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## University's transnational expansion: Its meaning, rationales and implications

Pi-Yun Chen \*

*59 Hun Shan Rd., Yen Chau, Kaohsiung 824, Taiwan*

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### Abstract

Transnational education trend took off since the 1980s and is getting popular since it provides internationally recognized education at the doorstep of the students. With internationalization becoming a worldwide phenomenon in higher education, transnational education is observed as one of the important strategies adopted by many universities around the world. University's transnational expansion, in the case of Taiwan, however, serves also as a survival solution for the shortage in students' recruitment resulted from the low birth rate. A private university in Taiwan is chosen as the studied case and the experiences of its transnational expansion through the forms of offshore programs are reviewed and examined. It is found that identifying the niches in the competitive market of the transnational education mainly dominated by western university at the initial stage has a great impact on its success. However, challenges associated with its implementation are recognized and its managerial implications are explained.

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### 1. Introduction

#### *1.1. Internationalization in higher education, international education and transnational expansion*

Internationalization in the global era is a major trend in higher education and it is also a worldwide phenomenon, not limited to industrialized and developed nations. The elements of globalization in higher education are however

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\* Corresponding author. Tel.: +886-7-6158000 ext. 3220; fax: +886-7-6158000 ext. 3299.  
*E-mail address:* [pc112@stu.edu.tw](mailto:pc112@stu.edu.tw)

widespread and multifaceted. In broad terms, globalization in higher education refers to trends that move cross-national implications (Altbach, 2002).

As it is observed that various international organizations, each with specific aims and nature, are active in promoting internationalization through different approaches, leading to different policies, programs and projects. (Francis, 1993; Milhouse, 1994). In the same way, individual researchers and commentators have also offered divergent perspectives and definitions. By arguing that international education introduces or integrates an international/ intercultural/ global outlook into the major functions of a higher education institution, Knight & De Wit (1999) define internationalization as the process of integrating international elements into teaching, research and service.

While universities around the world are engaging in international activities, as Yang (2000) argues, different interpretations of internationalization are found by in a variety of studies and organizations in higher education sector. Many still see internationalization as an extension of the traditional commitment of universities to learning and as knowledge of exchange, however while some start to take it as an innovative responses to external marketing opportunities and its natural has been changing since 1990s (Windham, 1996; Yang, 2000).

With the growing numbers of universities world-wide are setting up international collaboration and programs through market competition, the concept of international education has gradually evolved and formulated to the current state throughout the years, and its perception definition also differ by nations. Internationalization, as illustrated by Altbach (2002), refers to the specific policies and initiatives of individual academic institutions, systems and countries that deal with global trends.

By looking at this evolution process, three distinct waves could be identified in the development of internationalization of higher education. The first and also the most common and classic model refers to students' traveling to a host country to study at the chosen institution. The second involves institutions moving forward into the export channel, often through partnership, and establishing a presence in the international market through different collaborative programs include twinning, offshore or joint training programs.

The latest wave refers to those approaches that involve the creation of branch campuses in foreign markets and the development of distance education through information and communication technologies (Mazzarol, 1998). The nature of transnational expansion is found and identified in those measures and approaches involved in both the second and the latest move in international education.

Transnational education is becoming more popular in Asia since 1990s with many privately owned institutions providing an outlet for students to study international degree in their home country (Pystay, 1996; Mazzarol, et al, 2003). With Asia is seen as the biggest market for transnational education receiver, how a private university, Tree U, in Southern Taiwan, from a so called non-English speaking country, has managed to establish English offshore programs in Vietnam is to be answered. By studying its meaning, rationales and implications, the transnational expansion experiences of the studied university, Tree U, through offshore program practices in Vietnam are reviewed and examined in this small scale of research.

### *1.2. Institutional context*

Tree U is a private university of 12,000 local students including around 422 international students, of whom only 46.4% are studying locally and the majority enrolled in the offshore programs in 2013. According to MOE, Taiwan, the share of Tree U's enrollment in offshore programs to all the 163 universities is 57.3% in 2011, reaching a historical height, and still maintains 53.6% in 2013 (Ministry of Education, <http://www.edu.tw/statistics/index.aspx>). Under the pressure for its survival, Tree U is therefore engaged in international entrepreneurial activities with the aims to recruit international students through different channels and forms. Several approaches were adopted, including recruiting foreign students to study onshore, students exchange programs, offshore programs and so on.

Tree U's projects in Vietnam started off in 2005 and an offshore office attached to one of its partner in Hanoi, Vietnam was subsequently established since 2007. With joint efforts from the partners, several offshore programs, all at the postgraduate levels, have been launched from the north (Hanoi) to central (Danang) and onto southern (Ho Chi Minh City) Vietnam. In addition to recruitment records in Vietnam indicated earlier, Tree U at the present still stays as the first and only university from Taiwan offering offshore programs in English, geographically covering the three main regions in Vietnam.

## 2. Data collection

Two methods are adopted for data collection in this study. The first is the documentation analysis by which the materials cover the different aspects of its transitional expansion are gathered and analyzed. The other is in-depth interview with six informants, from both administration and academic departments, at the studied university between November and December, 2013.

The participants were selected through purposive sampling methods that ensure the study included a sufficient variety of perspectives for the concerned issues in this study. The six informants include its president, three members, from both first and second administration tiers, involved in its transnational expansion, as well as two deans and directors from its academic departments that support the offshore programs delivery.

## 3. Its meaning

### 3.1. Transnational education: The internationalization of education services

#### 1. Transnational higher education in the world trade framework

Transnational education, according to United Nations Educational, Scientific and Cultural Organization (UNESCO-CEPES,2000), is ‘all type of higher education study programs, or set of courses of study, or educational services (including those of distance education) in which the learners are located in a country different from the one where the awarding institution is based’. With the promotion of the liberalization of trade in 1995, including trade in educational service, World Trade Organization (WTO) has brought cross-boarder higher education along with other forms of higher education into the global trade framework, providing protection measures for transitional expansion (Chen, 2014). Since then, educational is no longer education per se but one of the inalienable ingredients in world trade system and mechanism.

#### 2. Transnational expansion: strategies mode of delivery

As mentioned above, WTO’s promotion took educational service into its framework of trade in service and cross-boarder education is then seen as an important element in this world trade system and mechanism. The Organization for Economic Cooperation and Development (OECD), in the same way, has been running the ‘International Forum on Trade in Educational Service’, together with other international organizations and courtiers since the beginning of this century, and has given impetus to the development of trade in educational services further (Gu, 2009).

In addition to its economic orientation, blurring the boundaries is another characteristic identified in transnational education (Gu, 2009). Thus, transnational higher education may take on the numerous forms. According to General Agreement on Trade in Service (GATS), four modes of supply, based on the barrier to trade, are identified. These are cross-boarder supply, consumption abroad, commercial presence and presence of natural persons (Knight, 2003). Among them, cross-boarder supply and commercial presence are recognized closely connected with transnational expansions and various approaches are adopted for its implementations.

- Branch campus: campuses set up by an institution in another country to provide its educational or training programs to the foreign students, mainly in that host country. This arrangement is on the one hand allowing the degree offering institution to conduct educational activities more effectively but on the other hand it is costly in comparison with other modes of delivery and requires more financial commitment.
- Articulation programs: The articulation refers to systematic recognition by an institution from the degree offering country of specified courses/ programs/ study at an institution in another country as partial credit towards a program at the offering institution. With this arrangement, the students are enrolled initially with the local/host institution and subsequently enroll with the foreign provider along with the awarding qualifications.
- Online learning and distance education programs: Under this delivery mode, programs and courses are delivered through televisions, satellites, radios, computers, conferencing, and other technological means across national boundaries.
- Franchising and partnership: This mode often involve a local provider being licensed to offer the foreign courses and programs under conditions set out by contract with the qualification awarded by the foreign

institution from the source country. All arrangements relating the program delivery, including teaching, management, assessment, profit-sharing or qualification requirements and so on, are practiced in compliance with the policy as well as the regulations of the two sides, both the host and source countries.

- Dual and joint degree programs: Under this scheme, education providers from different countries work together to offer the training programs and the students receive qualifications from the both providers, or a joint award from the collaborating partners.

### 3.2. Transnational expansion: the studied case

Since transnational education is taken as a form of service in the global trade framework, many have moved on to discuss the entry mode and strategies for its development (Mazzarol, et. al, 2003; Cowell, 1984, Soutar & Mazzarol, 1995; Allen, 1998; Terpstra, 1987; Anderson & Coughlan, 1987). According to Cowell (1984), six foreign market entry strategies for service enterprises were identified. These are: (1) direct export; (2) licensing; (3) franchising; (4) joint ventures; (5) acquisition; and (6) management contracting.

For the case of Tree U, offshore program delivery through partnership with universities in the host society, Vietnam, was the chosen approach for its transnational expansion. It is adopted as a trial measure at its initial stage and later it proves to be an appropriate decision because of the limited resources and experiences. By calling it as an ‘opportunistic measure’, its president explain the development process during the interview:

*Unlike those international universities in the west, especially in Australia, who work on its international education development with overall strategies planning and adequate resources, including experiences. For us, we didn’t have any experiences in transnational education before and limited resources couldn’t allow us to make proper plan at the beginning. We saw the chance then, then we tried without knowing exactly the challenges ahead (Informant 1, Dec/2/2013).*

It was further rationalized by its former vice dean of international affair office shared that as ‘the best we can do’. He said:

*We are facing the threats of students shortage resulted from low birth so going international could be one solution to recruit more students. In comparison with those national universities with scholarships, international students are less unlikely to come to us. Offshore program appears to be the best that we could do at that time as having the local partners’ support for us would be less risky and costly for a school like us with very limited resources and experiences. ... (Informant 3, Nov/ 23/ 2013)*

These verified what many have suggested that the decisions made for foreign market entry could be made through a variety of strategies and are very much depending on their own capabilities and/ or the dynamic of the market environment (Mazzarol et. al, 2003; Williamson, 1985; Anderson & Weitz, 1986; Dunning, 1988).

## 4. Rationales

Three major factors are identified in affecting the transnational expansions adopted by the universities in Taiwan in recent years.

### 4.1. The influence of government’s initiatives and policy

The influence of globalization and Internationalization trend in higher education is observed to push the development of transnational higher education to a further stage since 1990s (Huang,2003, Gu,2009) . More and more universities are engaged different forms of educational activities and services that are cross national boarders.

Against international background of competing initiatives by universities of developing and developed countries, also as an echo to the ever increasing demand from local universities to formulate legal frameworks supporting their initiatives of reaching out to foreign countries, Taiwan’s Ministry of Education embarked on studying legal frameworks for regulating offshore degree-awarding programs and promulgated the “Guidelines on the Application, Preview Procedure of Offshore Programs Operated by Universities” in 2007, subsequently modified in 2011 to

tackle new issues (Chen, 2013b). Partly attributable to those grassroots initiatives locally and ever-growing demand overseas, it provides essential legal framework for universities possessing the capabilities of providing offshore higher education programs. Since the promulgation of the 2007 Guidelines, presence of Taiwan's universities has increased tremendously.

In addition to the basic and most needed legal framework mentioned above, The Ministry, in the meantime, also further modified and took effect in 2011 the "Regulations Regarding International Students Undertaking Studies in Taiwan". Thus, with the supplement of the University Act, the National Education Act, the Regulations Regarding the Assessment and Recognition of Foreign Academic Credentials for Institutions of Higher Education, and the International Academic Cooperation Scheme approved by the Ministry of Education, etc., Taiwan government has laid solid foundation to enhance quality provision in cross-border higher education at a global level by further strengthening quality assurance, accreditation and recognition of qualifications schemes at both national and international levels. Although relatively a late start as it is, the Ministry of Education, like in other fields of Taiwan's education, ever since spares no efforts in promoting internationalization of higher education, enhancing academic exchanges, encouraging export of its expertise on higher education and sharpening Taiwan's competitive edges, simultaneously and vigorously (Chen, 2013b).

#### *4.2. The increasing pressure from the shortage of students' recruitment*

In addition to the reduction of government subsidies to universities, it needs to be noted that internationalization in higher education appears to be more critical in the context of Taiwan as many universities, public and private alike, facing serious shortage of students recruitment resulted from the decreasing birth rate since late 1990s. Internationalization is not only to respond to the global trend, but also a necessary and a survival solution as for many educational institutions such generated revenue becomes a critical source for financial viable universities (Chen, 2013c; Mazzarol, et al, 2003).

In 2011, "Action Plan for Exporting Higher Education: Expanding Recruitment of Offshore Students" was proposed by Ministry of Education with the aim to make Taiwan an essential hub for higher education in Southeast Asia. In Taiwan, the per capita GDP leapt over the level of USD 20,000 and the number of its colleges/ universities reached 163 in 2011. With the population of nearly 23 millions, the number of students registered in higher education in Taiwan is more than 1.35 million, equivalent to a nearly 6% of the total population. This percentage is very close to that of USA and is far higher than Japan and the UK (Ministry of Education, <http://www.edu.tw/statistics/index.aspx>). Such development in Taiwan's higher education has laid a solid foundation for its capability and energy to export its experiences to some developing nations such as Vietnam and Malaysia with the government's encouraging policy to export its strengths and niches in higher education, targeting primarily at Southeast Asia as its top priority market (Chen, 2013a).

#### *4.3. Why Vietnam?*

Ever since the Taiwan government implemented its 'Southbound' policy as the political driving force over twenty years ago, exchange of visit, trade, and foreign direct investment from Taiwan to several Southeast Asian countries have increased significantly. Among those countries, Vietnam has been enjoying particularly favourable interests from the novice trend of redirection of Taiwan's potential investment destinations, thereby Vietnam currently still ranks top three, then the leading one, for Taiwan's outbound investment. For the past two decades, Vietnam has enacted numerous reform and open-market initiatives, which have successfully resulted in a gradual transition away from Communism or Socialism to a Capitalist economic model and lifestyle. This era also witnessed a rapid surge of foreign investments and stakes in prospects for economic development in the decades to come are satisfactorily high.

Vietnam's accession to the World Trade Organization in 2006 clearly demonstrates the country's staunch commitment and allegiance to international criteria and practice. Against this backdrop, Vietnam and Taiwan have strengthened their mutual beneficial economic ties accordingly: Vietnamese economic reforms have allowed Taiwanese production enterprises to flourish, utilizing its ample supply of low-cost labour force. Consequently, the

higher education institutions in the two nations have found an opportune timing for them to foster closer collaborations.

## 5. Implications

### 5.1. Relaxing the regulations and rules for transnational expansion

One distinguished feature for Australia's role in the Vietnamese market is that it exports higher education as a commodity. In addition to ensuring adequate regulation and management, the Australian Department of Education refrains from imposing excessive constraints on enrolment, faculty, class locations, or teaching methods, thus resulting in increased flexibility and competitiveness. In contrast, the Taiwanese Ministry of Education's excessively strict regulation and control has tremendously limited the flexibilities of developing overseas education programs, and substantially reduced Taiwanese universities' competitive edge. As one informant shared her observation after the direct involvement in the offshore recruitment activities:

*Student recruitment campaign limitations and high management requirements make it difficult to cope with for compliant Taiwanese universities on the one hand to maintain educational quality according to regulatory constraints while considering cultural differences and students' individual needs on the other. Hence, Taiwanese universities must identify an ideal balance between teaching quality and adherence to strict regulations to increase their competitiveness. (Informant 2, 25/Nov/2013)*

Taiwanese universities should leverage specific competitive advantages to consolidate their respective strengths, and develop courses targeting unique markets like Vietnam. Additionally, inter-institutional alliances and collaborations should be developed to stifle unfair competition in Vietnam. Taiwanese government is highly expected to streamline its regulations and provide stronger support for its universities intending to foster collaborative programs, comprise integrated plans and organized teams so that Taiwanese reputable higher technical and vocational education can be transformed into a far more valuable and viable export strength.

### 5.2. Identifying the academic and managerial niches

The market for higher education in Vietnam is perpetually expanding and highly competitive. Among the cooperative programs offered by Taiwanese universities in Vietnam, courses related to business management and information technology are by far the most popular ones, and universities from numerous countries are competing for a fair share in this emerging market. Collaborative programs and projects between Taiwanese and Vietnamese universities are essentially designed with two purposes in mind. The first involves recruitment of Vietnamese students who wish to pursue their bachelor's, master's, or doctoral degrees in Taiwan. These students are often awarded government-sponsored scholarships or full or partial grants from the receiving institutions themselves; consequently, few students studying in Taiwan do so at their own expense. The second objective entails offering specialized offshore programs with courses designed to meet specific domestic needs, which is supposed to be the most effective and direct means of exporting the experience and quality of Taiwanese higher education to Vietnamese students in the case of Tree U.

### 5.3. Establish accreditation system and optimize the quality assurance mechanism

For both government and the individual universities, quality in higher education and quality assurance in transnational collaboration are so essential and inalienable to the success of programs of this nature. For the government, the establishment of proper accreditation system for the universities aiming to develop their transnational education appears to be more apposite than tight control over universities expansion measures in the context of Taiwan. The creations of a professional accreditation body or association will contribute to enhance the interaction and communication, and coordination among the cooperative institutions and with the governing authority.



For the universities, however, the objectives of establishing a system of quality assurance are to set up standards, procedures and requirements for the institutions involved in the collaborative programs. It is imperative as to how to adjust and adapt to the local culture and demand, in the meantime, to follow both national and international guidelines to ensure quality delivery of such programs (Chen, 2013a). There are hazardous signs of potential risk in implementation of collaboration projects, sometimes evident, some other times obscure but lurking and looming. SOPs on quality assurance, for example, play an essential role in the entire mechanism without neglecting or downplaying the possibility of human discrepancies.

#### 5.4. Responding with necessary adjustments within the institutions for its transnational expansion

For most universities in Taiwan without internationalization initiatives at this establishment, it is inevitable to face challenges and difficulties in its development process. With English as the second language, however, conflicts and challenges have been observed in its internationalization process in general and in the international students' recruitment, both study onsite or offshore, in particular. The challenges might emerge from different aspects of its practices, including curriculum design, to delivery, to administration adjustment as well as human resources arrangement. During the interview, the following observation was shared by one of its academic deans:

*It was for sure chaotic at the beginning since we were not prepared for all these changes brought about by the school's international activities and offshore programs. For us, as teaching departments, we need to support offshore teaching in addition to the loading on the home campus. Most teachers are willing to support. However, our administration system is still learning to cope with the changes so lots of difficulties encountered so far... (Informant 5, Dec/03/2013)*

Different from having the whole system and resources, including human resources facilities, and materials, to support local operations, the delivery of offshore programs appears to be more complicated and challenging. For the teaching faculties, as cultural outsiders, handling the pressure under different living environment, possible cultural shocks and teaching in a second language within a limited period of time are the difficulties encountered. For program management, issues relating to the logistic arrangements, safety assurance for the teaching faculty during their stay and program quality control over the courses delivered in different social contexts require different measures and flexibilities accordingly (Chen, 2014).

However, for a private institution like Tree U with limited resources, the offshore operations still largely reply on the support from the home campus. Thus, making necessary adjustments in the existing administration system, allowing certain degree of flexibilities under its overall management framework should be considered in its transnational expansions planning.

## 6. Concluding remarks

Transnational education has become an important approach adopted by many universities around the world for its internationalization. The influence of economic globalization and the world Trade Organization on putting education service into the trade system and mechanism has significantly affected the development of transnational higher education since 1990s. Universities entering transnational higher education market are seeking to make themselves attractive to overseas students and to build the partnership with universities in other countries to enhance their global outreach and to secure economic revenue source. Transnational expansion is a great challenge in its nature as of its cross-boarder delivery and its potential risk. However, individual university might face different challenges as well as decision-making for strategy planning as of its different capability and the dynamic of the interested market environment.

In this article Tree U's experiences reveal that identifying the academic and managerial niches in the competitive market of the transnational education mainly dominated by western university at the initial stage has a great impact on its success. However, challenges associated with its implementation, including operational management for offshore program delivery, human resources arrangements and quality assurance mechanism, are identified along with its adjustments made accordingly. In addition to the institutional adjustment and innovation, the revisions of the

regulations and policy over transnational education from the governing authority are believe to be pertinent and necessitated for providing a better gateway for the universities in Taiwan to move internationally.

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