

# AMERICAN UNIVERSITY BRANCH CAMPUSES ABROAD: A CONCEPTUAL MODEL FOR STRATEGIC PLANNING

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## ABSTRACT

*The topic of international branch campuses saturates the literature; however, little attention has been paid to the university strategic planning process for institutions setting up programs abroad. Many US universities have considered opening a branch campus in order to meet the demand of globalization and break into new student markets. Currently, the US leads efforts in establishing its brand of higher education in countries like the United Arab Emirates, Singapore, China, and Qatar. This paper considers the challenges of establishing a branch campus based on the literature surrounding American branch campuses' successes and failures and develops a conceptual model for planning, implementation, and monitoring for those universities considering exporting their brand and academic programs abroad.*

## INTRODUCTION

For the past 20 years, the world has seen an explosion of American universities setting up business on foreign soil to offer degrees and programs to students abroad. According to Lane, co-director of the Cross-Border Education Research Team (C-BERT), the number of branch campuses grew appreciably in the 21<sup>st</sup> century (Miranda, 2014). "I define the 2000's as the gold rush period." he says. "In 1995, there was 15 to 16 [branch campuses]; now, there are about 200 that we know of." (Miranda, 2014, p.14) Kinser and Lane (2012) define the international branch campus (IBC) as:

An entity that is owned, at least in part, by a foreign education provider; operated in the name of the foreign education provider; engages in at least some face-to-face teaching; and provides access to an entire academic program that leads to a credential awarded by the foreign education provider. (p. 2)

American universities are not the only constituents in the field of transnational education—Australia, the United Kingdom, France, and India have also exported their institutions elsewhere. However, the US continues to lead the way with over 50 branch campuses throughout the world (C-BERT, 2016).

Likewise, many countries are taking advantage of the opportunity to expose their students to the globalization of higher education – chiefly the Arab States. The United Arab Emirates (UAE) has the largest concentration of international branch campuses than any other country, hosting roughly 30 foreign post-secondary institutions (Becker, 2010). The greatest importers of branch campuses aside from the UAE are China, Singapore, Qatar, and Malaysia (C-BERT, 2016). American higher education institutions also see an opportunity to "attract students and parents willing to spend extensively with the objective of attaining a name-brand education" (Franklin & Alzouebi, 2014, p.122). By exporting American education, US universities are able to export their brand internationally and encounter new funding sources and research opportunities.

This paper introduces a strategic planning conceptual model for those US institutions considering the establishment of an IBC or for those already developed in another country. Moreover, specific examples of successful and unsuccessful IBCs are referenced and used to bring light to the challenges many IBCs face in operating abroad. The conceptual map, based on Allison and Kaye's (2005; 2015) strategic planning process model, is described and discussed in detail. The model works to support an IBC in being sustainable and successful in the face of the many challenges with which it will be confronted abroad. Further, the model highlights the need for a greater understanding of the cultural context and region where the IBC exists.

## TRANSNATIONAL HIGHER EDUCATION

Within the last decade, "universities with strong brand names (e.g., New York University and Paris-Sorbonne) have realized that establishing branch campuses overseas is an effective strategy toward expanding their student base and strengthening their brands globally" (Franklin & Alzouebi,

2014, p. 127). Characteristically, a government, or a government-backed foundation of the country hosting the IBC, funds in part or wholly the branch campus. As is the case in the Arabian Peninsula, facilities and buildings have been built for the IBCs, while in other countries the campuses can be basic, “resembling office complexes rather than academic institutions” (Altbach, 2010, p.2). Qatar and the United Arab Emirates have taken small desert villages and turned them into “academic” or “university” cities, dedicated to brick and mortar foreign universities. Education City, in the state of Qatar, was established as “an elite higher-education center with financing estimated at more than \$1 billion from a foundation controlled by the emirate’s royal family” (Bollag, 2006, p.A47). Virginia Commonwealth University (VCU), Cornell, Texas A&M, Georgetown, and Carnegie Mellon have exported degree programs to Qatar. In Dubai, at its International Academic City, IBCs “enjoy 100% foreign ownership, no taxes, and 100% repatriation of profits” (Wilkins & Huisman, 2012, p. 630). Likewise, Singapore invested over \$50 million into Johns Hopkins’ IBC (Jaschick, 2006).

Recently, South Korea launched the Incheon Global Campus in the Incheon Free Economic Zone, where George Mason (GMU) opened Mason Songdo in March 2014, despite their setback in the UAE. GMU signed a five-year contract with the Korean government granting them \$1 million dollars for planning the project and free use of facilities and utilities (McDonald, 2014). Similar to GMU’s contract with the UAE government’s Ras Al Khaimah (RAK) Foundation, Mason Songdo will be expected to be self-sustaining by 2019. The Incheon Global Campus hosts three American universities, thus far—Stony Brook University (SUNY Korea), Mason Songdo, and The University of Utah Asia Campus.

## **THE GLOBAL EXPANSION OF AMERICAN IBCS**

For over 90 years, American higher education institutions have pioneered cross-border education. Recognized by some as the earliest known IBC, the New York institution of Parsons School of Design opened its doors in Paris in 1921 (Miranda, 2014). Researchers of transnational education debate whether Parsons School in Paris represented an IBC, granting degrees to foreign students, or a location that housed American study abroad students. Johns Hopkins, according to Verbik and Merkle (2006), is the second oldest American post-secondary institution to open a branch campus abroad. Johns Hopkins launched its School of Advanced International Studies in Bologna, Italy, to provide graduate programming in the 1950’s. In the 1970’s, five other US universities opened IBCs abroad in Greece, Mexico, the United Kingdom, and Switzerland (Lane, 2011).

The US military has also provided impetus for US universities to internationalize. US universities have opened programs on the bases of the military to offer academic opportunities to civilians and the enlisted. As in the case of Panama, military and civilian personnel had access to studies at Florida State University and other schools while serving at the US-owned Canal Zone since 1933. However, as the universities were located on US-owned land, they were not considered an IBC. Once the canal reverted to Panamanian ownership in 1999, Florida State officially converted to an IBC – due to its now being located on foreign territory (Lane, 2011). Florida State Panama continues to offer undergraduate and graduate degrees to Latin American students.

The USA-Japan Committee for Promoting Trade Expansion, headed by Senator Gephardt of Missouri in 1986, led to over 100 American universities sending teams to Japan to investigate the possibility of branch campuses there (Chambers & Cummings, 1990). Temple University was the first to offer a graduate program in English as a Foreign Language to fulfill the need for an education program for English language teachers in the area. Now the Temple program offers 10 full-time undergraduate degrees, an executive MBA and law degrees. Ultimately, over 35 US colleges and universities set up IBCs in Japan hoping to take advantage of the Japanese economy and academic market (Chambers & Cummings, 1990). However, due to the difficulty of finding English proficient students, establishing their brand, and the economic troubles in Japan, only Temple remains from this group (Hénard, Diamond, & Roseveare, 2012). The Japan hosts US IBC—Lakeland University was established in 1993 and recognized as a branch campus by Japan’s Ministry of Education, Culture, Sports, Science and Technology in 2005 (Lakeland University-Japan, 2016).

Following the inception of the World Trade Organization and in response to the General Agreement on Trade for Services (GATS), adopted in 1995, American higher education became a liberalized service and regulated by trade rules (Knight, 2006). The global development of the ‘knowledge economy’ led the US universities to believe that their survival was dependent on the “globalization of its organizational form (emulating private sector enterprise) and the globalization of their services” (Peters, 2004, p. 74). During this time period, Harvard began developing branch campuses in Cyprus and the UAE and VCU launched their campus in Qatar. Between 1995 and 2001, American universities opened over 20 IBCs (C-BERT, 2016).

The bubble of international students studying in the US burst after the terrorist attacks on September 11, 2001. The attacks on the World Trade Center in New York and the Pentagon in D.C. triggered an extreme tightening of F-1 student visa regulations in the US. In light of the attacks, US universities had to find a novel way of attracting international students. IBCs became a way for US universities to find a way around visa issues by going directly to the source. Between 2006 and 2009, global IBCs increased by 43%, to a total of 162 campuses (Becker, 2010). Today, American universities continue to be the number one exporter of higher education. With over 48% of IBCs representing American universities, students abroad are heavily exposed to US-style higher education (Becker, 2010).

For a US institution to have a sustainable branch campus abroad, multiple factors must be considered in the strategic planning process. Altbach (2010) cites several reasons why many IBCs are untenable: the difficulty in attracting home campus professors to the IBC; providing an education equivalent to the home campus; and the conditions in the host country. Further, not meeting enrollment targets and the difficulty for local students to meet home campus admissions requirements may spell the doom of an IBC. George Mason University closed their Ras Al Khaimah campus in the UAE after only three years in operation due to setting too high enrollment numbers initially and the UAE government-backed RAK Foundation’s unwillingness to subsidize the underperforming campus (Lewin, 2009). Likewise, Singapore invested over \$50 million dollars in Johns Hopkins biomedical research program, but pulled funding for the program because Hopkins had neither recruited sufficient graduate students nor sent senior professors from Baltimore to Singapore as promised (Jaschik, 2006). Many American institutions, however, have been successful in sustaining their IBC abroad due to importing a niche program, being aware of the local needs, and/or having brand recognition. New York University has opened several campuses abroad (Shanghai and Abu Dhabi) and VCU’s Qatar campus has survived for almost 20 years offering an art program to local students.

### **MODEL FOR IBC STRATEGIC PLANNING PROCESS**

The strategic planning process for an American IBC can, in many ways, mimic the home institution’s process, with several clear caveats. Stanfield (2014) points out that the IBC has to decide between adapting or replicating home campus’ policies and planning. Where some policies can be replicated, the strategic planning process cannot. It is essential for planners to have an in-depth understanding of the funding partners’ expectations and a profound awareness of the local/host country market. Further, the IBC must have the ability to respond to an uncertain environment, an essential element to the planning process for those institutions operating in a foreign context, in order to avoid a crisis management mode that may be too late to help an IBC survive (Taylor & de Lourdes Machado, 2006). The model (Figure 1), informed by Allison and Kaye’s (2005; 2015) strategic planning process, varies notably from strategic planning at the home campus in the first steps of the process.

The first step in the planning process is to have a deep awareness of the host country’s market, customs, and human resource needs—the rest of the planning process should flow from this step. Shams and Huisman (2012) caution IBCs from attempting to port American cultural values and beliefs about the superiority of US education into the planning process. Moreover, understanding the local human resource needs will help the IBC choose appropriate and viable programs for in-country students and maintain a competitive advantage over other providers in the field (Shams & Huisman, 2012).

Based on the failure of several IBCs due to uncertainty surrounding the funding partner's expectations, understanding the point of view of the funding partner is an essential first step in the planning process. Before any goals or objectives can be set, the IBC must be clear on what the funding agency for the project foresees for the future. Another important element of the first steps in the planning process is to gauge internal and external stakeholder engagement in the IBC. This means not only buy-in from home campus stakeholders (faculty, administrators, Board of Visitors, alumni, and state government), but also the in-country stakeholders, like local students, local government, funding agencies, and local academic staff and faculty. The ability to draw upon the home campus faculty to teach at the IBC characterizes one of the largest challenges in IBC sustainability, according to Altbach (2010). Franklin and Alzouebi (2014) also recommend that IBCs not merely port their mission and vision from the home campus to the international context. They suggest that the IBC clearly align their mission and vision with that of the government or private investor committed to the IBC's success and sustainability in the country, thus rounding out the first steps of the process.

During the strategic analysis phase, an environmental analysis of the home campus and the IBC is critical. Here, part of the scan would be to ensure the ability to meet home campus institutional accreditation and local accreditation standards. Similarly, the IBC should analyze the local political, economic, social, and educational environment and be aware of the IBCs strengths weaknesses, opportunities, and threats in that country. Issues of security in the Arabian Peninsula—host to the majority of US branch campuses—have arisen due to IBC proximity to unrest and terrorist organization movements in the Middle East. In 2002, after George Bush received Congressional approval for military action against Iraq, VCU's branch campus in Qatar hired extra security to patrol the campus and faculty housing (Marrow, 2002). Likewise, the IBC should be aware of their fellow IBC competitors in the country or region as this will affect the program objectives.

Analyzing the viability and sustainability of the IBC's program portfolio is another factor in the process. After having acquired an in depth understanding of local human resource needs, opening or closing degree programs, setting new enrollment targets, or admissions requirements based on this information will help to develop the plan's goals and sustainability strategies. Many IBCs close due to setting enrollment targets too high and then unable to attract students to their programs. Analyzing the capacity of both the home campus and the IBC's organization will help the IBC to plan for challenges the program may face in the future. As stated, one of the biggest sustainability issues is attracting home campus faculty to the IBC and relying on expatriate 'revolving door' faculty. Altbach (2010) asserts that "as governments, accreditors, overseas partners, and students become savvier about their educational goals, they may demand the 'real thing' in the branches" (p. 2). In GMU's case, they opened an engineering program and then were forced to rely on faculty and administrators who had no affiliation with the home campus. This is especially true of faculty in the sciences, who are focused on research or see overseas teaching as inhibiting promotion (Altbach, 2010).

Franklin and Alzouebi (2014) point out that the issue of leadership in the strategic planning process of the IBC cannot be overlooked. Having leadership that is not only alert to issues at the home campus, but also cognizant of local educational customs will help the sustainability of the institution. Bryson (2011) characterizes interconnected effective leadership as one that understands the context and the stakeholders involved, drives and champions the process, and fosters collective leadership. Ensuring the involvement of both home campus leadership, IBC leadership, and in-country leadership is a key ingredient to the successful creation of goals and implementation of the strategic plan.

In the last two phases of the planning process, the IBC should develop appropriate, sustainable, and measurable goals for the campus and be sure to communicate those goals to the entire organization and the funding partners. Moreover, the IBC develops an implementation plan and manages the transition of the strategic plan. Here the IBC identifies the resources each goal and step will require. "Resources for implementing a strategic plan include: people, time, space, technology, and funding" (Hinton, 2012, p. 12-13). Due to the uncertainty of the environment in many of the countries and regions where US IBCs exist, an annual operation plan would be highly beneficial for constituents of the branch campus. Like most higher education institutions, monitoring of the strategic plan should be continual.

## CONCLUSION

Due to the push towards internationalization of higher education in the US and the competitiveness of the global knowledge economy, American universities are looking to IBCs as an innovative way to attract international students, provide global opportunities for faculty and students on the home campus, and stay at the forefront of the higher education market. Though US universities continue to maintain supremacy in global higher education, many other countries are beginning to export their higher education systems, as well. Eventually, the IBC market will be oversaturated, as is the case in the Emirates. Several US IBCs have closed due to the inability to hit enrollment targets and fulfill contractual obligations to be self-sustaining.

Ultimately, the university cannot anticipate every challenge that may arise. In the case of GMURAK, GMU may not have been able to foresee the RAK foundation removing funding midway through the contract. Nor by porting a niche program can a university guarantee success, as was the case of Johns Hopkins medical program in Singapore. However, the US has already exported its higher education to the main consumers abroad. New IBC initiatives can study past developments in the Arab States to have a clearer understanding of funding and recruitment issues. The biggest challenge new IBC developments may face is building and sustaining in areas that have not imported US higher education before. Due to the rise of BRICS (Brazil, Russia, India, China and South Africa) nations in the global economy, cross-border education is gaining ground in some of those countries (i.e. China has 27 branch campuses) (C-BERT, 2016). Also, we are already seeing universities opening in developing or emerging economy nations, as well. Currently, Malaysia hosts 9 branch campuses (none are from US institutions) (C-BERT, 2016). The challenges involved in opening an IBC in those countries remains to be seen.

Establishing and then successfully maintaining an IBC is a risky endeavor, laden with pitfalls. Those that do, like Carnegie Mellon and New York University, either have international name recognition to attract top students that can meet admissions requirements, or open small programs that fulfill a niche market, like VCU's art school and Georgetown's international studies program in Qatar. For a university to be able to extend itself abroad and take advantage of a new revenue stream and new students, as well as be sustainable and competitive, it must understand the local context. By including a detailed understanding of the local context and local human resource needs and the expectations of the funding partners, while also being responsive to change and uncertainty, an IBC can prepare strategic initiatives that help sustain the institution successfully abroad.

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Figure 1

Model of Strategic Planning Process for US International Branch Campuses

