses case studies to examine the impact of each partnership. One reason for this is to fit the cost-benefit framework. A CBA measures the impact of projects (Boardman et al., 2014), and the projects being investigated in this study are the three partnerships. Thus in order to perform a CBA, the case study model is necessary.

Since the theory behind international university partnerships is underdeveloped (Beerkens, 2002), this is the reason behind blending the descriptive nature with an exploratory case study. This allows a researcher “to examine the phenomenon and develop suggestive ideas in a flexible way” (Parkhe, 1993a, p. 248). Exploratory case studies are often used to aid in concept development and inductive theory generation by gaining an in depth understanding and subtlety of the phenomenon (Parkhe, 1993a, Yin, 2009). In exploratory case studies the case is explored in all its depth and complexity. Interpretations are put forward for what is observed and found, with analytical statements based in raw data. Ideas are generated for why things are happening as they are. Suggestions are made that this is not unique to the case. A theory is developed that may be tested by further interrogation of the data and by other research (Yin, 2009).

Case studies’ advantage over stand-alone interviews is the participants’ answers may be shaped by organisational framework or their role in an institution (Hitchcock and Hughes, 1995, Yin, 2009). The defining feature of a case study is to gain an in-depth examination (Yin, 2014). Case studies have two main benefits over other types of evaluation, such as surveys, experiments or quasi-experiments. First, they can capture the complexity of a case, including relevant changes over time (Hitchcock and Hughes, 1995, Stake, 1995). Second, they can attend fully to contextual conditions, including those that potentially interact with the case. This is not possible by collecting large scale questionnaires or secondary datasets used in quantitative studies (Hitchcock and Hughes, 1995). Surveys are limited by the number of questions it is possible to ask its respondents. For example, in large scale surveys the responses are usually limited based on a Likert scale in order to be able to find statistical significance. This takes away from the depth of complexity that occurs with data involving people or organisations in social experiences.

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Experimental research purposely separates a phenomenon from its context. Thus, the researcher only focuses to the phenomenon of interest and only as represented by a few variables. This is due to the controlled nature of the experiment to determine causal relationships between the variables (Cohen et al., 2011).

In order to capture the complexity of the case, the evaluation should rely on evidence from multiple sources to triangulate the results. These sources could be interviews, documents, field observations, archival records, physical artefacts and participant observation (Stake, 1995). Though the data collected is usually qualitative, it can be qualitative, quantitative or both (Yin, 2014). The data can also come from either the realist or relativist perspectives. When triangulated the data, the various strands may even come from contrasting perspectives. This can help to show more validity or it can help the researcher challenge bias or assumptions. A case study should have some sort of initial tentative theory in the case. It may be descriptive or explanatory. If descriptive, there should be some hypotheses of the expected characteristics or results of the case. An explanatory theory should entertain rival explanations as part of the data collection (Yin, 2014).

As with all research methods, case studies have disadvantages. Nisbet and Watt (1984) identify three disadvantages. The first is it may be difficult to generalise results. With a small sample size, case studies do not always show the norms of the population. This can be made up for to some extent by having multiple case studies or by triangulating the results with the literature review. However, this can only minimise the problems of generality. The second disadvantage is that case studies are not easily replicable. Again, the authors would have to relate their findings with the previous literature to attempt to triangulate their findings. However, since the case study has many more variable than what can be tested, unlike in experimental research, replication is not guaranteed. The third problem is observer bias. This is when the researcher's opinions shape the findings. While bias can and does occur in any type of research, case studies are particularly susceptible to this type of error due to the researcher's personal relationship with the participants. This is most evident when part of the data is collected by observation. The participants may act differently if knowingly being observed.

### **4.3.1 Case Study Selection**

Since the units of analysis are both universities and the partnerships they form, it was necessary to select the case study participants to represent both sides of the partnership. This was to learn the institutional effects of the partnership. Thus, the first criterion was to define partnership for the purpose of this study. Using Beerkens's (2002) typology as a guide, partnerships are

considered to be a bilateral, indefinite agreement for coordination purposes between two universities. The reason to choose a bilateral relationship over a consortium was to be able to investigate the relationship from both perspectives. Consortia have multiple members in multiple parts of the world. It would have been uneconomical and time consuming to be able to get each member's perspective on his or her agreement. A partnership provides a context where it is possible to understand the situation from all of the stakeholders' perspective. Indefinite agreements were chosen because each partner would have more of a stake in maintaining the partnership. If the relationship was time limited, there may have less interest for the participants to work on any possible problems that may develop in the partnership (Shore and Groen, 2009).

The second criterion to narrow the sample selection was the country of origin. There was a perceived need to keep the countries involved the same in each case study. Higher education policy is shaped by governments (Enders, 2004). To control for possible differences affecting partnerships, countries of origin were kept constant. In addition, there is some evidence that culture of the two countries may affect communication (Heffernan and Poole, 2004), which could possibly affect the partnership's success (Shore and Groen, 2009). Thus, by choosing the same two countries this will minimise the risk that cultural miscommunication will affect results. The countries chosen, the United Kingdom and Korea were chosen for academic and practical reasons. Non-Korean researchers rarely research Korean higher education. While not a primary focus, this may give a different perspective on Korean higher education. In addition, there is no known research on the relationship between UK and Korean higher education. This may be due to the relatively few student exchanges between the two countries, considering the UK is one of the top destinations for international students (Higher Education Statistics Agency, 2014) and Korea is the top sending countries per capita (Kim, 2008). However, there has been a growth in education exchanges between the UK and Korea since the European Union and Korea signed a free trade agreement in 2011 merit some evaluation (Higher Education Statistics Agency, 2014).

Once the country selections were made, the third criterion was intensity. Beerkens (2002) identifies the level of intensity as an important factor in defining international agreements. However, the definition of intensity is vague. Knight (2011, p.23) further clarified the importance of intensity in international higher education agreements by labelling and defining them. This study wanted to take partnerships from each of those categories, development co-operation, educational linkages and commercial trade, and analyse each. Thus, the case study participants were selected to represent each. Since in both the UK and Korea, universities do not need to publish partnerships agreements publically, the researcher needed to search the websites of every British and Korean university to determine the population of international agreements. This created an approximate population to sample. The next step was to match the list of partnerships

the British universities claim to those the Korean universities claim. An interesting side note is the far greater number claimed by the Koreans. Once the lists were matched up, each agreement, based on self-reported descriptions on their websites, the agreements were categorised into three groups based on Knight's typology. The least intense and middle intense categories, development co-operation and educational linkages, were by far the most prevalent. In fact, there is only one partnership in the most intense commercial trade category. Thus, selecting one partnership from each category where the researcher could get access to the data necessary for the cost-benefit analysis made the final selection.

Once the partnerships and the universities within the partnership were chosen, it became important to identify the individuals managing and maintaining the partnerships. These people came from the main stakeholders in the partnerships; university managers, administrative staff and faculty members. The criterion for selection was that they had direct involvement in the partnership. Due to the cost-benefit framework, the number of participants is less important than ensuring they are the key stakeholders in the partnership. Thus, the participants are the people who have direct knowledge on the areas of the university impacted by the partnership. The university managers are in leadership positions whose decisions directly impact the universities partnership actions. The administrative staff is involved in the day-to-day operation of the partnership, understand the process, and tend to be the most affected by the partnership. The faculty are more important as the partnership intensifies. While they may or may not be directly affected in development co-operation partnerships, they are of vital importance in commercial trade agreements. Here, the faculty have to develop and deliver academic programmes in conjunction with their partner universities faculty across international borders.

### **4.4 Pilot Study**

Prior to conducting the main data collection, this study conducted a pilot study. There were two main reasons for this. The first was to determine if the study would be feasible. The second was to improve the research implements. The pilot was conducted between July and October 2014. Similar to the main study the pilot comprised both interviews and questionnaires. However unlike the main study, some of these interviews were conducted over the phone as opposed to all being in person. The pilot consisted of seven participants in the UK and one in Korea. These participants were each university managers in charge of internationalisation and/or international programmes. These managers are in positions in both central university administration and at the departmental level. The Korean participant manages internationalisation for the central administration at a private university in Gyeonggi Province. The British participants included two at the departmental and three at the central university level. Those at the department level

included at a business department at a post-1992 London university and at a Russell Group university's humanities department. For those participants in central administration, the universities they represent include three Russell Group universities and two post-1992 universities. None of these universities is located in London, but they are all in England. The participants represented a Russell Group, a Redbrick and a post-1992 university each. The result of this study was to show that the full study would be feasible. It also led to an improvement of the interview questions and questionnaires.

## **4.5 The Participants**

This final section of the chapter discusses the participants in the survey. This is broken up into two subsections, the participant universities and the individual participants. The first subsection is a brief description of the universities that took part in the study to get a better understanding of university goals and perspectives. The second subsection tries to do this with the individual participants. Here some perspective is given based on where in the university their position is located.

### **4.5.1 The Universities**

There are six universities represented in this study: three from Korea and three from the UK. Each of the Korean universities is paired with a British university for cost-benefit analysis and for a qualitative comparison of the partnerships. In selecting the universities, the researcher took great care that each Korean university was partnered with a specific British university. Each partnership represents each of the three partnership intensity levels. In addition, there needed to be multiple people at each university to be able and willing to discuss the partnership and their university's internationalisation strategy. Each of the universities is anonymised with names of local animals to help protect the individual participants' identities.

The Korean participant in the development co-operation agreement is Jindo University. Jindo is a public university that was officially founded in 1946 after Korea regained independence from Japan. However, this is when the modern university came together from the remnants of nine institutions of higher education centred in Seoul. Some of these forebears originated from the late Joseon Dynasty period (1800s), while others from Japanese imperial rule (1905-1945). The university quickly grew into one of Korea's leading universities. Currently, it is one of East Asia's leading research based universities with about 80 undergraduate degree programmes and 100 graduate degree programmes. The university is one of the most competitive for students to attend and many Koreans' educational goals while growing up is to attend the university. Thus,

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Jindo rejects well over three-quarters that apply. As with all Korean universities, the government regulates the university closely in terms of degrees that are allowed and student enrolment numbers. However as a public university, the government controls university operations with a Ministry of Education appointed Board of Directors. These directors have control of the appointing senior managers that lead the university, including its president.

Jindo's British partner is Bulldog University. This is a Russell Group university located in England and was founded by a royal charter. As a Russell Group university, Bulldog is a leading British research university with over a hundred undergraduate and graduate programmes. It is quite competitive for student places at the university and over half the applications are unsuccessful. The university is a public university in that accepts government funding, though the university is faculty governed.

In the exchange partnership, the Korean participant is Magpie University. Magpie is a private university founded by American missionaries in the later 1800s. While originally a religious university, the university is now non-religious and controlled by a non-profit Korean conglomerate that also runs a dairy company, a chain of dental practices and luxury resorts. These for profit sections of the conglomerate help to fund the university and its research. The university has over 75 undergraduate and graduate degree programmes. Magpie is considered to be one of the leading research based universities in Korea.

Magpie's partner is Puffin University. Puffin was founded in the early 1900s and is known for its international study programmes at both undergraduate and graduate levels. The university prides itself on its Asian language courses. Many of these courses are the only one of its kind in the UK, in some instances Europe. While Puffin has a good reputation for the degree programmes and its research, it does not have a universal collection of disciplines at the university. Puffin is a public university that is governed by faculty through its royal charter.

Tiger University is the Korean participant in the commercial trade partnership. This university is a relatively young public university, founded in the 1970s through American government development aid. Like Puffin, Tiger is well known in a selected range of disciplines. In this case, it is known for its science and engineering programmes. In fact, Tiger only has one non-STEM based discipline is the business school. The university's research is well ranked in Asia and increasingly globally.

Tiger's partner is Lion University. This university received its royal charter in the 1960s, though dates back to the mid-1800s. While the university has a full range of disciplines (roughly 60 undergraduate and graduate degrees), it is mainly thought of as a business school. The university

has pushed for internationalisation over the past ten years. This has mainly been effective if measured in international student numbers. Roughly half of the student population is foreign born, though the majority are from the European Union. The university has also recently opened two foreign-based campuses in the Middle East and East Asia.

#### **4.5.2 The Individuals**

There are 17 individual participants. They were selected for having either a deep working knowledge of the partnership, for the CBA, or for being experts on their university's internationalisation strategy. There are three participants from each university with the exception of Bulldog University, which has two. There was an attempt to find a third participant from Bulldog, but since the partnership with Jindo is small, only two people have working knowledge of it. The researcher used great care in finding the research participants to ensure that they are experts on the individual partnerships. Each of the participants are anonymised with common surnames. Below is a brief description of each participant.

Haejin is Jindo University's international office manager. She is in charge of Jindo's international strategy. She is one tasked with be the final person to agree to any partnership deal the university signs. Since she graduated with a master's degree from Edinburgh, she often takes the lead in the university's strategy. She has been at Jindo for about ten years.

Hyori is Haejin's top assistant. She has been at Jindo since graduating from the university with a master's degree in 2010. Her tasks involve creating and implementing internationalisation strategy for the university. In addition to this, she is takes the lead in university strategy for North America and Oceania. However, she often aids with European affairs due to Haejin being a senior manager.

Taehee is an academic in charge of Jindo's College of Engineering internationalisation strategy. She works with universities and companies around the world to create academic partnerships and work placement opportunities for students reading engineering.

Clint is Bulldog's pro vice chancellor for internationalisation. While a PhD holder, he has spent his entire working career in politics. He has been deeply involved with the Barack Obama election campaigns in his native US before coming to Bulldog. This is his first position in the UK or higher education. He is in charge of all internationalisation policy for Bulldog.

Daniel is the international office manager. He is in charge of implementing Clint's strategy on a practical level. He also manages many of the university's initiatives and partnerships in East Asia.

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Taejoo is Magpie's internationalisation officer. He has been in international education since receiving an American master's degree in the early 1990s. His colleagues consider him a Korean pioneer in international education, by his colleagues. He has worked to increase Magpie student participant in international activities through exchange partnerships, foreign internships and on-campus cultural events.

Insook is Taejoo's boss. She is in charge of all internationalisation strategy for the university. Since she graduated with a master's degree from the university in the late 1980s, she has worked at the university in different managerial roles. She was promoted to her current position in 2011 and is now in charge of the new global campus.

Hongchul is an academic in charge of the business school's internationalisation strategy. He began work in 2012 after graduating from the university. He works to help Magpie's business students to obtain foreign work placements. He also works to create exchanges with foreign universities.

Fiona is in charge of Puffin's international office. This includes strategy and relationships with foreign universities. Before coming to Puffin in 2010, she held similar roles in her native US.

Christine has worked in Puffin's international office for her entire career. She is in charge with the international student induction activities and work with international students to ensure they are able to use the university's services. She is also in charge of partnerships with Japanese and Korean universities.

Theresa is an academic in charge of the language school's international efforts. She has the responsibility to create partnerships for students that need to study overseas as part of their degree requirements.

Jaesuk is Tiger's vice president for internationalisation. He is in charge of all internationalisation policy and strategy for the university. He has a dual MBA from Tiger and its American partner. He has spent the majority of his career in the American banking sector before moving to Tiger in 2010.

Hodong is Tiger's international office manager. He came to the university in 2012 after graduating from a master's degree in the US. He is in charge of managing the university's partnership portfolio.

Soohyun an academic is the School of Business's international manager. She is in charge with creating the school's internationalisation policy and strategy. She has worked at Tiger since earning an American PhD in the late 1990s. She helped to create the dual degree with Lion.

Charles is an academic in charge of the Lion Business School's internationalisation strategy. He is ultimately in charge of over 75 partnerships with universities around the world. In addition, he works to create international internships and work experience for students reading business.

Michael is Lion's international office manager. He is new to Lion, beginning in late 2014. Prior coming to Lion, he has worked in about five British universities working on partnerships and internationalisation. He came to Lion to create an internationalisation strategy and to create a standardised approach through the university. Previously, each academic unit had their own policies, and the central office would rubber-stamp the results.

Taeyoung is an academic at Lion's business school. He is in charge with operating the partnership with Tiger. He is originally from Korea, graduating from Tiger with an undergraduate degree before coming to the Oxford for a MBA and PhD. He has been at Lion since 2007, his second academic post in the UK.

Table 4-1 Participant Chart

	Pseudonym	University	Job
1	Haejin	Jindo	International Office Manager
2	Hyori	Jindo	International Office Assistant Manager
3	Taehee	Jindo	College of Engineering International Manager
4	Clint	Bulldog	Pro Vice Chancellor for Internationalisation
5	Daniel	Bulldog	International Office Manager
6	Taejoo	Magpie	International Office Manager
7	Insook	Magpie	Vice President for Internationalisation
8	Hongchul	Magpie	Business School International Manager
9	Fiona	Puffin	International Office Manager
10	Christine	Puffin	International Student Adviser
11	Theresa	Puffin	School of Languages International Manager
12	Jaesuk	Tiger	Vice President for Internationalisation
13	Hodong	Tiger	International Office Manager
14	Soohyun	Tiger	Business School International Manager
15	Charles	Lion	Senior Lecturer and Business School Head of Internationalisation
16	Michael	Lion	International Office Manager
17	Taeyoung	Lion	Senior Lecturer and Lion/Tiger Joint Degree Co-Ordinator

## 4.6 Data Collection Implements

This study used three types of data collection: document analysis, interviews and questionnaires. Obtaining different streams of data provides a more comprehensive and holistic picture of the

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studies programmes. In addition, these methods allow one to triangulate knowledge gained from multiple sources to increase reliability (Yin, 2009). Chapter 3 provided the conceptual framework of economic sociology and strategic management along with cost-benefit analysis. That framework helped to navigate the data collection and analysis process for this study. This section presents the data collection methods used in this study and each discussion is followed by a discussion about its connection to the pre-developed conceptual framework.

### 4.6.1 Document Analysis

Documents can be defined as “a record of an event or process” (Cohen et al., 2011, p. 249). However, this seems a bit vague as the records can take different forms. Documents can be private or public records. They can be official documents or accounts in the media. Since university partnerships are considered business agreements (Hodson and Thomas, 2001), this study used official documents published by the university members of the partnership. These documents included university websites, memoranda of understanding and advertising materials, if existing, related to the partnership. The university websites were mainly used in the case study selection by attempting to determine the population of partnerships. University partnerships are legal agreements and have the legal documents that go with it. The memoranda of understanding are the main legal documents, like treaties, outlining the partnership structure. These documents were helpful in determining the areas of direct impact and the intended impact. The advertising materials were used to better understand the indirect effects of the partnership.

### 4.6.2 Interviews

The qualitative research interview “is to obtain descriptions of the lived world of the interviewees with respect to interpretations of the meaning of the described phenomena” (Kvale, 1996, p. 30-1). Included are the main characteristics:

- To understand and interpret the key feature of the participants life;
- Use natural language to gather and understand knowledge;
- Be able to reveal and explore nuanced descriptions of the participants’ viewpoints;
- Provoke descriptions of specific, not generalities, situations and actions;
- Adopt a deliberate openness to new data;
- Accept the participants’ ambiguity and contradictions of situations where they occur;
- Accept the interview may provoke new insights and changes in the participants;
- Regard interviews as an interpersonal encounter;
- Be a positive and enriching experience for all participants.

(Kvale, 1996, Cohen et al., 2011)

Participants took part in one-on-one in-depth semi-structured interviews. The drawbacks to interviews revolve around validity and reliability. The lack of validity reduces the study's reliability. One type of validity problem is face validity. This is having questions that are not measuring what the researcher intends (Cohen et al., 2011). However, researchers can pilot their questions before the interviews. This is convergent validity (Cohen et al., 2011). Bias can also lead to validity. This includes the interviewer asking leading questions to search for an intended answer or participant misunderstanding. Since interviews are interpersonal, sensitive topics can lead to bias (Hitchcock and Hughes, 1995). Thus, the interviewers need to be careful and structure their interviews and questions appropriately. The researcher should also sample well to ensure the participants fit the criteria being studied. The authors could have done this with the focus group data collected. While every data set will have some bias, researchers need to minimise against it by being open with the assumptions made throughout collection and analysis (Cohen et al., 2011).

#### **4.6.3 Questionnaire**

In addition to the interviews, a short questionnaire is necessary in order to conduct the cost-benefit analysis. In this stage, the researcher takes the analysed qualitative data from the interviews to form a written questionnaire. This is how the qualitative data can start to be measured quantitatively. The qualitative interviews, from the CBA point of view, allow one to learn the impact categories of the partnership. The questionnaires then ask questions regarding measurements for these categories. The questions are open-ended, so that the participants are able to report on specific numbers. An example of this is a question referring to the number of students that participate in the partnership. In this example, the qualitative interviews reveal that students are an impact category in the CBA. However, the participant may not know the exact student numbers involved in the partnership. This allows them to answer with the benefit of being able to check his/her university's records. Since the CBA is based on normative economics, this step and the previous interview stage are necessary to determine what the current state is in a partnership before deciding what is possible to change. Since the data is specific to the university, or partnership, large-scale response is not necessary. However, it becomes important to determine an accurate measurement based on facts. An example, would be determining the number of students exchanged as part of the partnership agreement. There would be only one correct answer. Thus during the interview stage, it became essential to determine the best person with the relevant information to answer correctly. The qualitative interviews were used to determine the participants that would be in a position to answer the questions. This minimised the danger of assuming the participants have knowledge. Since the information requires

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knowledge of specific measurements, the questionnaire was developed to allow time for the participants to think about the answers or to look at internal university records on the subject. Thus, the questions would need to be specific and highly structured to ensure the precise data is collected, despite structured questions being more common in a high participant questionnaire. A potential pitfall would be if the participants did not take the time to determine the precise answer and estimate some response.

The questionnaires were self-administered without the researcher's presence. They were sent to the participants within a week of the interviews. They were self-administered due to the nature of the participants. A CBA requires as accurate information on specific issues that few would have direct or accurate knowledge. Thus, the participant number needed in each case study was low. However, since the questions are based on analysing interview data, it is impossible to complete at the time of the interview. In addition, the data are specific information that the participant would not remember precisely without looking at university records. The disadvantage to this is that the participants may misinterpret the questions and inevitably provide incorrect information. This is compounded, as half of the participants are not native English speakers. Another disadvantage is that questions may be omitted. To minimise these risks, the questionnaires were sent with a Korean translation where necessary and in a short time after the interviews. This was for they would not forget about the study.

As mentioned above, the questions in the questionnaire are both ratio data. Ratio data questions allow for classification, order and equal interval data. However, ratio data's most appropriate attribute for this study is that it allows for analysis of data that contains an absolute zero, of which money is an example. This is helpful when attempting to determine proportions, as arithmetical techniques are only possible with an absolute zero.

## **4.7 Data Analysis**

Since multiple methods are being used to collect data, multiple methods are needed to analysis that data. This section outlines those methods.

### **4.7.1 Content Analysis**

Documents "do not speak for themselves but require careful analysis and interpretation" (Cohen et al., 2011, p. 253). In order to analyse and interpret them, this study used content analysis. While often sloppily used, content analysis is a process of summarising written data and understanding their meanings (Cohen et al., 2011). It "defines a strict and systematic set of procedures for the rigorous analysis, examination and verification of the contents of written data"

(Cohen et al., 2011, p. 563). It is a replicable technique for making replicable and valid inferences from written data to context of their use (Krippendorff, 2012). Originally content analysis was used to analyse mass media, it is now used in other fields and purposes to investigate data (Bos and Tarnai, 1999). While it is often used to analyse large quantities of data, content analysis can be undertaken with any written material, including legal documents (Weber, 1990).

Content analysis has several benefits. First, it is unobtrusive, as “one can observe without being observed” (Cohen et al., 2011, p. 563). Second, it is systematic and verifiable as the rules for analysis are explicit, transparent and public (Bos and Tarnai, 1999). Since the data is written, and thus permanent, verification through re-analysis and replication is possible (Cohen et al., 2011). Many researchers see content analysis as “an alternative to numerical analysis of qualitative data” (Cohen et al., 2011, p. 563). This view is derived from its earliest uses in evaluating newspapers for propaganda by assigning categories and counting frequencies (Bos and Tarnai, 1999). In time however, content analysis expanded beyond frequency. Now, other numerical data may be extracted from content analysis (Krippendorff, 2012). In addition, since it focuses on written data, it allows a researcher to analyse language, linguistic features and meanings in context (Cohen et al., 2011, Krippendorff, 2012). Content analysis can be particularly useful in forming an understanding of institutional realities. Organisations “co-ordinate their activities through communication and continually affirm their membership” (Krippendorff, 2012, p. 77).

The purposes of content analysis are (a) the coding of open-ended questions in surveys; (b) the revealing of the focus of individual, group, institutional and societal matters; (c) the description of patterns and trends in communicative content. It takes written data and analyses, reduces and interrogates them into summary form through the use of both pre-existing categories and emergent themes in order to generate or test a theory. It uses systematic, replicable, observable and rule-governed forms of analysis in a theory-dependent system for the application of those categories (Cohen et al., 2011, p. 564).

In order to use content analysis, Cohen et al. (2011) devised an 11 step process to follow. First is to define the research questions to be addressed by the content analysis. This includes what wants from the data being analysed. The second step is to define the population. This refers to determining what population of texts the sample should be taken from. Third is to define that sample. Here, the sample must follow similar procedures to sampling people for large-scale surveys. Fourth is to define the context of the document generation. This indicates the background information that went into the document creation. Fifth is to define the units of analysis. Units can be words, phrases, sentences, paragraphs, the whole text or themes. However, the units should be a fair representation of the representation of the context and data.

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Sixth is to decide the codes to be used in the analysis. Here, the researcher wants to be able to become familiar with the text to be able to develop themes. This is similar to thematic analysis. Step seven is to construct the categories for analysis. "Categories are the main groupings of constructs or key features of the text, showing links between the units of analysis" (Cohen et al., 2011, p. 566). The categories need to be exhaustive in order to address content validity. Step eight is to conduct the coding and categorising of the data. This is where the designation of the codes and categories to the text. Step nine is to conduct the data analysis. Here is where the researcher determines the linkages and relationships in the context. Often quantitative analysis of the qualitative data takes place at this stage. The criticism is that the approach can be too positivist. The penultimate step is summarising. This is when the researcher writes up key factors, issues and concepts. The final step is to make speculative inferences. This moves the research from description to inference by offering possible explanations (Cohen et al., 2011).

For this study, the first two steps of the context analysis process overlapped with the discussion of the case study. The documents used in the analysis were the university websites and the memorandum of understanding (MOU), the contractual agreement between the universities forming the partnerships. The websites were looked at for two reasons. As mentioned in section 4.6.1, university websites were used to determine what university partnerships existed. While there is no statutory requirement in either the United Kingdom or Korea to report the partnerships, it created an understanding of the population to select case studies. The second reason websites were used was to determine their indirect effects. Partnerships can be advertised to attract additional funding, students or scholars. The websites are the most common place to advertise as the content is controlled and it is relatively cheap and simple for universities to put items on their own websites.

The MOU were used to determine the intended and direct results to the partnerships. As legal documents, the MOUs often use specific language to define boundaries and procedures for the partnerships. This includes the responsibilities of each side and what should happen in the event of a dispute. Thus, content analysis was used in determining in part the variables to consider for the CBA. If the MOU directly mentioned a particular variable, it could be included in the CBA. If there were stated figures, for example the numbers of students to be exchanged or how the profits from a joint degree programme would be divided, then those numbers were used in the calculations.

### 4.7.2 Thematic Analysis

“Thematic analysis is a method for identifying, analysing and reporting patterns (themes) within data” (Braun and Clarke, 2006, p. 79). It is often labelled as another type of qualitative analysis, such as narrative analysis or grounded theory. At times it is not labelled at all. However, most qualitative research involves identifying themes. Thus, the researcher needs to identify what is a theme. A theme can be obvious but is usually abstract. Thus, analysis involves a persistent re-examination of the data (Ryan and Bernard, 2000). The easy way to decide is if patterns keep occurring. This does not mean a pattern will appear in every interview or in a certain per cent of interviews. The researcher needs to be flexible in determining the difference between patterns and coincidences. Thematic analysis is about understanding people’s experience of reality in order to understand the researched phenomena (Braun and Clarke, 2006). It is an empirical method of looking at data. This is different from grounded theory. In grounded theory, data patterns are found, but they are theoretically bound (Charmaz, 2000).

The phases of thematic analysis are similar to other types of qualitative research (Braun and Clarke, 2006). However, it is necessary to provide rigour. This involves in-depth planning, careful attention to the subject being studied. It is “demonstrating transparency of how the researcher formulated the overarching themes from the initial participant data” (Fereday and Muir-Cochrane, 2008, p. 82). Braun and Clarke (2006, p. 87) list six phases. While they seem linear, they are recursive. Phase one is familiarising yourself with your data. This is transcribing and rereading the data. Phase two is generating initial codes. As the name suggests, this is coding important data features. Phase three is searching for themes. The researcher groups the coded data into emerging patterns. Phase four is reviewing themes. The researcher checks the emerging themes with the codes from the previous phases to understand deeper. Phase five is to define and name themes. This is when the researcher refines the specifics of each theme. Phase six is producing the report. As the name suggests, this is writing up the findings for publication.

Thematic analysis has been criticised for “shifting attention away from what is being analysed and towards the analysis itself” (Cohen et al., 2011, p. 452). This can minimise the importance of what is being studied. Conversely, it is easy ignore how data is being analysed. As stated above, this can question the researcher’s rigour. This makes it difficult for readers to analyse and evaluate the findings properly (Attride-Stirling, 2001).

### 4.7.3 Questionnaire

As mentioned in section 4.5.3, the questions in the questionnaire are open-ended and based on the results of the qualitative interviews. The responses are then used for two purposes. The first

is to triangulate with the responses given in the qualitative interview. The second is to measure the impacts of the CBA. For example if a partnership involves students, the question may ask about student numbers participating in the partnership. The respondent would answer based on his/her university's records. Since there is only one correct answer, the numbers from the questionnaire can be used directly in the CBA.

## 4.8 Steps of CBA

In the previous sections, there was a discussion of the theory and conceptual foundations of cost-benefit analysis (CBA). This chapter will look at the procedural steps of the CBA in this research project.

Table 4-2 Cost-Benefit Analysis Steps

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1. Specify the set of alternative projects.
  2. Decide whose benefits and costs count (standing).
  3. Identify the impact categories, catalogue them, and select measurement indicators.
  4. Predict the impacts quantitatively over the life of the project.
  5. Monetize (attach dollar values to) all impacts.
  6. Discount benefits and costs to obtain present values.
  7. Compute the net present value of each alternative.
  8. Perform sensitivity analysis.
  9. Make a recommendation.
- 

(Boardman et al., 2014, p.6)

CBA is generally considered a nine-step method to economics decision-making (see Table 4.1). While some authors do describe the process in fewer steps, they often do multiple tasks in the same-labelled step. The intent of a CBA is to first determine what the economic situation is and then to evaluate the possible alternatives on what 'ought' to be the economic situation (Mishan, 1981, Hausman, 1992). The steps are designed to create a constant framework for analysis.

#### **4.8.1 Specify the set of alternative projects**

This first step requires the researcher to evaluate the alternative projects (Boardman et al., 2014). CBA is a tool to make decisions, thus this step is a needed to determine which alternatives are possible. Since the partnerships being investigated are current agreements, this study will look at *in medias res* CBAs. This will allow the researcher to be able to determine the impacts the partnership has had on the participant universities in comparison to not having formed the partnership. This can simplify the process as the standard *ex ante* CBA often has many more alternatives as new partnerships tend to have greater unknowns (Knight, 2011, Boardman et al., 2014).

#### **4.8.2 Decide whose benefits and cost count (standing)**

The next step is to identify whose impacts should be included in the CBA, or to decide on the main stakeholders. This can be a somewhat contentious normative decision for the researcher. As argued in Chapter 2, modern universities have a long list of possible stakeholders and that number continues to grow from neoliberalism. The central university administration itself, the individual faculties that make up the university, the academic faculty themselves (as individuals), the students, the governments (in public universities), the citizens of the country, the businesses who hire graduates and research funders have been identified as possible stakeholders (Knight and de Wit, 1995, Jongbloed et al., 2008, Shore and Taitz, 2012). Each of these entities, or possibly others not listed, could have standing. However, partnerships are business decisions. Thus, the economic impacts would need to be identified. In order to do this, the researcher conducts the qualitative interviews mentioned above. These interviews help to gain an understanding of what is happening in the partnerships and who is impacted by the partnership.

#### **4.8.3 Identify the impact categories and select measurement indicators**

The third step requires the researcher to identify the impacts of the proposed alternatives, register them as benefits or costs and specify the measurement indicators of each category (Boardman et al., 2014, p. 8). Here, the term impacts refer to both inputs and outputs, or in other words, resources gained or spent. Impacts only matter for individuals or groups with standing, the stakeholders. To treat something as an impact, there has to be “a cause-and-effect relationship between some physical outcome of the project and the utility” of the stakeholders (Boardman et al., 2014, p. 8). However, the assumption is that the stakeholders have relevant knowledge and information to make rational choices (Simon, 1972). For this step, the

questionnaires are used to put some numbers to measure the partnership's impact on those with standing.

#### **4.8.4 Predict the impacts quantitatively over the life of the project**

The partnerships evaluated in this study have impacts that extend over time. The researcher needs to predict outcomes, for each alternative, for each time. For example if the options are to have no partnership or a partnership that exchanges students each year, one could calculate the costs and benefits of exchanging those students year academic year. Since this study is an *in medias res* analysis, the predictions should be more accurate than a traditional *ex ante* analysis. With an *ex ante* CBA; each impact would need to be estimated for each year. The estimates are usually based on unreliable measures, and they carried out into the future with the assumption that nothing changes that can impact the original prediction. For example, a British university manager may predict three students a year would want to study in Korea. This could be based on a student interest survey that may not have been intended to determine this. The university can then develop a partnership to accommodate this student interest. However, the assumption that three students would want to go to Korea may not be accurate. If this is extended over time, it may become more inaccurate. This example also assumes that the economic impact on the university will be consistent over the duration of the partnership. With an *in medias res* CBA, however, the many of the assumptions become known. In using the example above, the researcher would know how many students have been exchanged since the partnership began and understand externalities affecting those that may choose to go in the future.

#### **4.8.5 Monetise all impacts**

As stated in the previous chapter, a cost-benefit analysis is measured in monetary values. In fact, Levin and McEwan (2001) mentioned this as a strength, as a CBA can be used to compare programmes with widely disparate objectives by having outcomes measured in a common unit (Levin and McEwan, 2001). Since this is a study of business decisions made by universities, many of the impacts are in monetary terms already. However, it would be negligent to assume these values can be imputed directly into the CBA. In some cases it may be true, but CBAs are typically measured in willingness-to-pay. If the universities are working in a free market, then the impact numbers is an indication of willingness-to-pay.

For this study, the pound sterling was the currency used. This is for two reasons. First, sterling is an international reserve currency, and is therefore considered stable (Lane and Shambaugh, 2010). However, it is still prone to geopolitical changes such as the vote to leave the European

Union. While the Korea has a strong vibrant economy, the Korean won has little international demand. Thus, the won acts more like a currency of a developing country and unstable. Second, sterling is the home currency used with the UK universities in this study, thus the conversions are only necessary for the Korean universities.

#### 4.8.6 Discount benefits and costs to obtain present values

A university partnership is a multi-year agreement by definition. However, impacts are not equal throughout time. The present value (PV) is higher than future values. This is due in part to opportunity costs. Opportunity costs are the costs of what is foregone to do a project. Thus, the opportunity costs of maintaining a particular partnership is the risk of doing a better, or more profitable, project. Another reason to discount future values is that people prefer to consume now rather than later (Layard and Glaister, 1994). A third reason for discounting is to account for inflation (Boardman et al., 2014). The actual rate of discount, or the social discount rate, is however contentious, as it is based in part on assumption. Thus, it is a prime target for the sensitivity analysis. For this study, the social discount rate used was 3.5 per cent.

To discount the costs or benefits that occur in year  $t$ , they are converted to present value by dividing by  $(1 + s)^t$ , where  $s$  is the social discount rate. If a project has a life of  $n$  years and  $B_t$  and  $C_t$  represent the benefits and cost in year  $t$ , the present value of the benefits  $B$ , and the present value of the cost,  $C$ , are:

$$B = \sum_{t=0}^n \frac{B_t}{(1 + s)^t}$$

$$C = \sum_{t=0}^n \frac{C_t}{(1 + s)^t}$$

#### 4.8.7 Compute the net present value of each alternative

The net present value (NPV) is simply the difference between the present values of costs and benefits.

$$NPV = B - C$$

If there is more than one alternative, then this should be repeated for every alternative. The option with the largest NPV should be chosen as project, subject to the sensitivity analysis and assuming the NPV is positive. There is some debate in the literature as to whether NPV is the most suitable decision rule once the costs and benefits have been combined (Levin and McEwan,

2001). The alternatives are the benefit-cost ratio (BCR) and the internal rate of return (IRR). The BCR can be “interpreted as the number of monetary units of benefit for each unit of costs” (Levin and McEwan, 2001, p. 177).

$$BCR = \frac{B}{C}$$

Similar to the NPV, the BCR indicates whether benefits are greater than costs. BCR, however, does not describe the scale of a partnership. This can misrepresent the outcomes when the scales are not comparable (Levin and McEwan, 2001).

The advantage of the IRR over the NPV and the BCR is that it does not require one to assume the social discount rate. In the previous section, this study indicated it used a 3.5 per cent social discount rate on the assumption that inflation will remain low over the next five years. The “IRR is defined as the discount rate ( $i$ ) that causes the net benefits to equal zero” (Levin and McEwan, 2001, p. 178).

$$NPV = \sum_{t=1}^n \frac{B_t - C_t}{(1+i)^{t-1}} = B - C = 0$$

To use the IRR to assess the desirability of a project, it should be compared to the prevailing discount rate. If the IRR is larger, then the project is desirable. However, like the BCR, the IRR does not indicate the project’s scale. It is possible for two alternatives to have equal IRR with vastly different NPV. A second disadvantage is that the IRR is that it difficult to calculate in situations where the costs are upfront and the benefits come later, throughout the lifetime of the project. This leads to overestimating the benefits (Levin and McEwan, 2001). A university partnership is the type of project with upfront costs, though some are spread through its lifetime, with the benefits coming throughout its lifetime.

#### **4.8.8 Perform sensitivity analysis**

One of the main criticisms of CBA is that there are too many assumptions and thus leaving the results imprecise with uncertainties (Williams, 1972). There are assumptions on the social discount rate, impact categories and determining standing (Levin and McEwan, 2001). In order to better assess the assumptions in an attempt to lessen the uncertainties, a sensitivity analysis is necessary. This is a test on the assumptions to determine if they change would those changes greatly affect the CBA results.

#### **4.8.9 Make a recommendation**

Once the sensitivity tests are completed, the final step of the CBA is to make a recommendation. Generally the project with the largest NPV should be adopted (Boardman et al., 2014). However, it is important to remember that the researcher can only recommend and not decide a partnership's viability. A CBA shows how resources should be allocated during the decision making process. However, the 'should' in the previous sentence indicates a normative decision based on the available economic indicators. Decisions are made under political and bureaucratic pressures. A CBA is an economic component to the decision-making process. While it is hoped that economics would be the primary consideration in making a business decision, with universities and the managers leading them, this is not always realistic. Universities have a large amount of diverse stakeholders. The politics of their environment may lead to university managers making decisions for other reasons.

### **4.9 Ethics**

The University of Southampton's Research Governance Office granted ethical approval of this study in September 2014 through Ethics and Research Governance Online (ERGO), Southampton's electronic document system for ethics. The university's ethical approval process required forms pertaining to the research protocol, an interview schedule, the study aims, the rationale, the study's design and the people involved. To this last point, the university requested a description of the researcher and the research participants. The process also required study information sheets for the participants' consent forms and a debriefing form. These forms gave the participants information about the study, described to them that they may decline participation at any time and assurances of anonymity, confidentiality and data storage. Southampton also required risk assessment forms related to both researcher safety and possible damage to the participants.

While scheduling the qualitative interviews, the researcher sent the participants an information packet containing a welcome letter describing the study, a study information sheet and a consent form. Prior to commencing the interviews, the researcher again provided the same forms and verbally explained them. In order to proceed, the interviewees each signed an informed consent form. The information packet includes information on data storage and data usage.

With the participants, the researcher took care to provide anonymity to the extent possible. Each participant was given pseudonyms based on common Korean or British forenames. Since the participant's job titles are given, the universities represented were also given pseudonyms to make it difficult to identify the participants through their university affiliations. The university

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pseudonyms are derived from symbolic animals from the respected countries. Once the interviews were transcribed, a copy of the transcript was sent to the participants to double check that the transcript had no errors and that the participant was still willing to have their data used in the study.

The ethical consideration used for the questionnaire was similar to that of the qualitative interviews. In a cost-benefit analysis, it the quantity of the questionnaires is less important that insuring that the questionnaire was being filled out by someone that knew the data. Thus, the participants that answered it were the same as those that participated in the interviews. Thus, the information packet included the questionnaire. This was explained prior to the interviews as well. The questionnaire was then given to the participants from each university that would be best able to answer the questions. Those participants then emailed the form back to the researcher.

### **4.10 Limitations and conclusion**

As with all research, this study has some limitations and biases. The limitations come from the nature of the study. The cost-benefit conceptual framework is a normative framework. As such, it makes assumptions on the way a phenomena should be. While the assumptions are commonplace in normative economics, such as efficiency maximising resources, they are still normative judgements. Normative economics, however, more than some other normative social sciences, allows for positivist influences, as one needs to know the truth of what exists before determining how they should change. The detailed information needed to conduct the CBA leads to a comparative case-study research design. This allows for one to determine the positivistic and interpretative elements in international university partnerships. However, it does lead to issues of generalisation, as it is impossible to prove that the results will fit other studies. Despite this, having multiple cases does help lead knowledge in the direction of generality. Bias in the research may have stemmed from the researcher. The researcher's experience and affiliation with the educational systems in both countries may contribute to that bias. The researcher is based at a UK university with international partnerships and has been to some extent been institutionalised. Prior to arriving at Southampton, the researcher worked in Korean higher education and could possess institutional bias. However, these experiences could also have given the researcher an advantage in communicating with the participants.

Thus far, this study has given the theoretical and methodological background for the research. In the next two chapters, the study will move into a contextual phase. This shows more in detail the British and Korean higher education systems, how they fit global generalities and how they do

not. In addition, the case study partnerships and the university participants are introduced. This will lead into the operational and analytical portion of the study.



## Chapter 5: Qualitative Results

### 5.1 Introduction

This is the first of two chapters that describe the results from the data. This chapter describes the qualitative, while the following is the quantitative CBA. The data represented in this chapter comes from 17 semi-structured interviews, and the data analysis has been aided by NVivo 11 software. The 17 participants come from six universities, three in the UK and three in Korea. The universities have been selected because they have formed partnerships with each other. Each of these three partnerships represents the three types of partnership: development co-operation, exchange and commercial trade. There are three participants from each university, with the exception of Bulldog University in the UK, which has two participants. Bulldog is part of the least intense development co-operation partnership and only one person has direct knowledge of that partnership, whereas the other participant is knowledgeable on the university's internationalisation and partnership strategies. The participants chosen have working knowledge of the partnership, have working knowledge of their university's internationalisation strategy or both. They answered questions related to their university's internationalisation strategy, partnerships in general and the specific partnership analysed in the cost-benefit analysis. Eleven participants have positions in their universities' central administration. The remaining six participants are located in academic units.

This chapter is divided into four main sections. The next section is an analysis of the common themes. The third section is an analysis of the three partnerships, with each forming a case study based on the themes from section two. The fourth section is a summary of the qualitative data.

### 5.2 Thematic Analysis

Six main themes emerged from the qualitative data: a difference between the central administration and academic departments, the importance of money, the international rankings, the importance of the English language, how market differences impact partnerships and Korean higher education. While they are displayed as themes separate from one another, they do interrelate with each other.

In addition to the main themes, one point to emerge from the data is the external environment. These are the structural constraints that globalisation, neoliberalism and

massification have on the universities, as the external environment influences the main themes. Thus, universities have more pressure to secure funding and revenue sources to operate. However, the competition for these resources has become more intense and moved from domestic to international competition.

It is becoming more difficult to run a university, not that it was ever easy. Now though, we face more pressures from many different sources. However, the biggest problem is money. In the past, the government would provide. Now we must find the money to provide for ourselves (Jaesuk, Tiger).

The government in the UK has been cutting back funding for universities to operate. This is causing us to be more strategic. It has forced us to make priorities and cutback on some of the fat, to tighten our belts somewhat. Though, it has allowed us to engage more with the world around us. We no longer look inwards. We have to engage with the world in order for our research to have global significance. (Clint, Bulldog).

Therefore, universities have needed to look outwards, or internationalisation to develop a path to sustainability and to prosper in the global higher education market. The next six subsections describe internationalisation's impacts on universities.

### **5.2.1 Difference Between Central Office and Academic Departments**

The external environment has changed how the universities are administrated. This is creating a difference in how the central administration and the academic departments internationalise, which in turn impact the types of partnerships found at each level. The central administration, which 11 of this study's 17 participants represent, seems to be more business-minded and managerial. The staff here is people hired with managerial experience as opposed to academic. Of the 11 participants, only Clint has a PhD though spent his entire career in politics before coming to Bulldog. The remaining ten have spent their careers in either management or customer service. Their main concerns are with ensuring the university has resources, brand recognition and customer service. Central administrators are often professional staff, which is hired based on their marketing and negotiation skills as opposed to being experts in universities. This is in contrast with the participants from the academic departments, which are all PhD holders and career academics. While the academic departments are also concerned with resources, they are concerned with academic standards.

I was hired due to my background. This is my first job. I was born in Korea, but I went to high school and university in the US, in Chicago (Hodong, Tiger).

I started in international sales, but it became difficult in 2008. From there, I moved into higher education. Another university happened to be hiring someone to recruit foreign students from the Middle East. I thought I would give it a go (Michael, Lion).

For the most part, partnerships and relations with international universities are a secondary part of international officer's work. Their main job functions revolve around recruiting international students.

My main responsibilities are to recruit students from overseas. I create promotions, work with overseas agents and fly out to recruitment fairs (Fiona, Puffin).

When looking at internationalisation and partnerships at the central administrative level, the next aspect is the differences caused by being located in different areas of the university. Those in the central office talk about internationalisation in broad terms.

We are trying to be a leader in internationalisation (Insook, Magpie University).

Our main goal is to be the best or one of the best universities in the world. It is impossible to be a leading world-class university unless you are international in almost everything that we do (Clint, Bulldog).

With people that are hired for their business knowledge, as opposed to their academic knowledge, this leads the central office to internationalise for more business goals.

In order for the university to survive in a globalised higher education market in the world, internationalisation is necessary (Taejoo, Magpie).

My job is to create an international campus outlook. This may be with fostering relationships and universities overseas or it may be by adding international students on campus (Fiona, Puffin).

With terms like 'market', 'compete' and 'adding international students' indicate that the business goals of the university come before the academic. This contrasts to those located in academic departments that see partnerships as a way to advance specific academic and departmental concerns.

We look to develop programmes that enhance the educational experience. Internationalisation helps as it provides students with perspective that we are not able to offer domestically (Soohyun, Tiger).

Our number one goal is to provide challenging and unique educational experiences for our students (Taeyoung, Lion).

These different perspectives, between the business and academic goals in internationalisation lead to a different perspective in partnerships. Those working in the international offices look for ways to increase student numbers.

The top priority is to increase the number of international students. Also, we want to give our students a chance to go overseas (Taejoo, Magpie).

We try to develop our name brand with our partnerships. To be honest, when I visit around the world, Lion is not a name that came up in terms of awareness and brand recognition. We could do more for that and are developing a plan for this. However, we have to be careful, as we don't want to settle for lower universities (Michael, Lion).

Those in academic departments, however, have a different outlook on partnerships. The departments feel that the partnerships can complement the academics programmes, as the following participants explain.

We look for partnerships that enhance the academic experience by providing students something that they can't experience on campus or even in Britain (Theresa, Puffin).

We work with other universities and academics there to add to our programme, to better their understanding of engineering. We want to produce the most competent engineers in Korea, but we don't have the complete expertise and can't get it soon. The partnerships help us provide a better academic service to our students and Korean society (Taehee, Jindo).

These differences thus play out in the types of partnerships created and how those partnerships work. The central administration, having broader views of internationalisation with concerns about brand recognition and staffed with people whose background is in negotiation and customer service; tend to create development co-operation and exchange agreements. The academic units however, are staffed with academics whose expertise is with academic standards and research tends to create commercial trade partnerships. When create exchange and commercial trade partnerships. However, there can be problems when part of the university tries to do something that it has no expertise.

We had a few difficulties when we first started signing exchange agreements. We spent a lot of time negotiating details of everything. Then I happened to attend a meeting that the international office put together. Apparently, they had a standard contract for these things that would have saved all of the work (Theresa, Puffin).

In the beginning, we signed many agreements on dual degrees, mostly with our Japanese colleagues. ... We had a problem with the curriculum. We assumed business was business and didn't think of all of the subfields like economics and the others. It became a mess, and we had to abandon it (Taejoo, Magpie).

The faculties have gotten better, but there is a story of a bad experience that happened a while back. They signed this exchange agreement and promised the other university that their students would be picked up at the airport, but we don't do that. Needless to say, the student arrived at Heathrow expecting a welcome and had to wait a long time before realising that nobody was coming (Christine, Puffin).

Thus, it seems that the central administration works well on standardisation of forms and student services. However, the academic departments are better at providing the education.

We have a policy of communicating with the departments. They deal with the learning and we keep everything standard, deal with non-academic issues and protect the Lion brand name (Michael, Lion).

### **5.2.2 Money Matters**

The fact that money proves to be important in the partnership process should not be surprising as this study is in part a cost-benefit analysis. Thus, there may be some bias in finding its importance in partnerships. However, all 17 of the participants mentioned money. While some of this, as Clint mentioned, is due to universities "having to cover costs". The connection between money and partnerships is more complicated and not always direct.

Universities have created partnerships to help with their internationalisation process, to improve their academic reputation and to improve funding.

We think of many international programmes and exchanges as pure service to our students, but they are expensive (Taejoo, Magpie).

We have budget issues, so we need to find ways to pay for it (Soohyun, Tiger).

However, the sheer act of partnerships does not necessarily create revenues to pay for them. This is especially true for development co-operation and exchange partnerships. However, it is perhaps a bit less the case for commercial trade agreements.

We need to create programmes that have an academic merit. ... Creating partnerships with foreign universities helps us to recruit a constant number of international fee-paying students that can also benefit from our academic programmes (Charles, Lion).

### 5.2.3 Rankings and Reputation

Related to the worry about money is the importance on international rankings. Despite rankings having little merit in the literature, they are a primary source of information for central office managers working on internationalisation. Rankings tend to give universities reputation and brand recognition, whether deserved or not.

We are not really sure if the university, a potential partner is somewhere that we would want to tie our name to, so the league table is a good place to start (Theresa, Puffin).

The biggest goal for the university is to be ranked. To be considered one of the best universities in the world. The only way to be considered one of the best schools in the world is to be global (Soohyun, Tiger).

One goal for many central offices is to increase the university's brand image through their internationalisation activities. Thus, partnerships created at the university level may be used to strengthen the university's brand. This could be the brand reputation in terms of the domestic or international markets. A major component in this is the rankings, and every respondent working in the universities' central office mentioned reputation and rankings as identical or nearly identical realisations.

We are trying to select international partners based on reputation and international rankings. Their quality has to be very close to ours (Taejoo, Magpie).

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While sitting in an office decorated by posters of the Times Higher Education rankings, Taejoo's boss, Insook elaborates on this.

We usually only agree to partnership agreements if the university that we are partners with is in the top two in that country's rankings. However there are many good universities in the US and the UK, so we are more lenient in those countries (Insook, Magpie).

The rankings are good because that way we know that the quality of the other university and they have a good reputation and is quality (Jaesuk, Tiger).

While the Korean universities consider the rankings to be a source of inspiration, as they have not done as well, the British participants agree with their Korean counterparts.

We get a lot of unsolicited requests and need to know who we are dealing with before deciding to jump into bed with them. The rankings are a calling card (Clint, Bulldog).

Some universities even try to study the ranking methodologies to influence university strategy. One strategy that the Korean universities have done is to study the rankings' methodologies. They hope that they can they shift institutional strategy to purposely fit the ranking system.

We actually study how the different the international rankings are formed, the things that the different groups use to form the ranking. We work very hard to target those things. For example, one of the categories is to have foreign academics working at the university. At that time, we did not have many just a few English teachers. So we asked the government for funding to hire some foreigner professors. It was difficult and took a few years and we mainly hired Kyopos<sup>1</sup>, but we moved up. We do these

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<sup>1</sup> A Kyopo is an ethnic Korean with non-Korean citizenship.

things because the government wants us to be a high-ranked university to show Korea's power (Haejin, Jindo).

'Showing Korea's power' is important to universities in Korea as the government offers funding incentives through the Brain Korea 21 programme to universities that are ranked internationally (Kim, 2005).

While it can be understandable for non-academics to pay attention to the rankings, they can also be important to those in the academic departments. However, there are differences between how the two see them. Whereas the central offices care about the rankings for branding, the academic offices' concern with the rankings is to fund their programmes.

We really care about MBA rankings. There are also two more degrees that get ranked, the MsCs in management and finance. The other remaining MsCs are unfortunately kind of cash cows. We have to find ways to create revenue. Also with the REF, we have had to hire lots of people. It's like football; we paid a high price as everyone is competing. A lot of the business schools have hired a lot of people from the US who publish a lot, and they are expensive all for the REF. However, when the government open up the money after the REF, the money turned out to not be that significant. So now all of the new academics are here and not going away. Those superstars are not necessarily going to teach, so we need to create more revenue (Taeyoung, Lion).

As alluded to above, the rankings can affect the university's student recruitment. However, most of the participants believe that the rankings influence international as opposed to domestic recruiting. As those in this study, do not believe the domestic markets do not have much room for growth.

Currently, the problem is not with domestic enrolment. We do well-enough there. However, the problem is that we lose money from having domestic students. It's a good thing to have them, but it's also a problem (Michael, Lion).

Those representing the Korean universities agreed with their British colleague. Though in Korea that situation may be short lived. The country already has the highest university

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participation rate in the world, but one of the lowest birth rates. Thus, there is little room for growth, and with the number of traditional aged students to decrease; they are looking to fill places with international students.

We have more applications than places, so we only need to accept the best students (Haejin, Jindo).

Korea has a problem. We have not had many babies, as the cost of raising the children is too high. This has happened for many years. Now we need foreigners to come here (Taejoo, Magpie).

As alluded to, increasing international student numbers is another goal of the central offices. This allows universities to expand into new markets, and it allows for charge fees at international student rates. However, profits are not the only concern.

We also recruit foreign students to look good. If we can have pictures of foreigners coming to study here, it makes the students feel like their university is important to people in other countries (Insook, Magpie).

The university likes to bring in foreign students. It lets our students learn from them and to help our students practice English language (Taehee, Jindo).

However, universities are using partnerships as an indirect marketing tool to recruit foreign students, as indirect marketing is seen as one of the best recruiting tools in East Asia.

In East Asia, word-of-mouth advertising goes a long way (Fiona, Puffin).

It (the partnership) is also a recruitment tool. We think that a good proportion of these undergraduate exchange students come back as international fee-paying master's degree students (Theresa, Puffin).

#### 5.2.4 English Language

A theme that emerged from the interviews is the importance of the English language. This impacts the relationships between the universities in a partnership. English also has an impact on what types of partnerships that the universities can engage in, the success of relationships and possibly the in being able to form partnerships. This can be quite restrictive as individual students, or lower-ranked universities that cannot devote resources to students' English language needs.

We have English language requirements and overall entrance requirements. That is something negotiated in the contract. Language is a big issue with us. We require a 7.0 in IELTS, and most students cannot get there (Fiona, Puffin).

In exchanges, we do not want to use resources in teaching English (Michael, Lion).

The students at Tiger are very good, but one problem is the English. At times I can see that students are maths geniuses, but their English scores might be slightly low, like a 6.5. The admissions team is very strict (Taeyoung, Lion).

For Koreans, where there is a national obsession with learning English, they agree on the language's importance. It allows them to be part of the global community.

To be a top university, it is important to be global. The only way to be global is to use English. Nobody knows Korean, everyone knows English (Hodong, Tiger).

However, due to that importance, it creates extra pressures on Korean universities. These pressures include teaching part of the core curriculum in English. This helps with bringing foreign students to campus and helps their home students become more proficient. However, the problems with fitting the student who want to study in English and the academics who are able to teach in English, at the same quality as their native Korean, causes concern.

We are trying to offer the courses totally in the English language, as many as possible. But some of the faculty members do not have a good enough command of English and some, even if they have the English ability, the international students are not satisfied with the delivery of the knowledge (Taejoo, Magpie).

We have invested a lot of money and resources into English. ... this campus is a completely bi-lingual campus. 75 to 80% of our classes are lectured in English. This is very difficult to do (Jaesuk, Tiger).

#### **5.2.5 Market Difference**

One theme that came from the interviews is the market difference between the UK and Korea. This stems from the UK being in more demand than Korea as a study abroad location. While a major reason for this is the English language, this difference causes difficulty in creating and maintaining exchange agreements.

Korea was not very popular with UK students (Hodong, Tiger).

From the point of finance, it is not going to work when I see that imbalances the relationship is not going to last very long. If the UK students do not want to come to us, eventually the relationship is going to break up. They would not want to keep accepting our students if they only receive and do not send students to us (Haejin, Jindo).

The British participants also felt that market differences make it difficult to have meaningful long-lasting partnerships, as they do not want to bare the financial burden of education the Korean students as students pay tuition fees to their home university.

Korea is a difficult place to get things done. Not because they do not want to do it or that the system is difficult. The problem is that our students don't want to do it. When that happens, there is little reason to get things done (Theresa, Puffin).

Balance is always an issue. We are essentially providing free places in many occasions, and we lose money on these. (Michael, Lion).

While market differences exist between the two countries, there are structural differences that make partnerships difficult. One aspect is the academic calendars of the two countries are not aligned well for students.

The Korean academic calendar is drastically different from most of the rest of the world. For example, our spring semester is the first semester in the academic year. However, most universities in Europe and the US has their first semester in the fall. Another problem that comes up is summer break. Our summer break starts a lot later than in other countries. Also, our winter break starts a lot earlier than other universities. British students would get confused (Hodong, Tiger).

Another problem is that the time to complete degrees differs between the two countries. In the UK, a bachelor's degree is three years and the master's degree is for one year. Whereas in Korea, the degrees follow the US pattern of four years for a bachelor's and two for a master's. This can cause problems for creating joint or dual degrees.

Our students pay big money to study here, they only have one year. They do not want to spend part of that time somewhere else. The places that have a two-year programme might have some flexibility, but we need to keep it tight (Charles, Lion).

The students come here specifically for master's degrees, so it is not realistic for them to come to Korea (Taeyoung, Lion).

### 5.2.6 Korean Higher Education: Innovation

In addition to the themes above that related to internationalisation and partnerships, the data revealed a theme specific to the Korean participants: innovation.

Korea is very nimble. ... Korea is more innovative than the UK (Taeyoung, Lion).

Some of the Korean participants explain why they needed to become innovative. Part of that innovation comes from being latecomers in terms of internationalisation. However, part of it is due to the growth pattern in the Korean economy.

We started late in trying to internationalise. If you look at Japan, their universities had international programmes in place for a long time. In Korea, we have only recently began seeing the importance of it (Haejin, Jindo).

About 15 years ago, we tried to begin the process of opening to the rest of the world. ... When we decided to start internationalising, we ran into some problems. We didn't know what to do, or how to do it. We tried to copy what we thought that others were doing, but it didn't work well (Hyori, Magpie).

Korean universities are willing to try new ideas, even if it take time or if they make mistakes in the process.

We had some faculty in various parts of the university work on creating projects for students that involved working with colleagues in universities overseas. It had to be for the students, not for research. ... It's all about doing something that has not been done before (Taejoo, Magpie).

One aspect about Korea, and especially for Tiger University, is that we try to create new things (Jaesuk, Tiger).

While it may be natural to think that government policy may be behind some of these innovations, this may not be the case. At least the participants believe that this is coming despite the government.

Our government is constantly putting restraints on us. On the one hand, they are increasing funding for us through various initiatives over the past ten or 15 years. But, sometimes that funding puts restrictions on us in number of students and fees that we can charge (Hodong, Tiger).

The Korean government came up with a weird idea of a 'Made in Korea MBA.' ... the government in Korea decided to increase the number of master's students in Korea in total. ... They are a bit socialist (Taeyoung, Lion).

While Korean higher education is advancing itself with innovation, the universities are having problems addressing cultural and racial diversity. Korea is one of the most ethnically homogenous countries in the world. Thus until recently, racial or ethnic diversity has not been something that Koreans would think is important (Moon, 2016).

If there is any problem with what we are doing with internationalisation, it is diversity. Although about ten per cent of the faculty is foreign, most of them are Kyopos. They have US citizenship, but are ethnically Korean. ... We lack ethnic diversity (Jaesuk, Tiger).

We don't really have many bad interactions with our Korean partners. Though, we have had some incidents of discrimination. Usually, it is our students that go to a country and act culturally insensitive. However when our students go to Korea, we get more reports of them not being treated equally to their classmates. Some have reported being treated unkindly by their tutors and left a bit isolated by their classmates (Fiona, Puffin).

Our biggest complaint that we get from students coming back from studying in Korea has been racism. Nothing violent, but the students don't seem to be treated fairly by the university or authorities. At the last university I worked for, this problem made selling the exchange programme to our students difficult. It got a bad reputation, and we had to cancel the agreement (Michael, Lion).

### 5.3 Reviewing the Main Themes

The thematic analysis found six main themes regarding internationalisation and partnerships: the central office versus the academic departments, reputation and rankings, the importance of English, the differences markets can play in partnerships and some distinctions in Korean higher education. Many of these themes stem from the external environment that universities are located. This refers to the governmental policy that impacts individual universities. It is incentivising internationalisation with more business-like and competitive approaches to obtain resources, which helps to understand the differences found between the central administration and academic department levels. With the rise of international ranking, they have become synonymous with reputation in the competition for students domestic and international. However, rankings are increasingly important for foreign universities to judge each other's potential in academic and business partnerships. This is despite academic evidence that suggest the rankings methodology. With the rise of internationalisation, the role of the English language has become more important. This is the case for universities, as academic work is produced in English and to society in general. Thus for those with English as a second language, it is becoming a necessity to learn the language for better employment opportunities. Therefore, English-speaking university education becomes a pull factor in attracting top students. Due in part to having an English language advantage and its high number of universities in the world rankings, UK universities has an advantage with their Korean counterparts in creating partnerships. This is coupled with the high number of Korean students willing to go overseas for part of their education. Despite the inherent weaknesses that Korea may have in international competition, the higher education system is innovated and forward-looking, while being willing to attempt new concepts. The next section reviews each of the three partnerships as a comparative case study.

### 5.4 The Three Partnerships

In this section, the three partnerships are introduced and discussed. Each of these partnerships represents a type of partnership. The partnership between Jindo and Bulldog Universities is the development co-operation partnership. This is the least intense agreement

of the three. The middle intensity partnership, the exchange partnership is between Magpie and Puffin Universities. The final agreement is the commercial trade partnership between Tiger and Lion Universities. This represents the most intense agreement.

#### **5.4.1 Development Co-operation**

The development co-operation agreement between the two universities was signed in 2013. This was done as part of a state visit to the UK by Korean president Park Geunhye. One of Park's major nativities was to promote Korea's education sector and to promote educational trade with the UK. British higher education has a positive image in Korea, and the Korean universities feel that they can gain market value from being associated with the better British universities. Thus, executives from the leading Korean universities formed part of Park's entourage. Jindo sent a contingent of five including the university's president, vice-president and the international office manager, Haejin and her assistant Hyori. They had looked at this as a rare opportunity. Jindo had been trying, mostly unsuccessfully at creating international partnerships with UK universities.

By coming to this event with President Park we were able to have a bit more confidence, and we approached some British universities. We ended up signing two agreements with good universities, Bulldog and another (Haejin, Jindo).

Bulldog generally does not like to sign international agreements at the central office level, as they feel that an agreement should have an academic lead. However, the central office will create some when there are special opportunities.

There are occasions when the university will get involved. This is usually in protection of the Bulldog name (Daniel, Bulldog).

With this partnership, there was a unique opportunity to participate with the government in welcoming President Park and the various university delegations. It's not something that happens often, that we are involved in state visits and the like. ... We thought that this would be a unique opportunity to meet people in the Korean government, meet some Korean university leaders (Clint, Bulldog).

The agreement between the two universities is an open-ended agreement in that it calls for future co-operation between the two and there is no stated end date. The commitment to future co-operation is purposely vague, as it does not state what type of co-operation is to happen.

We hope to be able to work with Bulldog soon (Hyori, Jindo).

Currently, we do not have plans to work with Jindo. They are a great university and the Korean market is important to us. ... Though, at the moment there is no need for the university to get involved in those processes (Daniel, Bulldog).

Each university had different reasons for wanting the partnership. For Bulldog, the main incentive seemed to be participating in the state visit. However, they do feel that the Korean student recruitment market is one that they could do better with.

It seemed like a good thing to do to show our interest in the Korean market. We wanted to show that we are interested in Korea (Clint, Bulldog).

For Jindo, there were two main reasons for starting the partnership: the hope to enter the UK market and to be associated with the Bulldog brand. However, part of this strategy is to sign multiple development co-operation agreements with the hope that something more substantial will come from one of them. Since they are cheap and easy to do, as will be discussed in the next chapter, this creates a low-risk strategy for partnership building.

We signed agreements with two British universities at that time, though not for exchanges just co-operation. We hoped that if we could sign a few agreements then we could build trust. ... But they are still not interested in exchange. But this is okay, since we have upgraded our other British partnership. We will exchange students with them beginning this autumn (Haejin, Jindo).

It would have been better if we could exchange students with Bulldog, but it is good that we can mention to incoming students that they are our partner. That helps our image in Korea (Hyori, Jindo).

Currently, the partnership does not require either university to do anything specifically. However, they do send some emails back and forth to maintain contact. Thus, it is difficult to embed the partnership into the two universities meaning that this partnership will probably not last too long into the future.

We have other partnerships like this, and the contract is common document that we use with other universities. We contact them (since signing the contract) from time to time, but it is usually just to say 'hi' (Clint, Bulldog).

We send emails to all of our partners. For Bulldog, we send greetings from time to time. We don't want them to forget us and we want friendly relations (Haejin, Bulldog).

#### **5.4.2 Exchange**

The exchange partnership between Magpie and Puffin Universities was signed in 2014. The agreement calls for the universities to exchange two students each over the British academic year. This began with the first two students being exchanged in autumn 2014.

We want to give our students as many opportunities overseas as possible. We don't have many of the foreigners on campus, in Seoul or in Korea, so we make partnerships to bring in students. The top priority is to increase opportunities for our students (Hongchul, Magpie).

The first communication between the two universities occurred in Boston at the NAFSA conference. This is an annual conference for university international officer managers. Since

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many universities are represented, it provides an ideal location for university representatives to meet on possible collaborations. Puffin started this partnership due to having a Korean language degree programme. The students in the course need to study overseas for a year as part of the requirements.

I had a vague idea of which Korean universities that I wanted to approach from looking at the league table. Though, I consulted with some of the faculty members in Korean Studies. They are mostly Korean and know which ones are easier to work with (Fiona, Puffin).

All of our students studying Korean would then go out to Korea. The partnership is open to students across the university, but usually only our language students would want to go there. With the UK, there are traditionally not many links with Korea (Christine, Puffin).

Magpie was delighted to be contacted, as they do not have many partnerships with British universities. The university usually has many students that want to study in the UK, but few British students want to study in Korea. Thus, few exchange agreements are signed, but many that are signed are discarded from under use. However since Puffin realised that they needed to find places for their students, the process progressed rapidly.

With exchanges, these agreements can work quickly. They have become common over the past ten years. We have a standard contract in the English language. They presented us with one that was similar if I recall. We ended up signing their contract (Insook, Magpie).

Our main points to consider were the student numbers being exchanged and their facilities. ... I went to see Magpie's campus to check on classrooms the Internet and student accommodation. It is all straight forward (Fiona, Puffin).

The exchange agreement does not require much labour to operate. Most of the work involves selecting the participating students and ensuring that the student documents are passed to the partner.

Magpie is listed in our database of exchange universities. The students reading Korean need to go to Korea, so the places filled without much effort (Christine, Puffin).

We do not really need to advertise the Puffin exchange programme. Once we signed the agreement and put it on the website, students inquired almost immediately (Insook, Magpie).

Though it is a relatively new partnership, there have not been any problems with working together. The agreement creates protocol on how to deal with potential problems that may arise between the two universities. Problems related to individual students are handled internally based on each university's student conduct codes.

We have only had the partnership for a short time, but have had no problems. It is the first time that we have had British students here on campus. It is good (Hongchul, Magpie).

We don't foresee any problems working with Magpie over the long run. The only problems we could see in the future is if our Korean language department loses enrolment, as the demand is low to go there otherwise (Fiona, Puffin).

#### **5.4.3 Commercial Trade**

The commercial trade partnership is between Tiger and Lion Universities. This is a dual-degree programme for business students at the master's level. The two universities' business schools created the partnership in 2005, as opposed to the central administrations. While Tiger has some administrative functions, the partnership is operated by a senior lecturer at Lion. This stems from the programme being a one-way exchange in that Tiger sends students each year to Lion, and does not receive Lion students. Thus, the participating students

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receive a master's of science degree from each university. The exchange is one-way due to the difference in academic programmes in the UK and Korea. In the UK, master's degrees are for one academic year of three terms beginning in October and finishing in the late summer. Korea has a two-year course with two semesters each year, based on the US system. The academic year begins in March. The students in this partnership, study take full part in the regular first year curriculum at Tiger. In order to be considered for the dual-degree, they must maintain a high grade point average in this first year, meet English requirements of a 7.0 IELTS score with 6.5 in the writing section and take certain modules in the first year. Near the end of the year, they apply to be admitted into Lion, which takes about seven students a year. The accepted students then come to the UK in January for Lion's second and third terms. Lion assumes that the missing first term is compensated by the year studying at Tiger. Once the students finish the third term, they go back to Tiger in September for their final semester. Tiger assumes that the time spent at Lion compensates for the missing third semester. At the end, the students graduate with a master's degree from each university.

Our top concern is the academic standards, and we would not do anything to compromise that (Charles, Lion).

It was started by my predecessor, who is also Korean. My understanding is that he had a colleague at Tiger and that is how it started. I think that it was in about 2005, but the work must have started about some time before. At that time, the motivation from our perspective was to raise revenues. It was a kind of degree that we could control without having to worry about research. The students come and pay, while we issue the marks. We issue our own degree. Those students will get a degree from both Tiger and us. ... It is pretty much pay and go. My understanding is that this started as an exchange programme. ... It ended up becoming a dual degree (Taeyoung, Lion).

While the finance MBA started the global study programme. The purpose is to enhance the students' globalisation. The reason we started with Lion is that we both have strong finance programmes (Soohyun, Tiger).

The negotiations took place over a two-year period. Lion had employed a senior lecturer from Korea that had earned an MBA from Tiger before coming to the UK for his PhD and subsequent academic career. As part of the service requirements at Lion, he needed to find additional revenue streams to the business school. With friendly colleagues still at Tiger, he contacted them regarding the partnership.

A Korean professor from Lion contacted us about setting something up. We had originally had an undergraduate exchange with them. This professor saw that and wanted to upgrade it to something like what we had now. He studied here himself, so he knew a lot of the people quite well. He knew how to do things like Koreans do them, and we could all speak in Korean (Soohyun, Tiger).

We think that Lion is a good university and think that it is a good partnership. We are really proud that we are able to work with a well-ranked university (Hodong, Tiger).

Once the programme was established, there were a few years of teething problems. The founder of the partnership left Lion University and was replaced by the current partnership director, Taeyoung. People are now firm in their roles and the partnership has become part of people's regular workloads. However, constant communication is necessary when issues arise. This helps to embed the partnership into each business school's workload and curriculum. Another aspect of embedding the programme is due to Taeyoung, and his predecessor being Korean. They had working relationships with the people at Tiger, which helped facilitate the partnership creation process and its maintenance.

The burden is usually with admitting the students, but once they are in the system the normal administrative capacity can cover. Then the only issue is to report the results back to Tiger. I go there every year around June. There are three purposes for this: an info session for the students. Second is to maintain the relationship, but it is quite stable and another thing is for the QAA (Taeyoung, Lion).

Other than the yearly visits to Korea, the communication is conducted by email. This is mostly to communicate curriculum changes and to inform the students whether they have

been accepted into the programme. Usually most of the work comes when a student's application is contentious and needs to be reviewed more closely.

I usually only deal with extreme cases (Taeyoung, Lion).

Lion does most of the work with the partnership. In the beginning, we were concerned about their curriculum matching ours, but it is not important anymore (Soohyun, Tiger).

While the partnership runs based on mutual needs, at times problems do crop up. However, the two universities have developed working relationships to iron out differences early before they become larger problems. However, the only problems have been slight cultural problems. The partnership has now become important to each university as it gives Tiger a recruiting advantage over its domestic rivals and is a steady source of income for Lion.

In Korea, administration is very fast. It doesn't take over two days to do things. Koreans are not very patient; it makes us a bit angry that things take so long. ... The students get frustrated that the spring grades don't come back to October (Soohyun, Tiger).

I think that we are happy with getting good students, extra money and good PR in Korea, and it is not expensive to run. At the same time for Korean universities, this is very exciting. ... Thus, it has been a good fit for each other. The students get two degrees in the same time as they would get one in Korea and the UK degree is very highly rated if they want to work around Asia like Singapore and Hong Kong (Taeyoung, Lion).

#### **5.4.4 Cross Partnership Comparison**

The previous three subsections have shown three different partnerships depending on their intensity levels. The development co-operation partnership is an arrangement that came

about due to unusual circumstances, the Korean state visit to London. While the main motivating factor for this partnership was to take part in the visit, Bulldog believed that the Korean market is one that they want to cultivate. Thus, this partnership is attempt to direct attention to an area that the central administration felt that the academic departments have been underutilising. While this partnership is to draw employees to an area, they choose to sign the agreement with Jindo due to its reputation in the rankings. Thus, indicating the importance of branding to Bulldog.

For Jindo, the partnership represented an opportunity to build a relationship with a top British university. This partnership was one of two that they signed with the hope of building the partnership into something more substantial. The university had felt that it needed to diversify its internationalisation approach. It is using these partnerships to make headways into the UK. With development co-operation agreements not calling on the participants to do anything, the hope is that the relationship build through having the agreement will work in its favour to expand the partnership to an exchange agreement. With the low basic start-up costs, to be discussed in detail in the next chapter, there is little risk in this approach. Thus, the development co-operation agreements can indicate a low-risk first step towards meaningful collaborations while beginning to understanding new markets.

The exchange partnership meets the basic needs of the two universities. For Puffin, the partnership provides students the chance to fulfil an academic requirement for students reading Korean language. For Magpie, it provided additional opportunities for its students that want to study in an English language-speaking environment. However, for Puffin, the agreement has a secondary advertising purpose. Puffin depends a bit on international fee-paying students, especially at the master's level. It is hoped that the university can use the students on the exchange as part of a word of mouth advertisement for studying at the university, as this works well in the Korean market. In the first year of the partnership, it has led to a former participant enrolling as a master's student, so there may be wisdom in the strategy.

The commercial trade partnership between Tiger and Lion Universities is the most intense and longest lasting partnership. It represents two universities coming together to create a unique design for a dual-degree programme. For Lion, it creates an additional revenue stream to help pay for its research costs. It also helps them to recruit a small group of high-ability students with relative ease. For Tiger, this partnership is a path to better recognition with the accreditation boards that are important for business schools reputation. Even though Tiger loses student tuition revenue while at Lion, the partnership's existence is a recruiting tool that attracts students. The partnership allows Tiger students the opportunity to get a UK and Korean degree in the same time it would take to get the Korean degree, which

helps increase their employability to beyond Korea. While there is potential risk in reputation and, if the partners did not maintain commitments, the partnership thrives as it satisfies both universities' needs.

## **5.5 Conclusions**

The thematic analysis on internationalisation and partnerships found six main themes: the exterior environment, differences between the central administration and academic departments, how money shapes partnerships, the importance of rankings, English language, market differences between the two countries and Korean higher education's innovation. From there, the next section discussed how those themes impacted the three partnerships, which varied in intensity.

The next chapter is the quantitative cost-benefit analysis. This takes the economic data on each partnership to determine how they impact the universities and to which degree.

## Chapter 6: Cost-Benefit Analysis

### 6.1 Introduction

In the previous chapter, the qualitative data was described and analysed. In this chapter, the quantitative aspects of the research are analysed through cost-benefit analysis (CBA). This is done through the CBA mentioned in Chapter 4 and shown in Table 4.1. Throughout this chapter, money amounts are given in their original currency and converted to UK pounds sterling using XE. This is because the official currency exchange rate for the UK government, Oanda prohibits publication of past exchange rates. Each organisation however, does have nearly identical records of past exchange rates for the time of the three partnerships. This chapter is divided into five sections. The next three represent each type of partnerships from the case studies and are broken down into nine subsections, based on the nine CBA steps. The fourth section compares the results of each CBA.

### 6.2 Development Co-ordination Partnership

As shown in the previous chapter, this is the least intense of the partnerships under analysis. As this partnership is the least intensive, there is less data available, and it becomes necessary to make some assumptions in the analysis. Those assumptions are clearly laid out and explained according to standard CBA protocol in the upcoming subsections where the assumptions are made. This section is divided into nine subsections, to match the steps of the CBA.

#### 6.2.1 Alternative Projects

The first step in a CBA is to consider the alternatives. This allows for a comparison of the alternatives to understand how the different variables can change the partnership impacts. For this study, there are two possible alternatives: the status quo and the counterfactual. The status quo is the current agreement as it is in its current working order, while the counterfactual is an analysis of no partnership existing. There are two reasons for why there are just the two alternatives. The first reason is that this CBA is *in medias res*. Thus, the partners have already selected this choice, and based on how the partnership began, the two universities had little choice in the agreement. The options available at the time were to create this agreement or to not agree to a partnership. As discussed in the previous chapter, Bulldog had little desire to create this agreement as an exchange partnership. Jindo would have been open to an exchange partnership, but it takes both partners to agree. In addition,

another of Jindo's British partner universities became keen on expanding their development co-operation partnership and Jindo used its energies in that direction. This leads to the second reason for two partnerships is due to the nature of development co-operation partnerships. These partnerships, due to their small size have few options for alternatives. These agreements by nature require neither to do much action, so once a development co-operation partnership is agreed the alternatives for action become moot.

### 6.2.2 Standing

Now that the project alternatives for the partnership have been determined, this subsection deals with standing. Standing in a CBA is akin to stakeholder status, and it is whose costs and benefits should be measured. Standing can be broken into primary and secondary standing. Those with primary standing are those directly impacted by the partnership whereas those with secondary standing are indirectly impacted.

For primary standing, it is important to remember the partnership specifics. These specifics are related to sub questions c and d from the first research question of this study (p. 4). Those being: Who are the key actors; and where do the partnerships operate? The previous chapter discusses these questions from a qualitative perspective and is relevant here as primary standing regards the partnership operation. This partnership between Bulldog and Jindo Universities is a relationship at the central office level. The partnership does not commit either university to do anything towards the other or to expect something from the other. The only action either university made towards the partnership was the initial signing of the agreement. While the agreement is in existence with the hope of future co-operation and to build a relationship, there is no guarantee that this will happen. The partnership does not directly impact university stakeholders other than the central offices. Thus for the purpose of this study, those with primary standing are Bulldog and Jindo Universities.

Whereas the issue of primary standing are determined by the partnership agreement itself, the issue of secondary standing becomes more diffuse as by nature these stakeholders are not mentioned in the agreement. In this case, it is necessary to establish who the university stakeholders are. There are four main groups of secondary stakeholders: the students of both universities, the faculty and staff of both universities, the British and Korean public and the research bodies in each country. The first two of these groups are the most obvious as both universities state one of their main goals is the education of students, and the faculty directly perform this task. In addition, the faculty and staff as employees can be impacted by employer decisions. While there is debate in the literature regarding the nature of the public versus private nature of higher education, each university are public universities and tax revenue is allocated to each (East et al., 2014, Marginson, 2007b). Thus, the universities may

impact the British and Korean publics. This is similar for the research funding agencies. While there is much overlap with the third category as the British and Korean governments are directly or indirectly each universities' primary research funder, there are non-governmental funders.

While each of those with secondary standing has the potential to be impacted, the scale of this partnership makes it unlikely it would be to a measurable level. This assumption is based on the measurements of those with primary standing that are revealed in subsections 6.2.4 and 6.2.5 below. The measurements there will show that the partnership impacts those with primary standing a small amount. Thus, those with secondary standing would have even less impact from the partnership. However, this assumption is tested in the sensitivity analysis in subsection 6.2.8.

### 6.2.3 Impact Categories

The third step in the CBA is to determine which categories are measured. As with the previous subsection, the background for these categories comes from the data in the quantitative interviews. This can be divided into the costs and benefits.

The first impact is the labour costs to each university. These labour costs can be broken down into two subcategories: partnership establishment costs and yearly maintenance costs. These costs are exactly as they sound. The cost that the universities incurred based on the work hours their employees spent on the partnership. In a more traditional CBA, an *ex ante* CBA these costs would be considered the opportunity costs of the labour to possibly work on other projects. However, this being an *in medias res* CBA those costs have already been occurred.

The remaining impacts are the benefits. The first benefit is the working relationship, or the relationship value that the two universities have formed (Hogan, 2001). This is a main purpose to development co-operation partnerships. Relationship building is similar to career networks for individual people, as it becomes a channel of communication (Athanasopoulou, 2009). It is beneficial for individuals to network others in the sector in case that relationship may be needed in the future. Here, the partnerships are signed in case the relationship can be expanded in the future. Jindo signed two co-operation development partnerships with British universities in addition to the Bulldog partnership with the hope that at least one would expand. Thus, Bulldog and Jindo now each have a relationship with each other in case they need to be used in the future. For Bulldog, this includes not only Jindo University officials, government officials from the Korean Ministry of Education and Korean research funding agencies.

## Chapter 6

The second benefit, for Bulldog only, is the relationship growth with the British government for agreeing to this partnership. This relates to the special circumstance of the partnership coming from a state visit. Bulldog knows that it has a good reputation in Korea, and that by attending and agreeing to a partnership with Jindo that would help the British government diplomatically. While there are other more conventional motivations for a partnership, a primary reason for this partnership is to gain a feel-good factor with the government. Bulldog hopes that this will help the university indirectly in the future through the university's lobbying efforts. The partnership does not benefit in the same way for Jindo. This is due to the established culture of alumni connections in Korea. Simply put, alumni are expected to help their former university and junior colleagues that graduate from the same university. With many legislators and cabinet members Jindo alumni, there is little more that can be gained with government relationships by taking part in partnerships.

The third benefit in this partnership is the free advertising that this partnership created. Free advertising is the impact from being mentioned in news or other media (Ridout and Smith, 2008). This benefit belongs to Bulldog and not to Jindo. This uncommon benefit for development co-operation partnerships comes from the partnership being formed out of the Korean president's state visit. The visit was the main news item in the Korean press and educational exchanges were high on President Park's agenda. A number of partnerships between British and Korean universities were signed and the press highlighted them as the top news story. Thus, Bulldog gained publicity in the Korean market; a market it hopes can lead to an increase in student recruitment. The partnership did not receive any media publicity in the UK, as the Korean president's state visit was regulated to a secondary news story at the time. Thus, Jindo did not receive the same benefit in the UK. However, it is assumed that even if the partnership's signing was in the British press there would be little impact, as Jindo has never had a British student on a degree-granting programme, only students on short-term exchanges. In addition, Jindo did not receive an advertising benefit in Korea as the university has already had more than double the applicants in relation to new student places before the partnership.

### **6.2.4 Lifetime Quantitative Impacts**

Now that the impacts that are measured have been established, the next CBA step is to determine the measurements for those impacts and to measure those impacts through the partnership's lifetime. It is assumed that the partnership will last five years. This is the average development co-operation partnership lifespan based on the qualitative interviews. Most universities do not want to maintain a partnership where there is no action, and by five

years, it is unlikely to be upgraded to an exchange partnership. As mentioned in the previous subsection, there are three costs and four benefits to measure.

The first cost is the labour used to establish the partnership. This is a one-time labour cost that applies to both universities. The only establishment cost is labour since all the work was conducted through email. While Jindo's president did sign the agreement in London, his transportation and accommodation was provided as part of the Korean president's state visit. He would have been in London without this agreement, so it cannot be considered a cost to this partnership. In addition, Bulldog's president would have been at the official dinner of the state visit even if this partnership did not exist.

In creating a partnership, both universities need to do due-diligence in finding out about potential partners. In this case, however, there was little need for due-diligence for three simple reasons. The first reason is that development co-operation agreements are common agreements for the universities to sign. As such, there is little room for negotiation as the contracts have become relatively standard. This makes legal fees negligible for this partnership, since the universities used a generic agreement that is used by the universities in hundreds of similar partnerships where only the names and dates need to be added. Since there is little demand among Bulldog students to study in Korea, exchange partnerships were quickly ruled out, leaving development co-operation as the only option. The second reason is that the partnership needed to be arranged quickly to coincide with the Korean president's UK state visit. One of the initiatives that President Park wanted to implement was educational and research co-operation. Thus, there was political pressure from both governments at the time to implement agreements that could be showcased in the press. The third reason is that both universities were already known to each other due to their reputations in the rankings. With the political motivation couple with partnership being a low risk venture from the nature of development co-operation agreements requiring little future action and the name recognition of the partner university, the two universities did not spend much in creating the partnership.

To establish the labour costs, it is important to determine how the partnership was created. These labour costs represent the opportunity costs of working on other projects. Jindo made the initial proposal and started negotiations through email in early 2013 with the partnership being signed in October of that year. Each university had one person working on the partnership. However, this partnership was not those employees only task. Thus to measure labour costs, a measurement is needed to determine which portion of their labour was devoted to this partnership. Neither employee had a formal record of this, though they did record the email correspondence. This is helpful as the entire relationship is conducted through email. The email correspondence was to ask basic informational questions of the

partner university. These were questions about student numbers and types of academic programmes offered. Rarely if ever, did the tasks require more than looking up the answer on a university fact sheet and responding with the answer. Each university agrees that they sent and received ten emails related to creating the partnership. Thus, the task for this CBA is to convert these ten emails to work hours to determine how much time they spent on this task. While this is not an accurate measure of labour costs, it is the only data either university has on the partnership. Thus to get a measurement of labour, it becomes a task of estimating the time on emails. While this sounds straightforward, there is little academic research on how much time people spend on email with such small quantities. Gupta et al. (2011) indirectly indicates that reading an email, doing a task related to the email and responding to the email took about six minutes, or ten emails an hour. While that study does not attempt to show this, it does create a helpful base for assuming the measurement of time spent on email. This assumption is tested in a sensitivity analysis in subsection 6.2.8, as the methodology in Gupta et al. (2011) does not indicate how this number came about.

Since each university sent and received ten emails in creating this partnership, it is assumed that each has a cost of one labour hour to create the partnership. This number is usually low, even for development co-operation partnerships. Each university usually spend more time. However, they rushed the agreement because each knew each other by reputation and to fit the state visit timeline. Since the partnership does not compel either to do anything, they felt the risks were acceptable in the situation.

The second cost to consider is the labour cost in maintaining the partnership. Again, for this cost, the measurement is based on emails sent. This is because the partnership does not require action from the other. The emails are usually greetings, to keep the other university from forgetting about the partnership. In 2014, each university sent and received three emails. Each university like to contact their partner universities quarterly. It is assumed that three emails equates to 20 minutes, one third of an hour. This data was collected in February to April 2015, and the 2015 email data corresponds to the 2014 numbers.

As in most CBAs, the benefits are more difficult to measure than the costs. The first benefit is the creation of the working relationship. Relationships of this type have the potential to greatly benefit the internationalisation process of the two universities (Hogan, 2001, Johanson and Vahlne, 2003). While there is no academic literature on measuring this with university partnerships, there are parallels to business partnerships in the private sector service industries (Parkhe, 1993c, Beerkens, 2002). In business, Ulaga and Eggart (2006) have shown that this relationship is subjective and relative to competition. Thus being subjective, it is important for this study to think of the willingness to pay (WTP) for having this relationship. In the business literature, this can be measured as a function of reputation

of partner, perceived value and possible alternatives with reputation being equal to that of the perceived value and alternatives combined (Hansen et al., 2008). However, those calculations are dependent on increases in sales and cost savings. This partnership offers neither, as the partnership does not impact goods sold on the market. In cases where intangibles are measured, a common CBA measure is to assume the willingness to pay is equal the cost that is actually paid (Boardman et al., 2014). This in effect cancels out the labour costs incurred to Bulldog in starting the partnership. To test this assumption, Bulldog was asked about similar partnerships during the qualitative interviews. Bulldog generally does not put much value in its partnerships created in the central international office, preferring the faculties to create meaningful agreements. Bulldog's average negotiation for development co-operation partnerships takes about 20 emails, or twice as many as for the Jindo partnership. Thus for the CBA calculation, Bulldog has a willingness to pay of two labour hours.

For Jindo, the perceived value of the relationship in the partnership is higher than for Bulldog. This is because the reputational benefits of the partnership are included in this measurement. Bulldog is perceived to have a higher reputation than Jindo due to its higher position in the international rankings. However, due to the non-exclusivity of these types of arrangements, Jindo had alternative options, which lessens the importance of the reputational benefit for a specific university. They limited themselves to universities in the top 20 in the UK rankings. It had one such agreement with a UK university before signing this agreement and signed two agreements, including the partnership with Bulldog at the state visit. When asked how important the partnership is to Jindo, in the qualitative interviews, Jindo stated that it is slightly more important than similar development co-operation agreements. Like Bulldog, Jindo would normally have a willingness to pay about two labour hours for this agreement. However the reputational benefits of being partnered with Bulldog raises the willingness-to-pay a bit to three labour hours. However, the assumption is that there is reputation does not increase the value of a partnership much, once a certain level of reputation has been reached. This assumption is based on the Jindo's willingness to form partnerships with any of the other top 20 UK ranked universities.

There is a second assumption that the benefit depreciates over time if there is little action from either partner (Heffernan and Poole, 2005). Thus, if partners continue to try to build the partnership into something more, such as an exchange partnership, the relationship value would hold. However, in this partnership shows little sign of intent to build on the relationship. Therefore, it is assumed that the value of this relationship depreciates 20 per cent each year (Ulaga and Eggert, 2006). This would fit with the qualitative data `indicates

that universities tend to cut off development co-ordination partnerships after five years of inaction. Thus, there is a second assumption that this agreement will last for five years.

The second benefit is Bulldog's relationship with the British government. This stems from the partnership being signed as part of the Korean president's state visit. Bulldog already has a relationship with the British government as a public university. While unusual for a development co-operation partnership, it allows the Bulldog interaction with the government and aids it in diplomacy. The benefit to Bulldog is a gain from the university's lobbying efforts. Political science research often ignores the direct impact of lobbying, due to the difficulty in accurate measurement (Mahoney, 2007, Thomas and Hrebendar, 2009) with most methodologies are based on perception (Dur, 2008). Thus, this measurement becomes a measurement of what Bulldog perceives the benefits of agreeing to take part in a partnership, in terms of improving its standing with the UK government and what Bulldog is willing to pay for those benefits. In other words, it is determining how much it would normally pay for government relations. Bulldog has a government relations department consisting of four people: a senior executive, two midlevel managers and an administrative assistant. While this department did not take part in the partnership negotiations, this is the department in charge of interacting with the British government and would normally be used to secure high-level government interaction that this partnership secured. For a social event that leads to informal interaction with the prime minister, as the state visit did, normally involves work involving the executive manager and the administrative assistant. Bulldog estimates that the executive would have spent about ten labour hours on this and the assistant about 40 labour hours. Thus, the government affairs office has a willingness to spend those labour hours on the Korean state visit.

The free advertising that Bulldog received in Korea is the partnership's third benefit. This is a one-time benefit due to the extensive coverage of Korean President Park's visit to the UK in the Korean press. As educational co-operation was high on the agenda, the signing of this agreement and others were mentioned in the Korean press. Thus, Bulldog University gained free publicity as Korean television news and newspapers mentioned the agreement. While the cost of this publicity would have been great if Bulldog had to have paid for this, this type of publicity can only be measured in terms by direct impacts. However, the direct results have been too small to record. Bulldog was not willing to pay for this, and was surprised by the publicity at the time; they did not receive benefit from it. Funding from Korea did not change, and the number of students applying and being accepted from Korea has been stable. Thus, the benefit would be null.

Table 6-1 Jindo University Costs and Benefits

	Labour cost (establishment)	Labour cost (maintenance)	Relationship benefit (partner)
2013	1 hour		
2014		1 hour	3 hours
2015		1 hour	2.4 hours
2016		1 hour	1.92 hours
2017		1 hour	1.54 hours
2018		1 hour	1.23 hours

Table 6-2 Bulldog University Costs and Benefits

	Labour cost (establishment)	Labour cost (maintenance)	Relationship benefit (partner)	Relationship benefit (UK government)
2013	1 hour			10 hours (executive); 40 hours (assistant)
2014		1 hour	2 hours	
2015		1 hour	1.6 hours	
2016		1 hour	1.28 hours	
2017		1 hour	1.024 hours	
2018		1 hour	.82 hours	

### 6.2.5 Monetise

The fifth step in the CBA is to monetise. Tables 6-3 and 6-4 below are visual representation of the impacts. As that name suggests, the various impact measurements from the previous subsection are converted into money, specifically British pound sterling.

The first impact is Jindo's labour cost in establishing the partnership. It is estimated that Jindo spent one labour hour on this. Since Jindo is a public university, its staff salaries are on public record. The person who created the partnership, Haejin, is a mid-level manager in the international office and earns £17,291 (30 million won) a year. However, that is just the wage, to determine the full labour costs, non-wage factors such as tax, national insurance schemes and pensions must be factored in. In Korea, non-wage labour costs add a further 15 per cent to the employer (Chen and Funke, 2005). Thus, Haejin's costs Jindo £19,885 (34.5 million won) annually. This £17,291 yearly salary equates to £9.62 (16,700 won) an hour. Thus, establishing the partnership cost Jindo £9.62 in labour costs.

For Bulldog, the cost of establishing the partnership is estimated to be one labour hour. The person who did this negotiating, Daniel works in the international office, at the top non-

managerial level. He earns £28,850 a year. In the UK non-wage labour is a further 45 per cent cost on top of the wage (Chen and Funke, 2005). Thus, Bulldog’s annual labour cost for this employee is £41,832. The hourly rate for this employee is £20.11 an hour. Thus, Bulldog’s labour cost to establish the partnership is £20.11.

The second impact is the annual maintenance cost. The same employees that started the partnership perform these duties. It is estimated that this task equates to one labour hour each. For Jindo, this is 16,700 won annually, though due to currency exchange variations the cost in sterling varies and is depicted in Table 6-3. For Bulldog, the cost is £20.11 annually. These totals include salary and the non-wage costs involved in employment.

The third impact for each university is the benefit for having developed the working relationship. This is estimated at three labour hours for Jindo and two for Bulldog. As with the two previous measurements, the same employee two employees would be the employees impacted. Thus, this is an annual benefit of £50,100 won for Jindo and £40.22 for Bulldog.

Table 6-3 Jindo University Monetised Costs and Benefits

	Labour cost (establishment)	Labour cost (maintenance)	Relationship benefit (partner)
2013	£9.62		
2014		£9.62	£28.86
2015		£9.62	£23.08
2016		£9.62	£18.47
2017		£9.62	£14.81
2018		£9.62	£11.83

The fourth impact is the benefit Bulldog receives for improving its relationship with the British government. This is a one-time benefit based on the ten labour hours that the executive would have spent on lobbying and the 40 labour hours his administrative assistant would have spent aiding the executive to have the level of interaction with the prime minister. The executive makes an annual salary of £56,000 whereas the administrative assistant earns £25,500 a year. Thus, the executive’s salary would equate to £26.92 per hour, £39.04 including non-wage costs. Over the ten labour hours, this is a £390.40 benefit. The administrative assistant’s salary equates to £12.26 an hour, £17.78 with non-wage costs. This equates to £711.06 for the forty hours of labour saved. Thus, Bulldog’s total willingness to pay for the added government relationship is £1,101.46.

Table 6-4 Bulldog University Monetised Costs and Benefits

	Labour cost (establishment)	Labour cost (maintenance)	Relationship benefit (partner)	Relationship benefit (UK government)
2013	£20.11			£1,101.46
2014		£20.11	£40.22	
2015		£20.11	£32.18	
2016		£20.11	£25.74	
2017		£20.11	£20.59	
2018		£20.11	£16.49	

### 6.2.6 Discount to Present Values

In this step, the monetised values from the previous section are converted to present values. This is necessary due to the inflation over time. However, a second reason is that there is an opportunity cost for future resources. A third reason is that people prefer to spend in the present than in the future (Boardman et al., 2014).

To calculate the net present value, this study is using 2015 as its baseline pricing, as this is the most recent year with accurate publically sourced data. UK data from years prior to 2015 was collected and recorded based on the year the number was accurate and converted to 2015 UK pound sterling based on the official Bank of England inflation calculation (Bank of England, 2016). According to the Bank of England, there has been 1.6 per cent yearly inflation since 2013 and .9 per cent inflation since 2014 (Bank of England, 2016). For the Korean data, a similar proceed is done based on Bank of Korea inflation numbers. Thus, Korea has had 1.98 per cent yearly inflation since 2013 and .77 per cent inflation since 2014.

For values in the future, the estimate is based on an average of two per cent annual inflation. This is an assumption based on Bank of England projects and an average over the time as rates can and will fluctuate over time. For Korea, the assumption is an inflation of three and a half per cent based on the Bank of Korea's projections (Bank of Korea, 2016).

Table 6-5 Jindo University Present Value Costs and Benefits

	Labour cost (establishment)	Labour cost (maintenance)	Relationship benefit (partner)	Total (benefits-costs)
2013	£9.81			-£9.81
2014		£9.69	£29.07	£19.38
2015		£9.62	£23.09	£13.47
2016		£9.28	£17.82	£8.54
2017		£8.93	£13.75	£4.82
2018		£8.57	£10.54	£1.97
<b>Total</b>	<b>£9.81</b>	<b>£46.09</b>	<b>£92.27</b>	<b>£38.37</b>

Table 6-6 Bulldog University Present Value Costs and Benefits

Labour cost (establishment)	Labour cost (maintenance)	Relationship benefit (partner)	Relationship benefit (UK government)	Total (benefits-costs)
£20.78			£1,138.63	£1,117.85
	£20.30	£40.60		£20.30
	£20.11	£32.18		£12.07
	£19.71	£25.23		£5.52
	£19.32	£19.78		£0.46
	£18.93	£15.52		-£3.41
<b>£20.78</b>	<b>£98.37</b>	<b>£133.31</b>	<b>£1,138.63</b>	<b>£1,152.79</b>

### 6.2.7 Net Present Value

Step seven is the final calculation. This is when the costs and the benefits of the partnership are totalled through the lifespan of the partnership. From there, the total costs are subtracted from the benefits to determine the partnership's net value. This can be done for each actor in the partnership with standing and as a collective of all with standing. The former gives the partnership impact on each university involves, whereas the latter does this for society. For Jindo University, the total costs come to £55.90. This compares to the benefits of £92.27. Thus, the partnership's impact on Jindo is £38.37. For Bulldog, the partnership costs £119.15. Jindo receives £1,271.94 of benefits from the partnership. Thus, the partnership's impact on Bulldog is £1,152.79. Thus, the total net present value of the partnership is £1,189.16.

Table 6-7 Net Present Value

Actor	Costs	Benefits	Total (benefits-costs)
Jindo	£55.90	£92.27	£38.37
Bulldog	£119.15	£1,271.94	£1,152.79
Total	£175.05	£1,364.21	£1,189.16

### 6.2.8 Sensitivity Analysis

Throughout the CBA, it has been necessary to make assumptions based on the data available. This step tests those assumptions to determine if they greatly alter the CBA results. The first testable assumption is the calculation for labour hours in section 6.2.4. This is the assumption that ten emails equate to one labour hour. The basis for this came from one academic paper (Gupta et al., 2011), where the figure comes indirectly and not supported by the methodology. This makes three assumptions: first that the industrial report is accurate, second that the emails in this partnership are of average length and third that the participants in this study are average employees. The first assumption is a bit academic in that the cost of maintaining the relationship and the benefits from having the relationship is proportional to each other as they use the same measurement, labour hours based on the number of emails. To accurately test if the emails are of average length, the researcher would have to have access to the emails. Since this is not possible, one has to determine the times to different types of emails. The participants said that the emails are mainly greetings and information requests, such as the degrees offered or student numbers. If one assumes that a third of the emails are greetings, a third are information requests and a third require management decisions, one can test to see if the time is accurate. For this test, different times can be applied to each task. Table 6-8 shows a selection of possible times. In two of the three scenarios, the email time comes close to the one-hour mark. The third scenario is probably the least accurate as it assumes three minutes to send a greeting and ten minutes to retrieve and send standard data. However if this scenario were correct, it would still come to almost two hours. This would roughly double the costs and benefits for the measurements using emails as a measurement of labour hours. This would not significantly alter the final calculation.

Table 6-8 Email time scenarios

	Greetings (3 emails)	Information requests (4 emails)	Management Decisions (3 emails)	Totals
Scenario 1	1 minute	3 minutes	10 minutes	45 minutes
Scenario 2	2 minutes	5 minutes	15 minutes	1 hour 11 minutes
Scenario 3	3 minutes	10 minutes	20 minutes	1 hour 49 minutes

The third assumption based on email, that these are average workers, is a bit more difficult to test. The participant from Jindo is above average in many employment categories. She has a master's degree and is paid an above average Korean salary. She received her degree from the UK, so her English language ability is not a problem, and she was promoted to her current position from within indicating a good employment record. The Bulldog participant earns about the average UK salary and has a master's degree. Thus, there is little to indicate that either participant would have trouble emailing at a standard rate.

The next assumption made is the exchange rates. This does not impact the numbers from Bulldog. Though throughout the sections Jindo's costs and benefits have been monetised in pounds sterling. The exchange rates from 2016 and earlier are known historical rates. The assumption comes for future exchange rates as they constantly change and each organisation list different rates. Thus, an average expected rate is used. This usually can hold true for two large economies such as Korea and the UK over a long period of time. However, this rate can be altered by unforeseen events. These can be minor events such as one of the two economies falling into recession at different times. However, major events such as North Korean aggression or Brexit can have a dramatic input. Table 6-9 shows a possible list of possible exchange rate extremes. With the CBA only predicting two years into the futures, the expected exchange rate should be relatively accurate with an assumption of £1 is equal to 1,500 won. However, major unforeseen geopolitical events such as those mentioned could alter this.

Table 6-9 Exchange rate extremes

	Expected rate	Historic high pound	Historic low pound
2017	£1=1,500 won	£1=2,500 won	£1=1,400 won
2018	£1=1,500 won	£1=2,500 won	£1=1,400 won

The final assumption in this CBA is the inflation rate. As with the exchange rate, the numbers used up to 2016 are based on historical facts: either the Bank of England or the Bank of Korea numbers. The future inflation numbers are based on projections from the two national

banks. However, the same type of events that can alter the exchange rates apply to the inflation numbers. Currently, the Bank of England is predicting two per cent inflation (Bank of England, 2016) and the Bank of Korea is forecasting three and a half per cent inflation (Bank of Korea, 2016). Tables 6-10 and 6-11 show how the rates can impact the final calculations with five and zero per cent inflations. While the numbers change slightly, the overall results do not change: benefits outweigh costs with the greater advantage going.

Table 6-10 Net present value five per cent inflation

Actor	Costs	Benefits	Total (benefits-costs)
Jindo	£56.80	£174.47	£117.67
Bulldog	£119.15	£1,254.31	£1,135.16
Total	£175.95	£1,428.78.21	£1,252.83

Table 6-11 Net present value zero per cent inflation

Actor	Costs	Benefits	Total (benefits-costs)
Jindo	£57.72	£97.05	£39.33
Bulldog	£120.66	£1,236.68	£1,116.02
Total	£178.38	£1,333.73	£1,155.35

### 6.2.9 Recommendations

In the final step of the CBA, the analyst is to make a recommendation between the alternatives depending on which has the highest net present value. The counterfactual of having no partnership would result in costs and benefits equalling zero. The status quo of having the partnership creates a positive net value of £1,189.16. Thus, the decision to create the partnership would be the preferred choice. This would be true for each actor individually as both benefit from the partnership.

However, this partnership is unusual for a development co-operation partnership in that it came out of a state visit. This altered the CBA significantly in two aspects from what one expects from a similar partnership. The first is that it skewed the benefits to the partnership creation when there would normally be costs. In addition, this created a great imbalance in benefits towards Bulldog. This is despite Jindo having a greater interest in the arrangement and the potential for greater benefits. With the benefits skewed by the relationship with the UK government that Bulldog received, it distracts from the understanding of what is happening in the partnership. The reality is that little is happening. Each side is benefiting from the relationship, just by knowing that the relationship is available in case it is needed. However, once the partnership reaches year five in 2018 it would no longer be advantageous for

Bulldog to maintain the relationship due to depreciation. For Jindo, the partnership would not be successful if it continued much beyond 2018. However, the data shows that a development co-operation partnership is a low risk and low cost venture. Neither university needed to put much into it. If there had been demand, this relationship could have been a platform to expand the working relationship further to an exchange partnership.

### **6.3 Exchange Partnership**

This section examines the data from the exchange partnership between Magpie and Puffin Universities. As with the development co-operation partnership, this section follows the nine-step CBA procedure.

#### **6.3.1 Alternative Projects**

The first two alternatives are the status quo, the actual partnership and the counterfactual, assuming that the partnership never existed. With the counterfactual being no costs or benefits. The status quo is being used as the only other alternative for two reasons. The first is that exchange partnerships are common in international higher education. Thus, the contracts signed are generic documents with little room to negotiate. The initial contracts are three to five years and the number of exchange students is limited to one or two. If the relationship works in that the universities work well with each other and the number of students remains equal in each exchange direction, then the agreements are extended in terms of time, student numbers and possible faculty and staff exchange. The partnership between Magpie and Puffin is a recent partnership, signed in autumn 2014 and going into immediate effect. Thus, it would be unrealistic for them to sign any different type of exchange agreement other than the one that they did sign. Thus, the status quo examined in this section involves the universities exchanging two undergraduates for the academic year.

#### **6.3.2 Standing**

With the alternative projects determined, the next step is to determine who has standing. This partnership has both primary and secondary standing. As for those with primary standing, the main stakeholders are the two universities, Magpie and Puffin. The second group with primary standing are the exchange students as they study overseas.

Unlike the previous partnership, those with secondary standing are more directly impacted with the partnership. Those with secondary standing are the faculty and non-academic staff. While the agreement does not specify anything specific that faculty or a staff has to do, they may be impacted by a change in workload.

For the faculty, it is assumed that this partnership would not have an impact. This is because the partnership calls for two students to leave a given university and two other replacements to come in. A certain faculty member may have to teach one of the exchange students with the added work with that. However, that another faculty member would have had to teach a home student that ended up on the exchange. Thus, the work would balance. However particular staff members, part of their workload would be to accommodate the new students, this includes the pastoral care that students need in terms of induction or finding accommodation. One group that is assumed to not have standing is the Korean and British societies. Since an equal number of students are exchanged, the partnership should not create differences in the amount of spending in society, for example in accommodation, food and entertainment.

### **6.3.3 Impact Categories**

The main costs associated with the partnership for each university are labour costs associated with creating the partnership and maintaining the partnership. In addition to the labour costs, Magpie University does have incidental costs related to hosting a Puffin representative annually, due to UK statutory quality control regulations. One cost that each university have is for the administration and student services of hosting the students. This includes activities such as setting up the students' email account and induction. However, this cost includes the time in reviewing and selecting the students' applications to the exchange programme. The main benefits that each receive are the relationship value with the partner university and the increase in student satisfaction from having overseas study opportunities.

For the students, the main costs are flying and living in a foreign country. The flight of flying to a foreign country can be expensive for students. In addition, the cost of living in the two countries is different. Thus, this can add costs to their education. The benefits, however, are the additional career possibilities from having an experience of living and learning overseas. In addition, the students may gain personal satisfaction, or improved self-view from their experiences abroad.

One category that does not have an impact in the CBA is tuition. This is because the students involved in the exchange programme pay tuition to their home university as they would if still on campus. Thus, the tuition lost by educating the two exchange students is compensated equally to the benefit of collecting tuition for students being educated abroad.

#### 6.3.4 Lifetime Quantitative Impacts

In this subsection, the impacts for each group with standing are measured through the partnership's lifespan. This partnership's lifespan is assumed to be ten years. This is based on the qualitative interviews. Exchange partnerships do often last longer, though differences in curriculum and student demands change over time.

The first impact is the establishment cost to each university. This is the one-time cost of establishing the partnership. As with the development co-operation partnerships, exchange partnerships are quite common. Thus, the contracts are generally standard and extensive negotiation is not necessary. The initial contact was made by Magpie University at a NAFSA conference in the US. From there, the universities contacted each other through email. Each university agrees that there were about twenty emails sent and received between the two. This would equate to two labour hours each based on the assumptions from the development co-operation partnership. In addition to this, the international office manager from Puffin did visit Magpie University's main campus. This was done to fulfil UK statutory requirements for an on campus inspection of facilities and curriculum and to sign the final agreement. This took roughly four labour hours for each university. However, the visit does require two additional labour hours to prepare for Puffin and three for Magpie. Thus, the partnership creation phase costs Puffin six labour hours and Magpie seven labour hours. In addition to the labour hours, Magpie provided lunch at a local restaurant. This lunch was for three Magpie employees and the visiting Puffin international officer for which they estimate spending £71.43 (100,000 won) total. The establishment costs does not include transportation and lodging. This is because the negotiations started at the NAFSA conference, which both universities would have attending without the partnership. In addition, Puffin University timed the inspection to coincide with a planned recruiting visit to Korea. Thus, the international officer would have been in Korea without the partnership.

The second cost to each university is the labour for maintaining the partnership. This is the time spent to maintain the relationship and to approve students' applications to take part in the exchange. The labour for maintaining the partnership is the email that the two universities send each other. This usually relates to curriculum updates and the academic calendar. In the first year of the partnership, there were 15 emails exchanged between the two universities. Based on the assumption in the previous section, 15 emails equates to one and a half labour hours for each university. In addition to this time, the international officer from Puffin visits the Magpie campus once a year. This is for UK statutory reasons, and to improve their relationship with Magpie. This takes roughly two labour hours. The time is roughly similar for Magpie, though it would cost an additional labour hour for the meeting and campus tour preparation. Thus, maintaining the partnership requires Puffin three and a

half labour hours and Magpie four and a half labour hours. There is an assumption with the Puffin visit to Magpie that the travel and accommodation is not included in the CBA. This is because the international officer coincides the visit to the British Council's UK University fair in Seoul. This is where international officers travel to Korea to recruit students. Thus, the international officer would have been in Korea if this partnership did not exist.

The labour time involved in approving students' applications is different. Puffin has students fill out an application to the international office. Since the university has a Korean language course, the university has partnerships with multiple Korean universities. Puffin creates partnership places to equate to the student numbers in this scheme. Thus, there is little procedure involved. The Puffin staffs check to determine if the student is in good academic standing and has paid their tuition fees. They then allocate names to universities. The entire process takes about half an hour per student, or one labour hour total, and is completed by the international officer. For Magpie, the process is more complicated. The general paperwork is roughly the same. However, since demand exceeds supply for some partnerships, including for the Puffin partnership, students do not always get accepted to the university that they choose. Thus, the international officer has to read applications and select students based on English language test scores and grade point average. This takes about two labour hours per student, or four labour hours total, and is completed by the international officer.

The next costs to the universities are those related to dealing with the exchange students once they arrive. Prior to the students coming to the UK, Puffin emails students a welcome pack with useful information on starting their year. This includes a city guide and advice on housing. Once the students arrive on campus, they take part in the international student induction. This is a daylong event where students are given information on registration, university services, email and academic integrity. The Magpie students are integrated with the total international student body, accounting for about 50 per cent the total student population with 1,250 new international students each year. Puffin does not have exact figures for the cost or work involved of the induction. However, they estimate that they spend about 100 labour hours in preparation and running the induction. This would equate to spending .08 labour hours (13 minutes) spent per student on the induction. This would mean that they spend slightly less than a half hour (26 minutes on the two Magpie students. In addition, Puffin estimates induction costs to be about £10 per student including the complementary lunch. Creating a new university email account also costs about £10 a student.

Magpie has similar expenses to Puffin in accommodating Puffin exchange students, but the university offer more services. The first cost for the university is the induction, for all new

international students, in which the two Puffin students attend. This is a two-day affair where the students are acclimatised to the university. This includes registration and an introduction to student societies. The students are also given a tour of the city. The university estimates that it takes 200 labour hours to plan for the 200 incoming international students. This would equate to one labour hour per student, or two total for this partnership. The university estimates that they spend about £34 (50,000 won) per student on the induction including the tour and meals. In addition to the induction, international students are offered free Korean language modules and three cultural fieldtrips in the local area. The university values the Korean lessons at £409 (600,000 won) a year per student and the field trips at £102 (150,000 won) per student each year. Thus, the university provides £546 (755,000 won) worth of services per student, £1,092 (1.6 million won) total, to the Puffin students. The university estimates that it uses 80 labour hours preparing the fieldtrips for the 800 total international students; this would be six minutes of labour per student or 12 minutes for the two Puffin students. The students are offered on-campus housing in the university halls. The price for this is roughly equal to the price that the students would get off-campus. The university sets the price to neither profit nor lose money. Since the university has a housing shortage, it is estimated that if this partnership did not exist other students would occupy the rooms. Thus, the student accommodation is not included in the CBA in Magpie's costs. The university does not provide student emails, so there is no cost to the university for creating two new student accounts.

An additional cost to Puffin is a fee to the British government for student visas. While the students have to pay for their visas, the university has to pay a £23 fee to the UK Visa and Immigration (UKVI) office to issue a Certificate of Acceptance for Studies (CAS) number. The CAS number is a British regulatory requirement that confirms that students have been accepted to study a valid academic programme at an educational institute that is allowed to offer places to students that require visas. The two Magpie students would thus cost Puffin £46 for CAS numbers.

The benefits the universities receive come from increased student satisfaction, an increase in the international rankings and an increase in student numbers. The increase in student satisfaction is the feeling among students that the university is providing satisfactory services in addition to the education quality. The benefit for universities is that higher student satisfaction leads to higher enrolment numbers and better quality students attending. This is similar to the international rankings. Most of the rankings have internationalisation as part of the measurement. The hope is that a higher ranking will bring about increased student numbers and other sources of income. In terms of this study, both student satisfaction and international rankings are quite similar. They are each imperfect measurements with little

empirical evidence of measuring what they claim and are a zero sum game in that there can only be ten universities ranked in the top ten. In addition, neither university believes it helps them in the rankings in the short-term. Thus, the first two benefits do not impact the CBA since there is no measurable impact.

The next benefit is the value of the working relationship between the two universities. This is similar to the benefit in the previous section, and the assumption that this benefit is slightly different between the two universities. It is assumed that Magpie would be willing to pay three labour hours per the one that they put in to the agreement and Puffin would be willing to pay two. The difference is based on the reputation of the two universities. The relationship can be used to forge future projects and to solve problems that may arise quicker. Unlike the previous partnership, it is not assumed that the relationship will depreciate in time. This is because there is a student demand on each side to take part in the exchange. Usually British students have little interest in studying in Korea. Puffin University, however, does have a Korean language programme. Thus, students will want to go to Korea for language training. This is the reason the demand should continue over time. This is the reason it is assumed the partnership will last at least ten years from its signing in 2014.

The final benefit is an increase in student numbers. These would be students that come to the university due to the partnership itself or those who here about the university from the partnership. For the first category, neither university has students that came for the partnership, as it was a new partnership at the time of data collection. However, one of the first exchange students to Puffin did return the next year as a master's student. The university estimates that part of this increase is related to the partnership as just under half are Magpie graduates and one participated in the first year of the exchange. Thus, it can be assumed that the partnership has led to an extra fee paying international student paying £16,250 in tuition a year. Magpie did not receive any student increases from the UK, as they have never had a British degree-seeking student. Thus, Magpie did not receive this benefit.

The second group with standing that have measureable costs are the students. As stated above, the students pay their home university the normal tuition rates. Thus, that is not impacted by the partnership. However, the students do have to pay for visa and flights. In addition, the cost of living is different in the UK and Korea that can impact students during their stay. For visas, the costs are straightforward as they are listed on the respected government websites. The UK charges £322 for a student visa with an additional £150 a year National Health Service (NHS) charge for a total of £472. For the two Magpie students, this totals £944. Korea charges £37.71 (US\$50) for a student visa with no additional fees. For the two Puffin students, this equates to £75.42 (US\$100).

The other two student costs, flights and cost of living are less straightforward than visa costs. Due to research ethical considerations, it was impossible to interview the students with view to this question, as it would have required the participant universities to display student records. It would also be difficult to consult airline prices, as numerous airlines fly between the two countries. In addition, air prices change daily for a variety of reasons. There is no academic literature on calculating this type of cost. However, each university does produce a study abroad guide to for its students to inform them on the different costs associated with living overseas. Each university makes similar guides to help incoming international students as well. In comparing these guides, the estimated price for round trip tickets between Seoul and London is £500. Thus, for the purposes of this study that each student from both Puffin and Magpie Universities paid £500 for their airline tickets.

While the academic literature on cost of living comparison goes back around a hundred years. However, there is not a clear consensus on how that should be calculated. One measure that attempts to look at this is the purchasing power parities (PPP). This is a measure of how much a common basket of goods costs, in different places keeping time and currency constant (Perloff, 2012). While there is academic debate on the effectiveness of PPP or which goods should be included in the common basket (Bergin et al., 2013), it should suffice to give this study a measurement for the CBA calculation. Based on the World Bank's most recent report, using 2015 figures, the UK is 53 per cent more expensive place to live (World Bank, 2017). While the increased salaries of British workers would make the British cost of living less than in Korea, students on exchange programmes do not receive salary. While there is no recent academic or government data available, the National Union of Students estimate, based on government data adjusted to inflation in 2015, that an average student spends £13,388 not including tuition in Puffin University's home city (Malcolm, 2016). Thus, the two Magpie students would each spend £13,388. There is no comparative Korean data source. However assuming that living in Korea is 53 per cent cheaper, it costs the Puffin students £6,292.36 a year to live in Korea. In CBA terms for this study, the Puffin students in Korea benefit by £7,095.64 each by cheaper living costs in Korea. Whereas the Magpie students have an additional £7,095.64, each from the higher living costs in the UK. Thus, the total benefits to Puffin students would be £14,191.28, and the equal number in costs to Magpie students.

The benefits for the participating students are added educational value of an international education and the personal satisfaction of living overseas. Both of these benefits can be difficult to quantify as these benefits can vary greatly depending on a variety of issues from student behaviour to foreign language learning to the quality of the education programme (Braskamp et al., 2009). In addition, the academic literature has not reached a phase were these benefits are agreed upon. Though literature does suggest that education abroad will

benefit students in hiring as employers believe that those who have studied abroad to have higher foreign language and cultural understanding skills (Paige et al., 2009). Thus, these benefits depend on the students' willingness to pay for study abroad. While this measurement too is an estimate (Woodall et al., 2014, Rodgers, 2007), it gives a way to determine a value. For UK students, there is little demand to study in Korea. These students feel that it is worth an extra year of university as the partnership creates the need for a four-year course as opposed to the standard three. Students during this year are charged tuition, but they pay £1,350 administration fee. Thus, the two students would be willing to pay £2,700 a year to take part in the partnership.

For the Magpie students, the willingness to pay for the exchange is calculated differently. This is due to the differences in the courses. Korean universities have four-year courses and the modules taken at Puffin count towards the necessary credits to graduate. In addition, the students study a variety of subjects while at Puffin. There is a great cultural appetite to spend on English language learning to gain advantage in society (Shin, 2012), which is a primary factor in wanting to participate in a UK based exchange programme. It is quite common for Korean adults to spend up to £1,364 (two million won) monthly on English education cram schools (Park, 2013, Pillar and Cho, 2013). Thus, it can be estimated that the Magpie students would spend similar figures to get a step up in the employment market. Thus, £1,364 a month would equate to £12,273 a student over the nine months that they study at Puffin. This would be £24,546 that the two Magpie students would be willing to pay for the opportunity to study abroad. The assumption with this figure is that the modules they take is irrelevant as they would be taking similar modules at Magpie if they had not been accepted on the exchange, the only difference would be the English language environment and the chance to experience a new culture.

The final groups to be considered are those with indirect costs. These are the staffs at the two universities. Their labour costs have already been considered in the two universities' costs. However, the staffs are forced to do extra work to accommodate the partnership. Since everyone involved are on salary, the workload increases while the pay stays the same. However, this assumption would not hold. The international officers involved, in the absence of the partnership are required to create more similar exchange partnerships to ensure that the student demand for studying overseas is met. Thus, those hours would be spent on another partnership. For this study, this indicates that the partnership would not have measurable impact, even indirectly on the staff, as they would have other tasks to make up for the lost work.

Table 6-12 Puffin University costs

	Labour cost (establishment)	Labour cost (maintenance)	Student Application Costs	Induction costs	Incidental Costs (email creation and food)	Visa CAS numbers
2014	6 hours					
2015		3.5 hours	1 hour	.5 hours	£20	£46
2016		3.5 hours	1 hour	.5 hours	£20	£46
2017		3.5 hours	1 hour	.5 hours	£20	£46
2018		3.5 hours	1 hour	.5 hours	£20	£46
2019		3.5 hours	1 hour	.5 hours	£20	£46
2020		3.5 hours	1 hour	.5 hour	£20	£46
2021		3.5 hours	1 hour	.5 hours	£20	£46
2022		3.5 hours	1 hour	.5 hours	£20	£46
2023		3.5 hours	1 hour	.5 hours	£20	£46
2024		3.5 hours	1 hour	.5 hours	£20	£46

Table 6-13 Puffin University benefits

	Increase in student enrolment	Relationship Benefit
2015	1 student	7 hours
2016	1 student	7 hours
2017	1 student	7 hours
2018	1 student	7 hours
2019	1 student	7 hours
2020	1 student	7 hours
2021	1 student	7 hours
2022	1 student	7 hours
2023	1 student	7 hours
2024	1 student	7 hours

Table 6-14 Magpie University costs

	Labour cost (establishment)	Partnership contract signing lunch	Labour cost (maintenance)	Labour cost (Induction)	Labour (cultural activities)
2014	7 hours	£71.43			
2015			4.5 hours	1 hour	.2 hours
2016			4.5 hours	1 hour	.2 hours
2017			4.5 hours	1 hour	.2 hours
2018			4.5 hours	1 hours	.2 hours
2019			4.5 hours	1 hour	.2 hours
2020			4.5 hours	1 hour	.2 hours
2021			4.5 hours	1 hour	.2 hours
2022			4.5 hours	1 hour	.2 hours
2023			4.5 hours	1 hour	.2 hours
2024			4.5 hours	1 hour	.2 hours

Table 6-15 Magpie University benefits

	Relationship Benefit
2015	13.5 hours
2016	13.5 hours
2017	13.5 hours
2018	13.5 hours
2019	13.5 hours
2020	13.5 hours
2021	13.5 hours
2022	13.5 hours
2023	13.5 hours
2024	13.5 hours

Table 6-16 Puffin University students' costs and benefits

	Visa Cost	Flight Cost	Change in Cost of Living (benefit)	Benefit of Partnership
2015	£75.42	£1,000	£14,191.28	£2,700
2016	£75.42	£1,000	£14,191.28	£2,700
2017	£75.42	£1,000	£14,191.28	£2,700
2018	£75.42	£1,000	£14,191.28	£2,700
2019	£75.42	£1,000	£14,191.28	£2,700
2020	£75.42	£1,000	£14,191.28	£2,700
2021	£75.42	£1,000	£14,191.28	£2,700
2022	£75.42	£1,000	£14,191.28	£2,700
2023	£75.42	£1,000	£14,191.28	£2,700
2024	£75.42	£1,000	£14,191.28	£2,700

Table 6-17 Magpie University students' costs and benefits

	Visa Cost	Flight Cost	Change in Cost of Living (cost)	Benefit of Partnership
2015	£944	£1,000	£14,191.28	£24,546
2016	£944	£1,000	£14,191.28	£24,546
2017	£944	£1,000	£14,191.28	£24,546
2018	£944	£1,000	£14,191.28	£24,546
2019	£944	£1,000	£14,191.28	£24,546
2020	£944	£1,000	£14,191.28	£24,546
2021	£944	£1,000	£14,191.28	£24,546
2022	£944	£1,000	£14,191.28	£24,546
2023	£944	£1,000	£14,191.28	£24,546
2024	£944	£1,000	£14,191.28	£24,546

### 6.3.5 Monetise

In this subsection, the quantitative values from the previous subsections are converted into money, specifically pounds sterling. The vast majority of the impact categories are already in money, with the exception of the labour costs and Puffin's increase in student enrolment resulting from the partnership. For Puffin, the international officers that work on the partnership and on the induction events is on the same salary grade and each earn £28,850 a year. In the UK non-wage labour is a further 45 per cent cost on top of the wage (Chen and Funke, 2005). Thus, Puffin's annual labour cost for this employee is £41,832 with the hourly rate for this employee is £20.11 an hour. For Magpie, the international officers involved in

the partnership and the induction are also on the same salary grades. They each earn £19,885 (34.5 million won) annually after including non-wage factors of 15 per cent (Chen and Funke, 2005). This equates to £9.62 (16,700 won) an hour. Those hourly wages are totalled for each impact category in the charts below. To determine the money value for the increase in student value, tuition fees are used. Since the British academic year begins around 1 October, the fees are listed under the year in which they commence study. One assumption that is made here is that international tuition fees will not rise above inflation. Based on historic tuition fees, this assumption is a bit generous to the potential students involved. International student fees have increased beyond inflation, but the increases have been random and exact figures are impossible to predict with the data available. Thus, one student would equal £16,280.

Table 6-18 Puffin University costs monetised

	Labour cost (establishment)	Labour cost (maintenance)	Student Application Costs	Induction costs	Incidental Costs (email creation and food)	Visa CAS numbers
2014	£12.66					
2015		£70.38	£20.11	£10.05	£20	£46
2016		£70.38	£20.11	£10.05	£20	£46
2017		£70.38	£20.11	£10.05	£20	£46
2018		£70.38	£20.11	£10.05	£20	£46
2019		£70.38	£20.11	£10.05	£20	£46
2020		£70.38	£20.11	£10.05	£20	£46
2021		£70.38	£20.11	£10.05	£20	£46
2022		£70.38	£20.11	£10.05	£20	£46
2023		£70.38	£20.11	£10.05	£20	£46
2024		£70.38	£20.11	£10.05	£20	£46

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Table 6-19 Puffin University benefits monetised

	Increase in student enrolment	Relationship Benefit
2015	£16,280	£140.77
2016	£16,280	£140.77
2017	£16,280	£140.77
2018	£16,280	£140.77
2019	£16,280	£140.77
2020	£16,280	£140.77
2021	£16,280	£140.77
2022	£16,280	£140.77
2023	£16,280	£140.77
2024	£16,280	£140.77

Table 6-20 Magpie University costs monetised

	Labour cost (establishment)	Partnership contract signing lunch	Labour cost (maintenance)	Labour cost (Induction)	Labour (cultural activities)
2014	£67.34	£71.43			
2015			£43.29	£9.62	£1.92
2016			£43.29	£9.62	£1.92
2017			£43.29	£9.62	£1.92
2018			£43.29	£9.62	£1.92
2019			£43.29	£9.62	£1.92
2020			£43.29	£9.62	£1.92
2021			£43.29	£9.62	£1.92
2022			£43.29	£9.62	£1.92
2023			£43.29	£9.62	£1.92
2024			£43.29	£9.62	£1.92

Table 6-21 Magpie University benefits monetised

	Relationship Benefit
2015	£129.87
2016	£129.87
2017	£129.87
2018	£129.87
2019	£129.87
2020	£129.87
2021	£129.87
2022	£129.87
2023	£129.87
2024	£129.87

Table 6-22 Puffin University students' costs and benefits

	Visa Cost	Flight Cost	Change in Cost of Living (benefit)	Benefit of Partnership
2015	£75.42	£1,000	£14,191.28	£2,700
2016	£75.42	£1,000	£14,191.28	£2,700
2017	£75.42	£1,000	£14,191.28	£2,700
2018	£75.42	£1,000	£14,191.28	£2,700
2019	£75.42	£1,000	£14,191.28	£2,700
2020	£75.42	£1,000	£14,191.28	£2,700
2021	£75.42	£1,000	£14,191.28	£2,700
2022	£75.42	£1,000	£14,191.28	£2,700
2023	£75.42	£1,000	£14,191.28	£2,700
2024	£75.42	£1,000	£14,191.28	£2,700

Table 6-23 Magpie University students' costs and benefits

	Visa Cost	Flight Cost	Change in Cost of Living (cost)	Benefit of Partnership
2015	£944	£1,000	£14,191.28	£24,546
2016	£944	£1,000	£14,191.28	£24,546
2017	£944	£1,000	£14,191.28	£24,546
2018	£944	£1,000	£14,191.28	£24,546
2019	£944	£1,000	£14,191.28	£24,546
2020	£944	£1,000	£14,191.28	£24,546
2021	£944	£1,000	£14,191.28	£24,546
2022	£944	£1,000	£14,191.28	£24,546
2023	£944	£1,000	£14,191.28	£24,546
2024	£944	£1,000	£14,191.28	£24,546

### 6.3.6 Discount to Present Values

In this subsection, the money valuations from the previous subsections are converted to current values. To calculate the net present value, this study is using 2015 as its baseline pricing, as this is the most recent year with accurate publically sourced data. UK data from years prior to 2015 was collected and recorded based on the year the number was accurate and converted to 2015 UK pound sterling based on the official Bank of England inflation calculation (Bank of England, 2016). For historic rates, the Bank of England suggests that there has been 0.9 per cent inflation since 2014 (Bank of England, 2016). For the Korean data, a similar proceed is done based on Bank of Korea inflation numbers. Thus, Korea has had 0.77 per cent inflation since 2014. For values in the future, the estimate is based on an average of two per cent annual inflation in the UK and three and a half per cent in Korea (Bank of Korea, 2016). This is done with the same justification as in the previous partnership. As with the previous partnership, this also assumes that prices will rise equally throughout the life of the partnership.

Table 6-24 Puffin University costs present value

	Labour cost (establishment)	Labour cost (maintenance)	Student Application Costs	Induction costs	Incidental Costs (email creation and food)	Visa CAS numbers	Total
2014	£12.78						
2015		£70.38	£20.11	£10.05	£20	£46	
2016		£68.97	£19.71	£9.85	£19.60	£45.08	
2017		£67.59	£19.31	£9.65	£19.21	£44.18	
2018		£66.24	£18.93	£9.49	£18.82	£43.29	
2019		£64.92	£18.55	£9.27	£18.45	£42.43	
2020		£63.62	£18.18	£9.08	£18.08	£41.58	
2021		£62.35	£17.81	£8.90	£17.72	£40.75	
2022		£61.10	£17.46	£8.72	£17.36	£39.93	
2023		£59.88	£17.11	£8.55	£17.02	£39.14	
2024		£58.68	£16.77	£8.38	£16.67	£38.35	
<b>Total</b>	<b>£12.78</b>	<b>£643.73</b>	<b>£183.94</b>	<b>£91.94</b>	<b>£182.93</b>	<b>£420.73</b>	<b>£1,536.05</b>

Table 6-25 Puffin University benefits monetised present value

	Increase in student enrolment	Relationship Benefit	Total
2015	£16,280	£140.77	
2016	£15,954.40	£137.95	
2017	£15,635.21	£135.20	
2018	£15,322.61	£132.49	
2019	£15,016.15	£129.84	
2020	£14,715.83	£127.24	
2021	£14,421.51	£124.70	
2022	£14,133.08	£122.21	
2023	£13,850.42	£119.76	
2024	£13,573.41	£117.37	
<b>Total</b>	<b>£148,902.62</b>	<b>£1,287.53</b>	<b>£150,190.15</b>

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Table 6-26 Magpie University costs monetised present value

	Labour cost (establishment)	Partnership contract signing lunch	Labour cost (maintenance)	Labour cost (Induction)	Labour (cultural activities)	Total
2014	£67.85	£71.98				
2015			£43.29	£9.62	£1.92	
2016			£41.77	£9.28	£1.85	
2017			£40.31	£8.96	£1.79	
2018			£38.90	£8.64	£1.72	
2019			£37.54	£8.34	£1.66	
2020			£36.23	£8.05	£1.61	
2021			£34.96	£7.77	£1.55	
2022			£33.73	£7.50	£1.50	
2023			£32.55	£7.23	£1.44	
2024			£31.41	£6.98	£1.39	
<b>Total</b>	<b>£67.85</b>	<b>£71.98</b>	<b>£370.69</b>	<b>£82.37</b>	<b>£16.43</b>	<b>£609.32</b>

Table 6-27 Magpie University benefits present value

	Relationship Benefit
2015	£129.87
2016	£125.32
2017	£120.94
2018	£116.71
2019	£112.62
2020	£108.68
2021	£104.88
2022	£101.20
2023	£97.66
2024	£94.24
<b>Total</b>	<b>£1,112.12</b>

Table 6-28 Puffin University students' costs and benefits present value

	Visa Cost	Flight Cost	Change in Cost of Living (benefit)	Benefit of Partnership	Total (benefits-costs)
2015	£75.42	£1,000	£14,191.28	£2,700	
2016	£72.78	£980	£13,907.45	£2,646	
2017	£70.23	£960.40	£13,629.31	£2,593.08	
2018	£67.77	£941.19	£13,356.72	£2,541.22	
2019	£65.40	£922.37	£13,089.58	£2,490.39	
2020	£60.90	£903.92	£12,827.79	£2,440.59	
2021	£58.77	£885.84	£12,571.24	£2,391.77	
2022	£56.71	£868.13	£12,319.81	£2,343.94	
2023	£54.73	£850.76	£12,073.42	£2,297.06	
2024	£52.81	£833.75	£11,831.95	£2,251.12	
<b>Total</b>	<b>£635.52</b>	<b>£9,146.36</b>	<b>£129,798.55</b>	<b>£24,695.17</b>	<b>£144,711.84</b>

Table 6-29 Magpie University students' costs and benefits present value

	Visa Cost	Flight Cost	Change in Cost of Living (cost)	Benefit of Partnership	Total (benefits-cost)
2015	£944	£1,000	£14,191.28	£24,546	
2016	£925.12	£965	£13,694.59	£23,686.89	
2017	£906.62	£931.23	£13,215.27	£22,857.85	
2018	£888.49	£898.63	£12,752.74	£22,057.82	
2019	£870.72	£867.18	£12,306.39	£21,285.80	
2020	£853.30	£836.83	£11,875.67	£20,540.80	
2021	£836.24	£807.54	£11,460.02	£19,821.87	
2022	£819.51	£779.28	£11,058.92	£19,128.10	
2023	£803.12	£752	£10,671.86	£18,458.62	
2024	£787.06	£725.68	£10,298.34	£17,812.57	
<b>Total</b>	<b>£8,634.18</b>	<b>£8,563.37</b>	<b>£121,525.08</b>	<b>£210,196.32</b>	<b>£71,473.69</b>

### 6.3.7 Net Present Value

In this subsection, the various costs and benefits are totalled together. Then the costs are subtracted from the benefits (benefits-costs=partnership value). This can be done for each actor in the partnership and for society, or every actor put together.

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The first actor is Puffin University. Puffin's total benefits are equal to £150,190.15 and total costs equal £1,536.05. Thus, the partnership benefits Puffin by £148,654.10. The second actor, Magpie University has benefits of £1,112.12 with its costs being £609.32. Magpie benefits total £502.80 from the partnership. The third actor, Puffin University students' benefits equal £210,196.32 compared to costs of £9,836.16. Thus, the Puffin students gain £144,711.84 from taking part in the partnership. The final actor, Magpie University students have benefits of £210,196.32. Their costs are £138,723.35. They gain £71,473.69 through the partnership's lifespan. When taken together, society's total benefits equal £515,992.31 compared with costs of £149,509.48. Thus, the net present value of this partnership on society is a benefit of £366,482.83.

Table 6-30 Total costs and benefits for each actor

Actor	Costs	Benefits	Total (b-c)
Puffin University	£1,536.05	£150,190.15	£148,654.10
Magpie University	£609.32	£1,112.12	£502.80
Puffin Students	£9,781.88	£154,493.72	£144,711.84
Magpie Student	£138,723.35	£210,196.32	£71,473.69
Total	£150,650.60	£515,992.31	£365,341.71

### 6.3.8 Sensitivity Analysis

As with the previous partnership, there are several assumptions made throughout this section. Many of them are similar to the assumptions made during the previous partnership. The first is the number of email exchanges being converted to labour hours. There is little reason to believe that the workers at Puffin and Magpie would be significantly different than their counterparts at Bulldog and Jindo. They have similar education backgrounds and pay grades. The assumptions of the exchange rates and inflation rates are the same as in the previous partnership as well.

One assumption made is the cost of living difference between Puffin and Magpie's home cities. This difference is derived from a couple of sources. It originates come from Puffin University's data and given to new students to help them budget for university. The number from Puffin's data gives an estimate on how much a student would expect to spend. That number was then compared to a cost of living index from the World Bank. This number is then used. This figure was used due to not being able to interview students on their actual spending habits. This study assumes that the number will be consistent throughout the partnership's lifespan. However, cost of living in either location could be altered for the same reasons that could affect the exchange rates or inflation.

There is a double assumption that the partnership would last ten years into the future and the relationship will not deteriorate. This differs from the previous partnership in that partnership is predicted to last five years and the relationship value deteriorates. The reason for that is the inactivity in the partnership. For this partnership, there is a growing market function for the partnership. Puffin continues to have a Korean language course and the students in that programme will continually need to study in Korea. Since Puffin is one of three UK universities with a Korean language course, and it has become more popular in recent years suggest the need will continue. From Magpie's perspective, demand has always exceeded supply from students to study on exchange in the UK. Since there is a need to continue the partnership on both sides, this should keep the partnership going. Exchange partnerships do have the potential to last for long times if numbers are equal from each. For this study, ten years is used as a round number for calculations, though it could last indefinitely. The second aspect of this assumption, that the relationship value will maintain itself, is based on continued interaction needed to facilitate the partnership. The previous partnership loses its relationship value, as the participants no longer need to communicate. This is not an issue in this partnership, as the student demand keeps the universities connected to each other, which maintains the relationship value.

One difficult set of assumption is the value to the students. For the Puffin students, the value is based on the value of paying an extra year of tuition. It is difficult to judge willingness to pay in this situation, as for many potential exchange students as students and their parents may have unrealistic monetary values for services (Marginson, 2006). Since the students are willing to delay work by a year to participate, their average entry salary could be used. For Korean language students in the UK, this is £21,000. However, this skews their benefits. For the Magpie students, a measurement for willingness to pay is difficult since again their parents pay. Due to the difference in how the universities offer credit towards graduation, the figure used is based on how much the average Korean student spends on English education. This is mainly due to the students not being guaranteed they will be able to attend modules related to their academic discipline leaving the main benefit being to be in improving English language skills.

The final assumption is extrapolating the data to gauge future numbers. This can lead to inaccuracies as there is only one year, 2015 from which to gauge data. For the labour hours, this risk is minimal as the universities work on other similar partnerships and this fits in with those patterns. However, with the assumption that Puffin will be able to convert one student a year into a fee-paying student does not fit. While it is possible to attract students in this way, as Puffin did in 2015, this is probably unrealistic. It would be similar to rolling a die ten times, and it showing 6 each time. Table 6-31 shows Puffin's benefits and costs based on

attracting a student every five years. This figure is probably a better representation of the partnership's impact on Puffin and is to be used going forward, which is reflected in Table 6-32 with £247,434.92 as the adjusted net present value.

Table 6-31 Puffin University benefits monetised present value adjusted

	Increase in student enrolment	Relationship Benefit	Total
2015	£16,280	£140.77	
2016	£0	£137.95	
2017	£0	£135.20	
2018	£0	£132.49	
2019	£0	£129.84	
2020	£14,715.83	£127.24	
2021	£0	£124.70	
2022	£0	£122.21	
2023	£0	£119.76	
2024	£0	£117.37	
<b>Total</b>	<b>£30,995.83</b>	<b>£1,287.53</b>	<b>£32,283.36</b>

Table 6-32 Total costs and benefits for each actor adjusted

Actor	Costs	Benefits	Total (b-c)
Puffin University	£1,536.05	£32,283.36	£30,747.31
Magpie University	£609.32	£1,112.12	£506.09
Puffin Students	£9,781.32	£154,493.72	£144,711.84
Magpie Student	£138,723.35	£210,196.32	£72,634.09
<b>Total</b>	<b>£150,650.60</b>	<b>£398,085.52</b>	<b>£247,434.92</b>

### 6.3.9 Recommendations

The net present value of this partnership is £247,434.92 compared to zero if the partnership had not been created. Thus, it is recommended that partnership to be continued. In addition to the positive net value, each of the actor's with standing benefiting from the partnership.

The benefits are skewed towards Puffin University and its students. This comes from two advantages. The first advantage is that more students want to attend university in the UK than in Korea. Thus, Puffin has a greater chance of using this partnership to recruit future students. This can be done through former exchange students coming back to work on a master's level course or indirectly through word of mouth advertising. Here, a former

exchange student could mention Puffin to a friend who then becomes a fee-paying student. As the data shows, just one extra student can greatly benefit Puffin. If Puffin were not to increase student numbers every few years, the partnership would not benefit them in CBA terms. They would probably keep the relationship because they need to do so based on academic reasons for the students on the Korean language course as opposed to economic reasons. The other advantage the UK has, in this CBA is it is more expensive to live in. Thus, Puffin students in Korea gain from having to spend less to live while on the exchange. In addition, they save significantly on visa costs. While this cost is dwarfed by cost of living, it is the one figure students see before applying to the exchange.

One issue that is unusual about this partnership is that the demand is good from students on each side of the exchange. The top problem that universities face in exchange partnerships is when demand goes in only one direction. Thus, the universities do not have to spend extra labour on making alternative plans to even out demand. This could be by advertising the partnership to attract less reluctant students or to create special programmes to offset the lack of demand. Universities in these situations then have to decide between economic losses and academic considerations in maintaining the partnership.

## **6.4 Commercial Trade Partnership**

The third type of partnership, commercial trade, represents the most intensive partnership. Since this partnership is quite intense in that it represents significant labour, time and money along with institutional prestige, it is reviewed more thoroughly than the previous two partnerships. In addition, the partnership has been in existence for about ten years, so the data is sounder as it is less susceptible to short term economic or higher education mobility trends. Despite this however, there are assumptions made throughout the CBA that are discussed in the appropriate section of the CBA. As with the previous two sections, this section is divided into subsections based on the CBA steps.

### **6.4.1 Alternative Projects**

Currently, this partnership is a one-way dual degree programme. It is at the master's level run by Lion's business school. For this, Tiger students attend the final two of the three terms at Lion and attending the three out of four semesters at Tiger. When they are finished, the students receive a degree from each university. As mentioned in the previous subsection, this partnership has lasted for ten years. Tiger and Lion Universities have changed the agreement slightly over that time. However, both universities are satisfied with the partnership outcomes. Thus when considering the alternative projects, there are fewer options that the

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universities would genuinely move towards. There is little if any demand among Lion students to travel to Korea for a second degree. It would require them to study for an extra year, so a two-way exchange represents an unlikely alternative despite being a more common dual degree partnership. Thus, this alternative is not considered.

Both universities are happy with the student numbers at the moment, though Lion would appreciate more fee-paying students. However, Tiger does not have a larger supply of eligible students to send. The main reason is due to English language ability. Lion requires a 7.0 IELTS exam which eliminates many otherwise qualified students. Thus, the first alternative would be if Lion lowered its English requirements to a 6.5 IELTS exam. This would still be higher than most British universities.

The second alternative is to consider the counterfactual of no partnership existing. This would assume no costs or benefits to any of the actors with standing. The third alternative is the partnership in its current working state. This alternative shows how much the partnership has impacted the actors with standing over the years.

### **6.4.2 Standing**

With the alternatives decided, the second step is to determine who has standing in this analysis. The first group with are the two universities involved. Even though this partnership is at the department level, departments within the university are still agents of the university. The second group would be the students. This partnership includes seven Tiger students receiving a degree from Lion University. However, the Lion students are impacted as well since they share a learning environment with the Tiger students. The fourth group with standing are the faculty/staff of the two universities. Their workloads could be impacted by the partnership. The fourth group with standing are the British and Korean societies. These actors have indirect standing, as the students would spend money in the UK that would have spent in Korea without the partnership.

### **6.4.3 Impact Categories**

The next step is to determine how those with standing are impacted. For the universities, this includes tuition fees, labour and incidentals in running the programme. Unlike the exchange agreement, the Tiger students involved in the partnership pay tuition to Lion University. This also means that Tiger loses the tuition it would have received from those students.

Labour is a cost for each university. This cost can be broken up into the yearly partnership maintenance and the initial cost of establishing the partnership. For Lion, the labour costs

are broken down between two employees. The first is the academic that co-ordinates the programme, the second is the business school's international officer and the third is an admissions officer who formally receives the students' applications and accepts or rejects the students. Tiger also have labour costs related to the partnership. However, this is related to an international officer. This person handles communication between the universities and visits by the Lion staff.

Other than labour, Lion's costs are related to the incidentals for running the partnership. The largest of these costs is the yearly annual inspection. Since Tiger is providing students for Lion annually, a representative of Lion must physically visit Tiger to inspect facilities and curriculum per UK statutory requirements. Unlike in the exchange agreement, where the international officer did this as part of a recruiting visit, Lion arranges a standalone visit. However since Lion has a second similar partnership in Korea, the costs of the trip can be divided between the two partnerships. An academic must visit to carry out this inspection due to a degree being granted from the partner university. Tiger incurs some cost during this visit, as it must host the visiting Lion academic. Other Lion incidentals relate to the induction and for the students' UK visas. For the induction, this includes essentials like creating email accounts to renting a pub for a welcome dinner and a bus tour of the city. While students pay for their visas, Lion needs to pay the UK Visa administration for CAS numbers.

For the benefits, Lion mainly receives the extra tuition fees. However, it also benefits from the value of the working relationship with Tiger. For Tiger, the partnership has helped them to gain accreditation. For business schools and MBA programmes, the accreditation agencies are important for attracting students. Thus, the relationship has helped them with this. In addition, being able to advertise the partnership has helped attract students that would have attended a local rival university. Tiger also claims that it may attract students that would have attended a MBA programme overseas. The final benefit is the relationship with Lion. The assumption is that the Tiger would be willing to pay three labour hours to the one they spend and Lion would be willing to pay two labour hours based on reputation benefits.

The next group that are primarily impacted are the students. The biggest group impacted are the seven Tiger students that participate in the dual-degree programme. The costs that these students have are tuition, the higher living costs in the UK compared to Korea, the costs of travelling to the UK and visas. The cost of tuition is the difference in tuition between the two universities, as they would have had to pay Tiger tuition if not in the partnership. The second expense is the increased living costs that the students face. As seen in the previous partnership, the UK is a more expensive place to live than Korea. The students' final costs are flight and UK visas.

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In addition to the labour costs above, Tiger University's main cost is the lost tuition for when students are attending Lion. The university would collect tuition from students for four semesters. However, the students on the partnership pay tuition to Tiger for three semesters and during the fourth attend and pay tuition to Lion. However, Tiger does benefit in increased student numbers. This is because Tiger estimates that many students attend its MBA programme, as opposed to the local competition due to the opportunity to attend Lion through this partnership.

The benefits that the Tiger students receive are the benefits that the students in the exchange partnership receive: the change to live and study in a foreign country. This includes the English language impacts that are important to Korean society. The second benefit is that the students are able to earn a second master's degree in the time it would take them to earn one degree. This saves students in tuition fees.

The impact on Lion students is minimal. They may gain from the increased diversification of the classrooms. However, Lion already has about 50 per cent international students. The Tiger students would not increase this much. Having more students in a module than they would without the Tiger students have less interaction with the tutor may disadvantage Lion students. However, Lion has strict maximum numbers for each module, and there are too few Tiger students to negatively impact Lion students.

The third group impacted on by this partnership are the faculty and staff. The Tiger faculty would be impacted, as they are required to teach fewer students. Since the faculty is paid on salary, the faculty gain time from the marking they do not have to do. Conversely, the Lion staff would have to do this marking. Since there are too few students in the partnership, the partnership does not impact staff hiring. For staff, their impact is too little to measure. Tiger, like most Korean universities does not offer many student services other than career guidance. However, the students in the partnership still use this service. Lion does offer more student services, such as tutoring, career guidance and psychological support. However, Lion claims that Tiger students use these services minimally despite them being available.

The final groups mentioned in the previous sub-section with secondary standing are British and Korean societies. By hosting international students, the British economy gains money that would not be there otherwise. This comes from the students' spending. Korean society would lose this as they are losing people over this time. However, they may gain from having a better education workforce after the students come back home.

#### 6.4.4 Lifetime Quantitative Impacts

The first cost is labour, which is divided into the partnership creation and partnership maintenance phases. The negotiations took place over two years, 2003 and 2004. The negotiations took place at international conferences that both were attending, through email, Skype and at the Tiger business school's campus in Korea. Neither university still has records of the number of emails or cost of this process. However, each university estimate roughly 250 labour hours for the process. For Tiger, an intentional officer conducted the entire negotiation process. For Lion, the majority of the work was conducted by a senior lecturer in the business school. They estimate that the senior lecturer accounted for about half of the 250 hours. The remaining 125 hours were from the business school's international officer. In addition, the university's solicitor wrote the partnership's contract. This accounted for about two hours.

The labour maintaining the partnership has been consistent since its early years. The main labour cost is the senior lecturer's yearly visit to the Tiger campus to the statutory review and conduct student interviews. This accounts for half of a labour week or 20 hours. This same academic manages the partnership throughout the year. This includes maintaining the relationship with Tiger, being the final arbitrator on admissions decisions, signing off on British government statutory paperwork and welcoming the students at the induction. The academic estimates that he writes about a hundred emails a year on the partnership. Based on the assumption from the previous partnerships, this equals about ten labour hours. The rest of the tasks, he estimates are around ten hours a year. Thus, the academic spends about 40 labour hours on the partnership.

The Lion international officer's work on the partnership is usually helping students upon arrival and communicating final marks with Tiger. It is estimated that she spends about ten hours on the partnership. In addition, she sends about ten emails a year, equal to one labour hour, to Tiger. This person also helps with the student indication activities. For this, 120 labour hours are dedicated for all 3,250 graduate business students. This equates to two minutes a student or about a quarter of an hour for the seven Tiger students. Thus, her cost to Tiger is 11.25 labour hours.

It is estimated that the cost to Tiger is about 43 labour hours a year. The Tiger international officer's main work is supporting the Lion academic on his visit, helping students prepare the application and communicating with Lion for the final marks. For the visit, she spends about 40 labour hours on setting up meeting rooms and advising students. In addition, she sends about thirty emails a year. These are usually prior to the academic's visit and in the autumn to collect the students' marks. This equates to another three labour hours.

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Table 6-33 Lion University labour costs

	Academic (establishment)	International Officer (establishment)	Academic (maintenance)	International Officer (maintenance)	Solicitor
2003	62.5 hours	62.5 hours			
2004	62.5 hours	62.5 hours			2 hours
2005			40 hours	11.25 hours	
2006			40 hours	11.25 hours	
2007			40 hours	11.25 hours	
2008			40 hours	11.25 hours	
2009			40 hours	11.25 hours	
2010			40 hours	11.25 hours	
2011			40 hours	11.25 hours	
2012			40 hours	11.25 hours	
2013			40 hours	11.25 hours	
2014			40 hours	11.25 hours	
2015			40 hours	11.25 hours	
2016			40 hours	11.25 hours	
2017			40 hours	11.25 hours	
2018			40 hours	11.25 hours	
2019			40 hours	11.25 hours	
2020			40 hours	11.25 hours	
2021			40 hours	11.25 hours	
2022			40 hours	11.25 hours	
2023			40 hours	11.25 hours	
2024			40 hours	11.25 hours	

Table 6-34 Tiger University labour costs

	Establishment	Maintenance
2003	125 hours	
2004	125 hours	
2005		43 hours
2006		43 hours
2007		43 hours
2008		43 hours
2009		43 hours
2010		43 hours
2011		43 hours
2012		43 hours
2013		43 hours
2014		43 hours
2015		43 hours
2016		43 hours
2017		43 hours
2018		43 hours
2019		43 hours
2020		43 hours
2021		43 hours
2022		43 hours
2023		43 hours
2024		43 hours

The next set of costs is the incidental costs Lion incurs for non-labour related partnership activities. This mainly consists of maintaining the partnership, though Lion did incur £2,000 in costs related to travelling to Tiger while establishing the partnership. The two biggest costs are for the yearly Korean visit and induction. Lion budgets £1,500 for this including flights, hotel and meals. However since the academic is working on two partnerships, £750 can be applied as a cost to this partnership. In addition, email account set up costs about £10 a student or £70 total. The city tour costs £7,000 or £2.15 a student. Thus, the seven Tiger students cost Lion £15. The pub costs £8,000 or £2.46 a student. Thus, the seven Tiger students cost £17.23. The only further expense to Lion is the CAS numbers that UK Visa and Immigration issue to universities to allow foreign students. These cost £23 for each student

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or £161 annually for seven students. However, the UK enacted the CAS system in 2010, so before that date there was no fee.

Table 6-35 Lion University non-labour costs

	Travel to Korea	City Tour	Pub	Email Accounts	CAS Numbers
2004	£2,000				
2005	£750	£15	£17.23	£70	
2006	£750	£15	£17.23	£70	
2007	£750	£15	£17.23	£70	
2008	£750	£15	£17.23	£70	
2009	£750	£15	£17.23	£70	
2010	£750	£15	£17.23	£70	£161
2011	£750	£15	£17.23	£70	£161
2012	£750	£15	£17.23	£70	£161
2013	£750	£15	£17.23	£70	£161
2014	£750	£15	£17.23	£70	£161
2015	£750	£15	£17.23	£70	£161
2016	£750	£15	£17.23	£70	£161
2017	£750	£15	£17.23	£70	£161
2018	£750	£15	£17.23	£70	£161
2019	£750	£15	£17.23	£70	£161
2020	£750	£15	£17.23	£70	£161
2021	£750	£15	£17.23	£70	£161
2022	£750	£15	£17.23	£70	£161
2023	£750	£15	£17.23	£70	£161
2024	£750	£15	£17.23	£70	£161

For Tiger, the main non-labour costs are the loss of tuition fees. The Tiger MBA consists of four semesters over two academic years. With the Korean academic year beginning in March, the students in the partnership attend the complete first year at Tiger before attending Lion from January to August before returning to Tiger for the autumn semester in their second year. Thus, Tiger loses the tuition for the third out of the four semesters for these seven students. Tiger charges £11,364.23 (15,910,000 won) per student each semester and therefore loses £79,549.61 (111,370,000 won) in tuition.

Table 6-36 Tiger University non-labour costs

	Tuition
2005	£79,549.61
2006	£79,549.61
2007	£79,549.61
2008	£79,549.61
2009	£79,549.61
2010	£79,549.61
2011	£79,549.61
2012	£79,549.61
2013	£79,549.61
2014	£79,549.61
2015	£79,549.61
2016	£79,549.61
2017	£79,549.61
2018	£79,549.61
2019	£79,549.61
2020	£79,549.61
2021	£79,549.61
2022	£79,549.61
2023	£79,549.61
2024	£79,549.61

While tuition is a cost to Tiger, it is Lion's benefit. They collect tuition from the students at international rates for the two terms they are in the UK. Lion charges international students £25,000 for a year, so for two terms they charge £16,666.67 to each student. This equates to £116,666.69 for the seven students. The only other benefit to Lion is the value of the relationship. Based on the assumptions from the previous two partnerships, this is valued on double the number of labour hours to maintain the partnership. Thus, this would be 80 labour hours to the academic and 22.5 labour hours to the international officer.

Table 6-37 Lion University benefits

	Tuition	Relationship: Academic	Relationship: International Officer
2005	£116,666.69	80 hours	22.5 hours
2006	£116,666.69	80 hours	22.5 hours
2007	£116,666.69	80 hours	22.5 hours
2008	£116,666.69	80 hours	22.5 hours
2009	£116,666.69	80 hours	22.5 hours
2010	£116,666.69	80 hours	22.5 hours
2011	£116,666.69	80 hours	22.5 hours
2012	£116,666.69	80 hours	22.5 hours
2013	£116,666.69	80 hours	22.5 hours
2014	£116,666.69	80 hours	22.5 hours
2015	£116,666.69	80 hours	22.5 hours
2016	£116,666.69	80 hours	22.5 hours
2017	£116,666.69	80 hours	22.5 hours
2018	£116,666.69	80 hours	22.5 hours
2019	£116,666.69	80 hours	22.5 hours
2020	£116,666.69	80 hours	22.5 hours
2021	£116,666.69	80 hours	22.5 hours
2022	£116,666.69	80 hours	22.5 hours
2023	£116,666.69	80 hours	22.5 hours
2024	£116,666.69	80 hours	22.5 hours

For Tiger, the partnership's existence is a benefit. The business school estimates that it gains in enrolment, as it is one of the two MBA programmes in Korea to offer a dual degree with a British university. They estimate that they recruit ten extra students a year through this incentive each paying £11,364.23 (15,910,000 won) a semester. Since ten students come to Tiger for the partnership and seven attend, Tiger is able to collect tuition for four semesters (two years) from three students and three semesters (one and a half year) from the other seven. Thus, Tiger is able to gain £550,661.59 (770,930,000 won) each year from these students. The other benefit that Tiger receives is the relationship they have created with Lion. Based on the same assumptions of the previous two partnerships, this is valued at three times the labour put into maintaining the relationship. Thus, this equates to 129 labour hours a year.

Table 6-38 Tiger University benefits

	Tuition from Added Enrolment	Relationship: International Officer
2005	£550,661.59	129 hours
2006	£550,661.59	129 hours
2007	£550,661.59	129 hours
2008	£550,661.59	129 hours
2009	£550,661.59	129 hours
2010	£550,661.59	129 hours
2011	£550,661.59	129 hours
2012	£550,661.59	129 hours
2013	£550,661.59	129 hours
2014	£550,661.59	129 hours
2015	£550,661.59	129 hours
2016	£550,661.59	129 hours
2017	£550,661.59	129 hours
2018	£550,661.59	129 hours
2019	£550,661.59	129 hours
2020	£550,661.59	129 hours
2021	£550,661.59	129 hours
2022	£550,661.59	129 hours
2023	£550,661.59	129 hours
2024	£550,661.59	129 hours

As the tuition is a cost to Tiger University in this partnership, it is also a cost to Tiger students. This is because the tuition is higher at Lion University. The tuition at Lion for international students is £25,000 a year. Since the Tiger students attend for two of the three terms, they pay £16,666.67 each. This equates to £116,666.69 for the seven students. However, they would have paid £76,633.27 to Tiger for the semester they are missing. Thus, the students in whole have an added cost of £40,033.42 in tuition each year for participating in the duel degree programme.

The other costs Tiger students relate to flights, visas and the higher cost of living in the UK. As in the previous partnership, flight are assumed to cost students £500 each, or £3,500 for the students in total. Visas cost the students £944 each including NHS charges. This equates to £6,608 total. The difference in cost of living is similar to that faced by Magpie students in the previous section since both Tiger and Magpie Universities are in the same Korean city and

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Lion and Puffin Universities are in the same British city. Thus, the same cost of living difference of 40 per cent from the previous partnership applies here with the Tiger students each spending £13,388 during their year in the UK as opposed to £8,032.80 each student would have spent in Korea. The difference or the added cost for living in the UK is £5,355.20 to each student, or £37,486.40 total.

Table 6-39 Tiger University students' costs and benefits

	Tuition (cost)	Flights (cost)	Visa (cost)	Cost of Living (cost)	Second Degree (benefit)
2005	£40,033.42	£3,500	£6,608	£37,486.40	£134,959.58
2006	£40,033.42	£3,500	£6,608	£37,486.40	£134,959.58
2007	£40,033.42	£3,500	£6,608	£37,486.40	£134,959.58
2008	£40,033.42	£3,500	£6,608	£37,486.40	£134,959.58
2009	£40,033.42	£3,500	£6,608	£37,486.40	£134,959.58
2010	£40,033.42	£3,500	£6,608	£37,486.40	£134,959.58
2011	£40,033.42	£3,500	£6,608	£37,486.40	£134,959.58
2012	£40,033.42	£3,500	£6,608	£37,486.40	£134,959.58
2013	£40,033.42	£3,500	£6,608	£37,486.40	£134,959.58
2014	£40,033.42	£3,500	£6,608	£37,486.40	£134,959.58
2015	£40,033.42	£3,500	£6,608	£37,486.40	£134,959.58
2016	£40,033.42	£3,500	£6,608	£37,486.40	£134,959.58
2017	£40,033.42	£3,500	£6,608	£37,486.40	£134,959.58
2018	£40,033.42	£3,500	£6,608	£37,486.40	£134,959.58
2019	£40,033.42	£3,500	£6,608	£37,486.40	£134,959.58
2020	£40,033.42	£3,500	£6,608	£37,486.40	£134,959.58
2021	£40,033.42	£3,500	£6,608	£37,486.40	£134,959.58
2022	£40,033.42	£3,500	£6,608	£37,486.40	£134,959.58
2023	£40,033.42	£3,500	£6,608	£37,486.40	£134,959.58
2024	£40,033.42	£3,500	£6,608	£37,486.40	£134,959.58

The benefit for the students is that they receive a second master's degree in the time that it would take to receive their Korean degree. This saves the students one year and tuition if they were to do this separately. Each student would pay Tiger £43,790.44 for their two years in Korea and pay Lion £25,000 for their year in the UK. This is £68,790.44 each or £481,533.08 for the seven students. Instead with the partnership, each student pays Tiger £32,843.83 and Lion £16,666.67 for a total of £49,510.50 each. This is 346,573.50 for the seven students. Thus, they save £134,959.58 by taking part in the partnership.

For Lion faculty, the cost of the partnership is to have extra students in their modules. While this does not impact their teaching time and preparation, it may impact their time marking assignments, which is an opportunity cost. The Tiger students each attend six modules during the first term they attend. In the second term, students attend two modules and write a 15,000-word dissertation. The usual assignment for modules is to do a group project or a case study with a short write up of 3,000 words. The group projects are assessed in class, but the written assessments would cost the faculty outside time. The time marking can only be an estimate as marking depends on the type of assignments or exams, the amount of feedback given with the marking, if the marking is done online or with a pen and the individual efficiency of the tutor. Since the academic literature is scarce on time marking essays, and Lion estimates the workload to be three hours for each student a term in their faculty workload assessments. Thus, this totals to 21 hours a term, and 42 hours for the Tiger students' stay at Lion.

The Tiger academics benefit from having fewer students writing assignments. Tiger does not estimate faculty workloads. However, the students would have taken six modules during the semester at Tiger if they had not attended Lion. This is equal to the number of modules they attend at Lion. Thus, it may be safe to estimate that the Tiger and Lion faculties spend the same amount of time marking. This would equate to three hours a student, or 21 hours for the semester that the seven students are at Lion.

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Table 6-40 Lion University faculty indirect costs

	Added marking opportunity cost
2005	42 hours
2006	42 hours
2007	42 hours
2008	42 hours
2009	42 hours
2010	42 hours
2011	42 hours
2012	42 hours
2013	42 hours
2014	42 hours
2015	42 hours
2016	42 hours
2017	42 hours
2018	42 hours
2019	42 hours
2020	42 hours
2021	42 hours
2022	42 hours
2023	42 hours
2024	42 hours

The Tiger academics benefit from having fewer students writing assignments. Tiger does not estimate faculty workloads. However, the students would have taken six modules during the semester at Tiger if they had not attended Lion. This is equal to the number of modules they attend at Lion. Thus, it may be safe to estimate that the Tiger and Lion faculties spend the same amount of time marking. This would equate to three hours a student, or 21 hours for the semester that the seven students are at Lion.

Table 6-41 Tiger University faculty indirect benefits

	Time saved marking
2005	21 hours
2006	21 hours
2007	21 hours
2008	21 hours
2009	21 hours
2010	21 hours
2011	21 hours
2012	21 hours
2013	21 hours
2014	21 hours
2015	21 hours
2016	21 hours
2017	21 hours
2018	21 hours
2019	21 hours
2020	21 hours
2021	21 hours
2022	21 hours
2023	21 hours
2024	21 hours

The final impact is the impact on society for having extra or fewer people in the country. This is a benefit to the UK, as the students spend money in the economy and a loss to Korea that is missing out on this money. This figure is related to the difference in cost of living impact on the students. Using the same estimate from the previous partnership, a normal student to spend, each student in the UK spends £13,388. This equates to a benefit of £97,716 to the UK economy. Based on the 53 per cent cost of living differences, each student would have spent £6,292.36 in Korea. This would be a loss to the Korean economy of £44,046.52.

Table 6-42 Indirect costs and benefits to society

	Benefit to UK Society	Cost to Korean Society
2005	£97,716	£44,046.52
2006	£97,716	£44,046.52
2007	£97,716	£44,046.52
2008	£97,716	£44,046.52
2009	£97,716	£44,046.52
2010	£97,716	£44,046.52
2011	£97,716	£44,046.52
2012	£97,716	£44,046.52
2013	£97,716	£44,046.52
2014	£97,716	£44,046.52
2015	£97,716	£44,046.52
2016	£97,716	£44,046.52
2017	£97,716	£44,046.52
2018	£97,716	£44,046.52
2019	£97,716	£44,046.52
2020	£97,716	£44,046.52
2021	£97,716	£44,046.52
2022	£97,716	£44,046.52
2023	£97,716	£44,046.52
2024	£97,716	£44,046.52

#### 6.4.5 Monetise

In this subsection, the values from the previous subsection are converted into pounds sterling, if not originally measured in sterling. All of the values that need converting are labour costs. The first value is the labour cost to the academic lead of the partnership, the Lion senior lecturer. At the Lion Business School, a senior lecturer earns £50,000 a year, rising to a cost of £72,500 with non-wage costs (Chen and Funke, 2005). This equates to £37.76 an hour.

The second value is the international officer's labour at Lion University. This is the professional staff member that assists the academic at Lion and works with the students at induction. She earns £28,850 a year or with non-wage factors £41,832. This equates to £20.11 an hour.

Lion's third labour cost is the solicitor used to draft the partnership agreement in 2004. This person earned £40,000 a year, which costs the university £58,000 a year with non-wage costs. This is a labour cost of £30.20 an hour.

The final labour cost is the indirect cost to Lion's academic faculty for the extra marking that they need to do to accommodate the Tiger students. There are two considerations in this cost. The first consideration is that the students may end up in a variety of modules being taught by academic faculty ranging from teaching fellows to professors. These academic levels impact salary. Thus, an average academic wage is being used since it is impossible to obtain data on which faculty members taught Tiger students. The second consideration is that this cost is to the faculty members themselves; the non-wage costs that impact employers are not factored in. Thus, since Lion estimates that the average salary of their academic staff is £47,000. This equates to £24.80 per labour hour.

For Tiger, the international officer working on the partnership earns £19,885 (34.5 million won) annually after including non-wage factors of 15 per cent (Chen and Funke, 2005). This equates to £9.62 (16,700 won) an hour.

The final labour impact is the benefit that the Tiger academic faculty receive for not having to mark assignments of the students that study at Lion. The same assumptions used with the Lion faculty is used here as it is impossible to know which faculty members would have taught the students had they not studied at Lion. The average Tiger academic earns £33,333.33 (50 million won). This equates to £17.36 an hour.

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Table 6-43 Lion University labour costs monetised

	Academic (establishment)	International Officer (establishment)	Academic (maintenance)	International Officer (maintenance)	Solicitor
2003	£2,360	£1,256.88			
2004	£2,360	£1,256.88			£60.40
2005			£1,510.40	£226.24	
2006			£1,510.40	£226.24	
2007			£1,510.40	£226.24	
2008			£1,510.40	£226.24	
2009			£1,510.40	£226.24	
2010			£1,510.40	£226.24	
2011			£1,510.40	£226.24	
2012			£1,510.40	£226.24	
2013			£1,510.40	£226.24	
2014			£1,510.40	£226.24	
2015			£1,510.40	£226.24	
2016			£1,510.40	£226.24	
2017			£1,510.40	£226.24	
2018			£1,510.40	£226.24	
2019			£1,510.40	£226.24	
2020			£1,510.40	£226.24	
2021			£1,510.40	£226.24	
2022			£1,510.40	£226.24	
2023			£1,510.40	£226.24	
2024			£1,510.40	£226.24	

Table 6-44 Tiger University labour costs monetised

	Establishment	Maintenance
2003	£1,202.50	
2004	£1,202.50	
2005		£413.66
2006		£413.66
2007		£413.66
2008		£413.66
2009		£413.66
2010		£413.66
2011		£413.66
2012		£413.66
2013		£413.66
2014		£413.66
2015		£413.66
2016		£413.66
2017		£413.66
2018		£413.66
2019		£413.66
2020		£413.66
2021		£413.66
2022		£413.66
2023		£413.66
2024		£413.66

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Table 6-45 Lion University non-labour costs monetised

	Travel to Korea	City Tour	Pub	Email Accounts	CAS Numbers
2004	£2,000				
2005	£750	£15	£17.23	£70	
2006	£750	£15	£17.23	£70	
2007	£750	£15	£17.23	£70	
2008	£750	£15	£17.23	£70	
2009	£750	£15	£17.23	£70	
2010	£750	£15	£17.23	£70	£161
2011	£750	£15	£17.23	£70	£161
2012	£750	£15	£17.23	£70	£161
2013	£750	£15	£17.23	£70	£161
2014	£750	£15	£17.23	£70	£161
2015	£750	£15	£17.23	£70	£161
2016	£750	£15	£17.23	£70	£161
2017	£750	£15	£17.23	£70	£161
2018	£750	£15	£17.23	£70	£161
2019	£750	£15	£17.23	£70	£161
2020	£750	£15	£17.23	£70	£161
2021	£750	£15	£17.23	£70	£161
2022	£750	£15	£17.23	£70	£161
2023	£750	£15	£17.23	£70	£161
2024	£750	£15	£17.23	£70	£161

Table 6-46 Tiger University non-labour costs monetised

	Tuition
2005	£79,549.61
2006	£79,549.61
2007	£79,549.61
2008	£79,549.61
2009	£79,549.61
2010	£79,549.61
2011	£79,549.61
2012	£79,549.61
2013	£79,549.61
2014	£79,549.61
2015	£79,549.61
2016	£79,549.61
2017	£79,549.61
2018	£79,549.61
2019	£79,549.61
2020	£79,549.61
2021	£79,549.61
2022	£79,549.61
2023	£79,549.61
2024	£79,549.61

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Table 6-47 Lion University benefits monetised

	Tuition	Relationship: Academic	Relationship: International Officer
2005	£116,666.69	£3,020.80	£558
2006	£116,666.69	£3,020.80	£558
2007	£116,666.69	£3,020.80	£558
2008	£116,666.69	£3,020.80	£558
2009	£116,666.69	£3,020.80	£558
2010	£116,666.69	£3,020.80	£558
2011	£116,666.69	£3,020.80	£558
2012	£116,666.69	£3,020.80	£558
2013	£116,666.69	£3,020.80	£558
2014	£116,666.69	£3,020.80	£558
2015	£116,666.69	£3,020.80	£558
2016	£116,666.69	£3,020.80	£558
2017	£116,666.69	£3,020.80	£558
2018	£116,666.69	£3,020.80	£558
2019	£116,666.69	£3,020.80	£558
2020	£116,666.69	£3,020.80	£558
2021	£116,666.69	£3,020.80	£558
2022	£116,666.69	£3,020.80	£558
2023	£116,666.69	£3,020.80	£558
2024	£116,666.69	£3,020.80	£558

Table 6-48 Tiger University benefits monetised

	Tuition from Added Enrolment	Relationship: International Officer
2005	£550,661.59	£1,240.98
2006	£550,661.59	£1,240.98
2007	£550,661.59	£1,240.98
2008	£550,661.59	£1,240.98
2009	£550,661.59	£1,240.98
2010	£550,661.59	£1,240.98
2011	£550,661.59	£1,240.98
2012	£550,661.59	£1,240.98
2013	£550,661.59	£1,240.98
2014	£550,661.59	£1,240.98
2015	£550,661.59	£1,240.98
2016	£550,661.59	£1,240.98
2017	£550,661.59	£1,240.98
2018	£550,661.59	£1,240.98
2019	£550,661.59	£1,240.98
2020	£550,661.59	£1,240.98
2021	£550,661.59	£1,240.98
2022	£550,661.59	£1,240.98
2023	£550,661.59	£1,240.98
2024	£550,661.59	£1,240.98

Table 6-49 Tiger University students costs and benefits monetised

	Tuition (cost)	Flights (cost)	Visa (cost)	Cost of Living (cost)	Second Degree (benefit)
2005	£40,033.42	£3,500	£6,608	£37,486.40	£134,959.58
2006	£40,033.42	£3,500	£6,608	£37,486.40	£134,959.58
2007	£40,033.42	£3,500	£6,608	£37,486.40	£134,959.58
2008	£40,033.42	£3,500	£6,608	£37,486.40	£134,959.58
2009	£40,033.42	£3,500	£6,608	£37,486.40	£134,959.58
2010	£40,033.42	£3,500	£6,608	£37,486.40	£134,959.58
2011	£40,033.42	£3,500	£6,608	£37,486.40	£134,959.58
2012	£40,033.42	£3,500	£6,608	£37,486.40	£134,959.58
2013	£40,033.42	£3,500	£6,608	£37,486.40	£134,959.58
2014	£40,033.42	£3,500	£6,608	£37,486.40	£134,959.58
2015	£40,033.42	£3,500	£6,608	£37,486.40	£134,959.58
2016	£40,033.42	£3,500	£6,608	£37,486.40	£134,959.58
2017	£40,033.42	£3,500	£6,608	£37,486.40	£134,959.58
2018	£40,033.42	£3,500	£6,608	£37,486.40	£134,959.58
2019	£40,033.42	£3,500	£6,608	£37,486.40	£134,959.58
2020	£40,033.42	£3,500	£6,608	£37,486.40	£134,959.58
2021	£40,033.42	£3,500	£6,608	£37,486.40	£134,959.58
2022	£40,033.42	£3,500	£6,608	£37,486.40	£134,959.58
2023	£40,033.42	£3,500	£6,608	£37,486.40	£134,959.58
2024	£40,033.42	£3,500	£6,608	£37,486.40	£134,959.58

Table 6-50 Lion University faculty indirect costs monetised

	Added marking opportunity cost
2005	£1,041.60
2006	£1,041.60
2007	£1,041.60
2008	£1,041.60
2009	£1,041.60
2010	£1,041.60
2011	£1,041.60
2012	£1,041.60
2013	£1,041.60
2014	£1,041.60
2015	£1,041.60
2016	£1,041.60
2017	£1,041.60
2018	£1,041.60
2019	£1,041.60
2020	£1,041.60
2021	£1,041.60
2022	£1,041.60
2023	£1,041.60
2024	£1,041.60

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Table 6-51 Tiger University faculty indirect benefits monetised

	Time saved marking
2005	£364.56
2006	£364.56
2007	£364.56
2008	£364.56
2009	£364.56
2010	£364.56
2011	£364.56
2012	£364.56
2013	£364.56
2014	£364.56
2015	£364.56
2016	£364.56
2017	£364.56
2018	£364.56
2019	£364.56
2020	£364.56
2021	£364.56
2022	£364.56
2023	£364.56
2024	£364.56

Table 6-52 Indirect costs and benefits to society monetised

	Benefit to UK Society	Cost to Korean Society
2005	£97,716	£44,046.52
2006	£97,716	£44,046.52
2007	£97,716	£44,046.52
2008	£97,716	£44,046.52
2009	£97,716	£44,046.52
2010	£97,716	£44,046.52
2011	£97,716	£44,046.52
2012	£97,716	£44,046.52
2013	£97,716	£44,046.52
2014	£97,716	£44,046.52
2015	£97,716	£44,046.52
2016	£97,716	£44,046.52
2017	£97,716	£44,046.52
2018	£97,716	£44,046.52
2019	£97,716	£44,046.52
2020	£97,716	£44,046.52
2021	£97,716	£44,046.52
2022	£97,716	£44,046.52
2023	£97,716	£44,046.52
2024	£97,716	£44,046.52

#### 6.4.6 Discount to Present Values

In this subsection, the monetised values from the previous subsection are discounted into present day (2015) values. The same assumptions from the previous subsections, based on the Banks of England and Korea projections for inflation are used in this subsection. Those assumptions are two per cent inflation for the UK and three and a half per cent inflation in Korea (Bank of Korea, 2016, Bank of England, 2016). Table 6-63 below shows the historic rates from the two countries (Bank of England, 2016, Bank of Korea, 2016).

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Table 6-53 Lion University labour costs present value

	Academic (establishment)	International Officer (establishment)	Academic (maintenance)	International Officer (maintenance)	Solicitor
2003	£3,365.77	£1,792.53			
2004	£3,268.43	£1,740.68			£83.64
2005			£2,034.34	£304.72	
2006			£1,971.34	£295.28	
2007			£1,890.31	£283.14	
2008			£1,817.82	£272.28	
2009			£1,827.53	£273.74	
2010			£1,746.91	£261.66	
2011			£1,660.49	£248.72	
2012			£1,608.82	£241.51	
2013			£1,561.37	£233.87	
2014			£1,525.35	£228.48	
2015			£1,510.40	£226.24	
2016			£1,480.19	£221.72	
2017			£1,450.59	£217.28	
2018			£1,421.58	£212.94	
2019			£1,393.14	£208.68	
2020			£1,365.28	£204.50	
2021			£1,337.98	£200.41	
2022			£1,311.22	£196.40	
2023			£1,284.99	£192.48	
2024			£1,259.29	£188.63	
Totals	£6,634.20	£3,533.21	£31,458.94	£4,712.68	£83.64

Table 6-54 Tiger University labour costs present value

	Establishment	Maintenance
2003	£1,653.61	
2004	£1,597.39	
2005		£530.48
2006		£516.21
2007		£504.90
2008		£492.44
2009		£470.47
2010		£457.79
2011		£440.06
2012		£430.62
2013		£425.10
2014		£416.85
2015		£413.66
2016		£399.18
2017		£385.21
2018		£371.73
2019		£358.72
2020		£346.16
2021		£334.05
2022		£322.36
2023		£311.07
2024		£300.19
Totals	£3,251	£8,227.25

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Table 6-55 Lion University non-labour costs present value

	Travel to Korea	City Tour	Pub	Email Accounts	CAS Numbers
2004	£2,769.85				
2005	£1,010.16	£20.20	£23.20	£94.28	
2006	£978.88	£19.57	£22.48	£91.36	
2007	£938.65	£18.77	£21.56	£87.60	
2008	£902.65	£18.05	£20.73	£84.24	
2009	£907.47	£18.14	£20.84	£84.69	
2010	£867.44	£17.34	£19.92	£80.96	£186.21
2011	£824.53	£16.49	£18.94	£76.95	£176.99
2012	£798.87	£15.97	£18.35	£74.56	£171.49
2013	£775.31	£15.50	£17.81	£72.36	£166.43
2014	£757.42	£15.14	£17.40	£70.69	£162.59
2015	£750	£15	£17.23	£70	£161
2016	£735	£14.70	£16.89	£68.60	£157.78
2017	£720.30	£14.41	£16.55	£67.29	£154.62
2018	£705.89	£14.12	£16.22	£65.88	£151.53
2019	£691.78	£13.84	£15.89	£64.57	£148.50
2020	£677.94	£13.56	£15.57	£63.27	£145.53
2021	£664.38	£13.29	£15.26	£62.01	£142.62
2022	£651.09	£13.02	£14.96	£60.77	£139.77
2023	£638.07	£12.76	£14.66	£59.55	£136.97
2024	£625.31	£12.51	£14.37	£58.36	£134.23
Totals	£18,390.99	£312.38	£358.83	£1,390.70	£2,336.26

Table 6-56 Tiger University non-labour costs present value

	Tuition
2005	£102,010.59
2006	£99,270.71
2007	£97,095.77
2008	£94,699.86
2009	£90,474.69
2010	£88,036.09
2011	£84,625.68
2012	£82,812.94
2013	£81,749.35
2014	£80,162.14
2015	£79,549.61
2016	£76,765.37
2017	£74,078.59
2018	£71,485.84
2019	£68,983.83
2020	£66,569.40
2021	£64,239.47
2022	£61,991.09
2023	£59,821.40
2024	£57,727.65
<b>Total</b>	<b>£1,582,150.07</b>

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Table 6-57 Lion University benefits present value

	Tuition	Relationship: Academic	Relationship: International Officer
2005	£157,137.22	£4,068.68	£751.56
2006	£152,271.30	£3,942.69	£728.29
2007	£146,012.29	£3,780.63	£698.35
2008	£140,413	£3,635.06	£671.57
2009	£141,162.54	£3,655.06	£675.16
2010	£134,935.96	£3,493.83	£645.37
2011	£128,260.42	£3,320.99	£613.45
2012	£124,269.03	£3,217.64	£594.36
2013	£120,604.05	£3,122.74	£576.83
2014	£117,821.80	£3,050.70	£563.52
2015	£116,666.69	£3,020.80	£558
2016	£114,333.36	£2,960.38	£546.84
2017	£112,046.69	£2,901.18	£535.90
2018	£109,805.76	£2,843.15	£525.19
2019	£107,609.64	£2,786.29	£514.68
2020	£105,457.45	£2,730.56	£504.39
2021	£103,348.30	£2,675.95	£494.30
2022	£101,281.33	£2,622.43	£484.41
2023	£99,255.71	£2,569.98	£474.73
2024	£97,270.49	£2,518.58	£465.23
Totals	£2,550,567.06	£62,917.32	£11,622.13

Table 6-58 Tiger University benefits present value

	Tuition from Added Enrolment	Relationship: International Officer
2005	£706,141.88	£1,591.37
2006	£687,175.83	£1,548.63
2007	£672,120.33	£1,514.70
2008	£655,535.29	£1,477.32
2009	£626,287.65	£1,411.41
2010	£609,407.08	£1,373.37
2011	£585,799.36	£1,320.17
2012	£573,245.29	£1,291.87
2013	£565,888.74	£1,275.30
2014	£554,901.68	£1,250.54
2015	£550,661.59	£1,240.98
2016	£531,388.43	£1,197.55
2017	£512,789.83	£1,155.63
2018	£494,842.19	£1,115.18
2019	£477,522.71	£1,076.15
2020	£460,809.41	£1,038.49
2021	£444,681.09	£1,002.14
2022	£429,117.25	£967.06
2023	£414,098.14	£933.22
2024	£399,604.71	£900.55
Totals	£10,507,047.10	£24,681.63

Table 6-59 Tiger University students costs and benefits present value

	Tuition (cost)	Flights (cost)	Visa (cost)	Cost of Living (cost)	Second Degree (benefit)
2005	£50,935.31	£4,488.23	£8,407.49	£48,070.75	£173,065.66
2006	£49,451.76	£4,367.68	£8,162.61	£46,779.63	£168,417.34
2007	£48,011.41	£4,271.99	£7,924.86	£45,754.73	£164,727.45
2008	£46,703.71	£4,166.58	£7,709.01	£44,625.70	£160,662.68
2009	£45,520.18	£3,980.68	£7,513.66	£42,634.66	£153,494.49
2010	£44,108.71	£3,873.39	£7,280.68	£41,485.51	£149,357.29
2011	£42,865.60	£3,723.34	£7,075.49	£39,878.41	£143,571.36
2012	£41,901.86	£3,643.54	£6,916.41	£39,023.79	£140,494.53
2013	£41,040.02	£3,596.78	£6,774.15	£38,522.99	£138,691.54
2014	£40,393.72	£3,526.95	£6,667.47	£37,775.05	£135,998.77
2015	£40,033.42	£3,500	£6,608	£37,486.40	£134,959.58
2016	£39,232.75	£3,377.50	£6,475.84	£34,908.27	£125,677.73
2017	£38,448.10	£3,259.29	£6,346.32	£33,686.48	£121,279.01
2018	£37,679.13	£3,145.21	£6,219.40	£32,507.46	£117,034.25
2019	£36,925.55	£3,035.13	£6,095.01	£31,369.70	£112,938.05
2020	£36,187.04	£2,928.90	£5,973.10	£30,271.76	£108,985.22
2021	£35,463.30	£2,826.39	£5,853.65	£29,212.25	£105,170.74
2022	£34,754.03	£2,727.47	£5,736.57	£28,189.82	£101,489.76
2023	£34,058.95	£2,632	£5,621.84	£27,203.18	£97,937.62
2024	£33,377.77	£2,539.88	£5,509.41	£26,251.07	£94,509.80
Totals	£777,058.60	£69,610.93	£134,872.97	£735,637.61	£2,648,462.87

Table 6-60 Lion University faculty indirect costs present value

	Added marking opportunity cost
2005	£1,402.92
2006	£1,359.47
2007	£1,303.59
2008	£1,253.60
2009	£1,260.29
2010	£1,204.70
2011	£1,145.10
2012	£1,109.47
2013	£1,076.75
2014	£1,051.91
2015	£1,041.60
2016	£1,020.77
2017	£1,000.35
2018	£980.35
2019	£960.74
2020	£941.52
2021	£922.69
2022	£904.24
2023	£886.15
2024	£868.43
<b>Total</b>	<b>£21,694.64</b>

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Table 6-61 Tiger University faculty indirect benefits present value

	Time saved marking
2005	£466.40
2006	£453.88
2007	£443.93
2008	£432.98
2009	£413.66
2010	£403.45
2011	£387.82
2012	£379.51
2013	£374.64
2014	£367.37
2015	£364.56
2016	£351.80
2017	£339.49
2018	£327.61
2019	£316.14
2020	£305.07
2021	£294.40
2022	£284.09
2023	£274.15
2024	£264.55
Total	£7,245.50

Table 6-62 Indirect costs and benefits to society present value

	Benefit to UK Society	Cost to Korean Society
2005	£131,612.72	£56,483.13
2006	£127,537.19	£54,966.07
2007	£122,294.87	£53,761.81
2008	£117,605.09	£52,435.20
2009	£118,232.88	£50,095.73
2010	£113,017.71	£48,745.48
2011	£107,426.51	£46,857.13
2012	£104,083.45	£45,852.95
2013	£101,013.80	£45,264.51
2014	£98,683.48	£44,385.68
2015	£97,716	£44,046.52
2016	£95,761.68	£41,017.22
2017	£93,846.45	£39,581.62
2018	£91,969.52	£38,196.26
2019	£90,130.13	£36,859.39
2020	£88,327.52	£35,569.31
2021	£86,560.97	£34,324.39
2022	£84,829.75	£33,123.03
2023	£83,133.16	£31,963.73
2024	£81,470.50	£30,844.99
<b>Totals</b>	<b>£2,035,253.38</b>	<b>£875,665.32</b>

Table 6-63 Historic inflation rates

	UK	Korea
2003	3%	3.52%
2004	3%	3.59%
2005	3%	2.76%
2006	3%	2.24%
2007	2.8%	2.53%
2008	2.6%	4.67%
2009	3.2%	2.77%
2010	2.9%	4.03%
2011	2.3%	2.19%
2012	2.1%	1.30%
2013	1.6%	1.98%
2014	0.9%	0.77%

#### 6.4.7 Net Present Value

Now that the various costs and benefits of the partnership have been calculated, the costs are subtracted from the benefits to determine the partnership's impact. This can be done for the each actor with standing and for society as a whole.

The first actor is Lion University who has labour costs associated with establishing and maintains the partnership. Their other costs are mainly associated with integrating new students: a city tour and pub trip during induction, creating email accounts and fees related to their visa sponsorship (CAS numbers). Lion's other cost is travel to Korea for statutory reasons. These costs total £69,211.83. In contrast, Lion's benefits are international student tuition and those of having a business relationship with Tiger that total £2,625,106.51. The difference of these two totals is the net present value. For Lion this is a £2,555,894.68 benefit.

Table 6-64 Lion University net present value

	Cost	Benefits	Net (B-C)
Academic Labour (establishment)	£6,634.20		
International Officer Labour (establishment)	£3,533.21		
Academic Labour (maintenance)	£31,458.94		
International Officer Labour (maintenance)	£4,712.68		
Solicitor	£83.64		
Travel	£18,390.99		
City Tour	£312.38		
Pub	£358.83		
Email accounts	£1,390.70		
CAS Numbers	£2,336.26		
Tuition		£2,550,567.06	
Relationship (Academic)		£62,917.32	
Relationship (International Officer)		£11,622.13	
<b>Total</b>	<b>£69,211.83</b>	<b>£2,625,106.51</b>	<b>£2,555,894.68</b>

The next actor, Tiger University has labour costs for the partnership creation and maintenance. In addition, Tiger loses tuition money from the students attending and paying Lion. These costs total £1,593,628.32. However, Tiger benefits in the added student enrolment from students that are interested in participating and the working relationship that the partnership affords. The benefits equal £10,531,728.73. Thus, Tiger University's net present value is £8,938,100.41.

Table 6-65 Tiger University net present value

	Cost	Benefits	Net (B-C)
Labour (establishment)	£3,251		
Labour (maintenance)	£8,227.25		
Tuition	£1,582,150.07		
Added Enrolment		£10,507,047.10	
Relationship		£24,681.63	
<b>Total</b>	<b>£1,593,628.32</b>	<b>£10,531,728.73</b>	<b>£8,938,100.41</b>

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The third actor impacted by the partnership is the Tiger student. They have costs due to higher tuition fees and those associated with living in the UK such as a higher cost of living adjustment, visas and international flights. This amounts to £1,717,180.11. They benefit £2,648,462.87 from gaining a second master's degree in the time it would normally take for them to complete one. Their net present value is £931,282.76.

Table 6-66 Tiger University students' net present value

	Cost	Benefits	Net (B-C)
Tuition	£796,218.17		
Flights	£69,610.93		
Visa	£131,425.43		
Cost of Living	£735,637.61		
Second Degree		£2,648,462.87	
<b>Total</b>	<b>£1,717,180.11</b>	<b>£2,648,462.87</b>	<b>£931,282.76</b>

The partnership impacts actors with secondary standing in only one aspect each. Thus, that impact is the net present value. Thus, Lion academic staff has a cost of £21,694.64 on having to mark extra assignments, but Tiger academic staff gain £7,245.50 by marking fewer assignments. British society gains £2,035,253.38 from having extra people, but Korean society loses £875,665.32. The net present value for society is present value for each actor impacted by the partnership combined. For this partnership, that is £13,570,416.80.

Table 6-67 Society net present value

Actor	Impact
Lion University	£2,555,894.68
Tiger University	£8,938,100.41
Tiger Students	£931,282.76
Lion Academics	-£21,694.64
Tiger Academics	£7,245.50
British Society	£2,035,253.38
Korean Society	-£875,665.32
Society NPV	£13,570,416.80

### 6.4.8 Sensitivity Analysis

Many of the assumptions in this partnership are brought forward from the previous partnerships for similar reasons. These include determining labour hours from email, the costs of goods and services remaining steady, exchange rates of £1 equal to 1,450 won, the

inflation rates of two per cent in the UK and three and a half per cent in Korea, the differences in the cost of living in the two countries and the partnership's lifespan. One assumption in this partnership not carried over is the students' willingness to pay for the dual-degree. The reasoning in the calculation is that the students would have to pay for three years of tuition if the partnership did not exist. This assumes that the students would attempt to obtain both degrees. While all students would not probably do this over the lifespan of the partnership, it is assumed to be a closer measurement than students' perceived gains from taking part in the exchange. This is because the perceived benefits can differ if the students preferred employment outcome is in the UK, Korea or a third country. Without the ability to collect data on this, tuition costs are the only measurable data measurement based on known data.

One aspect of the partnership not discussed, since its introduction in Section 6.4.1 is the alternative reality of the partnership changing the English language requirements from an IELTS score of 7.0 to a 6.5. The reason behind this has been that the chapter's focus is to show the data on the partnership from how it is operating. However if the requirements do change in the future, both universities think that it will help them attract more students. Lion believes that it will attract roughly three more students in the partnership, as the main obstacle for Tiger students has been English language. Tiger believes that it would attract roughly five students annually as they can advertise more. Chart 6-68 shows the costs and benefits for each actor for 2015 if this change would be enacted and Chart 6-69 showing 2015 as it is under the current agreement.

Table 6-68 Net present value with 6.5 IELTS

	Cost	Benefits	Net (B-C)
Lion University	£2,857.64	£170,249.79	£167,392.15
Tiger University	£109,889.76	£827,233.37	£717,333.61
Tiger Students	£125,182.60	£192,799.40	£58,245.20
Lion Academics	£1,488		-£1,488
Tiger Academics		£520.80	£520.80
British Society		£139,594.29	£139,594.29
Korean Society	£70,956.40		-£70,956.40
<b>Total</b>	<b>£310,374.40</b>	<b>£1,330,414.07</b>	<b>£1,020,039.67</b>

Table 6-69 Net present value with 7.0 IELTS

	Cost	Benefits	Net (B-C)
Lion University	£2,749.87	£120,244.69	£117,494.82
Tiger University	£77,046.93	£551,902.57	£474,855.64
Tiger Students	£87,627.82	£134,959.58	£40,771.64
Lion Academics	£1,041.60		-£1,041.60
Tiger Academics		£364.56	£364.56
British Society		£97,716	£97,716
Korean Society	£44,046.52		-£44,046.52
<b>Total</b>	<b>£212,512.74</b>	<b>£905,187.40</b>	<b>£692,674.66</b>

If the partnership had been changed, society's net value would be £1,020,039.67 as opposed to £692,674.66 as the agreement is written for 2015.

#### 6.4.9 Recommendations

As the previous subsection showed, the alternative of changing the English language requirement would benefit society more than the current agreement or having no agreement at all. In 2015 alone society, would benefit £327,365.01 more with the lower English requirements. Over the course of the agreement, the benefits would accrue similarly. However, this calculation does not take into account the academic impact that having students with poorer English skills could have on the academic programme.

The difference between the partnership as it is and that with lower English scores is mostly accounted by the tuition money. Lion is impacted with slightly higher costs during the induction, but the cost is still the same per student. This highlights the impacts of tuition fees in the economic impact in the partnership.

### 6.5 Cross Partnership Comparison

Now that each of the partnerships has been examined individually, they are compared with each other in this section. This can be done by looking at general observations from the partnership and by the benefit cost ratios. To begin with the latter, the benefit cost ratio (BCR) is a method to summarise a project's value. It can be used to compare projects that may be vastly different in scale (Boardman et al., 2014), as the partnerships in this study. For the development co-operation partnership, society's net benefits are £246.36 and the costs are £175.05. Thus, the BCR is 1.407. This total excludes Bulldog's benefit from their relationship with the British government, as this impact is usual for an academic partnership

and distorts the overall figure. The net societal benefits in the exchange partnership are £398,085.52 compared to costs of £150,650.60 making the BCR 2.642. The commercial trade partnership's net societal benefits are £17,847,797.54 with costs of £4,277,380.25. This leaves a BCR of 4.173. This indicates that as the partnership becomes more intense, society's (and individual actors') net benefit increases. This is despite the risks of the initial labour and other establishment costs. Thus, it may be in universities' interests to be less centralised in their internationalisation strategies and to allow their faculties some control in creating partnerships.

In addition to the BCR, there are a few general observations. Each of these partnerships has impacted each of the direct actors and society as a whole beneficially. However, some impacts seem to have a significant effect on the partnerships. The two main impacts are tuition and the cost of living difference. The two partnerships involving tuition, the exchange and commercial trade partnerships, demonstrate this. Puffin's net present value is slightly negative each year that it does not recruit a former exchange participant to attend a master's level programme. However in years when Puffin is successful in this, the university benefits greatly in CBA terms, with a benefit cost ratio of 21.017. In fact, by recruiting one student every ten years makes the partnership beneficial. In the commercial trade partnership, the tuition provides Lion with 97.16 per cent and Tiger 99.77 per cent of its benefits. The importance of tuition is also notable in the counterfactual of Lion lower the IELTS exam requirements to 6.5. The labour and other costs only rise slightly but society's net present value rises by 32.93 per cent in 2015 with the proposed change.

The second main impact category is the cost of living difference. This calculation is specific to the UK and Korea, whereas tuition is a universal impact on universities. This impact has Puffin students' net present value about double Magpie students, despite Magpie students having a higher willingness to pay. Whether this projection holds up to geopolitical remains to be seen, but it does suggest economic benefits to living in a country with a lower cost of living.

The final general observation is that many of the partnerships' costs tend to be minimised through other business practices. This can be seen in the development co-operation and exchange partnerships. The travel costs associated with the agreements can be written off with regular equipment visits. The labour costs of establishing and maintaining the relationship are also minimalised through standardisation of partnership agreements. This keeps the risk for costly problems to a minimum and allows for the ability to react quicker to market changes.



## Chapter 7: Conclusion

### 7.1 Summary

The previous two chapters discussed the results based on the data. Chapter 5 reported the qualitative data, while Chapter 6 reported the quantitative data through the lens of a cost-benefit analysis (CBA). This chapter discusses those data findings to present conclusions and theoretical implications. It integrates the results from the three case studies with the academic literature to provide a response to each of the research questions. From there, the chapter discusses potential theoretical and practical implications, policy recommendations, the shortfalls with this study and suggestions for future research.

This study examined three different partnerships between British and Korean universities. Each of these partnerships represented the three main types of partnership from the literature: development co-operation, exchange and commercial trade. These partnerships represent a broad range in intensity. The development co-operation, at one end of the spectrum with little engagement creating fewer risks or rewards. The exchange partnerships demonstrate a middle ground. These agreements compel the universities into action by sending and receiving students. However, the risks are minimised by only sending and receiving a small number of students and not creating a new academic programme. The commercial trade partnership is a highly intense partnership that involves the two universities working together to create an academic programme.

The universities involved in this study represent a range of British and Korean universities. In order to investigate the partnership intensity, the universities in the sample are somewhat similar. In the UK, the three universities are research intensive though only one is in the Russell Group. Likewise, the Korean universities in the study represent the more respected research-intensive universities. The first case study is the development co-operation partnership between Bulldog University in the UK and Jindo University in Korea. Bulldog is a Russell Group university whereas Jindo is an elite public research university. The second case study, the exchange partnership is between Puffin University in the UK and Magpie in Korea. Puffin is a research university focusing on humanities and the social sciences. Magpie is a private research-intensive university. The third case study is the commercial trade partnership between Lion University in the UK and Tiger University in Korea. Lion is a university that is ranked in the middle of the UK rankings though the university tends to get overlooked due to its prestigious business school. Tiger is an up and coming newer public research university that focuses on science and technology. The business school is the only

degree-granting course that is not a science or technology discipline. Whereas the first two case studies look into partnerships at the central university level, this partnership is formed at the department level. It is a dual degree programme between the business schools at the two universities.

## **7.2 The Research Questions**

The first research question asked what are the types of partnerships formed between British and Korean universities and why? The basis of the question is to understand the motivations of the universities involved in the present political and economic environment. The simple answer is that there is a great diversity of partnerships between British and Korean universities. This study's three case studies show that. However, the question asks more than the superficial. It asks to understand how and why partnerships are formed and how they are managed. Thus, this question is broken up into four sub questions, which the next four subsections discuss.

### **7.2.1 Why**

The first sub question asks why partnerships are formed. The literature does not address this question directly. The general consensus is that partnerships are formed as a way to internationalise (Taylor, 2016). Though economic factors have been cited in the past, though those studies took up the issue of partnerships in the theoretical as opposed to have empirical data (e.g. Knight, 2011). The six participants in this study each had different reasons for joining the partnerships. There are four interrelated reasons for the partnerships: economic, reputational, political and educational.

While universities do not like to directly say it, economics is a factor in the formation of partnerships. One result of neo-liberal policy decisions by governments around the world has been to cut funding to higher education. At the same time, the increased student numbers through massification has led to larger portions of the population in higher education. Thus, universities have been encouraged to find outside revenue streams. The partnerships in this study have shown this. The first partnership case study; between Bulldog and Jindo Universities have this in mind. For Bulldog, the hope was to begin building relationships. The university say Korea wealthy country that is the home to a large number of students studying for university qualification abroad. However, few of these students were coming to Bulldog. One hope of the partnership was as an advertisement to say that Bulldog is welcoming to Korean students. Another hope of this partnership is to simulate research contact among academics between the two universities. While this has educational

overtones, it is hoped that these research projects can be partially funded by Korean research funding. In the commercial trade partnership, Lion University is open about economics being a motivation. As Taeyoung remarked that, “for us, it’s a money maker”. Taeyoung also mentioned that, “We have to find ways to create revenue”. It helps to make up the costs from hiring top rated academics that Lion has hired for the REF and the international rankings.

For the Korean universities, the primary reason for the partnerships has been to establish contacts with British universities. These contacts help Korean universities to develop exchange and other international cultural experiences that students demand. This is the reason that the relationship benefit for Korean universities is higher than for the British universities in the CBA. While both Bulldog and Lion mentioned their brand or academic reputation, the partnership is designed to pay for some of the costly aspects of being a top-rated university. However, all three of the Korean universities created their internationalisation plans and international partnerships based on their partners reputations. It is felt that Korean universities do not have the international reputation that British universities have, and that the partnerships can help bridge the gap. The universities hope that the partnerships are ways to draw in foreign academics and students, which can help in the international rankings. They hope that the increase in rankings will eventually lead to increased funding. However, this only happens if the partners are universities that have a good reputation in both the domestic rankings and the international rankings. Thus, they only will form partnerships after consulting the latest Times Higher Education or Shanghai rankings. However while reputation is important to the universities, this benefit does not factor highly in the cost-benefit analysis. This stems from CBAs measuring willingness to pay. Universities will place reputation high, but they have other options with similarly rated universities. Thus, they become less willing to pay for a partnership with any certain university.

The third reason for the partnerships is political pressure. This specifically related to the Bulldog-Jindo partnership. This partnership is directly related to the Korean president’s state visit to the UK in 2013. However, all of the universities in the study mentioned that they have formed a partnership with a foreign university due to political pressure. For the British universities, the pressure is not necessarily from the British government nor would it be considered a strong pressure. However, it gives the universities involved a chance to do a slight favour at a minimal cost. The British universities involved in the study report that they have never taken part in a partnership that was due to political pressure that would be considered against their strategic goals. For the Korean universities, they are statutorily less free of government influence than their British counterparts. As thus, they do gain favour, usually in terms of increased government funding by taking part in partnerships. While Jindo

took part in the Bulldog partnership after being included as part of the Korean president's state visit, Jindo was attempting to create a partnership with Bulldog before that opportunity.

Education is the fourth reason for partnerships. While this goal is listed behind the others, it does not make it less important. Every university stated that education is their top goal, but each stated that they need the resources to pay for it. However, for the exchange and commercial trade partnerships, education mattered since students are directly impacted. For both universities in the exchange partnership, Puffin and Magpie, the primary goal of the partnership is to provide educational opportunities to its students. For Puffin, the exchanges are a necessary service to provide its students that read a foreign language. Magpie believes that giving students an opportunity to learn abroad is in the principles of being a top university. Korea has traditionally not been open to internationalisation, but with the Korean economy becoming more international, the university wants to prepare its students for their careers. In the commercial trade partnership, Tiger is willing to take a financial loss in losing a semester tuition fees to send their students to Lion. However, they do acknowledge that those losses can be made up from attracting extra students that may want to take part in the partnership. They felt that Lion provides their students an aspect of education that they cannot. This is based on Lion being UK based and on Lion's innovative curriculum. While Lion's primary motivation is income from foreign students, they insist upon strict admissions criteria including the student's marks at Tiger, the modules taken at Tiger and English ability.

### **7.2.2 Where**

The second sub question asks where in the university bureaucracy the partnership exists: at the university level, the department level or at the individual level. The literature does not address this issue directly. The literature on partnerships tends to imply two varieties, studies that mention partnerships as a form of internationalisation (e.g. Knight, 2011) or case studies from individuals involved in the partnerships (e.g. Shore and Groen, 2009). This first variety seems to place the university at the centre of partnership creation. In this scenario, the university creates an international market strategy of where the university's interests lie. The international office then creates partnerships with foreign universities. The second variety places the academic at the centre forging partnerships for their departments. These types of links tend to be research project based or to create a department initiative. The challenge in these relationships being to maintain the partnership after one of the champions moved positions.

This study, however, has shown there are a rich variety of partnerships throughout the university. Partnerships are being created at the university level, the department level and the individual level. Those created at the university, as shown in this study tend to be the

development co-operation partnership and the exchange partnerships. There are three advantages and two disadvantages with these types of partnerships. The first advantage is that the people working in the universities' intentional offices tend to be hired for their marketing and business acumen. Thus, they are better able to read market conditions and be apt negotiators. The second advantage is that having a central office dealing with the partnerships creates a sense of standardisation. For each of the universities in the study, the practice of creating development co-operation or exchange partnerships has become standardised to such an extent that the contracts are more or less form papers with only a few details to be negotiated. The universities know which markets to target. Based on the rankings, which universities in those markets to target to create the partnerships. It vastly simplifies the process. The third advantage is the system of pastoral care for students during exchanges. The international offices at universities have professional international student on staff whose function is to help embed international students. The exchange students benefit with this service and this allows for a better adjustment to the non-academic aspect of studying abroad.

The first disadvantage comes in the form of education. As mentioned above, the staff members that form these partnerships are hired for their marketing expertise. However, these people spend little if any time evaluating the curricula of new exchange partners. Five of the six universities in the study, Bulldog being the exception mentioned they have had problems with exchange students and curriculum in the past though not connected to the partnerships in this study. Jindo mentioned a situation where an American student came to study political science. He did not speak Korean but came because the modules were to be taught in English. However, upon arriving, the student learned that there were no political science modules offered in English. Thus, they ended up sitting in two engineering and three business modules. The second disadvantage is the stability. These partnerships are often not looked at too closely other to determine if the student traffic flows are equal between the two partners. Since equal traffic flows can often be a problem, generally flowing from poorer countries to richer ones or from East Asia and the Middle East to English speaking countries, these partnerships tend to be short lasting, roughly five years.

At the department level, the partnerships that tend to take place are the exchange and commercial trade partnerships. The exchange partnerships located at this level are similar in structure to those at the university level. However, the main differences goes back to the advantages and disadvantages mentioned of having them at the university level. When located at the department level, the primary concern tends to be education. Thus, the situation where an exchange student arrives and there are no modules in his/her academic discipline is remedied. The partnerships are arranged around the curricula of the

participating universities. Often these partnerships tend to last for a long period of time, even after key personnel leave and are replaced. This often happens when the partnerships are written into the curriculum at both universities. This creates an institutional aspect for the partnerships to be maintained. The disadvantages come in terms of pastoral support. Here, the universities report the main problems being student services. Puffin University has reported these types of problems. An example Puffin used was getting call from a student arriving for exchange at Heathrow Airport waiting for an airport pickup. She had come to the UK under the assumption that the university would provide airport pickup and accommodation for her stay. However, the department in charge of her exchange had neglected to inform her home university that this would be possible.

This study did not directly involve partnerships that were formed at the individual level. However, the participants did discuss them. In general, these tend to be either exchange partnerships or individual research projects. The latter tend to be short-term projects and not related to this study. The former however, do have many similarities to the exchange partnerships in the department levels. Usually the exchanges are set up on faculty service requirements or born from research projects. They do, however, have less stability than department led partnerships if their champions change job positions.

### **7.2.3 Who**

The third sub question asks who are the key actors of the partnership: the university management or the faculty. This question has been alluded to in previous subsections. The main actors tend to change depending on the type of partnership. Development co-operation and exchange partnerships tend to be led by the universities' international office. These offices are arranged slightly different from university to university, but tend to have a few similarities. The first of which is that the international office tends to be led by an executive at a pro-vice chancellor level. Below this level, the international office is generally divided into two aspects: marketing and student services. The marketing side is in charge of recruiting international students and to create international revenue streams for the university. An aspect of this purview is to create partnerships with foreign universities. The people working on this are professionals hired based on their marketing and negotiation skills along with ability to work in foreign cultures. They identify markets to attract students and investment and then develop business plans to develop those markets. The student service side of the international office are those that help embed the international students into the university upon arrival. This aspect is thought of as a source of customer service by the university. This provides a friendly face to international students and helps them to feel better about their investment in foreign higher education. This aspect also helps to retain

students and to develop a good word-of-mouth reputation to recruit future students. In terms of partnerships, these people help the students find accommodation and conduct the inductions. The interaction between these two international office functions depends on the university involved.

#### **7.2.4 How**

The fourth sub question asks how do partnerships operate. As with the previous sub question, it depends on the type of partnership. Development co-operation partnerships do not require much action. As Bulldog and Jindo have shown, once the partnership is signed there is not much action required. The two universities send only about ten emails a year to each other sent from midlevel employees in the central international offices. Most of these emails are short greeting emails as a matter of courtesy. Since the partnership does not compel either to any action, the emails are mainly to keep communication channels open between the two universities in case either would like to expand on the partnership in the future. However, the communication is at such a low-key level that the director of internationalisation at Bulldog had trouble recalling much detail of the partnership. The exchange partnerships run through the university are run in a similar manner. The same midlevel employees in the central international offices do the communication through email. However, the difference is that the communication has a more direct purpose. It is usually to ask about information on student numbers and maintaining the balance between sending and receiving students. If imbalances continue for a period of time, usually more than two years, the conversation revolves around finding alternatives to the problem or to stop accepting students until the balance is restored. In the partnerships between the UK and Korea, the most common occurrence is for more students to come to the UK than to Korea. When this happens, the Korean universities that offer summer intensive language courses offer places to balance the student flows. This occurs at a loss to the Korean universities, as these programmes are an important source of extra revenue. Both Magpie and Jindo have made these commitments to their British partners. However, neither Magpie nor Jindo have had to use them with the partners in this study as Puffin has sent their full complement of students, and Jindo does not have an exchange partnership with Bulldog. When the balance cannot be resolved between the universities, the university that is receiving more often stops accepting students from their partner until the balance is equal again. If the balance is still not solved, the partnership often gets relegated to a development co-ordination. This is often the reason it is the most popular type of partnership.

When the partnerships are located in the departments, a faculty member often leads the exchange partnerships. However, this depends a bit on the size of the department. Some

departments have a faculty member tasked with working on all of its partnerships. However, in larger departments, such as Lion's business school, each faculty member is encouraged to create their own partnerships. This is often through personal contacts, as how the Lion-Tiger partnership formed. The school has appointed another academic to co-ordinate everyone's efforts. For Tiger, which has a smaller business school, the school has appointed one academic to work on all international partnerships. An international officer to co-ordinate partnership aspects then assists that academic. The other universities in the study have similar setups. In each of Jindo's colleges, they have hired an international officer to work on partnerships and other internationalisation efforts by the schools. They often take direction from a dean or head of faculty whose administrative responsibilities include internationalisation. Communication between the two universities is almost always through email. However, due to UK statutory requirements, the UK universities need to evaluate their partners if they accept students for a degree-granting course from a partner university. Thus, Lion does have to send the academic in charge of the partnership to Korea each year to evaluate Tiger's business school.

### **7.3 Variables for Success**

The second research question asks what variables lead to successful or unsuccessful partnerships. This question can be thought of in two ways. The first way is to think of success as a lasting partnership between the two universities involved. The second is to look at what variables lead to a benefit in cost-benefit analysis (CBA) terms. While the question is intended to bridge into the CBA results, there are three trends that came from the qualitative data on how partnerships are maintained. The first is if there is good communication between partners, the partnerships tend to last longer. This follows previous research that shows that communication helps to maintain a level of trust and reduces problems before they arise (Heffernan and Poole, 2005). The second trend is that the partnership needs to be institutionalised. This includes writing the partnership into the curriculum. Both Lion and Tiger did this with their partnership, as have Puffin and Magpie have done this as well. This follows previous research (Jie, 2010). The third trend is that the partnership needs to be beneficial to each side. This has not yet been mentioned in the literature. However, Lion mentioned that the partnership is a "win-win for both universities." This serves as a glue to keep the partners together.

The intended second aspect of the question, the variables that lead to costs and benefits have not been previously covered in the academic literature in higher education. Though in the business literature, some basic principles are to lower costs and increase brand recognition (Chapleo, 2011). This seems to be the case in higher education partnerships. However, in

partnerships costs can often be dispersed into other activities. The clearest example of this is Puffin using a scheduled Korea recruiting visit to maintain the partner relationship and to conduct statutory inspections in the exchange agreement. However, costs related to new student induction are minimalised by assimilating the exchange students with other incoming students. However, the major partnership impact for universities is tuition. Tuition, though, can be a cost or a benefit depending on the exchange. In exchange partnerships, the students being exchanged pay tuition to their home university. If the exchange numbers are not equal, between sending and receiving students, then the partnership begins to have an impact from the tuition as students pay tuition at one university but attend the partner university for a semester. This has been a source of conflict for every university that participated in the study. UK universities have had to cancel partnerships from partners in countries where there is little market to attend. Korean universities they have similar problems. They have difficulties attracting UK students and their partners have terminated contracts. However, they have had the opposite problems from Southeast Asian partners. They have received students but few Koreans want to study in Southeast Asia. For the Puffin/Magpie partnership, the exchange numbers have been even. Thus, the universities have not lost or gained by tuition. However, the Lion/Tiger partnership has been a bit different. Here, Lion has gained tuition money from Tiger students. With no students going the other way, Lion has lost tuition money. However, in that partnership, Tiger is able to benefit as the lure of the partnership attracts students to the university. The third impact is in reputation and being able to benefit from a partner's reputation. While reputation is a main reason for Korean universities to start the partnerships, the CBA showed that this does not impact the university much. It should be kept in mind that reputation is thought of as placing in the international rankings despite the rankings' methodological flaws. In the CBA, reputation played a part in the relationship benefit of the partnerships. There are four reasons for the lack of importance this played. The first is the zero-sum game involved. With international rankings, there are only ten universities in the top ten. If all the universities try to do the same thing, and all universities have partnerships, then it is difficult if not impossible to gain an advantage with this. Since, most partnerships are development co-operation or exchange agreements the possibilities for reputational impact is nearly impossible. However, universities may need to examine partners in the commercial development partnerships as they may have the size and scope to impact reputation.

#### **7.4 How Beneficial are Partnerships**

With this question, it is impossible to generalise an answer beyond the case studies in the study. Each of these cases is representative for their particular type, but each does have

peculiarities. For the development co-operation partnership between Bulldog and Jindo Universities, the partnership is worth £1,152.79 overall. However, the partnership is currently of little relative value. This is not to say that in the future the partnership may develop into something more substantial, and the partnership's remaining value is this potential to build on the existing working relationship. However, the real benefit belonged to Bulldog in signing the agreement at the Korean president's state visit, which accounted for £1,138.63 of that total and is usual for university partnerships. The exchange partnership between Puffin and Magpie Universities is valued at £247,434.92, moderately than the development co-ordination partnership and has fewer peculiarities in that it is a simple swap of students each year. Seemingly, its only oddity is that the demand between the two universities is constant, though the agreement is in its early days being signed in 2014. Its main benefits are for the students involved. However, the agreement does show the possibilities of substantial benefits that a university may receive from converting an exchange student into a fee-paying student. The commercial trade partnership between Lion and Tiger Universities has proved to be the most beneficial partnership at £13,570,416.80. This partnership also shows the impact value of tuition on partnerships. This is especially true for Lion University as they profit from receiving an extra seven students, and their international tuition fees each year. However, Tiger is able to use the partnership to recruit students at the expense of their local rivals.

### **7.5 Which Types is Most Beneficial**

Based on the data collected, each type of partnership can be beneficial. However, commercial trade are the most beneficial type of partnership. This is in part due to its size and the risk involved. However, the main reason for the benefits of commercial trade partnerships is the movement of student tuition fees. Lion University is able to recruit international students, and their money with relatively little effort. In addition Tiger is able to compensate for the tuition loss of sending these students to Lion, by advertising the partnership's existence. Thus, they are able to gain more students than they lose to Lion.

### **7.6 Contributions to Knowledge**

This section is to describe this study's contribution to knowledge and divided into two subsections: policy implications and theoretical implications. The policy implications subsection takes into account the research findings and offers practical policy steps that universities may adapt in their partnership strategies. The theoretical implications subsection looks at how the conceptual framework of cost-benefit analysis (CBA) played a part in the research findings. The theoretical implications discussion leads to the final

sections of this chapter: the research limitations and future research in university partnerships.

### **7.6.1 Policy Contributions**

The results of this study indicate two key policy implications. They are regarding where in the university partnerships are formed and to improve knowledge on university partnerships to lead to better guidelines. The former comes from a key finding in this study is how different parts of the university create different types of partnership. Partnerships formed in the central university offices tend to be the less intensive development co-operation and exchange partnerships. Whereas partnerships that originate from department offices are more intensive: exchange and commercial trade partnerships. Often, there is little communication between the central university international office and those at the departments. Thus, a university's internationalisation policy, in general and in relation to its partnerships can often be inefficient. This can lead to multiple partnerships between the same universities, active partnership agreements that are not being utilised, partnerships with little education value and partnerships that neglect student pastoral needs. While it would be difficult to change university culture that has a notoriously diffuse power structure, it would be helpful for universities to create communication channels to streamline the process. Under this proposal, the university's central international office would be in charge of co-ordination, standardisation, student/staff pastoral support and marketing. In turn, the department offices would be in charge of partner selection and creating the academic programmes. This allows each of the university levels to focus on their strengths and reduce bureaucracy and duplicating tasks. The central office would maintain the contracts. This ensures that the contracts are consistent throughout the university. In addition, the central office would co-ordinate the process since the employees here are more equipped to business negotiation. In addition, if travel becomes necessary, especially in the start-up phase, it would save the universities money to have the central office travelling. This is because the university would have more than one partnership in a country and the central office can visit multiple partners on one trip whereas the department office usually only have one partner in a country, thus trips become more burdensome. For the UK universities, since the international officers travel to recruit future students and visit partner universities this is not much of an added burden. These trips can also help to advertise exchanges for partnerships that do not have equal student flow between universities. Once the students arrive on campus for their exchange programme, the central office has professional student service staff that deals with international student needs. The exchange students can be a part of the regular international student services.

The departments would identify potential partners. This would lower the impact of international rankings. As identified in Chapter 5, universities often identify potential partner universities by their ranking despite the unreliability nature of the rankings' methodology. However, academics working in a research field know the universities that are doing good work in their field. With this same reasoning, the departments know how to create academic programmes. Thus, they can place incoming exchange students into proper modules for their academic needs, and they would send students to places that would do the same. While it would be preferential to only send international office staff on trip related to partnerships, it may be necessary to send someone on commercial trade agreements. This is due to the high level of co-ordination necessary between the partner universities that comes from having an intense working relationship.

The second policy implication is that this study leads to better guidelines on university partnerships. This is a continuation of the last point, in where partnerships should be organised in universities. However, this is more general in that it extends the knowledge on partnerships. While a cost-benefits analysis does look at how the partnerships impact on society in general, it looks at each actor individually and each impact. This information is helpful to universities and university departments that are involved in partnerships, as this study is able to give a detailed account of what makes partnerships beneficial to universities. Many of these impacts, such as the difference in the two markets, the importance of the English language and how universities use international rankings have not been explored before in partnership research. This would be advantageous for universities to create better guidelines on partnerships. These guidelines may be improved further if universities collect more institutional data that the CBA needed to make assumptions. For example, the universities did not have data on how many labour hours were spent on partnership creation. In addition, many of the participating universities, including Puffin did not have good figures on how many former exchange students or their friends come back as master's degree students. This study indicates institutional knowledge gaps that would improve universities' partnership performance.

### **7.6.2 Theoretical Contributions**

In addition to the policy contributions, this study has three theoretical contributions that contribute to knowledge. These contributions are the use of cost-benefit analysis in higher education studies including in partnerships, the creation of a partnership typology and to extend the academic literature on partnerships.

The first theoretical contribution is that this is the first study to use cost-benefit analysis in measuring international academic university partnerships, and the first to attempt to measure the

impacts of partnerships using. Prior to this study, there have been no studies used to measure partnerships. One study (Jie, 2011) uses game theory in partnerships. However, that study looked at predicting which partnerships would stay together based on strategic objectives. It, however does not consider what the impacts of the partnerships on participants or how to measure those impacts. It only measures the indicators of whether the partners are a good fit for each other. By using CBA, which has a long history in other disciplines, this study shows that it is a viable research strategy in partnerships. This is since this study has identified partnership impacts. In addition by endeavouring to measure partnerships, this study shows that partnership impacts can be measured.

This study's second theoretical contribution is the creation of a working typology for partnerships. As mentioned in Chapter 2, others have attempted to create working typologies. This study used two of them (Beerkins, 2002, Knight, 2011) to create a working typology model. However, those studies are theoretical and not coupled with data evidence to support them. This study combined the Beerkins and Knight models and tested the new typology with the qualitative data collected. The data suggested that there are three main types of international university partnership.

The third theoretical contribution is to extend the academic literature on international university partnerships. Previous studies have generally been reflexive from those participating in partnerships (e.g. Shore and Groen, 2009) or in theoretical models of partnership (e.g. Heffernan and Poole, 2004, 2005). This study has added to literature by being the first, to the author's knowledge, to use quantitative data in partnerships. This helps to advance knowledge in an area of university work that has been underrepresented in the literature despite becoming an important internationalisation strategy.

## **7.7 Limitations of the Research**

While this study is grounded in the higher education literature and related fields and in a recognised conceptual framework, the study has its limitations. This section briefly discusses these limitations and how they may have impacted the research.

The first limitation is with the relative size of the individual partnerships means that no one has institutional data. For the co-operation development and the exchange partnerships the size of the partnership and the impact on the universities involved is quite small. This is illustrated in the number of people working on the Bulldog/Jindo partnership. At Bulldog, only two employees have knowledge of the partnership. One is a midlevel employee that handles the day-to-day operations, and the other is an executive manager that has vague memories of signing the agreement. However, for the latter, the memories are more of being

part of a banquet connected to the Korean president's state visit than the partnership itself. For the former, the work on the Jindo partnership is part of hundreds of other partnerships that are handled in the office. On top of these partnerships, the participant has other tasks involved in international student recruitment. Thus, recordable data points, such as email records are used for measuring labour time.

A second limitation related to data collection is that for some of the partnership impact measures there is incomplete data, and in some cases no data available. An example of this is the impact of partnerships on student recruitment. In the qualitative interviews, participants from each UK University mentioned that a hope of the partnership is to increase student recruitment from Korea. The hope is that students returning from an undergraduate exchange would want to come back as a degree-seeking master's student, or to encourage their friends to do so in word-of-mouth advertising. However, neither Bulldog nor Puffin has attempted to collect data on this. Lion does have some data on recruiting students based on their partnership with Tiger, though that data comes from Tiger's data on returning students and does not directly address Lion's concerns. From the universities' perspective, this type of data could be collected by matching records of incoming masters students or by a simple questionnaire at induction, it is prohibitively time consuming and expensive to collect for this study.

A third limitation came from the cost-benefit analysis (CBA). A CBA is a decision making tool that allows one to determine the most optimal outcome of a decision as measured by monetary impact. It is used in research to gain an understanding of a particular event or events. In this study, those events are the partnerships under analysis. However, this does not mean that the results necessary carry over to partnerships not observed. Some aspects of the partnerships may be more generalisable, such as the commercial trade and exchange partnerships. These partnerships have few impact variables and do not change much between one partnership and another. However, the commercial trade partnership, with its unique characteristics, would be less generalisable.

The fourth limitation is with cost-benefit analysis. In addition to CBA being difficult to generalise, it can also be difficult to ensure that everyone with standing has his or her impacts calculated. An example of this is the benefit of international education. This can benefit the students involved directly, the domestic students that the international students interact with indirectly and possibly even society by creating a culturally diverse citizenry. However, CBA has trouble in measuring these benefits. The first of those three, the impact on the students directly involved is accounted for in their willingness to pay to become an international student, but these measurements are based on average students in the UK and Korea as ethical considerations made interviewing them impossible. In determining the benefit to

society or to domestic students, CBA does not address them. This omission is inherent in using CBA in higher education. It is difficult to measure the benefits of education over a short period of time. For individuals, the impact of education is spread throughout a lifetime. For society, it can be even longer as people interact and learn from previously produced knowledge. This is in part why the debate on whether higher education is a public or private good is still debated (e.g. Marginson, 2007b).

A fifth limitation came from the choice of participants. The universities in this study came tended to skew towards prestigious research universities. For example, of the three British universities, one is a Russell Group member, and the other two have their reputations enhanced by the various rankings. The three Korean representatives are also all top Korean research universities based on the Korean government's funding for research production under the Brain Korea 21 scheme. Thus, it is difficult to say that the findings would be generalizable to the entire UK and Korean higher education sector beyond the research-intensive universities. The reasons for this participant selection bias came from an initial difficulty in obtaining British participants. There is some evidence from the pilot study that the post-1992 universities and their Korean counterparts have a greater difficulty creating commercial trade partnerships and have fewer exchange partnerships. The difficulties are attributed to employing more teaching active academics and language difficulties. The top research universities in Korea are strict with their English language standards and offer modules in English, whereas the teaching focused universities have few students able to communicate in English and offer no English language modules. However, the same pilot study, which involved post-1992 UK universities and lower ranked Korean universities, had similar findings for development co-operation partnerships.

## **7.8 Future Research**

The research in university partnerships is still in its infancy. Thus, more research is needed on the topic. There are at least five areas for future studies. The first of these is in development co-operation partnerships. Currently, there is little work on these agreements. It may be because some consider these partnerships too small in their own right to worry about. However, this study is the only one to address them, and it found that they have only minimal impact on a university. A quantitative study on how prevalent these partnerships are and if certain types of universities favour them more than others can help to get a sense of their prevalence. In addition, a qualitative study on why universities engage in them and what results they hope to achieve from them would bring a better understanding of their role in university internationalisation.

A second area for further research could be to look at the perceived link between exchange partnerships is future student recruitment. Each of the universities in this study claimed that they felt that the partnerships have a positive impact on student recruitment. The three UK universities each felt that hosting undergraduates exchange students helped to recruit future master's level degree-seeking international students, either directly or through word-of-mouth advertising. However, there is no concrete data to back this up. There have been studies that researched international student movement (e.g. Shields, 2013). However to date, no study has looked at the role of partnerships had on international student recruitment. A study looking into the effects of partnerships on international student recruitment could aid universities in their recruitment and help to understand the impacts of partnerships. A study of this nature would need to include international students finishing their exchange programme and those entering graduate programmes.

A third area for future research could be on the impact of partnerships in accomplishing the international agenda of universities. Generally, the literature describes partnerships as a method that universities may use to achieve their internationalisation goals. This came through in the qualitative interviews in this study as well. However, this study measures the impact of partnerships on the university, not against universities' internationalisation goals. A study that compares these goals to the results from partnerships could help universities to determine their internationalisation strategies going forward.

A fourth area for future research could be to determine if the type of university has an impact on their partnerships. As mentioned in the previous section, this study's participants skewed towards the more prestigious universities in the UK and Korea. This is due, in part, to the difficulty of lower tiered universities to create meaningful exchange and commercial trade partnerships. However, one aspect that came up in the pilot study is that in lower tiered universities is that the central international office is more prevalent than in the higher tiered universities. A comparison of how international partnerships between Russell Group and Million Plus universities in the UK would be helpful in understanding how universities' reputation impacts internationalisation strategies and outcomes.

A fifth area for further research could be a similar study to this one but with universities from other countries. In the scoping and piloting for this study, it was found that British universities have more partnerships with Chinese and Japanese universities than what they do with Korean universities. In addition, Korean universities often have more partnerships with American or Australian universities than they have with British universities. There would be academic merit in testing the findings of this study with partnerships with universities from other countries. This is most fitting for research question 1-a, why are partnerships being formed. In many cases, the British-Korean partnerships are being formed

for the British universities to market themselves to potential international students. For the Korean universities, it is a path towards offering better English training to their students and to build an international reputation. However, it would be of research interest to determine if this carries over to different countries.

## 7.9 Conclusions

This study's findings demonstrate that there is diversity in international partnerships between British and Korean universities. Despite this diversity, partnerships tend to fall into three categories: development co-operation, exchange and commercial trade. The reasons for partnership tend to stem from the policy results stemming from structural globalisation and neo-liberal economics. These policies include a massification in student numbers in higher education and an increase in internationalisation. This need to increase internationalisation and find additional sources of revenue has led universities to increase international partnerships with foreign universities.

In part due to the dispersed governance structure common in universities, both university central offices and academic units within the university have expanded their partnership plans. Depending on where in the university the partnership is located in, the partnerships tend to take different shapes. Partnerships in the central offices tend to be either development co-ordination or exchange partnerships, the least intensive forms of partnership. They are often more orientated towards income generation with less concern for educational needs. However, partnerships located in the academic units tend to be exchange and commercial trade partnerships. These are the more intense forms of partnership. While still with an eye towards income, they tend to be more educational focused. However they seem to miss out on the student life aspects of the university. Thus, a system that involves the central office and academic units working in tandem to create and maintain partnerships may help to avoid duplicating work, provide better pastoral and educational services to students and increase the potential economic impact from a partnership. However, this system would be difficult to implement in the short to medium term at many universities due to the ingrained university culture of diffuse management structures.

A cost-benefit analysis has shown that commercial trade partnerships have the potential for the greatest impact on a university. This is mostly due to their size, as development co-operation and exchange partnerships are limited in scope. However, this is part due to the risk involved. By creating a commercial trade partnership with a foreign university, the university is risking reputation by creating a pathway to an academic degree. If the partner is not chosen well, it can be this can lead to public shame. This may hurt student recruitment

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and other sources of revenue, including government support if the university is publically funding. It may also impact the reputation indicators in the international rankings, which could impact potential future partnerships and international student recruitment. However, a well-designed partnership can enhance the academic reputation of a university, provide valuable research connections for academics and develop a new revenue source.

# Appendices



## Appendix A Sample Interview

Damon: Thank you for agreeing to participate. Could you please tell me when this partnership was formed?

Taeyoung: I'm not so sure about exact dates. However, it was started by my predecessor: Han Namja. He used to be an academic at Lion. My understanding is that he had a colleague at KAIST and that is how it started. I think that it was in about 2005, but the work must have started a long time before. We had the first batch of Tiger students. At that time, the motivation from Lion's perspective was to raise revenues. It was a kind of degree that we could control without having to worry about research. At that time it was a kind of exchange. The students come and pay, while we issue the marks. When it comes to dual-degree, then the universities have to work together. We issue our own degree. Those students will get a degree from both Tiger and us. So at the end, the students will get two degrees. The former is kind of easier to set up. It is pretty much pay and go. The latter is more difficult as it requires a lot of work with QAA for quality assurance. My understanding is that this started as an exchange programme. They come and spend time. They attend the lectures, and we give them marks. The internal system at Tiger then takes them and converts them to credit. It ended up becoming a dual degree. Tiger's motivation is very clear. The structure of their finance degree is that the students need an international experience for their graduation. A certain percentage of their credit must come from overseas. However, with Tiger we have an exchange and dual.

Damon: The exchange is at the MBA level, or is it for undergraduates as well?

Taeyoung: MBA

Damon: It began roughly 9 to 10 years ago. You mentioned the motivation for Tiger. What is the motivation for City?

Taeyoung: It is mostly extra revenue. It's a one-way flow. The way that we sign the agreement, specifies that it is one way. We may have a few undergraduates that go over there. But at the masters level the programme is only one year. The students come here specifically for master's degrees, so it is not realistic for them to come to Korea. The agreement is for one-way traffic. However, it does allow for faculty exchange. An example is an academic at Tiger wants to come over for a sabbatical, then there are provisions for that. However, most of the flow has been Tiger students coming over and we get the payment. Also, Lion has a preference for internationalisation. One of our selling points is that we are global. I think that we are outward

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looking. I think that is why it is working. If you would try to do something like this elsewhere, it could be an absolute nightmare. Now if we were to create it again, everything would be done centralised. However, then we still, Lion, had the power to approve that type of programme internally. We didn't have to go through the QAA system with the main campus. In a way, we were very nimble with our movement. We took the moment and got it done. I believe that Lion is the only UK university with this kind of programme. What I think that the Tiger has done, is to take the Financial Times MBA ranking for finance and contact all of the top 50 schools on the list. I heard that some UK schools contacted them back, but nothing has materialised. One other thing though, is that in Korea everything is government controlled. I think that in 2006 or so, the Korean government came up with a weird idea of a 'Made in Korea MBA.' My understanding is that we can decide how many students we can enrol, but in Korea even at the graduate level the governments controls it. At that time the government in Korea decided to increase the number of master's students in Korea in total. Then the government advertised that to students that you can now get a MBA degree in Korean, and students would not have to spend a fortune going to the US and others. Another criteria for the performance of the schools, though I'm not sure how they were measuring is internationalisation. That means schools are very keen on some sort of international components. So many schools tried to get this for the government and marketing purposes as well. We had a load of inquiries from a lot of schools in Korea at that time.

Damon: Yes, the Korean policy is very different than many other countries, they are far more controlling on private universities.

Taeyoung: They are a bit socialist. The reason is so that the top universities do not monopolise the system. It is a bit because every local MP wants to help the local university. If you would let them compete for students it would be Hanyang, Yonsei, Hanyang University and Jindo, but they want to ration the students across the country. It is why many schools in rural areas have started to offer MBAs. At the moment unfortunately in the UK it is all about revenue. For the business schools we are ranked by the Financial Times and others. We really care about MBA rankings. There are also two more degrees that get ranked, the MScs in management and finance. The other remaining MScs are unfortunately kind of cash cows. We have to find ways to create revenue. Also with the REF, we have had to hire lots of people. It's like football, we paid a high price as everyone is competing. A lot of the business schools have hired a lot of people from the US who publish a lot, and they are expensive all for the REF. However, when the government open up the money after the REF, the money turned out to not be that significant. So now all of the new academics are here and not going away. Those superstars are not necessarily going to teach, so we need to create more revenue. However, for undergraduates we have restrictions on tuition fees. The master's programmes are an area we can take advantage of. We also are facing more

competition. There are some really good programmes in Europe that are offering MBAs in English, and they charge 1/10 the price we do here. So we think that international programmes, and most of our partners are Asian universities where there is a great demand, are a great way to make extra revenue. In a way, because Lion at master's level does not do a 2+2 type, so the student quality is actually quite good. So the Tiger students that come are good, in some cases the Tiger students' average scores are better than our students. We have another relationship with the Singaporean Management School, which is a pretty good school, my colleague says that those students are doing really well. In a way it is good for us, we get good students and they go out and get a job after their degree at Lion. We get an extra revenue because the fixed cost is always there. Everything that we get is extra revenue. Administration burden is not much.

Damon: What types of administrative burden?

Taeyoung: We have professional staff here. We have one person, whose full-time role is to look over one of the degrees, but she has a secondary role of handling these students. Usually it is about ten students a year. The burden is usually with admitting the students, but once they are in the system the normal administrative capacity can cover. Then the only issue is to report the results back to Tiger. It is quite a good way of having extra cash.

Damon: You mentioned the administrative system. How do you choose the students?

Taeyoung: First there are the prerequisite modules. They do one year in Korea, and they get an exemption for term one. They come to the UK in January and do term 2 and term 3. So what they do in year one, is what we do in term one. That way they can get an exemption, that is how we award them for term one. So they must complete the first year of their MBA, but in Korea, not many people fail at university. The second requirement is that they take all of the prerequisites. We have a table, which matches their curriculum and ours. Then they must have a 7.0, with 6.5 minimum for writing, IELTS score. They the admissions tutor, usually me, goes through their transcripts. Such as a person with a social science background who has applied to a different area of study, to see if they can do the course. It's the normal admissions process.

Damon: Do you have to go to Korea at all to either interview the students or to maintain the relationship?

Taeyoung: I go there every year around June. There are three purposes for this: an info session for the students, second is to maintain the relationship, but it is quite stable, and another thing is for the QAA. There are too many forms. Now we have to go there in person every year to check on them. It's more to see if the lecture quality is good and the assessment is done properly. Even though the traffic is inbound, I have to go and check things.

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Damon: Is this for the UK or Korea?

Taeyoung: The UK. In a way, Korea is very nimble. In terms of regulations, in Korea there is a lot. But Korea is more innovative than the UK. For example, we have so many processes to go through. For example, if you want to create something now it would take a year because it has to go through all of these committees. It is getting worse and worse.

Damon: How long are you in Korea?

Taeyoung: For one week. It's ok for me as I can see my friends and family.

Damon: Throughout the year, how often do you communicate with them?

Taeyoung: Usually we get changes around springtime. We then arrange the dates of my visit. Then around September, they send applications through our on-line application system. There is a bit of communication back and forth, but that is with the admissions people. I usually only deal with extreme cases. Then I inform those who were accepted and those that were not. It is a bit of a back and forth from September to December. Then they arrive in January, and they have an induction for new students. From there, it is more about if someone has issues.

Damon: How satisfied are you with working with Tiger?

Taeyoung: Very satisfied. The student quality is very good. The school is very keen on it. Sometimes the UK is less so, as the visa immigration system is confusing. Tiger is organised well. They do an information packet for the students quite well.

Damon: Would you like to see any changes to the partnership?

Taeyoung: One thing that I would like is that is to get more students. The students at Tiger are very good, but one problem is the English. At times, I can see that students are maths geniuses, but their English scores might be slightly low, like a 6.5. The admissions teams is very strict. They would rather have someone from an unknown university in Europe that can speak better English than someone from a good university where their English might be a little worse. It creates a bias against Asians. The admissions team is worried about class cohesion. It might be because we have a lot of 2+2 students from China and their performance is not so good. On the other hand, we do reject great students on IELTS. I wish we were a bit more lenient on students coming for exchange where their English might be a bit lower. That might solve some of the problems, as with exchanges we do not offer the degree. Another thing is that the administration wants to work with more schools. For quality, we try to only work with the top schools. I often have had to reject offers from lesser schools, good schools but not top 10 schools. However, there is

pressure to make more money. However, it would be nice to get one more school like Seoul National, a top-tier school. Also due to this relationship, our profile in Korea has expanded. It has an indirect PR effect. One of the feedback we get from students, is that our master's degrees are quite specialised. They are happy with the breadth of choice and to get lectures from those that work in the city.

Damon: Has the partnership led to greater interactions with Tiger, such as in research?

Taeyoung: No, not that much. Korean universities are not that research driven as they are here.

Damon: Thank you for your time. Is there anything else that you would like to add?

Taeyoung: I think that we are happy with getting good students, extra money and good PR in Korea, and it is not expensive to run. At the same time for Korean universities, this is very exciting. One thing that I see is that the 'Made in Korea MBA' is not working well. There is less enthusiasm for internationalisation. Another thing is that we are trying to replicate this model with other countries, but it hasn't worked well. It has been very specific due to Korean government's push for internationalisation. Thus, it has been a good fit for each other. The students get two degrees in the same time as they would get one in Korea and the UK degree is very highly rated if they want to work around Asia like Singapore and Hong Kong.

Damon: Thank you for your time!



## Appendix B Research Implements

### Interview Questions:

- If you can recall, how did your university become involved with your partner university?
- What was your motivation to form the partnership?
- In your opinion, what are the strategic benefits to your partnership?
- What institutions or structures do you have in place to develop and maintain your partnership?
- Who maintains contact with your partners?
- How do they do this?
- How often/how much time do they spend doing this?
- Who else may be impacted by the partnership?
- In which ways are they impacted?
- Is this partnership administered at the university, department or individual level?
- Please describe some of the features of your partnership? For example, what are the numbers of students exchanged? What are the partnership's administrative needs?
- How satisfied are you with your relationship with your partner?
- What do you believe are the positive results of the partnership? Why?
- What do you believe are the negative results of the partnership? Why?
- Has this partnership affect enrolment? At what rate is their tuition?
- Do you believe that the partnership has affected your academic quality? How so?
- How do you believe that the partnership has affected your university's image and prestige?

### Preliminary Questionnaire:

- What are the costs associated with settling new staff, or losing staff?
- What are the costs associated with labour? E.g.: tax, benefits, healthcare office space
- How much labour time do you spend on your partnership?
- How much do you spend on ceremonial events?
- How much do you spend on travel?
- How long are the trips to Korea/UK?
- How many students are exchanged?
- Who do they pay tuition?
- Are there add on fees? If so, how much?



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