

Success Factors in a Comprehensive International Partnership: Lessons Learned from a Case Study of an Indo-American Collaboration

Cynthia L. Strittmatter,^{a,*} Prashanth N. Bharadwaj,^a and Robert C. Camp^a

^aIndiana University of Pennsylvania, USA

Abstract

This article thoroughly examines a specific case of a partnership between educational institutions in India and the United States with the help of in-depth interviews of key stakeholders in the program. The article outlines factors that are necessary ingredients for a collaborative program to succeed. The factors are classified as external, internal, financial, and intangible. The findings of the article can be used by administrators and faculty in the two countries as a road map while starting or growing a partnership. The paper also outlines the constraints and threats for a partnership such as this. Finally, there are suggestions for future research that can enhance the body of literature in this area. This research is of particular importance since both India and the United States are significant higher-education hubs and are the sources of a high level of educational partnership activity.

Abstrak

Artikel ini membahas sebuah kasus khusus mengenai kerjasama antara institusi pendidikan di India dan di Amerika. Data kajian ini diperoleh melalui wawancara (in-depth interview) dengan beberapa tokoh pemangku kepentingan program kerjasama tersebut. Pembahasan ini difokuskan pada faktor-faktor yang mempengaruhi keberhasilan program kerjasama ini. Faktor-faktor tersebut dikategorikan menjadi faktor internal, faktor eksternal, faktor finansial, dan faktor yang tidak tampak (intangible). Temuan kajian ini bermanfaat bagi para pengelola pendidikan di kedua negara sebagai peta jalan dalam membangun atau mengembangkan kerjasama yang sudah ada. Artikel ini juga membahas beberapa permasalahan dan hal-hal yang dapat mengancam program kerjasama seperti ini. Di bagian akhir, disajikan saran-saran bagi penelitian selanjutnya agar dapat memperkaya literatur pada bidang ini. Artikel ini sangat penting karena India dan Amerika merupakan pusat pendidikan tinggi dan merupakan sumber acuan kegiatan kerjasama pendidikan tinggi yang berkualitas.

Key Words: International Partnerships, Collaborative Programs, Higher Education, India, United States

Introduction

There are numerous challenges associated with entering into an international partnership in higher education, including the significant financial risks

involved. Whereas study abroad and basic exchange relationships are fairly risk free, more comprehensive partnership models typically involve greater financial investment and, therefore, greater risk. As more institutions explore alternative strategies for achieving internationalization goals and seek to enter into and expand international agreements, reviewing the actual experience of an existing partnership will give guidance to decision makers.

While US colleges have worked with institutions around the world for decades, the pace of international

* Corresponding author.

Address: 401 Eberly, 664 Pratt Drive, Indiana,
PA 15705, USA.

Email: clstritt@iup.edu.

partnership efforts has dramatically accelerated (van de Water et al. 2008). As world economies have become more and more entwined with globalization, so have the efforts between educational institutions. Higher education has a key role to play in educating its students to deal with the myriad of global issues, to resolve conflicts peacefully and to build bridges through international partnership programs. College graduates will need to be better prepared to live and work in a multicultural world by understanding world events and history, and by being exposed to other cultures and religions.

Institutions are responding to globalization with a variety of strategies to participate in the global arena. In an article that discusses study abroad and partnerships in higher education published in *The Chronicle of Higher Education*, John Burness remarks that

Colleges seem to be falling all over themselves trying to establish the right arrangements and structures for partnerships with institutions or governments in other countries, including the development of free-standing or branch campuses. (2009, 2)

International initiatives once focused on being a magnet by attracting outstanding scholars and students from other countries; current partnership models have been expanding as institutions develop various strategies and structures for achieving internationalization goals. International activities are more deliberate and comprehensive, and they have expanded in volume, scope and complexity.

While there are many opportunities associated with participating in the international partnerships arena, there are also responsibilities and the potential for high levels of risk. Significant amounts of planning and resource commitments are required to develop and sustain a successful program. Partnerships can succeed or fail depending on factors such as leadership, commitment level and expectations of, language and cultural differences, academic freedom perspectives that vary with political constraints, balance of exchanging students and faculty, health and safety issues, clarification of roles for the

institutions and individuals involved, and shifting priorities and goals (van de Water et al. 2008).

While international partnerships may result in new sources of revenue to an institution, there is evidence that partnerships can fail and negatively impact an institution's fiscal condition (Heffernan and Poole 2005). Institutions have lost hundreds of thousands of dollars and, in some cases, millions, from international operations as a result of inadequate administrative structures and deficient due diligence processes. While leaders may provide vision and support for globalization efforts, new types of business-related competencies are essential as an institution maneuvers through the fiscal nuances of an international venture.

A thorough understanding of the market, fiscal policies, revenue streams, resource requirements, roles and responsibilities, and fiscal processes is essential as an institution seeks to appropriately assess and mitigate risk, develop sound financial models, and ensure the assignment of appropriate levels of resources consistent with their internationalization goals.

This article involves the exploration of factors that are keys to the success of an international partnership in higher education based on a specific case. The partnership between the US and the Indian institutions in this case has been in place since 2003, and it pertains mainly to the business school. The US institution is a public institution, accredited by the Association to Advance Collegiate Schools of Business (AACSB-International) and the Middle States Commission on Higher Education. The 15,000 students are part of the High Undergraduate and Doctoral/Research University in the Carnegies Classifications. The business school is nearly 2,500 students strong, which includes about 300 students in the MBA, Executive MBA and international MBA programs. The Indian institution is a private institution of about 15,000 students predominantly in engineering, management, medicine and life sciences with engineering being the flag ship of the institution. The institution is accredited by the All India Council for Technical Education (AICTE) and by the National Board of Accreditation (NBA). The institution has been affiliated with a large university

system in the southern part of India but has recently gained government approval to become an independent degree-granting university.

The main goals of the US business school in this partnership were to expand its global reach, to enhance cross-cultural exposure for its students and faculty, and to generate a new funding stream. The Indian institution was interested in having a US partner, in providing an opportunity for Indian students to obtain an advanced degree from an accredited business school, and eventually in surplus revenue generation.

The predominant part of the collaboration is the delivery of MBA core courses in India by US faculty during the first year and the option of students continuing in India or coming to the US for their specializations during the second year. As a result of this collaboration, over 550 Indian students have received an MBA from the US institution and about 300 of them have utilized the option of studying in the US. Nearly 100 American students have traveled to India as exchange students. Over three dozen tenured and tenure track faculty from the US have taught in India and some of them have taught there more than seven times. In addition, numerous research collaborations between faculty members have been developed, visiting faculty programs have been strengthened, the partners have co-sponsored several academic conferences and student competitions, and both institutions gained significant recognition in each other's service regions.

This specific case is relevant and timely since it involves two countries that are significant in many respects. In the business education field, the US MBA has been sought after globally over the last half-a-century and the US continues to be the number one destination for students from all over the world. India, in the last two decades, has become an education hub for students from Africa, the Middle East and South and Southeast Asia, seeking high quality but low cost education. In addition, scores of US institutions are actively seeking partnership opportunities with Indian business schools since they see immense potential due to the huge youth population in India and due to the level of social and

cultural importance placed on higher education in the country. The authors hope that the experience outlined in this article, based on a decade of in-depth experience, as well as in-depth interviews of key stakeholders, will provide a good road map for universities and business schools in both the countries.

The article is organized as follows. Section 2 provides a comprehensive literature review; Section 3 outlines the research methodology; and Section 4 provides an overview of the findings and the last three sections provide the challenges for the future, implications for practice, and future research recommendations, respectively.

Literature Review

Globalization has been explored thoroughly as has been the broad role of higher education within it. However, globalization is frequently confused with internationalization (Daly 1999). While globalization refers to global economic integration, internationalization refers to the increasing importance of international relations, international alliances, and international trade between and among nations.

Qiang Zha (2003, 249) in "Internationalization of Higher Education: Towards a Conceptual Framework" indicates that the internationalization of higher education is one of the ways a country responds to globalization, yet at the same time respects the individuality of the nation. The key element of internationalization is the concept "between and among nations and cultural identities." Each country has a unique history, indigenous culture(s), range of resources, and varied priorities. The internationalization of higher education involves integrating an international/intercultural dimension into the three primary functions of an institution including teaching, research and service.

Barbara Tedrow and Reitumetse Obaken Mabokeya (2007, 164), in their analysis of international programs, indicate that academe has a unique place in globalization. As globalization shapes institutional change it also frames academic partnerships. International academic partnerships provide higher education institutions opportunities to become "actors in the global arena."

In an effort to become actors in this arena, institutions have a number of more specific rationales for integrating an international dimension into their university. Zha (2003) reviews the work of several authors who cluster rationales for internationalization.

Approaches to Internationalization

There are various approaches that institutional leadership can take in the promotion and implementation of their internationalization efforts. Common typologies, which do overlap, include: the activity approach, the competency approach, the ethos approach, and the process approach (Zha 2003).

The “activity approach” involves individual activities such as student/faculty exchange, study abroad, curriculum development, and technical support to foreign countries (Zha 2003, 250-251). Consistent with the “international education” efforts in the 1970s and 1980s, this approach considers each individual initiative as a distinct activity. There is little or no relationship, impact, or synergy achieved through multiple activities because the activities are not integrated. Activities are viewed as fragmented and uncoordinated.

Zha (2003) indicates that the “competency approach” emphasizes the importance of the development of skills, knowledge, attitudes and values in students, faculty, and staff. Central to this is the desire to transfer knowledge, develop competencies, and create more internationally-knowledgeable and inter-culturally skilled personnel. While this approach has value as it relates to addressing the demands and concerns of the labor market, some argue for further research to identify which competencies provide students with the skills to be successful in both the national and international arenas.

The “ethos approach” emphasizes the creation of a culture in which international and intercultural perspectives are valued and supported (Zha 2003). This approach suggests that an international dimension is fundamental to the definition of any higher education institution. The creation of a climate that supports a particular set of goals and principles serves as a foundation for the ethos approach. In his article on diversity, Lee Bollinger (President of Columbia

University) supports the ethos approach when he emphasizes the importance of an international dimension in higher education in his statement that “in educating college students for the world they will inhabit, it is necessary to bring people together from diverse parts of society and to educate them in that context...far from being optional or merely enriching, it is the very essence of what we mean by liberal or humanistic education” (van de Water et al. 2008, 1).

The “process approach” to internationalization of higher education is one in which an international dimension is integrated into teaching, research and service. Different from the “activity” approach, which is fragmented and spotty, this approach involves a wide range of policies, activities and procedures that incorporate internationalization into the institution. Jeffrey Riedinger, dean of international studies and programs at Michigan State, for example, indicates that “We need to change how we do business, so in some countries we do it in a holistic way...We are not living in neat college disciplines” (Hebel 2007, 4). Institutions, such as Michigan State, are taking multi-layered approaches to their overseas partnerships that span research, service, and teaching activities. Zha (2003), in calling for a broader definition of internationalization, supports the process approach by saying that internationalization needs to embrace the entire functioning of higher education and not merely a dimension or aspect of it, not merely the actions of a few individuals within an institution.

International Partnership Activities

Cross-cultural understanding is critical. In a *Chronicle of Higher Education* article that discusses study abroad and partnerships in higher education, John Burness (2007) remarks that “Colleges seem to be falling all over themselves trying to establish the right arrangements and structures for partnerships with institutions or governments in other countries, including the development of free-standing or branch campuses.” Where international initiatives once focused on being a magnet by attracting outstanding scholars and students from other countries,

partnership models have been expanding as institutions develop various strategies and structures for achieving internationalization goals. International activities are more deliberate and comprehensive. They have expanded in volume, scope and complexity.

Jack van de Water, Madeleine Green and Kimberly Koch in *International Partnerships: Guidelines for Colleges and Universities* (2008) identify a comprehensive, and yet still partial list of potential activities for international partnerships such as: (a) one or two-way movement of students who study in other countries for a full academic year, one semester, or shortened stay; (b) two-plus-two programs in which students start at their home institution and then finish at a US institution (earning degrees at both); (c) short-term study abroad programs for students from the US partner to attend class in the US; (d) delivery of US courses, degree programs, or certificates abroad in cooperation with a partner institution; (e) joint or coordinated degrees, enrolling students from the US and the partner institution(s) and requiring coursework at both or all institutions; (f) exchange of faculty for guest teaching, either entire courses or parts of a course; (g) online teaching between partners; (h) faculty collaboration for research; (i) faculty development activities such as workshops and video conferencing; (j) jointly-sponsored conferences; (k) sharing library resources; (l) educational tours for alumni and stakeholder groups; and (m) using the partnership to collaborate with outside organizations, development commissions and businesses. The case in point in this article is a comprehensive partnership that encompasses almost the entire spectrum of activities outlined above.

Partnering with India

Historically, Pawan Agarwal (2007), a member of the Indian Council for Research in International Economic Relations, indicates that the foundation for modern higher education in India was laid by the British colonial regime and focused on serving the economic, political, and administrative interests of the British. Curriculum emphasis was on the languages and humanities, as opposed to science and

technology. Agarwal's historical overview is helpful in understanding how the Indian higher education system evolved. During the 1960s and 1970s a few institutions were established for professional education (primarily for engineering education) such as institutes of management, regional engineering colleges, and institutes of technology. Entry into these institutions, which were ranked as some of the best in the world, was highly competitive and enrollment was extremely limited. The Indian government, anxious to be viewed as a welfare state, began establishing universities and taking over the financial responsibility of running private institutions. Along with this public funding came considerable regulation, reduced autonomy and lower standards. The result was the nationalization of private higher education and a major blow to community-led private education initiatives.

The post-1980 phase saw a growing demand for quality education in relationship to globalization and the needs of business and industry (Agarwal, 2007). The Indian government lacked sufficient funds to operate existing institutions and to respond to the needs of the middle class who could now afford higher education. The government generated funds by charging tuition to self-fund education, and expanded distance learning options to reach a larger audience. Despite government reluctance, private institutions began to proliferate and pick up the slack and to take advantage of the untapped market. Government controls continued over both public and private institutions, partly to ensure standards and curb possible exploitation of the students.

In 2004, India's 300 some public universities were serving 9.3 million students, or approximately 7 percent of the college-age population (Neelakantan 2004). The goal was to increase the college rate to 10 percent by 2007. The Indian public higher education system was already overwhelmed, and the cash-strapped government could not afford to expand the system further. While there were many institutes of excellence, the real problem was that there simply weren't enough of them for a country of one billion people. Many Indian educators believed that the private sector was the solution to fill the gap. Unfortunately, up to that point, the

laws that permitted the creation of private universities had loosely-written regulations and lacked oversight, allowed dozens of storefront universities to flourish, and tainted the few legitimate educational institutions that were established. The laws passed in cities, such as Chhattisgarh, made it legal for anyone to set up shop, placed no limits on the number of universities, and had no monitoring agency. Legitimate universities, both domestic and foreign, who wanted to set up programs in India were hindered by the lack of a clear plan or approach for development in the private higher-education sector.

While the government has since enacted stricter legislation, the story of the rise and fall of many private, fly-by-night universities, demonstrates the size and complexity of the issue (Neelakantan 2004). Foreign universities were still trying to determine how to get into the country, but struggled with India having one of the most complicated and burdensome government bureaucracies in the world. Several institutions left, frustrated with the regulatory climate for non-Indian universities.

There is a significant difference between tuition charges at public institutions versus private institutions (Neelakantan 2004). For example, the private Western International institution could charge US\$2,000 per year, while the prestigious public University of Delhi charged less than US\$200 per year. On the other hand, the difference between attending an American institution versus one in India is significant. For example, international students attending the American campus of Michigan Technological University's (MTU) Center for International Education pay an estimated US\$26,000 per year compared to only about US\$6,000 at MTU's New Delhi campus. The benefits for Michigan Tech include the ability to generate revenue, to hire more qualified faculty members and to improve its research capacity.

By 2007, 11 percent of India's 18-to-23-year-old population was enrolled in higher education, and with India's key role in the global knowledge economy, there was a push to increase this to at least 20 percent (Argawal 2007). Post-1980 enrollments in engineering, technology, medicine, teacher

education, computer applications and management (post graduate) began to rise in response to the job market. There was concern for those graduates who learned that their college education had not prepared them to find employment or earn a living due to a tight labor market. The mismatch between students seeking employment in the industrialized sector in a country whose economy is largely agrarian became even more profound.

Shailanja Neelakantan (2008) reported that because of heavy government regulations and restrictions pertaining to higher education in India, foreign providers are unable to easily set up shop. Most foreign institutions avoided major partnership initiatives with India and limited their relationships to joint research programs and basic student and faculty exchanges. While foreign providers wanted to enter India's lucrative higher-education market, Indian academics and government officials did not want foreign institutions to have autonomy. A major concern of foreign institutions is having the ability to have sufficient autonomy, maintain standards and protect their brand.

Interestingly enough, since the early 1990's when India began its market reforms, it rolled out the red carpet for American corporations such as Coca-Cola, General Motors, and Citibank (Neelakantan 2008). Foreign direct investment was nearly US\$16 billion in 2007. Corporations were welcome but foreign universities were not. The Indian government will not permit foreign universities to create a legally-recognized degree program in India. Nobody disputes that the country's higher-education system needs help, nor do they deny that some of the foreign universities interested in establishing campuses in India are among the top institutions in the world. Some indicate that inequalities will be exacerbated if foreign players enter the Indian market, suggesting that only a small segment of society and students will really benefit. Fees will be so high, and most will not be able to afford the cost. Others argue that the students who can afford to go abroad are seceding from the system since 160,000 Indian students study abroad and take their US\$4 billion elsewhere in the world.

Proposed legislation that permits foreign providers calls for strict regulatory controls (Neelakantan 2008). The University Grants Commission could grant or take away university status, could conduct inspections at any time, and would require the institution to retain US\$2.5 million in a reserve account in India. Institutions, the bill suggests, would be required to reinvest their profits into their operations in India.

Recognizing that establishing stand-alone campuses in India was considered risky, complicated and expensive, some institutions entered into “twinning arrangements” whereby Indian students can study at home for the first part of the program and then travel to the partner institution to finish their coursework and earn a foreign degree (Neelakantan 2008). The US had more twinning arrangements (66) than any other country. These twinning arrangements are primarily with local, mostly unaccredited private institutions. These types of arrangements are believed to result in the least amount of risk for the foreign university and offer the most income as partners share in tuition revenue for the part of the program that is taught in India. The foreign institution keeps all tuition revenue when the students are on their campus. Faculty members from India teach a curriculum provided by the foreign institution. The fee structure is quite low for students while they are studying in India, significantly less than it would be had they taken all classes at the foreign institution. For an institution to set up shop in India, with its own faculty, they would have to need to charge US\$10,000 to US\$15,000 in fees. Most Indians can afford this.

The local institutions in India were believed to be circumventing government regulations to participate in “twinning” and other partnerships by calling themselves institutes, academies, schools and foundations (Neelakantan 2008). They offered diplomas instead of degrees to avoid governmental restrictions. Regardless of the type of partnership, unregulated Indian institutions were not left to their own devices in ensuring the quality of the programs. Most twinning programs, for example, are closely monitored and require an extensive amount of time and commitment on the part of the American

institution. There have been numerous challenges associated with these collaborations, including differences between the institutions’ performance assessment approaches, emphasis on laboratory work and cultural norms.

As it relates to America’s push to get involved in Indian education, Gary Schuster, Georgia Tech’s provost, noted that “We want to be invited [there]” (Neelakantan 2008). He emphasized that the US institutions do not want to be seen as colonists or invaders. They want to comply with the laws of India and the US in order to partner in international education. The struggle seems to be primarily an issue of control. Foreign institutions insist on autonomy and ability to maintain their standards, while protecting their brands. On the other hand, the Indian government also insists on control and oversight.

Over the past few years, higher education in India has received a lot of attention for several reasons including that the country’s weak higher education system has been blamed for skills shortages in high need areas; reservation quotas, for example, have become a highly divisive issue. The country is unable to sustain growth momentum and maintain competitiveness under existing regulations, and there is a huge gap between the demand for higher education and the availability of providers (Agarwal 2009). In response to these concerns, and with the goal of engaging its huge pool of human resources to become a leader in the rapidly-expanding sectors of services and highly skilled manufacturing, many steps have been taken to revamp the higher education system. The National Knowledge Commission (NKC) examined the higher education sector and made several important recommendations. While the plan has many good components, it is criticized for being disconnected, having some initiatives that appear to be at cross-purposes with each other, and for being based on the views of various individuals as opposed to being supported by data and research.

In an article regarding what recent moves in India could mean for the American higher education system, Shailaja Neelakantan and Karin Fischer (2009) indicate that Kapil Sibal, India’s new higher education minister, may do what Indians have long hoped for and many Americans have wished: “shake up

India's dysfunctional higher-education system and open up India to foreign universities." Sibal has worked to establish lines of communication with the US and promised to push through a bill that would permit foreign universities to set up campuses in India. He also suggested that he would replace India's multiple higher education regulators with a single agency.

American institutions, however, aren't sure what the future is for them in India (Neelakantan and Fischer 2009). Champlain College has had a campus in Mumbai since 2001 and applied for accreditation from the All India Council for Technical Education in 2007. Two years later, they were still waiting. Yale University has had long-standing relationships with institutions in China due to its national higher-education strategy and a level of ease with partner institutions. It is less certain of its success in India because it is so decentralized; each institution has its own priorities and approaches, there is no cohesive approach, and it is difficult to adapt when the ground rules are unclear.

Speaking at the Hindustan Times Leadership Summit in June 2010, higher education minister Sibal reminded the group of the goal that by 2020 there would be 45 million students in their country who would go to college as opposed to the 14 million now ("Sibal Bats for Higher Education" 2010). He recognized that support for higher education was vital for the future of the country, would create human resources at the university level and could create added wealth for the country. Sibal called for more private sector investment in higher education, but emphasized the importance of quality and standards.

The signs are positive as India's first single-party government in 20 years is permitting the Congress Party to pursue reform that sets aside the politics of the past, aims to reduce governmental barriers to the higher education sector, allows foreign institutions into the Indian market, and seeks to simplify the daunting regulatory framework of the Indian system (Ruby 2010). Wanting more Indians to go to the college, many recognize that India simply can't afford to create the number of high-quality institutions to meet the demand. Beyond this, the quality of higher

education can't be increased without drawing upon international models and significant knowledge transfer. Sibal and other top officials recognize the value of foreign investment in Indian higher education.

Revenue enhancement alone can't be the reason for higher education institutions to establish a physical presence in India (Ruby 2010). Surplus revenues would be at stake as remittance to home would not be without risk or controversy. Institutions would enter into the Indian market to enhance their academic standing, intellectual prestige, and reputation. Campuses recognize that a presence in this market could contribute to the "three P's," namely the power to shape the market environment, access to some of the best scholarly minds and decision makers (people), and the financial resources that the host institutions can utilize (principal).

Ruby (2010, 2) suggests that there are a series of questions that an institution must consider before setting up shop in India, including: (a) Is there a population that wants this type of education? Can they afford it and meet the admissions standards?; (b) What is the scale and quality of future student demand?; (c) Are there alumni or family ties that can be a source of political or financial support?; (d) What faculty resources exist?; (e) Which institutions are already there? Will the market be crowded out by a few market leaders who will absorb all demand?; (f) What is the relationship between international expansion and mission (open, affordable, alignment with priorities of the legislature for state-supported colleges)?; and (g) What is the fit between American college traditions and values and India's culture and political landscape (such as religion and caste conflict with admission policies)?

Some see American ties with traditional locations, such as European universities, as "rainy-day" insurance (Ruby 2010). While valuable and enduring, these ties are "demographically and strategically dwarfed by the possibilities of Brazil, Indonesia, Russia, India and China" (Ruby 2010, 5). China has driven up quality by quickly scaling up its higher education sector, thus making foreign partnerships even more pressing for India.

Methodology

The authors of the article are from the US university. They are the assistant dean of the b-school, the collaboration's program director (who is originally from India and has over two decades of experience in US academe), and the dean of the b-school. Together, they are responsible for all major aspects of the partnership. This article is not only based on their decade-long experience in this partnership but also on comprehensive interviews with several individuals who have either been involved at some level with the partnership from its inception and/or have an understanding of policies and procedures related to the program. They included the chief executive officer and the dean of student affairs at the Indian institution, the associate vice chancellor for administration and finance from the state system's office of the US university. Also included from the US university were the vice president for administration and finance, the assistant director of financial operations, the dean of the business school, the assistant vice president for international education and global engagement, and five faculty members who have participated in the partnership at/near the inception of the partnership and continue to participate at the time of this study.

Findings and Analysis

The success factors for a strong international partnership, specifically between institutions in the US and India, are categorized into the following areas: (a) external factors: factors not pertaining to the two institutions; (b) internal factors: factors pertaining to one or both of the institutions; (c) financial factors: factors that are purely financial in nature; and (d) intangible factors: factors that are non-financial.

External Factors

The participants of this study identified a wide range of external factors that influence the creation, operation, and maintenance of an international partnership in higher education.

Particularly significant factors include:

1. the US university system's board policy that permitted the state universities to waive any fees (including tuition) for students whose direct instructional costs (faculty salaries and benefits) are funded by a grant or contract. The existence of this policy allowed the US university to move outside of the traditional tuition and fee structure and create a price structure for delivery of the MBA program in India that not only covered the direct cost of instruction, but covered all direct program costs and allowed for the partner to establish a competitive price in the region served;
2. the collective bargaining agreement between the faculty and the management at the university that determines the maximum compensation that a faculty member can earn from teaching in an international partnership program provides for a lucrative level of compensation for teaching that has ensured that faculty go back to India multiple times even after the initial novelty value had eroded. Some faculty have taught in India every year, and, in some core courses, there is significant competition among faculty for the teaching assignment;
3. the restrictions on the number of MBA students that the Indian institution was allowed to accept into their own MBA programs as mandated by the All Indian Council for Technical Education. Although the benefits of the program have expanded, one of the initial motivations for the Indian institution was enhancement of revenues;
4. changing demographics applicable to both institutions (the US university is dealing with the declining high school population and market saturation at the graduate level, whereas India has a severe shortage of seats in graduate programs);
5. declining public support for higher education in the US which is forcing institutions to pursue alternative revenue sources including those that can be earned from international programs;

6. close monitoring of exchange rates between the US dollar and the Indian rupee while negotiating the contract price that is fair to both institutions. The dollar-rupee ratio has varied from slightly below 1:40 to nearly 1:60; and
7. monitoring of and adherence to accreditation standards in both the countries.

Internal Factors

The participants of this study also identified a wide range of internal factors that influence the creation, operation, and maintenance of an international partnership in higher education.

Particularly significant factors include:

1. the supportive leadership, particularly of international initiatives, at both institutions;
2. the team-teaching model that has been utilized in the partnership program that has reduced the travel burden on individual faculty members. Each faculty member will be away from their home campus and family for half the time period as they would be if they taught the entire course. The fact that there are two concurrent cohorts in India (high enrollment) makes the compensation equivalent to teaching one full course making the model robust, convenient and desirable;
3. the ability of the partner institution to provide all academic infrastructure, promotion and branding, as well as local arrangements for housing, transportation and food to faculty at no expense to the US university or its faculty;
4. the creation of policies within each department in the US university that have served to determine how to distribute the opportunity for added compensation among eligible faculty;
5. the excess capacity at the graduate-level in the US for those students opting to come to the US for an MBA specialization in the second year. While the core courses at the US university are well enrolled, the specialization courses are not, giving room to serve the students from India without having to add any more capacity;

6. the curriculum process at the US university was highly streamlined and was open to innovative models. For example, instead of the typical transfer of a maximum of six graduate credits from another university, the US university allowed for up to 12 credits of transfer for just this program. This helped in making the model more cost-effective, by hiring well-qualified Indian faculty for up to 12 credits for a small fraction of the compensation of the US faculty; and
7. one of the most important internal factors is that the globalization aspect of education figured prominently in the mission of both institutions even before this partnership was initiated. Hence, the program was the result of a deliberate attempt by the leadership at both institutions to make it succeed.

Financial Factors

Financial Goals and Flexibility

It is important that the partners meet their financial goals while developing the partnership. As a public institution, it was essential for the US university to assume absolutely no financial risk. On the other hand, the Indian private institution could be more entrepreneurial in investing more upfront money for promotion and infrastructure, helping them to reap benefits in the long run. Each year, the only source of revenue to the US university is the contract revenue from its partner institution. It is essential to ensure that all revenues covered both direct instructional and direct programming costs. In order to minimize risk, the annual payment was established in dollars and transferred to the US before any major program costs are incurred by the US institution. The annual payment is a fixed amount and does not fluctuate with changes in enrollment. The US university does not incur any risk associated with fluctuations in the exchange rate during the year, and faculty contracts and flight arrangements are not processed until payment is received from India. On the other hand, the Indian institution takes the financial risk in agreeing to the

contract amount and also investing in promotional and branding costs, but stands to reap most of the benefits when the enrollment goes beyond initial expectations. However, all the negotiations each year are done in a collegial way, taking into account the internal and external factors, with mutual benefit as the goal of the financial contract.

Initial Investment

Because of the excess capacity in its facilities, the Indian institution was able to provide both teaching and housing accommodations for the program, in addition to assuming all costs associated with promotion, branding and recruitment. Both partners invested funds associated with travel during partnership exploration and negotiations.

Loyalty to the Partnership

The Indian institution incurred a loss in the first year (with only 20 students) since the contract amount it owed to the US university was more than the gross revenues for the entire program; however, the US university let the Indian partner make up the entire loss in the second year when the enrollment jumped to 96. This gesture sealed the trust in the partnership and enhanced the commitment level. Since year two of the program, the enrollments have been robust.

Expenditures

US faculty salaries account for nearly 70 percent of the program budget expenditures and are paid in accordance with the collective bargaining agreement. There is no latitude in the amount that can be paid to faculty, as the calculation is based solely on the number of students enrolled, the faculty base pay amount, the current tuition rate, the number of credits being taught, and the maximum allowed by the collective bargaining agreement. In order for this initiative to be successful, it is critical that faculty compensation be sufficient to incentivize faculty participation on both an initial and a recurring basis. With over half of the faculty in the college participating and most for multiple years, it is evident that compensation levels are viewed as sufficient.

The Indian institution has funded all program promotions, provides housing on-site, has both renovated and constructed facilities, funds support staff, and funds faculty expenses.

As it pertains to this particular partnership, adequate funding for program coordination on both sides is deemed to be imperative.

Indirect Costs

From a fiscal standpoint, the term “indirect costs” or “overhead” are those costs that are not readily identified with a particular grant or project. The US university’s state system board policy permits institutions to contract for delivery of a program as long as the direct costs of instruction are covered. The contract revenue earned from the partnership is sufficient to cover not only the direct instructional costs (faculty salary and benefits), but also all applicable university fees and all direct administrative costs of program delivery. In order to keep the program price competitive, academic leadership has not required an overhead charge to be applied to this partnership program, recognizing that the fee revenues support a number of offices across campus, including the operation of the registrar’s office, campus transportation services, the graduate school, the international affairs office, the health center, and the student activities area.

The dean of the business school maintained that it is critical for any institution to apply the marginal cost concept when considering the implementation of new initiatives, including those involving international partnerships. New initiatives involve additional costs but much of an institution’s overhead is unchanged. As a consequence, decisions involving the addition of one more student or taking on a whole new venture (program) should involve a comparison of the marginal increase in revenue versus the marginal increase in costs. If the marginal revenue equals or exceeds the marginal cost then the additional students or implementation of the new venture should proceed. In fact, if the marginal revenue exceeds the marginal costs, there will be some net revenue or surplus to contribute to the overhead

of the institution. The application of the marginal cost concept is particularly important at a time when budgets are tight and there is excess capacity in the classroom.

There are, of course, some costs that do increase with large groups of added international enrollments, particularly those related to recruitment, instruction, direct services, and travel.

There is often pressure on units to generate enough to cover the full average cost of program delivery, which includes overhead. But this overlooks the fact that any amount of marginal revenue over the marginal cost contributes to university overhead. If an institution insists that indirect costs be covered by the marginal revenue from a venture, it may make a particular initiative impossible from a financial standpoint.

From a non-financial standpoint, the research participants did identify indirect costs associated with establishment, delivery, and maintenance of a large partnership initiative. With all of the benefits of internationalization, there is the time commitment associated with curriculum development, scheduling, logistics, and program support.

Financial Incentives

From a university standpoint, many of those interviewed believe that the existence of a strong international emphasis on a campus contributes to the recruitment and retention of high quality students. Without an internationally diverse student population, high quality students (both international students and US students) would be less interested in the US university. As such, international partnerships can serve to enhance the enrollments and related revenue streams of the institution. The same applies to the partner institution, whose CEO indicated that it utilizes the existence of a highly successful international partnership for the delivery of a US accredited MBA program as a tool for recruiting students and for adding to the overall stature of the institution.

The issue of how to reward entrepreneurial activities, such as initiatives associated with international partnerships, was addressed by several individuals

interviewed. The administration from the business school indicated this was an entrepreneurial initiative that required significant commitment, energy, and time. It was their initial hope that the program would generate added funds for college operations to offset budget cuts and to further support special initiatives, including those related to internationalization efforts. Over the course of the partnership, surplus funds have been available for other purposes. The vice president for administration and finance cautioned, however, that we need to avoid having the perspective that any program (including this partnership) be considered a “cash cow” for any one area. All programs, he noted, should be seen as institutional programs as opposed to an individual college within the university doing its own thing irrespective of university needs and priorities. On the other hand, areas should be recognized and rewarded for their entrepreneurial initiatives at a sufficient enough level to encourage this type of activity.

From an operational standpoint, it is deemed critical to be able to compensate faculty at a level that provides adequate-to-lucrative compensation in order to incentivize faculty support and participation. The total faculty compensation for this program has incentivized faculty thus far and is higher than what faculty can earn for other alternative teaching opportunities. Faculty teaching on an overload basis during the academic year are paid at a rate of 10 percent of their three-year old base year salary (adjusted for any rank and step changes), and a faculty member teaching a summer course is paid at 7.5 percent of his/her eight-year old base year salary (adjusted for any rank and step changes). Teaching in this program provides for 12.5 percent of current annual salary of the faculty.

Contingency Funds

Given that the contract between the two institutions involved in the partnership calls for the annual calculation of the payment due based on the most current information (enrollments, tuition rates, base faculty compensation, benefit rates, and airfare), the annual budget can be established and the price set with a reasonable degree of accuracy. Regardless,

it is essential that a contingency fund be established to cover unforeseen expenditures. A recent example of this includes the costs associated with changing flight arrangements as one faculty member had to cancel his teaching assignment due to health reasons and another faculty member agreed to assume the instructional responsibilities.

Intangible Factors

Many of those interviewed stressed the fact that this was a “partnership.” As such, there should be mutual trust, commitment, cooperation, communication and understanding. Without this foundation, the partnership simply would not succeed. Both partners need to have clarity of expectations, must view the partnership as a win-win situation, and trust that neither partner was exploiting the other. In addition, the program needs to be financially viable for the two institutions, the reward for the faculty must be sufficient, teaching and housing facilities should be suitable, pricing needs to be competitive, and there should be certain unique aspects to the program so the students will see value in the program (such as instruction by US faculty, the delivery of an AACSB-accredited degree program, and the opportunity to study in the US). Leadership in both organizations is critical. Leaders must not only have a vision to advance internationalization on the campus, but must also have the ability to oversee the operational aspects of the program. The existence of a “champion” who also understands the systems on both continents and who is willing to work with all constituents is essential.

The agreement has to be flexible enough to allow appropriate responses to changing conditions and allow ongoing enhancements to the quality of the experiences of participants. The program would not have survived if partners were unwilling to adapt as the program evolved. As it pertains to the partnership, changes have been made in recruitment strategies, personnel, program delivery, program timing, facilities and technology, and support services.

The dean added that the creation of the partnership program is clearly consistent with the mission of the b-school. Projecting enough revenue to cover all of

the program costs is a necessary, but not sufficient condition for implementing such a program. The internal culture and level of staff and faculty interest and support within the college must be considered. In the US business school’s case, the faculty responded by developing curricula, team teaching (as needed), and even rotating instructional responsibilities. The dean added that while having a vision for such an initiative can come from an administrator or another individual, the support, execution and delivery by a large majority of the faculty (including the program coordinator) is what makes or breaks the partnership.

Challenges for the Future

The factors that could jeopardize this program include:

1. international partnership activity could be negatively impacted if the institutional leadership does not see the value of internationalization efforts and create policies that make the cost of partnership programs prohibitive;
2. that with increasing competition from US institutions, from other English speaking countries, and from non-English speaking countries (such as Germany, Sweden, and Finland) who are offering programs in English, the ability to differentiate oneself will be critical (particularly if higher and higher tuition rates are charged);
3. there is a trend towards changing institutional policies that increase the charge for overhead or siphon a greater share of any surplus from the colleges that pursue these partnership activities, thereby removing the incentive for faculty and administrators to spend time and effort on these initiatives or forcing the program into a non-competitive rate;
4. diminished interest by key players in administering the program;
5. political instability overseas, economic recession and inability of students to afford to study or travel abroad, and safety concerns were also identified as areas that could have an impact on this partnership and other such partnership initiatives;

6. the institution has to understand the capacity constraints involved in expanding these kinds of international and/or off-campus initiatives. There might not be enough faculty resources to meet all programming needs or faculty may be enticed to experience a new partnership opportunity in another region of the world; and
7. faculty also expressed concerns regarding the ability to continue meeting on-campus demands associated with instruction, service, research, and advising in relationship to their ability to continue with program participation.

For the Indian institution, there are two primary issues that could impact the future of the program:

1. the increase in the enrollment quota for in its own MBA program as mandated by the All Indian Council for Technical Education. At the time that this partnership started, the institution was capped on the number of MBA students that it could accept and sought to increase its “top line” by partnering with an institution that could help to address the demand. That quota has since been doubled and enrollments in its own program are more lucrative for the Indian partner; and
2. government regulations are changing in India regarding the ability of Indian institutions to partner with institutions from other countries. A bill is pending in parliament that seeks to regulate the entry and operation of foreign educational institutions seeking to impart higher education, including requirements associated with maintaining a minimal level corpus fund in the country.

Implications for Practice

As institutions of higher education explore alternative strategies for achieving internationalization goals and seek to enter into and expand international agreements, a review of actual experiences and financial strategies of an existing partnership will give guidance to decision makers. There are numerous challenges associated with entering into an in-

ternational partnership in higher education. Whereas study abroad and basic exchange relationships are fairly risk-free, more comprehensive partnership models typically involve greater financial investment and, therefore, greater risk.

Extensive feedback obtained from those interviewed for this research study sheds light on the wide range of external, internal, financial and intangible factors associated with establishing, operating, and maintaining an international partnership in higher education. The details obtained will provide valuable insight to institutions considering the start or expansion of an international partnership initiative.

Some aspects of this study are unique to US public institutions; however, the large majority of information obtained will be valuable to any institution seeking to expand international activity. Each type of institution has its own structure, stakeholders, and policies, and yet all institutions must work to ensure fiscal solvency and integrity.

Individuals exploring expanded partnership activity should benefit from this study as it demonstrates that while the vision for internationalization can come from an administrator or some other individual, the vision is essential, but not sufficient. Success will require the: (a) identification of a partner that shares common values associated with the priorities for the program and the importance of collaborative decision-making; (b) the existence of program champions on both sides of the partnership; (c) the creation of well thought-out financial agreements and models that minimize the financial risk for both parties; and (d) the support, execution and delivery by a large majority of the faculty.

Further Research

As discussed in the literature, from an economic standpoint, internationalization of higher education contributes to the development of skilled human resources necessary for competing in the international arena. Graduates from other countries are viewed as critical to future trade relations (Zha 2003). A relatively recent economic motivation for international partnership activity is “higher education as a global

business” (van de Water et al. 2008). While most partnerships serve the traditional higher education purposes of teaching, research and service, the rise of entrepreneurial activities, which may generate new revenues for the campus, has increased over the past decade. Institutions are now competing for international students to come to the United States and are exploring programs abroad through partnerships and/or branch campuses that may serve as new revenue streams.

This study revealed policies and priorities that were key factors in the ability of the partnership between two specific institutions. In this regard, the following two areas are recommended for further research: policies and case studies.

As institutions across the US are competing for international students, it would be valuable to learn about the fiscal policies of other state systems of higher education that apply to internationalization initiatives. A review of those policies pertaining to tuition, fees, contracting, alternative pricing options, and performance funding would benefit institutions seeking to enter into or expand international partnership activity.

A case study involving the identification of several institutions that have set up delivery systems at international sites has since closed. What factors contributed to their failure?

References

- Agarwal, Pawan. 2009. *Indian Higher Education: Envisioning the Future*. Thousand Oaks, CA: Sage Publications.
- Burness, John F. 2009. “Study Abroad Is Often Not All It Should Be.” *The Chronicle of Higher Education*, September 25.
- Daly, Herman E. 1999. “Globalization Versus Internationalization.” *Global Policy Forum*. Available online at: <http://www.globalpolicy.org/component/content/article/162/27995.html>; accessed 20 February 2010.
- Hebel, Sara. 2007. “Thinking Locally, Acting Globally.” *The Chronicle of Higher Education*, June 29.
- Hefferman, Troy, and David Poole. 2005. “In Search of ‘the Vibe’: Creating Effective International Education Partnerships.” *Higher Education* 50 (1): 224-245.
- Neelakantan, Shailaja. 2008. “In India: No Foreign Colleges Need Apply.” *The Chronicle of Higher Education*, February 8.
- Neelakantan, Shailaja. 2004. “India Struggles to Meet Demand for Higher Education.” *The Chronicle of Higher Education*, June 18.
- Neelakantan, Shailaja, and Karen Fischer. 2009. “What Recent Moves in India Could Mean for American Higher Education.” *The Chronicle of Higher Education*, June 18.
- Ruby, Alan. 2010. “India Is Opening Up. What Should American Colleges Do About It?” *The Chronicle of Higher Education*, January 24.
- “Sibal Bats for Higher Education.” 2010. *The Asian Age*. Available online at: <http://www.asianage.com/india/sibal-bats-higher-education-117>; accessed 21 November 2010.
- Tedrow, Barbara M., and Reitumetse Obakeng Mabokela. 2007. “An Analysis of International Partnership Programs: The Case of an Historically Disadvantaged Institution in South Africa.” *Higher Education* 54 (2): 159-179.
- van de Water, Jack, Madeline Green, and Kim Koch, eds. 2008. *International Partnerships: Guidelines for Colleges and Universities*. Washington, DC: American Council on Education.
- Zha, Qiang. 2003. “Internationalization of Higher Education Towards a Conceptual Framework.” *Policy Futures in Education* 1 (1): 248-270.