



Thai, try again

Thailand aspires to become a regional hub for higher education and has implemented numerous incentives designed to lure foreign universities. Yet, only one so far has taken up the opportunity. **Simone Rensch** considers why



Transnational education (TNE) is a much talked-about phenomenon but not one that's new. For decades, British universities have forged links with foreign institutions to deliver programmes overseas. Partnerships come in a variety of forms, including distance learning, joint- and dual-degree programmes, and branch campuses – or even a mix, in some cases.

Most British institutions are involved in TNE programmes in one way or another. Across the world, more than 693,700 students are learning through TNE programmes in 225 countries. Asia is a global magnet for TNE, accounting for 52% of these students; meanwhile, 18,770 students are studying at branch campuses across the continent. Nottingham, which calls itself a “truly global university”, opened its Malaysian campus in Kuala Lumpur in 2000 and broke ground in China four years later. Newcastle University has also set up shop in Malaysia, while Manchester University has a sister campus in Singapore. The list goes on.

Governments globally are seeking to entice UK universities to build campuses and form partnerships with their countries' national institutions. Thailand's government, for example, rolled out a fresh package of incentives in 2017, which included tax exemptions, relaxed visa regulation for overseas staff, and changes around land ownership, in a bid to

tempt 'high-potential' institutions to the Land of Smiles. If a university establishes itself in the Eastern Economic Corridor, Thailand's designated area for export-orientated industries, there are further incentives, such as discounts on corporate and income tax. The country's plan to become a regional hub for education is part of 'Thailand 4.0', a 20-year strategy to shift economic revenues to more advanced industries like robotics, aerospace, biotechnology and digital

services. So, the government wants foreign universities to teach subjects that align with the development initiative, for example science, technology, engineering and maths.

Despite the government's efforts, only one foreign university has broken ground in Thailand, while another has publicly announced its plans to do the same. Carnegie Mellon University, a Pittsburgh-based private university, opened its Bangkok campus in partnership with King Mongkut Institute of Technology this year; in 2017, the National Taiwan University

applied to set up a satellite campus in the country, but is yet to take action.

UK universities are linked to more than 40 branch campuses worldwide, many of which are situated in countries where the incentives to build an operation are less attractive than those offered by Thailand. So why are British institutions giving Thailand the cold shoulder? ►

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► **Best-laid plans**

It's not that none has tried. In 2012, the University of Central Lancashire (UCLan) went public with its plans to open a branch campus in Thailand. However, through a Freedom of Information request, *EducationInvestor Global* has discovered that the relationship with its Thai partner turned sour just a year later.

This publication can reveal that UCLan Overseas Limited had invested £3.7 million towards a plot of land in Thailand, the acquisition of which was to be negotiated by the domestic partner, whose name was redacted in the letter retained through the FOI request. However, the letter stated that the partner didn't take the steps to secure land, as fixed in the joint venture agreement, and the project was subsequently scrapped; litigation is still ongoing. UCLan stressed that the money spent on the project was not from the public purse, nor from other investors. It added that it has no new proposals to set up campuses in Thailand.

Like most failures, news of this one probably spread quickly throughout the sector. Indeed, UCLan was left with egg on its face after the venture crumbled. But reputational risk isn't the main deterrent where Thailand's higher education market is concerned.

"There's not a big market opportunity [in Thailand] waiting to be tapped," says Anip Sharma, partner at L.E.K. Consulting's global education practice. He explains that it's not a "high-growth market" and already has about 170 higher education institutions, of which 70 are private. Unlike the international school market in Thailand, which

has been growing steadily over the past few years, Thailand doesn't attract a lot of foreign university students. Thailand counts just 12,000 international students from the Asian region, according to QAA, the UK quality body for higher education. For context, there were more than 127,000 international students enrolled in Malaysian universities this year.

"Thailand is not currently an international student destination – it could become one, but it's currently not," Sharma continues. Another issue is the low tuition price point required, he says, which makes it harder to verify commercial viability. "If you look at the private university sector in Thailand, there are about 350,000 students paying, on average, between \$3,000 and \$4,000 per annum, and this cohort is growing at 2%." In the UK, the average student spends more than £9,000 a year on tuition. Therefore, Thai pickings look slim in comparison. Although the new higher education regulations, doesn't put a cap on fees that branch campuses can charge, it specifies that satellite institutions must reinvest at least 70% of profits back into the institution.

Sharma continues: "There are two issues here: the market is a slow-growing one and the fee point is low when looking at it from the outside. When you piece these two factors together, the viability of the project becomes challenging." In addition, there's an imbalance between supply and demand: there are more university places available than there are students to fill them. As a result, new players must take market share from "weaker incumbents," says Sharma.

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Bangkok, Thailand



Tricks of the trade (mission)

There's no doubt that British institutions are keen to expand internationally amid efforts to diversify their revenue streams. And, simultaneously, the UK Department of International Trade is interested in exporting British educational excellence. So, in October last year, the DIT and the British Council took 13 British universities on a trade mission to Bangkok and Chiang Mai. The delegates had 121 formal meetings with 20 Thai universities and visited the Thai Ministry of Education. Afterwards, the DIT education team told this publication that the mission has resulted in "strong progress" towards partnerships between four UK universities and 12 Thai institutions, including joint research, parallel degrees and pathway progression. However, there's been no update since then on progress.

At a TNE-focused event hosted by Universities UK International (UUKi) last month, Malaysia and Vietnam were high on the agenda, while Thailand was not even on the map. Speaking to this publication on the sidelines, attendees said that opportunities in Thailand were overshadowed by those in countries like Malaysia and Vietnam. One person, who had worked on a TNE partnership in Thailand, described it as "not very successful" and yielding more challenges than benefits.

Nicholas Mithen, policy officer Asia at UUKi, explains that different models of TNE require different levels of investment, and for some British universities, many of which are strapped for cash, the risk of losing millions of pounds, as UCLan did, may not be worth the potential reward.

Mithen adds that branch campuses are not the first choice of TNE programmes. Just over 10% of students in TNE programmes study at branch campuses in Asia. This is a small proportion but one that's growing, according to UUKi. Mithen says: "Generally speaking, while branch campuses can play an important role, collaborative provision, such as joint and double degrees, are growing in popularity. Universities are generally interested in international cooperation when this is sustainable academically, financially and operationally. Many UK universities already have large TNE operations in neighbouring countries and may be focused on recruiting students to programmes in Malaysia, Singapore or China."

The three countries in Asia with the highest number of students in 2017-18 were China, with 75,925 TNE students, Malaysia with 72,780, and Singapore with 44,805, according to a UUKi report.

In contrast, just 866 students in Thailand were studying for a UK-awarded degree, according to a country report by QAA, published at the beginning of this year. The body cited a lack of English-language proficiency and familiarity with TNE programmes as barriers to provision in Thailand. But it also stressed that there is "significant potential" for UK providers in the country, due to its "appetite to grow foreign investment in quality higher education", and its strategic location at the "heart of Asia". The report said numbers had already doubled over the past five years, with a total of 135 collaborative programmes between Thai and overseas education providers (not just British) in 2016, including 87 joint-, double- and dual-degree programmes.



Another issue with Thailand's initiative is that the government wants "high-potential" institutions – in other words, only the top-ranked. Mithen explains: "This is a limiting factor for institutions that may have areas of excellence, but may not be ranked among the top institutions worldwide, sometimes due to their subject range."

Balancing act

TNE is, and always will be, risky business. Although it can be a source of revenue diversification, institutions have to balance carefully the gains with the potential losses to assess the risk.

Justine Andrew, market director at KPMG's education team, explains that there is a combination of factors that encourage UK universities to look abroad. "Now, income diversification is a key factor for many UK higher education institutions," she says – but identifying a trustworthy domestic partner is challenging. "We often get asked about due diligence for finding the right partner. Universities want to know about their reputation and financial stability. Another question is whether there is a market for the university and enough demand to support the venture. Finally, universities often wrestle with the structure of the initiative that best meets their tax obligations and regulatory requirements."

Universities need to get the balance right between providing an overseas venture with sufficient autonomy for it to thrive, while maintaining enough control of major financial and operational issues, adds Andrew.

"While many institutions have considered opening satellite institutions in order to unlock student demand in emerging economies such as Malaysia, China and the Middle East, many higher education providers have struggled to make these ventures work.

"Put alongside the current domestic climate, including factors such as Brexit and funding, we have seen far greater awareness of the risk balanced against the opportunity, which means boards are far more cautious when it comes to approving major investment overseas." ■