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Ethical issues in transnational higher education: the case of international branch campuses

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Abstract
The establishment of an international branch campus can impact upon a diverse range of stakeholders in both home and host countries. Many of the arguments against international branch campuses are based on ethical issues, such as the lack of academic freedom and civil liberties in host countries. Ignoring ethical issues may deny institutions the achievement of legitimacy, which can result in financial losses and reputational damage. Thus, the purpose of this article is to identify the ethical issues that higher education managers should recognise and address when considering the establishment of an international branch campus. A framework based on analysing how home and host country stakeholders might be impacted by the establishment of an international branch campus – and how they might influence higher education institutions – is proposed. It was found that institutions which are flexible, quick to learn, and possess the dynamic capabilities necessary to drive organisational change might be the institutions that have the greatest chance of success in foreign markets. Given that at the start of 2015, at least 24 new international branch campuses were planned or in the process of being built, it is concluded that higher education institutions will have to continue treading the thin line between trying to fit in with their host cultures while simultaneously trying to achieve academic freedom and improve local social, political, and legal conditions.

Keywords: transnational higher education; international branch campuses; higher education strategy; international expansion; ethical issues; higher education commodification

Introduction

Globalisation may be considered as the economic, political, and societal forces that have pushed higher education institutions toward greater international involvement (Altbach and Knight 2007). During the last two decades, many developing countries have declared their intention to become knowledge societies, where economic growth is driven by knowledge products and highly educated and skilled workforces. In response to the forces of globalisation, higher education institutions have developed and implemented a range of internationalisation policies and strategies. These strategies have included engaging in cross-border collaborative arrangements, developing programmes that are delivered in English, and establishing branch campuses in foreign countries.

Traditionally, higher education internationalisation has involved student mobility, with students generally moving from less to more developed nations, typically in an east-west or south-north direction. Since the turn of the century, in addition to international student mobility, transnational education has increased, as more institutions and programmes have crossed borders. The term 'transnational education' refers to the situation where the students taking an educational programme are located in a country other than the one in which the awarding institution is based (McBurnie and Ziguras 2007). Although, transnational education may be delivered through distance education or partner-supported delivery, it is the international branch campus that is the most visible form of transnational education provision. International branch campuses have received considerable attention from researchers, but to date no study has focused on the ethical issues associated with this form of transnational higher education.

Transnational education often involves foreign direct investment (FDI). Higher education institutions engage in FDI by directly investing in, controlling and managing value-added activities in other countries (Peng and Meyer 2011, 6). FDI includes joint ventures, as equity stakes in foreign-based organisations as low as 10% are still regarded as FDI (United Nations 2009). Ownership structures in transnational higher education are complex and typically shrouded in secrecy; often, it is state-controlled or private organisations based in the host country that own the infrastructure and land upon which international branch campuses are constructed.

Many developing countries have higher education systems that lack capacity and/or quality. In order to improve access to higher education, the Organisation for Economic Co-operation and Development (OECD) and the World Bank have both advised small and low income countries to import tertiary education (Scherrer 2005). Importing higher education allows countries to diversify their tertiary education systems and to increase participation rates at no or minimal cost (World Bank 2002, 117). Transnational education has also been promoted by the World Trade Organisation (WTO) and the General Agreement on Trade in Services (GATS) (Van Vught et al. 2002). The GATS aim to increase the global trade in services by prohibiting the barriers that restrict trade and FDI, such as legislation, taxation, and professional standards. All members of the WTO are signatories to the GATS.

There now exists a wide held view that higher education is a tradable commodity that can be sold internationally, and this view has promoted the growth of transnational education, and notably the establishment of international branch campuses. Wilkins and Huisman (2012, 628) define an international branch campus as “an educational facility owned, at least in part, by a foreign institution, which operates under the name of the foreign institution, where students receive face-to face instruction to achieve a qualification bearing the name of the foreign institution.” As Knight (2015) observes, there now exist various hybrid versions of international branch campuses, which do not comply with all parts of this definition. At the start of 2015, there were 231 international branch campuses operating globally (C-BERT 2015).

The establishment of an international branch campus can impact upon a diverse range of stakeholders in both home and host countries. Some of these stakeholders are opposed to international branch campuses based on fundamental principles (such as opposition to the commodification of higher education), while others have concerns over specific aspects of the ways in which these campuses operate (such as forcing students to study curricula that have little relevance in host countries). Allen (1988) defines stakeholders as the individuals or groups of individuals who may gain or lose from an organisation’s activities. Jongbloed et al. (2008) suggest that students and the government are the key stakeholders in higher education.

Many of the arguments against international branch campuses are based on ethical issues. The term ‘ethics’ refers to the principles, standards and norms of conduct that govern individual and organisational behaviour (Peng and Meyer 2011, 82). Managing ethics is a challenging task for any organisation that operates internationally, because different stakeholders hold different views on what is, or is not, ethical; what is ethical in one country may be unethical elsewhere. For example, host country students, lecturers and governments might welcome the establishment of an international branch campus, while home campus students and lecturers might oppose expansion into a country that they consider undemocratic. Ignoring ethical issues may deny institutions the achievement of legitimacy, which can result in financial losses and reputational damage.

Suchman (1995, 574) defines legitimacy as “a generalised perception or assumption that the actions of an entity are desirable, proper, or appropriate within some socially constructed system of norms, values, beliefs, and definitions.” Achieving legitimacy in both home and host countries is necessary if an international branch campus is to be successful. This is not easy to achieve and since the mid 1990s, 10% of the international branch campuses that were established have failed (Lane and Kinser 2014). Farrugia and Lane (2013) argue that international branch campuses typically embrace a global identity to legitimise themselves to both home and host country stakeholders.

The purpose of this article is to identify the ethical issues that higher education managers should recognise and address when considering the establishment of an international branch campus. A framework based on analysing how home and host country stakeholders might be impacted by the establishment of an international branch campus – and how they might influence higher education institutions – is proposed. The framework derives from empirical evidence that was the product of a rigorous search of the literature and other secondary sources, which include institutional publications, trade journals, and the published data of government and specialist research organisations.

The triangulation of data between multiple sources ensured the accuracy of the data collected, for example, by comparing the data published by individual institutions and host country governments. Literature searches were limited to the last 15 years (i.e., after 2000), as there was minimal branch campus activity before this date (Wilkins and Huisman 2012). Thematic analysis was used to identify relevant themes for analysis. These are associated with the different stakeholders who are impacted by the decision to establish an international branch campus, or by the way it is run, and the stakeholders who may influence the higher education institutions that already own, or plan to open, international branch campuses.

The stakeholders that featured strongly in the data are: educational institutions; home country students; home country staff; host country students; host country staff; host country employers; host country regulatory bodies and Ministries of Higher Education; and host country societies. It should be noted that parents are also important stakeholders in transnational higher education since it is often they who choose the institution at which their children will study and they generally pay the tuition fees (Bodycott 2009; Gatfield and Chen 2006; Wilkins et al. 2012b). However, the attitudes, interests, and opinions of parents were found to be largely aligned with those of students studying at the international branch campuses, and as students are the primary consumers in transnational education, it is they that are focused on in the analysis that follows.

The following two sections provide concise overviews of ethics in international business and higher education as a global commodity. Then, the interactions between international branch campuses and home/host country stakeholders are discussed, as well as the impacts on the institutions themselves. Finally, the article ends with a discussion and conclusion that summarises the key findings and arguments, discusses possible strategies and actions for institutions, and identifies some of the institutional attributes needed for success.

Ethics in international business

Earning profit is a key motive of many institutions that established international branch campuses (Altbach and Knight 2007; Wilkins and Huisman 2012). Some institutions that are designated as public and not-for-profit in their home countries become profit-seeking private entities when they expand abroad (Scherrer 2005). The ethical considerations which apply to companies that expand abroad apply equally to higher education institutions. That said, it should be acknowledged that higher education institutions typically have a broader set of objectives, which might include enhancing research and knowledge capacity, increasing cultural understanding, and contributing to the economic development of middle-income countries (Knight 2006). A study conducted by Wilkins and Urbanovič (2014) that examined the motives of seven institutions for establishing an international branch campus concluded that they were primarily altruistic, as the institutions specifically sought to enhance the welfare of others, at individual and country levels.

When a higher education institution establishes an international branch campus, it can bring to the host country wealth, knowledge, skills, employment and, often, also professional and social values. Blomström and Kokko (1996) observed that foreign organisations often exert influence on the economic, social, and political spheres of host countries. However, organisations can perceive a trade-off between making profit and being ethical, because ‘doing good’ for stakeholders or for the host country in general can cost money, time, and human effort (Paniagua and Sapena 2014).

Furthermore, managers often struggle to determine what decision or action is the 'right' one to follow, as the opinions of stakeholders, and norms in the home and host country, might differ. Thus, gaining legitimacy from one group of stakeholders can result in a loss of legitimacy in the eyes of others.

Managers can easily fail to appreciate the context and effects of ethical norms in a host country. To introduce policies or strategies that conflict with these norms can lead to a loss of legitimacy in the host country. There are two approaches that managers can adopt when managing operations abroad: first, they can follow the saying 'When in Rome, do as the Romans do', or second, they can maintain the belief that there is only one true and correct set of ethics, and these are the ethical values which are promoted in North America and Western Europe (Peng and Meyer 2011).

Higher education as a global commodity

Increasingly, higher education is considered as a commodity that can be sold in the global marketplace for profit rather than to satisfy social and cultural objectives as a public good (Naidoo 2003; Hill et al. 2014). Thus, most regions of the world have witnessed the commodification of higher education, whereby education is assigned a value when previously it was not considered in economic terms (Gibbs 2010). Acting like firms in the business world, higher education institutions have turned to marketing to help recruit more students (Wilkins and Huisman 2014).

It might not be ethical for institutions to use skilful branding and marketing to project an institutional image of high quality when quality is in fact considerably lower (Naidoo 2003), and when the branch campus product is incomparable with the home product in terms of course options, learning resources, and recreational facilities (Wilkins et al. 2012a). According to the Quality Assurance Agency (QAA), which is the independent body responsible for monitoring higher education standards and quality in the United Kingdom (UK), only two of the eleven British higher education institutions that operate in the United Arab Emirates (UAE) should be recognised as 'campuses' because the others lack scale and often consist of little more than a few offices and teaching rooms (QAA 2014).

There are some countries where education is still regarded as a public good and where there are no tuition fees for domestic students, for example, in the Scandinavian countries and in Germany. In countries such as these, it might be considered unethical to establish for-profit ventures abroad when higher education is free to students at home. Senior managers in German higher education institutions have claimed in the past that their inability to charge tuition fees has inhibited their ability to pursue entrepreneurial activities abroad (Van der Wende et al. 2005).

A few German institutions have established not-for-profit campuses abroad. For example, the Technical University of Berlin has a campus in Egypt that delivers graduate programmes in energy engineering, urban development and water engineering, in a non-profit public-private partnership. Non-profit ventures such as these typically gain the support of most stakeholders, but the following sections of this paper provide examples of potential negative impacts of international expansion on stakeholders and stakeholder opposition to the establishment of foreign campuses.

Home country stakeholders

International branch campuses can be staffed in a number of ways. At one extreme, the institutions implementing a low-cost model of operation can rely on faculty that are recruited locally in the host country, while at the other extreme, prestigious institutions are more likely to transfer professors from the home country campus on a fixed-term basis, or fly in lecturers from the home campus for short, intensive periods of teaching, typically for periods lasting between one week and one month (Wilkins 2010). Academic staff are often reluctant to leave the home country campus for an international branch campus for personal reasons.

Senior research active staff may not want to leave their research projects and teams, and it might be difficult for them to take their families, particularly if children are settled at local schools or if older family members are cared for. Also, junior faculty members may fear a lack of opportunity and support to develop their research skills, which could limit their future chances for promotion. However, staff may have many different reasons for not wanting to work abroad, including the fear of an alien culture; safety reasons; religious reasons; a less attractive climate; being away from friends and family at home; or simply the disruption caused by having to pack up personal possessions and start afresh somewhere new.

Both students and academic staff at home country campuses may reasonably argue that operating branch campuses abroad likely leads to 'brain drain', at least to some extent. International branch campuses can deprive the home campus of resources, to the detriment of student learning and experience at the home campus, as well as hinder research projects and study programme innovation (Wilkins and Huisman 2012). In 2013, Yale University staffed its campus in Singapore with 21 professors seconded from the home campus (Kamenetz 2013), which resulted in protests at the home campus involving both students and staff.

Home country stakeholders' opposition to the establishment of international branch campuses is not always based on self-interest. Both students and staff have expressed concerns over human rights issues and academic freedom in the countries that host international branch campuses. These issues are discussed in more detail in the next section. In countries such as China, Singapore, and the UAE, concerns have included academic freedom and the treatment of females, homosexuals, and construction workers that originate from poorer developing countries. Particularly in the United States (US) and UK, home country stakeholders have demonstrated their ability to influence institutional strategies related to international expansion. For example, various stakeholders exerted pressure on the University of Connecticut to abandon plans for a campus in Dubai because of the UAE's policies on Israel.

Host country stakeholders

International branch campuses have many stakeholders in host countries. The most important are students (and their parents), employers, host country governments, and host country societies in general. Previous research has found that students are motivated to study at international branch campuses because foreign universities often have a favourable image and reputation in host countries, which enhances students' employment prospects after graduation (Wilkins et al. 2012b; Wilkins and Huisman 2013). Often, however, rather than the attributes of any individual institution, it is national-level pull factors – such as shared cultural values, a safe environment, and lower cost of living – that motivate students to study at international branch campuses (Singh et al. 2014; Wilkins et al. 2012b).

English is the lingua franca in transnational higher education. All but a handful of international branch campuses globally deliver their programmes in English (Wilkins and Urbanovič 2014). A survey conducted in Malaysia by Cheong et al. (2015) found that employers ranked the language competence of graduates from international branch campuses higher than the graduates from public and private universities and colleges. Nevertheless, the employers perceived that the graduates from international branch campuses were of varying quality. In most of the countries that host international branch campuses, many students have insufficient competency in English to enrol on or complete degree programmes and this presents institutions with an ethical dilemma over quality (see, e.g., Wilkins 2010).

Healey (2015a) identifies quality assurance as the key challenge in transnational education for universities, regulators and policy makers. Gerson (2010) reported that many professors in the UAE believe that their students have only average or below average ability in English, and as a result, many students are awarded higher grades than they deserve. When graduates do not possess the language skills needed to work effectively in the local labour market, the reputation of Western higher education institutions becomes damaged. As institutions from non-Anglophone countries enter the transnational education market, and deliver their programmes in English, there are wide held fears that faculty as well as students might lack the necessary language proficiency (Wilkins and Urbanovič 2014).

Stakeholders in host countries need to trust foreign higher education providers in order to build and maintain effective relationships, and this requires perceived benevolence, shared values, compromise, and effective communication (Hill et al. 2014; Kharouf et al. 2015). Determining the extent to which curricula are standardised or localised at international branch campuses presents another dilemma for institutions (Shams and Huisman 2011). On the one hand, students, parents and employers want branch campuses to deliver the same programmes that are delivered at home campuses, with the same quality standards, while on the other hand, these same stakeholders want programmes that are relevant and appropriate in the local business and social contexts. However, overprotection and adherence to foreign education models without adequate explanation or understanding of their merits or workings can lead to resentment and distrust among local stakeholders (Hill et al. 2014).

The McDonaldisation of higher education in international contexts is evident, with most countries around the world delivering similar programmes, and using similar managerial procedures and processes. While the burger may, arguably, travel reasonably well, Donn and Al Manthri (2010) claim that standardisation in transnational higher education may not benefit host countries educationally, socially, or economically. Naidoo (2007) observes that using 'off-the-shelf' standardised products or generic content produced at the home country campus can be an easy way to minimise costs, but that course content can sometimes be irrelevant or inappropriate in the host country.

Donn and Al Manthri (2010) argue that Western higher education institutions sell to developing countries, or countries with insufficient higher education capacity, products that are already sold in their own countries, but which are likely outdated or unsuitable in foreign contexts. This widens the wealth and knowledge gaps between higher education buyers and sellers, as the Western institutions gain revenues that they can then invest in research and innovation, while the buyers take a subservient role that discourages innovation and knowledge creation. Indeed, transnational education might be regarded as the twenty-first century coloniser, spreading providers' view of the world into other countries in the mistaken belief that they are actually helping people (Yang 2003).

International branch campuses can benefit host countries in a number of ways, including fulfilling labour market needs, addressing capacity shortages in higher education, and helping to develop knowledge-based economies. In countries with authoritarian rule or poor human rights records, stakeholders often expect higher education institutions to take responsibility for encouraging social and political development. It is often the stakeholders at the home campuses – notably students and academic staff – who put pressure on institutions to reject establishing campuses in undemocratic countries or in those that do not recognise human rights. If a campus is already operational, then these stakeholders will expect the institution to be proactive in promoting Western ethical values.

The dilemma facing institutions is whether or not they should operate in countries where academic freedom and civil liberties may not be at the standards expected in the home country. Management needs to consider whether establishing a campus in an autocratically-ruled country equates to support for that autocratic regime. The managers of Carnegie Mellon University may argue that their campus in Rwanda is an aid project that fulfils social objectives, and yet the institution has faced widespread criticism for supporting an autocratic government with a mixed record on civil liberties, including the suppression of free speech (Wilkins and Huisman 2012).

In 2014-15, New York University Abu Dhabi (NYUAD) was twice mentioned in the US and international media over ethical issues. First, in 2014, the media declared that workers at NYUAD's campus faced harsh conditions (Kaminer and O'Driscoll 2014). Some workers were working up to 12 hours a day, seven days a week, earning as little as US$272 a month; most had their passports confiscated by the contractor that directly employed them; and it was not unusual to find 15 men living in a room intended for four workers. Dissent is not tolerated in the UAE and when some workers went on strike, they were put in prison and beaten.

Then, in 2015, a NYU professor was barred from entering the UAE after his criticism of the exploitation of migrant construction workers in the UAE (Saul 2015). Both incidents were extremely damaging to NYU's image and reputation. A representative of the American Association of University Professors declared that the lack of freedom of speech permeates the entire (NYUAD) enterprise (Saul 2015). Staff employed at international branch campuses often perceive injustice in their places of work. Injustices include the lack of legal rights, lack of job security, and inequalities in pay and benefits among employees of different nationalities (Romanowski and Nasser 2015).

Altbach (2001) argues that academic freedom is at the very core of the mission of universities, and that it is essential to both effective teaching and research. However, host countries use both formal and informal means to control academic freedom. It is stated in the employment contracts of some senior academics in Malaysia that they will not say anything that would be offensive to the government (Wilkins 2015). In Malaysia and Singapore, it is known that research on ethnic conflict, certain religious issues, and local corruption is regarded by the government as inappropriate, especially if the research findings might raise questions about government policies (Altbach 2001). Even when control is not obvious at first, in countries such as Qatar and the UAE, professors quickly learn that certain topics or knowledge are unacceptable for research or inclusion in the curriculum (Romanowski and Nasser 2015). At many international branch campuses, academic staff with a sense of self-preservation self-censor and, in the classroom, they avoid talking about human rights, religion, or politics.

In some countries, the government places a great number of regulations, conditions, and checks on foreign institutions. In Malaysia, for example, entry qualifications and tuition fee levels must be approved by the Ministry of Higher Education, and programmes must be approved by the Malaysian Qualifications Agency, a rigorous process that took Newcastle University seven months for its Bachelor of Science programme (Dyson 2013). In Laos, a single-party authoritarian state, it is mandatory for foreign institutions to deliver political classes that satisfy the government's requirements. In Hong Kong, the Chinese government has interfered in senior appointment decisions, by opposing individuals who are not supportive of the Chinese government. It is clear that the policies and regulations imposed by a host country government will have a great impact on the operation of an international branch campus, but a host country government may have a set of interests and values that are quite different from the institution's home country government, which has the potential to create conflict, discomfort, and uncertainty.

Impact of expansion abroad on higher education institutions

Some higher education institutions have established international branch campuses to provide a new revenue stream at a time when government funding is flat or falling in real terms (Wilkins and Huisman 2012). To make a profit, some institutions have invested little in the branch campus infrastructure and they only offer low-cost courses such as business and information technology, for which there is relatively high demand (Wilkins 2010). Nevertheless, it is very difficult to make a profit from transnational higher education and most international branch campuses do not actually yield a profit (Wilkins 2015). For example, in 2013, more than half of the eight international branch campuses operating in Malaysia failed to make a profit (Tan 2015). To minimise costs at international branch campuses, faculty who are less qualified and with less experience are often recruited. It is even common for the managers of international branch campuses to have never had previous management experience at their home university (Healey 2015b). It can thus be argued that students at international branch campuses are not receiving the same study experience as students at the home country campus. The notion of equivalence between home and branch campuses is very central to the assessment of quality in transnational education (Smith 2010).

Although some home country governments have encouraged higher education institutions to expand abroad, the institutions are widely criticised for commodifying higher education and for trying to make a profit from it in developing countries or in countries with less developed higher education systems. However, rather than profit, many institutions are, in fact, motivated by the prestige and reputational benefits gained from their international presence, and the opportunity to create a global higher education brand. International branch campuses also provide a good source of graduate students. In the UK, 40% of international students who started undergraduate programmes in 2011-12 after taking a course delivered overseas by the same institution, or by a partner, had entered postgraduate study within two years (Havergal 2015a).

For higher education institutions that want to establish an international branch campus as part of their internationalisation strategy, the choice of country in which to locate is probably the most difficult decision to make. Institutions need to choose countries in which they will be welcomed by the host country government; where there is sufficient student demand; where the required resources can be obtained; where they will be able to achieve their financial objectives; and where stakeholders in both home and host countries will support rather than oppose them. Unfortunately, in some countries – notably China – the exact selection criteria used by the Ministry of Education to grant approval for the establishment of an international branch campus have never been explicitly stated or published (He 2015). The University of Central Lancashire's campus in Cyprus has been described by the United Nations as 'unauthorised' and 'a security worry', because it is constructed in the buffer zone that separates the Greek Cypriot and Turkish sides of the island (Morgan 2014). This has damaged the university's reputation and it has made it harder for the branch campus in Cyprus to gain legitimacy in the eyes of stakeholders.

Host country governments may not always act in ways that higher education institutions consider reasonable or ethical. In 2014, without warning, the Chinese government banned government officials and the managers of state owned businesses from accepting scholarships for Executive MBA programmes (Zhang 2014). Many business schools had offered government officials free enrolment because the presence of these officials attracted wealthy businessmen and entrepreneurs who were keen to develop networks. However, the government believed that management education was promoting networking (known locally as guanxi) that was prone to corruption, bribery, and rent-seeking. The government demanded that those already on Executive MBA programmes should withdraw immediately. Some business schools saw their enrolments on Executive MBA programmes decline by over 20% during 2014, which represented a significant loss of revenue given that many schools charged tuition fees exceeding US$90,000 (Zhang 2014).

In 2010, University College London (UCL) established a branch campus in Adelaide, as the South Australian regional government had a strategic plan to make the city a higher education hub. The government offered to provide US$3.5 million in support to UCL over seven years. A change of leadership in the regional government brought a change in attitude to higher education funding and a reduced commitment to the higher education hub idea. Expecting no, or substantially less, financial support from the South Australian government after 2017, UCL considered the financial risks too high and it decided to close its campus in Adelaide (Maslen 2015). In Qatar, the Qatar Foundation funded the establishment of eight international branch campuses at Education City, but since May 2011, these campuses have collectively become known as Hamad Bin Khalifa University (Wilkins and Huisman 2012). It is possible that at some time in the future, the Qatar Foundation might withdraw its financial support to the foreign institutions and instead nationalise and merge the campuses into one locally owned and controlled institution.

The choice of local partner is another key decision that must be made by institutions. Issues related to financial sustainability, academic credibility, and strategic direction are key considerations. Hill et al. (2014) argue that there must be an element of trust and both sides must be prepared for compromise in order to minimise the effects of tensions, which are inevitable in any partnership. In their research on UK-Malaysian partnerships, they found that the primary sources of tension were control over decision making with regard to setting tuition fee levels and the management of students, staff, and curricula, as well as quality assurance.

Wilkins and Urbanovič (2014) found that many institutions have altruistic motivations for establishing international branch campuses as they are primarily interested in enhancing the welfare of others, at country and individual levels. In 2013, Texas A&M University announced plans to open a campus in Nazareth, as the predominantly Arab population in this Israeli city is underrepresented in the nation's higher education. Texas A&M may have had good intentions in planning to establish this campus, but it was perhaps not ethical to announce its establishment before funds to build it had been secured, and given that Israel's legislation still effectively outlaws the branch campuses of foreign universities (Redden 2015). At the end of 2015, it was still not clear whether this campus would ever be built.

Some branch campuses have been established as a result of a host government's invitation and offer to fund all of the institution's set-up and on-going operating costs. For example, the Abu Dhabi government fully funds NYUAD and Paris-Sorbonne University Abu Dhabi. It might be questioned whether it is ethical for higher education institutions to accept such funding. Although these institutions have been promised academic and operational freedom, the Abu Dhabi government still sets student recruitment targets, including the proportion of study places that should be given to UAE nationals, as well as dictating other strategic objectives.

The findings presented in this article suggest a proposed framework to aid management decision making, which is based on analysing how home and host country stakeholders might be impacted by the establishment of an international branch campus, or by the way it is run, and how stakeholders might influence higher education institutions (see Figure 1). In adopting a systematic, data-driven approach to evaluating specific opportunities for international expansion, which incorporates detailed consideration of a range of ethical issues, it is likely that fewer international branch campus ventures will end in failure.

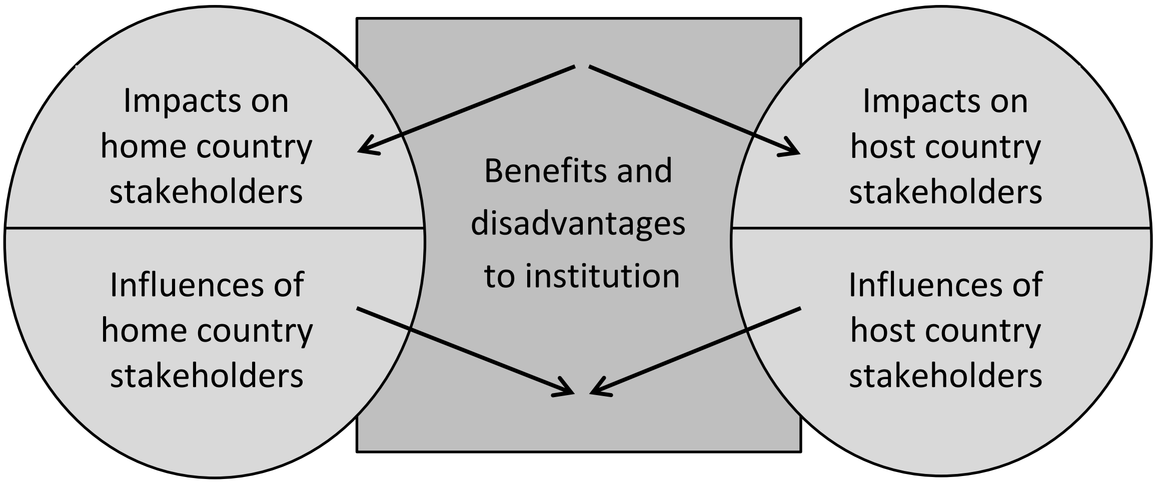

Figure 1. Analytical framework for consideration of ethical issues when evaluating opportunities to establish an international branch campus.

Discussion and conclusion

It was not until the start of the twenty first century that higher education institutions started opening international branch campuses on a larger scale. The establishment of international branch campuses has raised a plethora of ethical questions in both home and host countries. It seems that in many cases it is impossible for higher education institutions to simultaneously satisfy all stakeholders. Locating in a single-party authoritarian state might appear to be an offering support to authoritarian dictatorships, but to ignore such countries might deprive local people of a higher education and the local labour market of the necessary human skills needed to promote economic and social development.

Organisations that are less concerned about ethics and corporate social responsibilities might be more likely to invest in countries with authoritarian rule and a weak commitment to civil liberties. Nevertheless, ethics are judged by individuals, who are each influenced by their upbringing and the local social and cultural contexts. Academic freedom is something taken for granted and valued in most Western countries, but it is assumed by many people living in these countries to be a right that should be fostered and upheld in all countries. Host country governments that are accused of not upholding ethical ideals such as academic freedom could easily cite examples of hypocrisy in Western countries. For example, in 2014-15, a number of academic staff were suspended or dismissed at different UK universities for allegedly leaking information to the press or for criticising management (Hammersley 2015). In the US, in 2015, The National Collegiate Athletics Association erased wins by Syracuse University's basketball team and suspended the coach for nine games after it was discovered that an assistant coach had written a student's paper and professors were being coerced into changing a student's grade so that he could play in an important game (Ryan 2015).

International business theory suggests that organisations will avoid countries that do not have a code of ethics that is compatible with that of the home country, and that countries which lack predictable business rules and standards deter inward FDI (Asgary and Mitschow 2002; Davids 1999). With Western higher education institutions rushing to establish campuses in countries such as China and the UAE, it appears that higher education institutions have a relatively high tolerance for risk and uncertainty. However, this might be one of the main reasons why 10% of the international branch campuses that have been established since the mid-1990s have failed (Lane and Kinser 2014).

De George (1993) argues that organisations which operate internationally have a moral responsibility to contribute to activities that improve the quality of life of customers, employees, and society in general. However, because different countries have different work standards and laws, a moral dilemma is often created for organisations. The director of graduate programmes at the University of Nottingham's campus in Malaysia admitted that the issue of academic freedom at international branch campuses is a hugely complicated situation, but he argued that as a guest in the country there is a level of engagement one should adhere to, and that entering a country in an attempt to change that country raises ethical issues too (Jaschik 2013).

Bird and Smucker (2007) argue that sensitivity to local cultures and dialogue with local representatives are necessary first steps in enabling organisations to act in socially responsible ways in foreign countries. However, many students and staff at home campuses have used ethical arguments to put pressure on higher education institutions to abandon plans for establishing international branch campuses (Wilkins 2015). These home country stakeholders believe that it is wrong to establish operations in countries with poor human rights records, such as those where freedom of speech is not tolerated, and they discount the argument that Western higher education institutions might contribute to the economic and social development of these countries. As well as contributing to the building of research and knowledge capacity, international branch campuses can help individuals by providing programmes that develop the skills needed in the local labour market, and in many cases scholarships are offered to students who cannot afford the full tuition fee.

Most organisations have policies on a wide range of activities and issues – such as confidentiality, employee discrimination, and sustainability – but few have policies on things like the human rights violations that they might encounter in foreign countries. A number of organisations, such as Social Accountability and the Interfaith Center for Corporate Responsibility have created universally applicable benchmarks for responsible business practices, and the Caux Round Table and Global Reporting Initiative have established standards that are in line with these assumptions (Bird and Smucher 2007). These standards may be regarded as the rules that govern responsible competitive behaviour in multinational organisations. Since the early 1990s, most large multinational organisations – such as Levi Strauss & Co., Reebok, and Timberland, as well as companies in the petroleum and information technology sectors – have established codes of conduct for human rights (Orentlicher and Gelatt 1993).

NYU has created a comprehensive Statement of Labour Values and after the problems it experienced at its Abu Dhabi campus over the poor treatment of contracted labour, the institution worked hard to ensure that it experienced no similar problems at its Shanghai campus. Given that transnational education has historically involved some form of partnership with a local institution in the host country, most Western higher education institutions have little experience of having complete control of operations in foreign countries. Hence, those institutions that are flexible, quick to learn, and possess the dynamic capabilities necessary to drive organisational change – in operational strategies, organisational culture, and managerial procedures and processes – might be the institutions that have the greatest chance of success in foreign markets.

Paniagua and Sapena (2014) found that FDI incentivises general welfare development in the least developed countries and that it also influences the legal and democratic functioning in more developed countries. By establishing branch campuses in developing countries or those with less developed higher education systems, institutions can benefit from exploiting market opportunities as well as enhancing their corporate reputations, especially if they can promote the campus as an aid project. Institutions should demonstrate and publicise to stakeholders – through tactics such as advertising, lobbying, and direct communications – the benefits that they bring to host countries, such as knowledge enhancement, infrastructure development, employment, and economic wealth (Stevens et al. 2015). Institutions need to develop a coherent strategy to gain moral legitimacy in countries with authoritarian rule and a weak commitment to civil liberties.

One strategy that institutions have adopted to overcome uncertainty and cultural distance between home and host countries is to work with partners based in the host country (Wilkins and Huisman 2012). By working with a local partner that has a better understanding of the local environment, Western institutions hope to minimise the risks of establishing a campus abroad. By avoiding decisions, actions, and strategies that might be culturally unacceptable in the host country, legitimacy might be gained quicker among host country stakeholders. However, partners need to be chosen with care. In 2014, the University of Central Lancashire's Cyprus campus was criticised for accepting a £16million investment from the pension fund of Cyta, the state telecoms firm in Cyprus, which was later accused of corruption and possibly illegal actions (Morgan 2014).

A survey conducted in 2015 found that opening international branch campuses had become the lowest internationalisation priority for European universities, behind objectives such as student mobility and strategic partnerships (Havergal 2015b). Universities that still oppose the establishment of international branch campuses are more likely to explain the reasons why they would not open a campus abroad as misalignment with the university's strategic plan, quality issues, financial constraints, and staff opposition, rather than ethical issues. Nevertheless, at the start of 2015, at least 24 new international branch campuses were planned or in the process of being built (Wilkins 2015). At least in the short term, it seems clear that higher education institutions will have to continue treading the thin line between trying to fit in with their host culture while simultaneously trying to achieve academic freedom and improve local social, political, and legal conditions. However, if institutional managers use the analytical framework proposed in this paper, which incorporates detailed consideration of a range of ethical issues, it is likely that fewer international branch campus ventures will end in failure.

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