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International Branch Campuses: Decoupling the University from its Geopolitical Base (0129)

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In the last fifteen years, the growth in the number of international branch campuses has increased at least seven fold, with approximately 100 now in operation – mostly in nations with developing economies. This paper analyzes how mature organizations linked to a specific geopolitical region (e.g., University of Nottingham, Monash University, and Michigan State University) plan and

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implement an emergent organization in an unfamiliar environment (e.g, Malaysia or Dubai). The purpose of this paper is to use empirical evidence to develop a new theoretical concept: non-endemic organizations, that is organizations that operate outside of their geo-political home.

Introduction

For decades, organizations have operated in multiple geopolitical regions, with services, products, and people moving across borders. With the rise of globalization, these trends have captivated the attention of economists, political scientists, and organizational theorists. Much of the extant theoretical and empirical work on transnational organizations has been on for-profit, multi-national business enterprises. Yet, despite the scholarly attention to this organizational type, the for-profit firm is not the only contemporary organization that operates across borders.

The flattening of the world, as noted by Friedman (2005), has allowed all manner of institutions to move across borders (Anheier & Themudo, 2005). Educational organizations, which have traditionally been established within nationally/sub-nationally defined borders, are increasingly establishing a physical or virtual presence outside of their geopolitical home base. These cross-border educational enterprises (CBEEs) are unusually complex organizations that may be public; private, non-profit; or private, for-profit. Regardless of their sector designation, essentially all cross-border activity is sustained by excess revenues generated by instruction (Daniel, Kanwar & Uvalić-Trumbić, 2006). In addition to financial motivations, CBEEs also pursue eleemosynary goals generating a unique form of academic capitalism (Slaughter & Rhoades, 2004).

This study uses comparative case studies of CBEEs to develop a theory to explain the development and operation of a certain subset of transnational institutions. Specifically, this project develops “endemism” as a theoretical frame through which to understand CBEE expansion among organizations that are inextricably linked to a specific geopolitical location. Endemism, a concept borrowed from ecological studies in biology, defines an organism as native to and dependent upon a

particular geographically defined ecosystem. Endemic organisms evolve in balance with their surroundings, with structures designed to take advantage of and serve the unique environmental circumstances. If the environment changes, existing structures may prove maladaptive to the new setting. Alternatively, the organism, because of how it evolved in response to its endemic environmental conditions, may prove resilient to novel environments and thrive far outside its endemic range.

In contrast to CBEEs, MNEs (which are for-profit firms) are not inextricably tied to a specific geopolitical region. Even enterprises that bear the name of a specific region would not typically be considered “endemic” organizations. Texas Instruments, for example, is not controlled by Texas and much of its production occurs beyond the borders of the state. Indeed, once domestic companies evolve into MNEs, their power increases due to their ability to locate in any number of states or nations. This does not hold true for CBEEs. Even though Texas A&M University has a campus in Qatar, it is endemic to Texas – it has no reasonable ability to significantly separate itself from the state.

Methods

A two-stage small-n case study design assessed the creation and organizational design of the CBEEs. First, we conducted a comparative case analysis to compare and contrast the development and organizational structures, looking for similarities in design and execution. A total of ten institutions with physical presences in multiple geo-political areas were used in this study (virtual presence was not considered in this phase of the study).

Once the cases were constructed, comparative analysis was used to look at how the organizations developed and operate. The comparative case analysis is limited in that it only allows for the development of descriptive inferences – that is the determination of how what is current happening. The descriptive inferences drawn from the comparative analysis were used in the second stage of the design to determine potential causation of the current structure (that is, what factors led to or influenced the organizational design of the CBEEs?). In the realm of social science, determination of causation is not absolute; however through appropriate measured described below, probabilistic casual determination can be achieved.

The second stage of the design uses process tracing activities to investigate possible. Process tracing is “a procedure for identifying steps in a causal process leading to the outcome of a given dependent variable in a particular historical context.” (George & Bennett, 2005). As Gerring (2007, p. 173). Notes, the “hallmark of process tracing...is that multiple types of evidences are employed for verification of a single inference—bits and pieces of this study that embody different units of analysis.” The advantage of process tracing in this study is that it allows for the development of long causal chains. It is unlikely that any one person or event will be the critical causal mechanism; rather, as with most social phenomena, the sequence of sufficient and necessary causal mechanisms must be determined.

Early Results

Our preliminary results suggest a distinctive structure is required for an educational organization to move into a non-endemic environment. Because higher education has pervasive links to political and geographic communities, the non-endemic activity must be segregated from the main organizational focus. This can be a literal or a cultural separation. For example, financial firewalls or unique governance and supervision of staff create distinctive accounting and reporting lines between the main location and the foreign branch. Mission differentiation or ad hoc operating procedures indicate the emergence of divergent cultures.

Further, an organization can exhibit a range of behaviors when acting in a non-endemic environment. These behaviors can be considered as a continuum from a center-periphery model (where the main campus is the central hub controlling all CBEE activity) to a globalized production model (where no organizational priority is given to any campus). Most cross-border activity will initially follow the center-periphery model. With successful experience, organizations will become more geographically distributed through nodal operations, and ultimately fully globalized.

The entry of an organization into a new environment triggers a policy response that lags the organizational change to the system. This is because non-endemic expansion is an “unanticipated development” in much the same way that private higher education has proven to be in much of the world (Levy, 2006). The regulatory environment, therefore, must also adapt to a new organizational entity with a unique operational focus. As the environment changes, the organization must change as well, forming a feedback loop that ultimately results in new equilibrium.

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