

THE SECRET LIFE OF INTERNATIONAL STUDENT RECRUITMENT AGENTS

CGHE, 18 November 2020

- **Context** (Vincenzo Raimo)
What are agents?
Why do universities work with them?
- **University – agent contractual management approaches**
Research framework & methods (Iona Huang)
Findings (Iona Huang)
Conclusions and observations (Eddie West)
- **National Governance Frameworks** (Pii-Tuulia Nikula)
- **Q&A**

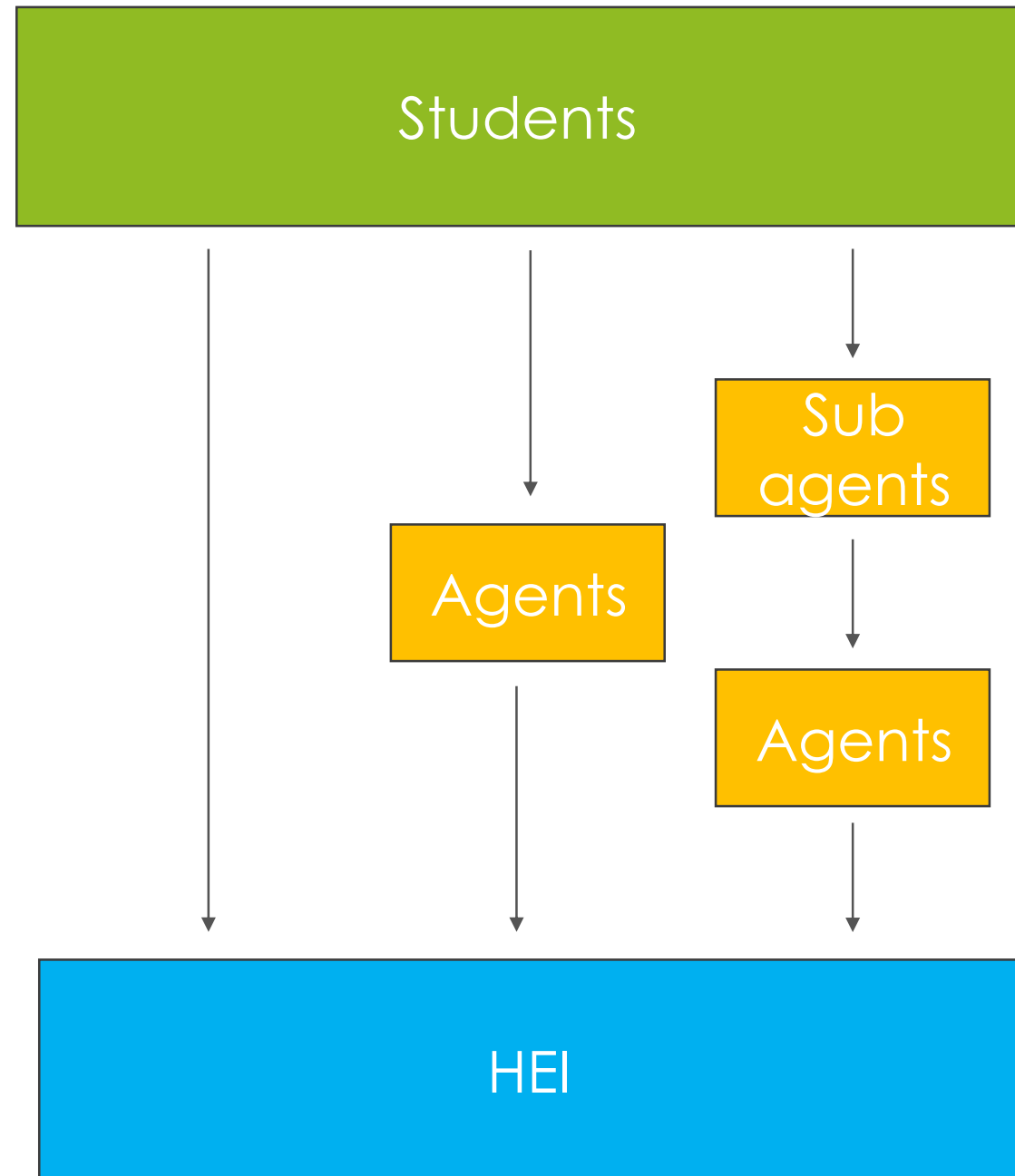
WHAT IS AN AGENT?

An **international commercial agent** works on behalf of an exporter, introducing their products or services to potential clients in an agreed territory (usually a country). The agent is paid a percentage of selling price as in accordance with the sale conditions and the agency agreement.

[UK Department for International Trade](#)

An **international education agent** (is a) business entity or agency that has one or more agents acting as intermediaries between overseas students and education providers for the purpose of enrolling students in education institutions.

[Australian Dept of Education, Skills & Employment](#)



WHY DO UNIVERSITIES WORK WITH AGENTS?

Agents are effective in helping to meet volume, income and other student recruitment targets.

- *“Agents are a very quick way in to getting students”.*
- *“And for that (diversity) reason we are looking at appointing new agents and we are looking at West Africa, Indonesia, Middle East and South America.”*
- *“The cost of going there (emerging markets) is so high and the return on investment is not there.”*

Certain countries are unsafe for university staff travel

Agents provide local market intelligence

- *“They’ve got a wealth of local knowledge, expertise, cultural experience.”*
- *“You have to have an agent to negotiate with that culture.”*
- *“They’re kind of like our eyes in the market.”*

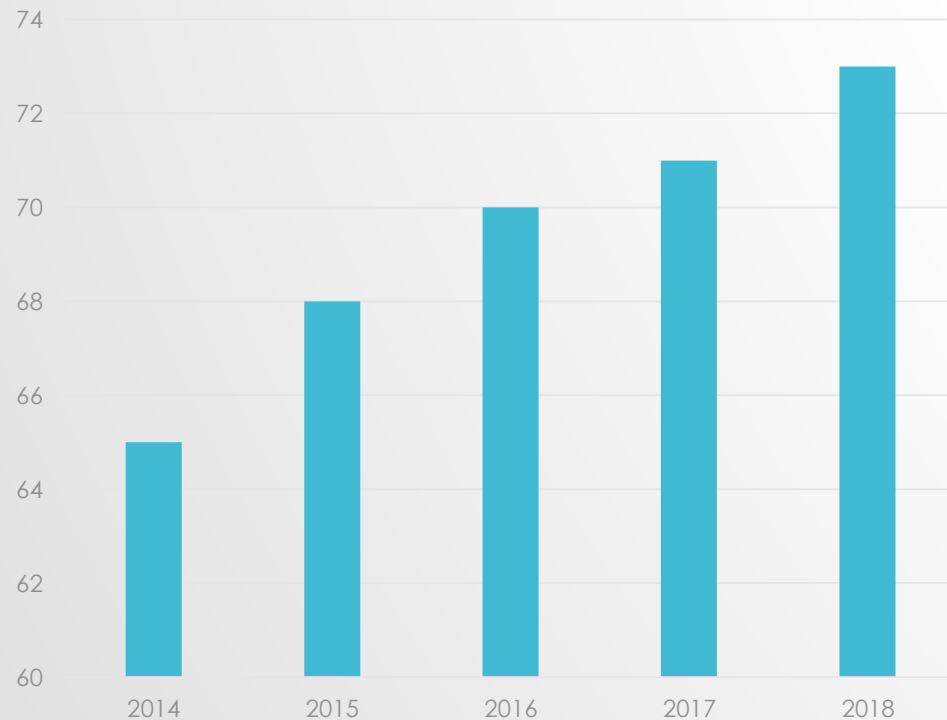
Agents act as a conduit between universities and students (and their parents)

In some markets it’s a normal expectation for prospective students to use an agent or educational counselling service (e.g. Taiwan, India)

Huang et al., 2016

HOW MANY STUDENTS ARE RECRUITED THROUGH AGENTS?

percentage of international students recruited to Australian HEIs 2014-2018
[Department for Education, 2019](#)



[The Agent Question, OBHE, 2014](#)

Destination country	% international students through agents
Australia	53
New Zealand	47
UK	38
USA	11

Some other sources:

[Times Higher Education](#) (33% for UK)

Huang, et al 2015 Survey (36% for UK)

[New Zealand Education](#) (50%)

[NACAC Admissions Trends Survey](#)

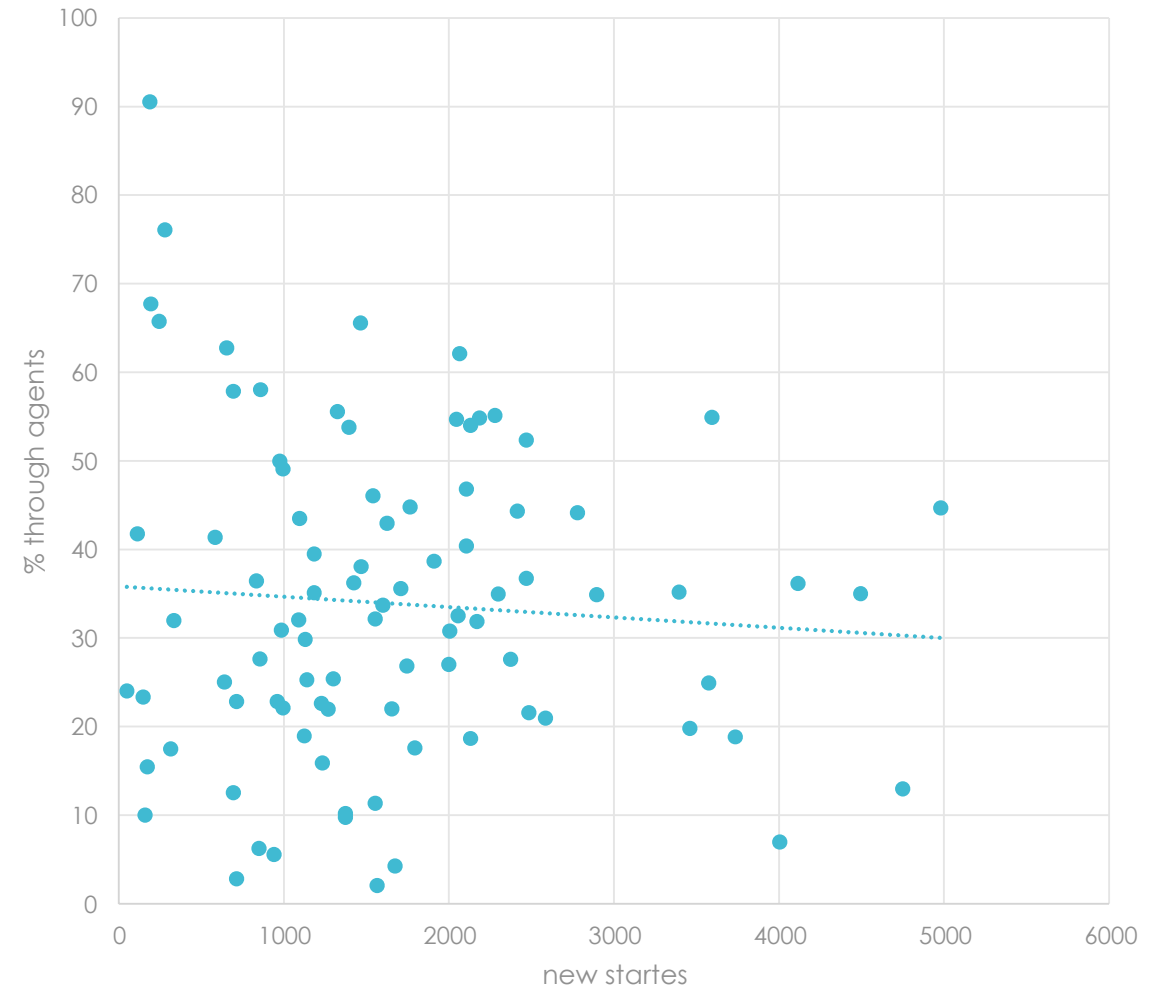
[Bridge Education Report 2016](#) (22% for USA)

[ICEF Agent Barometer 2019](#)

WORKING WITH AGENTS

- nearly all AU, NZ & UK universities and a growing number of US universities work with agents
- some universities rely very heavily on agents to achieve annual intakes
- typical commission between 12.5 & 15% of yr 1 fee
- bonus payments & other incentives
- average commission paid by UK HEIs in 2018/19 cir. £2200

UK HEI international student intake through agents
2013





GOVERNANCE OF AGENTS IN THE RECRUITMENT OF
INTERNATIONAL STUDENTS:
A TYPOLOGY OF CONTRACTUAL MANAGEMENT
APPROACHES IN HIGHER EDUCATION

Presenters: Vincenzo Raimo, Iona Y. Huang, Eddie West

Other co-authors: David Williamson, Gary Lynch-Wood, Charlotte Rayner, Lindsay Addington

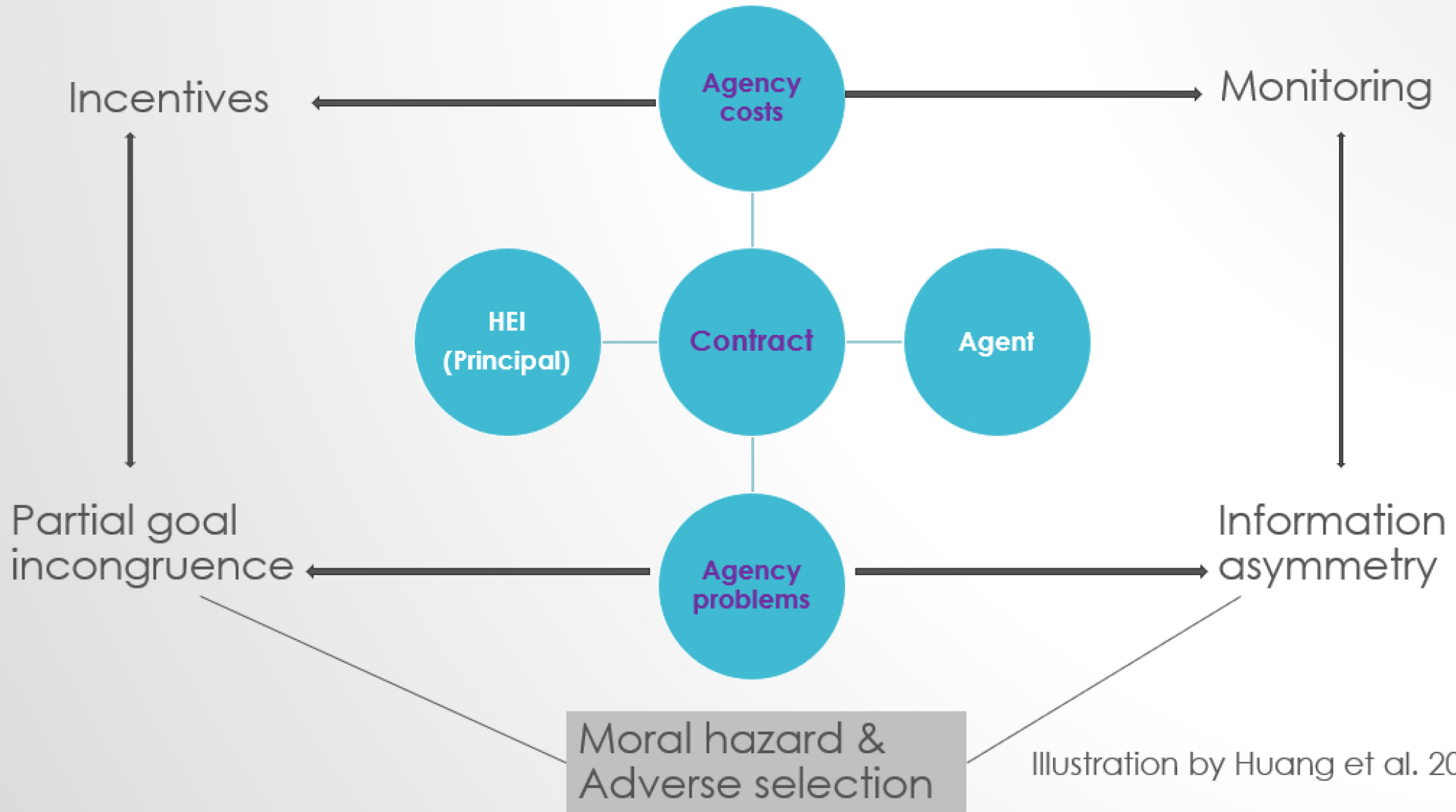
RESEARCH QUESTIONS

- What contractual governance approaches are adopted by different HEIs?
- How are the different contractual approaches associated with the outcomes of agency contractual relationship as perceived by the HE managers?



RESEARCH FRAMEWORK AND METHODS

Agency theory



Outcomes of agency contracts

- Effectiveness:
 - Satisfaction with international student recruitment via agents
 - Satisfaction with agent's behaviour
 - Perceived level of control over agent's behaviour
- Efficiency: Conversion rate

Market power

Number of agents

Research framework

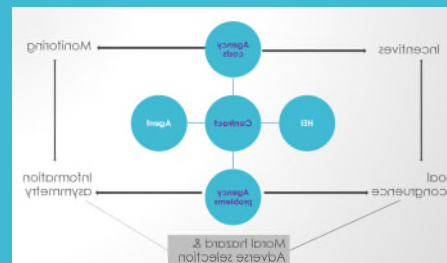
Contractual governance (institutional approach)

Contractual specificity

Functions

- Coordination
- Control
- Within-contract monitoring

- Relational contractual governance



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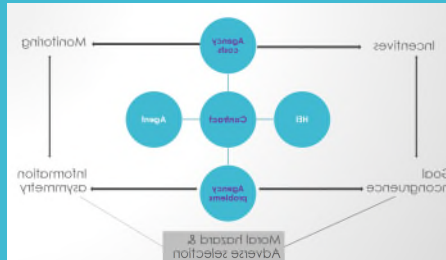
Number of agents

Contractual governance (Institutional approach)

- Contractual specificity

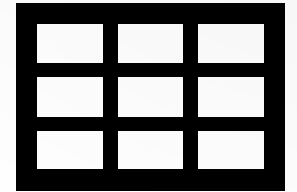
Functions

- Coordination
- Control
- Within-contract monitoring



- Relational contractual governance

Analytical approach taken in this study



Linear

Configurational



DATA SOURCES

Contract analysis

Questionnaire survey
Valid sample size
(Responses received)



US	16	33 (46)
UK	17	41 (41)
Australia	5	12 (22)
Total	38	86 (108)

RESPONDENTS

	UK	US	Australia	Total	% of Total
Pro Vice-Chancellor/Provost/Deputy President	0	1	0	1	1%
International director (or Deputy)	9	6	3	18	21%
Head of international recruitment	14	7	1	22	26%
(Senior) International officer	7	12	5	24	28%
Regional manager	2	0	1	3	3%
Other	9	7	2	18	21%
Total	41	33	12	86	100%



FINDINGS

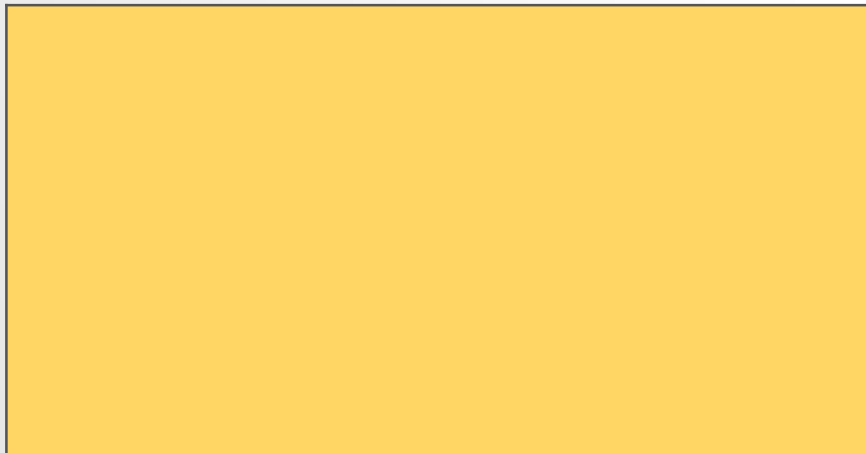
High Relational CG

Low Relational CG

High contractual specificity



Low contractual specificity

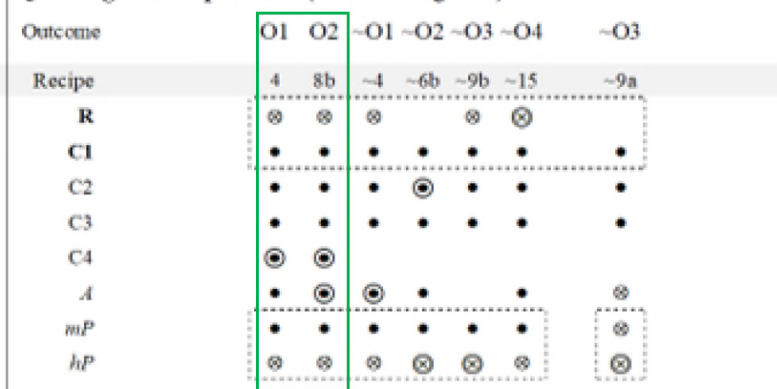
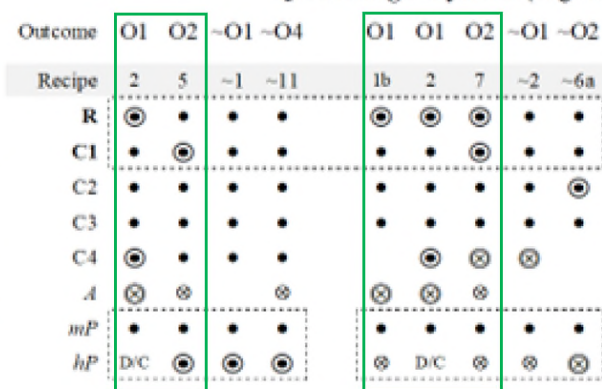


Simple version based on relational contractual governance and contractual specificity only

Q1. Strategic Hybrids (High R - High C1)

Q2. Pragmatic Operators (Low R - High C1)

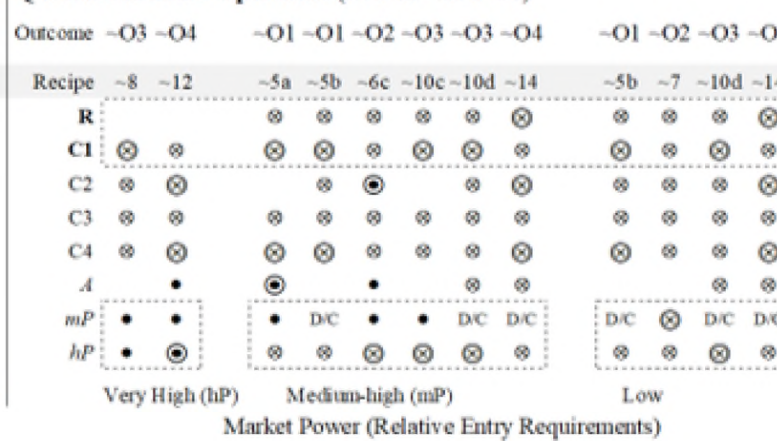
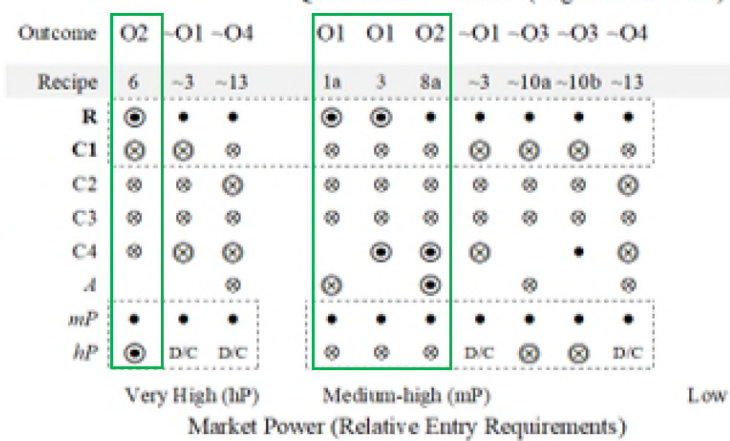
High Contractual specificity C1



Q3. Flexible Friends (High R - Low C1)

Q4. Laissez Faire Operators (Low R - Low C1)

Low Contractual specificity C1



Very High (hP) Medium-high (mP) Low
Market Power (Relative Entry Requirements)

Very High (hP) Medium-high (mP) Low
Market Power (Relative Entry Requirements)

Notations

- O1** high level of perceived control over agents' behavior
- O2** high level of satisfaction with agents' behavior
- O1** low level of control over agents' behavior
- O2** low level of satisfaction with agents' behavior
- O3** low level of satisfaction with recruitment via agents
- O4** low level of conversion rate by agents

- R** Relational contractual governance
- C1** Contractual specificity
- C2** Contractual coordination
- C3** Contractual control
- C4** Within-contract monitoring
- A** High number of agents used
- mP** Medium/high market power (Low market power if mP is either ⊗ or ⊙)
- hP** Very high market power

- ⊙ Core positive
- ⊗ Core negated
- Peripheral positive
- ⊗ Peripheral negated
- Blank space "don't care" where the condition may be positive or negated.
- D/C Recipes with D/C on market power (hP or mP) were shown for both "positive" and "negated"

From Huang et al., (forthcoming)

Summary of four archetypes of education agency contractual governance approaches in higher education

High Relational Contractual Governance (RCG) Low

Strategic Hybrids (Q1)
High RCG / High CS

High O1 and O2 High RCG or High CS High within-contract monitoring (M) Low number of agents (A)		
Low O1, O4 hP	Low O1 Low M mP	Low O2 High Co mP

Pragmatic Operators (Q2)
Low RCG / High CS

High O1, O2 High M High A mP	
Low O1, O2, O3, O4 High Co or High A or negated hP	Low O3 Low A negated mP

Flexible Friends (Q3)
High RCG / Low CS

High O2 High RCG hP	High O2 High M High A	High O1 High RCG High M or Low A
Low O1, O4 Low CS, Low M	Low O1, O3, O4 Low CS Low M	

Laissez Faire Operators (Q4)
Low RCG / Low CS

Low O3, O4 Low CS Low M High A	Low O1, O2, O3, O4 Low RCG Low CS High CO Low M negated hP High A	Low O1, O2, O3, O4 Low RCG Low CS, Low M negated mP Low A
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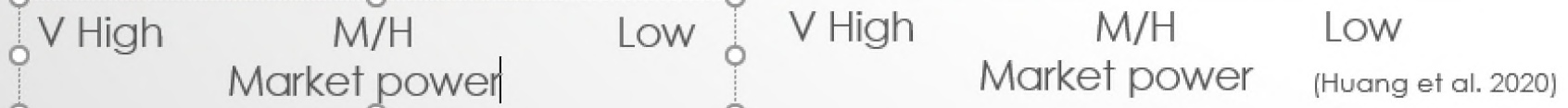
High Contractual Specificity (CS) Low

Notations:

- O1: control over agents' behavior
- O2: satisfaction with agents' behavior
- O3: satisfaction with recruitment via agents
- O4: conversion rate by agents

- RCG: Relational contractual governance
- CS: Contractual specificity
- Co: Contractual coordination
- M: Within-contract monitoring
- A: Number of agents
- hP: Very high market power
- mP: medium high market power

Not bold: not a core condition
Bold: May or may not be a core condition



(Huang et al. 2020)

CONCLUSIONS

- The Laissez Faire archetype illustrates the all-importance of active involvement in agent management by HEIs, notwithstanding the temptation to outsource the function entirely
- A "one size fits all" approach to agency contracts is ill-advised because of the many variables inherent to international student recruitment activity (i.e. market power, number of agents used etc.)
- Working with fewer agents with strong relational contractual governance leads to better results
- If working with a large number of agents, it's important to specify monitoring terms and processes in the contract.

OBSERVATIONS

- In the UK and US, where there is no national governance framework for international student recruitment, thoughtful, strategic decision-making about the use of contracts can mitigate risk and optimize outcomes for all stakeholders
- Greater transparency in HEI-agent relationships is overdue, given information asymmetries and an economic logic that risks students' welfare
- The HEI and agent relationship is bilateral. Ample attention has been paid to agent (mis)conduct and training. By contrast, insufficient attention has been given to universities' responsibilities and approaches to working with agents.
- COVID-19 may accelerate the adoption and expansion of agent-based international student recruitment activity, given indefinite travel restrictions

THANK YOU.

For details of this research, please see:

- Huang, I. Y., Williamson, D., Lynch-Wood, G., Raimo, V., Rayner, C., Addington, L. and West, E. (Forthcoming) Governance of agents in the recruitment of international students: A typology of contractual management approaches in higher education, *Studies in Higher Education*, Accepted for publication. (DOI will be added once it's published online).

Our previous research based on interviews with UK participants

- Raimo, V., Humfrey, C. and Huang, I.Y. (2014). Managing International Student Recruitment Agents: Approaches, Benefits and Challenges, https://www.britishcouncil.org/sites/default/files/managing_education_agents_report_for_bc_2.pdf
- Huang, I. Y., Raimo, V., and Humfrey, C. (2016). Power and Control: Managing International Student Recruitment in Higher Education, *Studies in Higher Education*, 41(8), p. 1333-1354. <https://doi.org/10.1080/03075079.2014.968543>.

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Education agent regulation in Australia and New Zealand

Dr Pii-Tuulia Nikula



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Australia and New Zealand

- Australian and New Zealand HEIs must adhere to particular international student recruitment and provision standards (Education {Pastoral Care of International Students} Code of Practice 2019; ESOS Act 2000; National Code, 2018).
- The {stated} twin goal of protecting international students' interests and the long-term sustainability of the international education sector. Also, to protect the integrity of the immigration system.
- A number of scholars have examined (the earlier versions of) these legislative frameworks (Butcher 2004; Jackson 2006; Lewis 2005; Ramia 2017; Ramia, Marginson, and Sawir 2013a; Sawir et al. 2009; Ogawa 2007), but the framework wide lens has allowed little focus on the complexity of issues related to agent standards

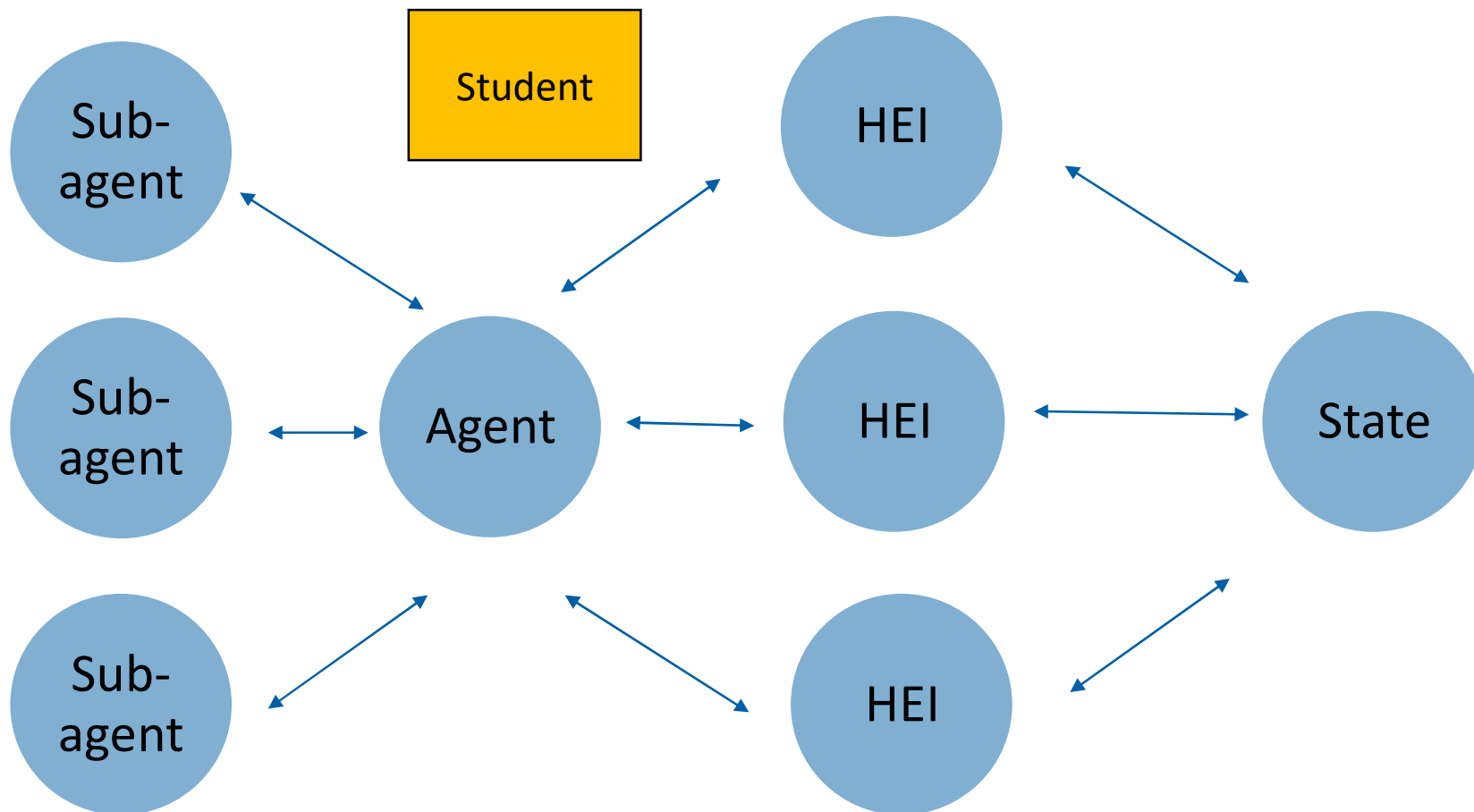
Australia and New Zealand

- Statements by providers, government agencies and other stakeholders indicate that most agents are perceived reliable partners (DET 2019; Gerritsen 2016; ICAC 2015; O'Connel 2012)
- But HEIs/providers have found to have poor agent management practices and incidents of agent misconduct have violated both the interests of international students and those of the governments (Australian Government 2007; Baird, 2010; Commonwealth Ombudsman 2017; ICAC 2004, 2015; Joint Standing Committee on Migration 2019; MoE, 2015; MartinJenkins 2014; Parliament of Australia 2009; Visentin 2015; Reidy 2018; Tan 2017; Worthington 2019).
- The government as principal in the government-HEI/provider relationship needs to acknowledge the existence of agency problems and consider how to reduce information asymmetries and steer providers (Kivistö 2008; Lane and Kivistö 2008; van Vught Frans 2015).

Research questions

- How have Australian and New Zealand governments attempted to steer providers/HEIs' engagement with education agents over time?
- Do the existing education agent standards provide sufficient safeguards vis-à-vis industry best practices, in particular with respect to international students' rights?

Industry structure and agency problems



THE EXPERIENCE YOU NEED
& THE SUPPORT TO SUCCEED



Research design

- A cross-country analysis of legislation and other agent related regulation in Australia and New Zealand from mid-1990s until 2019
- Analysis of education agent management guidelines/documentation* and the London statement (2012) to define 'good practice' dimensions
 - HEIs: due diligence, contracts, training/communication, transparency, finances, monitoring, corrective action, termination
 - Agents: integrity, transparency, professionalism, informed decisions, professional development, raising ethical standards

* AIRC 2016; Australian Government 2009; Di Maria 2014; ICEF 2019; NACAC 2018; NZQA n.d.; Queensland Government 2009; Raimo et al. 2015; Scoby 2017; VTI 2010; West and Addington 2014)

Standard 4

Education agents

- 4.1 The registered provider must enter into a written agreement with each education agent it engages to formally represent it, and enter and maintain the education agent's details in PRISMS.
- 4.2 The written agreement must outline:
 - 4.2.1 the responsibilities of the registered provider, including that the registered provider is responsible at all times for compliance with the ESOS Act and National Code 2018
 - 4.2.2 the registered provider's requirements of the agent in representing the registered provider as outlined in Standard 4.3
 - 4.2.3 the registered provider's processes for monitoring the activities of the education agent in representing the provider, and ensuring the education agent is giving students accurate and up-to-date information on the registered provider's services
 - 4.2.4 the corrective action that may be taken by the registered provider if the education agent does not comply with its obligations under the written agreement including providing for corrective action outlined in Standard 4.4
 - 4.2.5 the registered provider's grounds for termination of the registered provider's written agreement with the education agent, including providing for termination in the circumstances outlined in Standard 4.5

Agent standards have been strengthened over time

- From voluntary codes to legally binding frameworks (ESOS/ National Code 2001 & Code of Practice for the Pastoral Care of Int.....2002)
- A wide array of requirements for HEIs, including contracts, monitoring, corrective action and termination
- Agent's ethical behavior = integrity, professionalism, transparency (AUS)
- Increased transparency (Australia)
- Also, other steering, e.g, information provision

There are a number of limitations

- Missing content (e.g., finances, training)
- Vague wording (e.g., reasonable steps/appropriate levels)
- Reactive nature – ignorance is a bliss?
- Limited compliance monitoring/penalties
- **Multiple instances of misconduct** (Commonwealth Ombudsman 2017; ICAC 2015; Joint Standing Committee on Migration 2019; Kennedie 2018; MartinJenkins 2014; O’Callaghan 2017; Redmond and Moger 2018; Reidy 2018; Speedy and Rudawe 2016; Tan 2015, 2017).

A way forward?

- What can governments do?
 - Strengthening current standards
 - Direct monitoring of agents (e.g., Nikula & Kivistö, 2019; Nikula 2020)
 - Enforcement (e.g., penalties?) (Baird 2010; Phillips 2005; Joint Standing Committee on Migration 2019)
 - Licencing scheme (e.g., DIMIA 2004; Gerritsen 2016; MartinJenkins 2014; Parliament of Australia 2009; Wesley 2009)

- Issues & unintended consequences
 - Administrative burden/cost
 - Global ‘market place’
 - Move to non-regulated consultants

Thank you!
Contact: pnikula@eit.ac.nz



#PiiNikula

- Nikula, PT. (2020). Education agent standards in Australia and New Zealand – government’s role in agent-based international student recruitment. *Studies in Higher Education*, DOI: 10.1080/03075079.2020.1811219

See also:

- Nikula PT. & Kivistö J. (2020). Monitoring of Education Agents Engaged in International Student Recruitment: Perspectives from Agency Theory. *Journal of Studies in International Education*, 24(2), 212-231. doi:10.1177/1028315318825338
- Nikula, PT. & Kivistö, J. (2018). Hiring Education Agents for International Student Recruitment: Perspectives from Agency Theory. *Higher Education Policy* **31**, 535–557. <https://doi.org/10.1057/s41307-017-0070-8>

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