

## 8. THE ROLE OF THE GOVERNING BODY AND WHAT CAN GO WRONG

8.1 This final chapter pulls together some of the issues raised in detail previously, and provides a brief commentary on the key roles and responsibilities of governors in relation to internationalisation. It also provides some examples of what can - and does - go wrong.

### The strategic role of governors

8.2 A theme of this Guide is that although internationalisation has in the past generally not been identified as a key area for governors to watch, it is becoming much more important. This is not just for financial reasons, but also because of the rapid growth in the globalisation of HE, and the surge in numbers of international students crossing borders to study.

8.3 In Chapter 3 internationalisation strategies were explored, and as for all strategic areas the governing body has a responsibility for approval and monitoring, on the advice of the head of institution and other senior managers. Perhaps the main issues concerning an internationalisation strategy from a governing body perspective are:

- How realistic is the strategy, and is it based on sound data?
- Are the risks involved reasonable - including those to reputation - and are they consistent with defined risk appetite?
- Is the strategy financially sustainable, and is it based on full economic cost assumptions?
- Starting and running overseas activities is notoriously time-intensive - is it realistic for the management to deliver the strategy given other pressures?
- Given that its implementation will involve action by deans and heads of department, what is the evidence that they are committed to the strategy?
- Are the proposed performance measures and KPIs appropriate and robust enough?
- Is the HEI making realistic commitments to ensuring and monitoring quality?

8.4 It is very easy for a governing body to make assumptions that an international strategy is appropriate and achievable, given the rise in international student numbers. But as this Guide has shown, internationalisation is complex and may be increasingly challenging. Therefore, if an internationalisation strategy is proposing a rapid expansion in numbers and the speedy development of international partnerships, governors would be justified in querying the extent to which it is realistic and based on robust evidence.

8.5 As noted in Chapter 3, the other aspect of the strategic role of the governing body is, of course, monitoring and measuring the achievement of performance, and as a governor you will want to know how well the HEI is doing with its international strategy. This includes the assessment of quality even if undertaken through the senate or academic board. In addition to the performance indicators suggested in Chapter 3, there is a useful general guide for boards to using KPIs produced by the CUC<sup>44</sup>.

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<sup>44</sup> CUC, 2006, Monitoring Institutional Performance and the Use of Key Performance Indicators, at [www.bcu.ac.uk/cuc](http://www.bcu.ac.uk/cuc)

### Ensuring the appropriate recruitment and support of international students

- 8.6 Given the importance of income from international students, and also the extensive criticisms about the overly commercial way that some HEIs have recruited, ensuring appropriate and ethical recruiting is a governing body responsibility and not something that should be left to others (although of course a senate/academic board will have a strong interest).
- 8.7 Based on the issues set out in Chapter 4, some of the areas where governors could usefully ask constructively challenging questions concerning recruitment are:
- The reasons for selecting target countries for recruitment.
  - The choice of, and balance between, marketing methods, for example agents, recruitment fairs, advertising, website, private companies for foundation courses.
  - The evidence that the HEI is an ethical recruiter.
  - The full economic costs of international students, including - but not limited to - marketing and recruitment.
  - Steps taken to ensure that UKBA requirements are met.
  - How international students are supported, including help given to students on arrival in the UK and for their first few weeks.
  - The steps taken to assess international student satisfaction.
  - The effectiveness of any alumni network overseas, and how students are encouraged to become ambassadors for the HEI on their return home.

### Overseas partnerships

- 8.8 In Chapter 5 the benefits and risks associated with overseas partnerships were explored, and notwithstanding the real potential benefits there are numerous challenges. Particularly so far as major partnerships are concerned, a governing body has an important responsibility to assure itself - on behalf of the institution - that all is well, and that any risks can be mitigated. Of course, governors will not be in any position to pass judgement on academic issues associated with proposed partnerships, but a board can ask challenging questions about the depth and quality of the partnership selection process, and ensure that suitably rigorous due diligence has been carried out on potential partners.
- 8.9 Although the details and management of partnerships will not be a matter for the governing body, the areas where governors have a valid interest include:
- Approving the strategy and criteria for selecting overseas partners (including the risk appetite for partnerships).
  - How partnerships are reviewed and monitored to ensure effective outcomes in both academic and financial terms.
  - The financial sustainability of partnerships and ensuring that there is no cross-subsidy from funding council income.
  - Requiring agreed exit strategies to withdraw from less useful collaborations.
  - Ensuring that the academic quality of partnerships is monitored through defined quality assurance mechanisms, which include receiving reports on any reviews by the Quality Assurance Agency on relevant offshore and collaborative activities.

"The Secretary of the Council, in consultation with me as Chair, made sure that this project and other overseas commitments were regularly on the Council agenda and that there was therefore a regular opportunity for report and discussion."

CHAIR OF A UNIVERSITY COUNCIL

## Setting up and running an offshore activity

- 8.10 As an area with very substantial risks, this type of internal activity is likely to be of particular concern to governors, and - as noted in Chapter 6 - although the numbers of such campuses are still relatively low, they are likely to increase as more students want to obtain a UK degree without the costs of coming to the UK.
- 8.11 Although establishing an offshore presence with a partner able to fund the major construction and set-up costs lessens financial risk, it introduces its own set of questions relating to the credibility and financial soundness of the partner, and its reputation. Since any offshore campus will be a long term commitment from the UK institution, there has to be assurance that the partner has a sound long term future and a contractually binding role with the project.
- 8.12 Governors should be involved with any such proposal from an early stage to ensure strategic fit and due diligence. It will generally be unsatisfactory if a governing body's only involvement is to give formal approval right at the very end of the agreement process, not least because a board turning down a proposed major overseas development after the HEI and partners have shaken hands on the 'deal' might just give rise to a diplomatic incident or two!
- 8.13 Among the issues that governors may wish to review are:
- The fit with the internationalisation strategy.
  - The initial feasibility of the venture or proof of concept.
  - The criteria for undertaking due diligence on the partners, and a review of the results.
  - A full risk analysis including reputational risks.
  - Any requirement to create a legal entity in the country concerned and the consequences, for example: a need for share capital; taxation liabilities; the ability to repatriate surpluses; etc.
  - The business plan or financial feasibility study. (Even when relying on partner financing, such a venture will inevitably place a financial requirement on the UK HEI in at least two areas: professional and set-up costs, and the working capital required while the new campus operates at below full capacity. Realistic estimates of these should feature in the business plan.)
  - The HEI's strategy for staffing the offshore activity, for example with UK staff on a temporary basis, with internationally recruited staff, and/or with nationals from the country concerned.
  - An exit strategy in the event of market failure or the emergence of a hostile political environment.
  - The approach to regular and proactive monitoring and evaluation of the venture.
- 8.14 Of course, once the project is operational the governing body or its committees might expect regular progress reports from the project board or subsidiary company running the venture.

### **Internationalisation at home**

8.15 Although (as noted in Chapter 7) the responsibility for much of this lies elsewhere, there are some areas of legitimate governing body concern, including:

- How activities falling under this heading fit the institutional mission and international strategy.
- Whether the bodies responsible for academic governance (senate, academic board etc) have established policies and expectations for the academic aspects of internationalisation at home, and how progress is assessed.
- What steps management is taking to promote student mobility and what the obstacles are.
- How the HEI will know if it is succeeding in producing graduates who are internationalised.

### **Reviewing the effectiveness of the management of internationalisation**

8.16 As in all other areas, a governing body (or any sub-committee) will need to review the effectiveness of the way that the senior management of internationalisation is undertaken, while - of course - maintaining the separation between governance and management. In particular, governors will wish to know that there are mechanisms for developing, amending and monitoring the internationalisation strategy. In practice, this may include regularly seeking information on issues such as:

- Receiving and discussing annual reports on the performance of internationalisation against agreed KPIs.
- Receiving assurance that effective mechanisms are in place for monitoring and mitigating relevant risks.
- Monitoring the ongoing financial sustainability of internationalisation, both overall and in relation to any significant overseas ventures.
- Ensuring that the management and assurance of quality is being effectively monitored by the various bodies involved in academic governance, and that the outcomes are consistent with institutional intentions.

### **What can go wrong?**

8.17 So finally, what can go wrong? Well, the answer is plenty; and to take a few major examples:

- There have been some well known cases of HEIs in the USA and Australia closing down high profile offshore ventures that were losing money and failing to recruit to target. In some cases they did not act before losses had accumulated.
- Some English HEIs have withdrawn from over-ambitious extensive international franchise operations.
- The Quality Assurance Agency has been critical about aspects of the quality of overseas provision and the way some UK HEIs were assuring quality (see Chapter 5).
- There has been diplomatic embarrassment about some high profile ventures not materialising because of action by one or more partners.
- The international student market can be fickle, for example critical news stories about the treatment of Indian students in Australia in 2008 led to a fall in recruitment in 2009.
- There is the influence of economic trends, for example New Zealand suffered a dramatic fall in the number of Chinese students after an economic crisis.

- Unexpected political developments can turn a potential opportunity into a reputational liability – witness Libya!
- And, of course, just round the corner is the spectre of the consequences of terrorism: one major terrorist attack by an international student in the UK might have huge consequences both in the UK and beyond.

8.18 Therefore, although internationalisation may seem benign to many governors, in practice it is not and is unlikely to be so in the future. So what are the principal risks that governors have to ensure their HEIs address?

- Too great a reliance on a continually increasing income from international students.
- A lack of attention to the quality of the experience of international students and the value for money provided.
- Failure to monitor or vet international students leading to loss of Tier 4 sponsorship.
- Poor control over ventures leading to collaboration with partners with a poor reputation in their country.
- Ignoring the need for full economic cost financial sustainability.
- Risk of currency fluctuation destroying a project's viability.
- Major offshore activities that do not achieve their objectives and damage an HEI's reputation.
- Dramatic political or other major events overseas which could damage the long term viability of any investment. In particular, injury or death of staff or students (as well as being tragic) may have major public relations consequences.
- Developing an uncoordinated set of internationalisation activities that is weakly managed and monitored, so that management does not know what is going on.

#### A GOVERNOR'S DILEMMA 4:

As a governor, you are very worried about the implications for academic quality (and therefore institutional reputation) of a rapid expansion of international students in the last few years. However, few other governors appear to share your concern, and the PVC responsible seems completely relaxed about the growth and indeed is planning for a further increase in numbers next year. You have looked at the relevant senate/academic board papers and little seems to be raised in them about your concerns, indeed from them you might be justified in thinking that all is well.

However, during informal discussions with academics at social functions over the last year or so, the issue of international students keeps reoccurring, with concerns about poor English language skills, worries about plagiarism and so on. A few have even said (jokingly you hope) that some exam boards are being generous with marks because of the financial benefits of such students being on campus.

You are not sure what to do, and don't want to make a fuss without good reason. What might your next steps be?