EXECUTIVE SUMMARY
The State of Higher Education – 2014

This publication contains new work from the OECD Higher Education Programme and the Directorate for Science, Technology and Innovation. The main chapters cover: a proposed quality framework for quality assurance and improvement, innovative concepts and practices of business models in higher education, and new approaches to funding and promoting research excellence. The publication includes three original, commissioned articles by Sir Peter Scott, Professor Jane Knight and Ms Concepcion V. Pijano.

The aim of this publication is to provide important information for members of the OECD Higher Education Programme in line with the mandate to strengthen institutional governance and management. Recognising that higher education leaders are facing many challenges and pressures and can make good use of thoughtful and pertinent analysis, the Higher Education Programme seeks to support the essential work of members in the field.

The State of Higher Education publication is part of the OECD Higher Education Programme membership package.

The 2014 publication is the second issue in the series produced annually by the OECD Higher Education Programme for exclusive access by members of the Programme.
THE STATE OF HIGHER EDUCATION

2014

EXECUTIVE SUMMARY

Edited by

Anna Glass

The OECD Higher Education Programme (IMHE)

www.oecd.org/edu/imhe
Foreword

In 2013, the OECD Higher Education Programme (IMHE) launched the first annual State of Higher Education publication (SOHE). Within the format of the series, three substantial chapters of each volume are devoted to analysis or research from the Organisation and subsequent chapters are commissioned contributions from leading experts in higher education whose views and opinions may complement or challenge those from the OECD.

At international conferences, it is often remarked that, although each higher education institution has its own set of specific problems, the challenges faced by institutions everywhere are remarkably similar. This publication addresses a few of the fundamental challenges common to every institution: concern for quality, the struggle to balance modern governance models with traditional academic values and missions, and the push for scholastic excellence while coping with shrinking resources. The intention is to provide a relevant and useful resource for higher education leaders and interested stakeholders engaged with such issues.

This volume presents original work from the OECD Higher Education Programme team, including a proposed framework for approaches to quality in higher education (Chapter 1) and a self-assessment framework higher education institutions may apply to their business models (Chapter 2). In Chapter 3, we present a summary of the 2014 publication on promoting and funding research excellence by the OECD Directorate for Science, Technology and Innovation.

For the commissioned contributions, three higher education practitioners drew on their respective areas of expertise to present fresh views on relevant issues. From the Asia-Pacific region, and in anticipation of the OECD Conference on Higher Education Futures planned for 2015 in Singapore, Concepcion V. Pijano gives a first-hand account of higher education regionalisation in ASEAN and the networks responsible for this development. A leading voice on matters of higher education governance, Peter Scott reflects anew on university business models and the tensions that shape their formation and application. Jane Knight, who developed the definitive definition of internationalisation in higher education, writes for the first time on “3rd generation” international universities, where the main component of internationalisation is not student mobility. These articles offer timely, informed reflections on what is happening in higher education today and how developments are likely to progress in the near future. I am pleased to thank the authors of the commissioned articles for their vital contributions to SOHE 2014.

In the OECD Secretariat, several people contributed to the creation of this publication, in particular fellow analysts on the IMHE team Adam Kral, Patricia Mangeol and Karine Tremblay. The project was supervised by Deborah Roseveare and members of the IMHE Governing Board provided constructive feedback and helpful corrections on preliminary draft version. Emily Groves proof-read and formatted the final draft.

Anna Glass
Editor, SOHE 2014
Chapter 1 – Monitoring and Enhancing Quality in Higher Education: Developing a Quality Framework

In the last few decades, OECD countries have seen a massive expansion of higher education. Systems worldwide shifted from an elite form of higher education to mass participation, with some countries reaching a universal model. Yet, in most countries, higher education is a key agenda issue as economic development depends in part on the presence of an educated and skilled workforce and on technological improvements that raise productivity.

The changes experienced by systems include broader access and greater diversity of study programmes and students, with a broader spread of institutions’ social missions. As a result, higher education has become more flexible in order to meet the needs of new student populations and higher education institutions (HEIs) now offer distance learning and professionally-relevant courses to attract adult populations. This trend is reinforced by labour market pattern changes and the need to re-skill adults, through lifelong learning, to remain competitive. In addition, most higher education systems have undergone a form of decentralisation, which also changed their structure in terms of diversity and size. Greater and broader autonomy to HEIs was followed by a need for public accountability and transparency. The need for accountability also resulted from the growing trend of public-private cost sharing, especially via tuition fees. This shift resulted, in turn, in greater student demands and expectations.

All these sizeable changes relate particularly to quality issues. Not only do countries need to maintain quality at a certain threshold level, they also need to enhance quality to keep their higher education systems competitive and reactive to changes in the external environment. In this context, higher education quality is exposed to high pressure and countries have applied various approaches to performance monitoring and quality enhancement.

This chapter examines the current academic literature and policy discussions with regard to quality in higher education. It encompasses the existing debate on what quality means in the contemporary context and provides an overview of the various quality monitoring processes and approaches to quality assurance. A description of existing and emerging instruments of quality assurance and tools to enhance quality across OECD member countries is presented. Based on this ground analysis and typology, the authors present a conceptual framework of the tools and mechanisms used to monitor, evaluate and enhance quality across OECD member countries. Based on this analysis, the authors present a conceptual framework to monitor, evaluate and enhance quality across OECD member countries. Based on this analysis, the authors present a conceptual framework to monitor, evaluate and enhance quality across OECD member countries.

Recent developments in educational policies have led to new interest in designing better conceptual frameworks to analyse quality in education. For example, the OECD developed and applied a conceptual framework in 2011 to analyse evaluation and assessment in school systems. Although it focuses on education systems in general rather than specifically on higher education, many of its taxonomy elements are also relevant to higher education. Furthermore, several countries have already developed national frameworks for quality assurance.

Any quality approach could be regarded from different perspectives. An approach may serve various purposes, be carried out on different levels (system, institutional and programme levels) and benefit from different methodologies to achieve quality results. The three main purposes that different quality approaches serve are accountability, improvement and transparency.

Different groups of approaches may be applied within the framework. They typically include instruments such as: performance indicators, financial and strategic mechanisms, as well as legislative and regulatory tools, accreditation, audits, rankings, benchmarking, standards and guidelines, frameworks of qualifications, staff appraisals, student and graduate surveys, assessment of learning outcomes, student portfolios, and quality assessments. Although countries currently use only a limited number of these various levers and approaches to promote quality, the quality framework may be used to help identify what combinations of approaches could strengthen the overall quality of higher education.

From an institutional perspective, HEIs are under pressure to become more effective and efficient across all of their missions – teaching, research and innovation and local economic development. Yet, many face financial challenges that threaten their long-term sustainability.

In addition, HEIs also face organisational changes that started several decades ago as both governments and HEI management have increasingly emphasised efficiency, flexibility and innovation to address the dilemma of constrained resources and ever growing demands placed on higher education. In this context, the identity of HEIs as organisations is undergoing profound mutations. Whereas few may disagree with the need for HEIs to adapt to their fast-changing environment, there are intense debates around how they should do so and what organisational models are most appropriate.

This chapter shows that many facets to institutional operations may be improved and there are many ways to pursue organisational effectiveness and innovation. Following a discussion of different aspects of institutional operations, a typology of business models is drawn in the concluding part of the chapter. This serves to summarise key elements of different business models in higher education based on current research. The chapter also provides a preliminary analytical framework to help better define HEIs’ business models and identify the benefits and challenges associated with a given model. The framework is drawn to assist HEIs with strategic planning, as they imagine and work towards institutional identity and features for the longer term.

Rather than equating business models with a shift to a single model of the managerial or corporate university, this chapter uses the concept of the business model in two ways. First, business models are used to categorise and discuss different aspects of HEIs’ operations that impact their performance in a competitive environment. Section 2 looks at various practices and highlights some that may lead to improvements in terms of the effectiveness (higher quality services) and efficiency (increased value for money) of HEIs. Second, the concept is used to develop an initial typology of business models, and to provide a preliminary matrix of benefits and challenges offered by the various models.

Four general dimensions of business models, applicable across economic sectors or industries, have been adapted to the higher education context. This approach views business models in higher education as central levers to promote innovation in HEIs.

Defining an institution’s value proposition is, in some ways, similar to establishing a mission statement. However, the concept of value proposition implies that this exercise takes place in a competitive context, where institutions must demonstrate their unique strengths and relevance compared to other higher education providers. Not only do HEIs compete for students and prominent academics, they also compete for visibility, funding, partnerships and other benefits that allow them to maintain a good competitive position – and for some to simply continue to operate.

There are diverse benefits to defining a strong value proposition. From a policymaker’s perspective, clear institutional missions contribute to establishing a coherent, complementary and cost-efficient system. For institutions, benefits range from opportunities to focus resources and ensure sustainability, build on strengths and deliver high quality in one or several particular functions (e.g. teaching, basic research, applied research, innovation, regional development) and/or subject areas (e.g. STEM, social sciences, professional education including engineering, law). For students, differentiation can offer both a greater range and higher quality of available options. If differentiation is communicated well to students and the broader public, it can help students, parents and other stakeholders, including employers, more easily identify institutions that meet their particular needs.

Key messages: dimensions of business models for higher education institutions

Institutional value propositions

Developing distinct institutional value propositions is often conditioned by system-wide structures, including legal contexts and government objectives and policies, but also broader conditions, such as demographic
trends and the level of economic development of countries. At the institutional level, HEIs adopt a range of approaches, which may be encouraged by broader government schemes but are sometimes entirely rooted in institutions’ own strategic objectives and policies. These approaches range from the internal allocation of resources, to choices regarding staff appointment and hiring, or the selection of students, where the institutional setting allows for such autonomy.

HEIs face several challenges when developing value propositions, including:

- matching strategies to objectives
- ensuring their approach contributes to the overall cohesion and quality of the higher education system
- fostering transparency and mobility of students
- assessing and managing organisational risks.

Cost structure of higher education

A second dimension of institutional business models is the cost structure of higher education. It is challenging to measure and compare cost structures internationally. Costs vary greatly across countries and over time, in part because HEIs typically have more autonomy than other levels of education in the way they handle financial matters. In addition, “costs” are essentially assessed by measuring the expenditures of HEIs, which are a function of the amounts of investment that the public, individuals and other private funders are willing to provide. In other words, if there is more investment, expenditures go up, if there is less, expenditures are constrained. The financial model of higher education is thus made of a range of flows between different actors.

Measuring the efficiency of higher education is a complex endeavour. While several economic studies have tackled the issue, mostly at national level, there are on-going debates about the choice of appropriate measures to take into account the inputs and outputs of higher education and relevant exogenous factors. Beyond a formal determination of efficiency levels, many HEIs across OECD countries are faced with high costs, and see their resources increasingly constrained. This reality provides the impetus for institutions to identify cost-efficiency measures that can be implemented while preserving quality.

Government regulations and incentives constitute the first lever to encourage HEIs to pursue cost savings and economies of scale. These levers, which could be called “framework conditions” due to their system-wide nature, vary across countries. This is due in part to the different relationships that exist between governments and HEIs across countries, and specifically the degree of steering exerted by governments over different types of HEIs.

Cost-cutting strategies can be directly mandated by governments, as they have in the midst of the global economic crisis. Cost-efficiencies can, however, also be encouraged in less directive ways. For example, the introduction and scaling up of technology in higher education is a widely discussed lever to save costs and make higher education more affordable and accessible.

There is scepticism about the feasibility of scaling up such approaches and sustaining cost reductions over the long-term. Continuing with the same example, in terms of scale, buy-in from all parties involved must be secured to make the introduction of technology work at an institutional level beyond pilot projects. Additionally, some institutions that have integrated technology in learning indicate that, while technology has assisted in quality improvements, cost savings are not always significant. In this sense, technology may be cost-effective rather than cost-efficient.

The diversification of higher education providers and increased participation of both general and specialised private providers responds to a number of pressures.

These trends have led to the development of a diverse array of private institutions and organisations, alongside traditional public and private comprehensive universities, which often focus on delivering a very specific value proposition and operate according to well-defined business models.
Among the various challenges to enhancing cost efficiency in higher education, this chapter discusses:

- the difficulty of tracking costs in higher education
- avoiding negative implications of cost reductions
- the limitations of transformative approaches to cost efficiency, such as technology, regulatory settings, and the political economy.

The revenue side of higher education finance

On average across OECD countries, HEIs continue to receive most of their income from public sources; however, over the past 20 years, trends in higher education funding have shown a tendency for public support to decline. This has resulted in an increasingly important role for private sources in the financing of higher education. Student tuition fees are the largest and most hotly debated source of private revenue. Several rationales underpin the shift towards sharing the burden between the public and the individuals who directly benefit from higher education, namely:

- financial sustainability
- equity
- efficiency

While these rationales continue to be relevant, new developments have complicated the use of tuition fees to address higher education funding needs. On the one hand, the global economic crisis has exacerbated existing financial issues (e.g. public funding constraints) and made the search for private sources of funding more important than before. However, new risks have also surfaced, as students and families, the main sources of private funding globally, also face new financial constraints, including weaker labour market outcomes as a result of the economic downturn.

Other issues have also emerged regarding the equity of cost-sharing, as risk aversion may deter disadvantaged students from accessing higher education. Lessons from OECD analysis on the various combinations of tuition fees and student aid suggest that, more than the level of tuition fees, the existence of strong student support is most critical to fostering access to higher education. Other research suggests that assessing the performance of a financial model should focus not only on its impact on access, but also on whether it supports student success.

Increasing funding from private entities other than students and households is another approach of interest to many HEIs. This can be achieved through various activities, including contracts with private partners for research and teaching, philanthropy and the commercialisation of a range of products and services. The size of these additional sources of funding varies significantly across institutions and depends to a large extent on country specificities – ranging from legislative and regulatory frameworks to practices and cultural factors. In practice, HEIs rely on diverse strategies to raise the share of non-public funding.

While governments may often initiate performance-based schemes, a number of HEIs have also started introducing performance-based mechanisms in their operations. There are several benefits of performance-based funding systems, including:

- greater awareness by HEIs of state priorities and institutional performance
- improved use of data about performance by HEIs and the state
- improvements in academic and student service policies and practices that promise to improve student outcomes.

There can be challenges to implementing performance-based funding schemes, beginning with the lack of clarity around how performance-based funding leads to improving institutional outcomes, such as graduation rates, credit accumulation and degree production.

It is important to keep in mind some specific limitations linked to the design and implementation of performance-based systems. One limitation relates to the potential complexity of administering such systems,
particularly in countries where data systems to track outputs are poor. In addition, performance-based systems may have limited effectiveness, either because too many indicators make these systems difficult to apply and understand, or because the chosen indicators do not provide good measures of the areas of interest, such as quality.

**Negative impacts of funding model reforms**

Several countries, in particular in Latin America, Eastern Europe and Central Asia and Eastern Asia, have shifted from traditional and publicly-funded systems to systems that are highly reliant on cost-sharing and the private sector. These countries have faced challenges after implementing such reforms, both in terms of creating the right conditions for the reshaped systems to work and due a number of negative impacts, including inequity and inefficiencies resulting from dual-track tuition fee policies, high default rates on student loans, and the insufficient financial autonomy of private higher education institutions. Corrective actions may thus be required for multiple aspects, such as quality assurance mechanisms, funding policies or institutional autonomy.

European HEIs recently reported facing many internal obstacles while attempting to change their funding models. Obstacles ranged from inadequate governance structures and processes, e.g. decision-making structures that prevent effective and timely engagement with external stakeholders, to the lack of information available on income generated from alternative sources, which hinders strategic decisions on investments.

Other internal obstacles faced by European HEIs include the lack of skills and expertise at management level to conduct income diversification. Sometimes achieved through one-off partnerships conducted on a personal basis by faculty members, income diversification strategies typically lack consistency and stewardship that would allow HEIs to reap the benefits from such initiatives. In addition, HEIs reported that there has been significant internal tension regarding the impact of income-generating activities on academic integrity and freedom.

While these aspects are within the purview of the HEI community, broader conditions are required to foster effective income diversification in higher education. These conditions are far-reaching and include, for example:

- regulatory frameworks
- funding modalities
- government incentives to encourage income diversification.

Achieving a wide range of goals through funding instruments can be challenging, and funding reforms can lead to unexpected effects are a typical problem of funding reforms. The delicate balance between public and institutional goals in times of changing financial models requires an appropriate policy mix that combines classic concepts of accountability and autonomy, with newer, innovative policies designed to support HEIs in a competitive and rapidly changing environment.

**Towards a self-assessment framework of institutional business models**

Chapter 2 offers a diagram that situates four broad HEI business models relative to each other, along with an initial list of benefits and drawbacks of the four broad business models. This categorisation may serve as a starting point to move from a description to an impact analysis of various models. It also provides a draft rubric to help HEIs perform self-assessments on the nature, benefits and drawbacks of their business models, and identify the pros and cons of other business models they may consider adapting in the future.

The broader purpose of this framework is to contribute to the policy- and practice-oriented research on improving the coherence and effectiveness of higher education business models. In line with the analytical approach used in this chapter, it is suggested that the models be viewed in a holistic manner, rather than focusing on a single dimension. The framework is intended as a guiding tool, which is expected to change over time as HEI business models become more purposeful and more is known about their impacts.
While there are numerous possible categories of higher education business models, since many criteria could be used to distinguish them, this particular framework places a deliberate emphasis on two complex and broad aspects that are likely to be priorities from an institutional perspective. The two main dimensions identified in the framework – value proposition and financing – are key elements that define the identity and operations of HEIs following the analytical framework described at the onset of the chapter. It should be kept in mind that a traditional revenue model may be found in institutions that have developed innovations in their expenditure strategies, and that, conversely, some institutions may have first innovated in terms of revenue (e.g. by diversifying sources) while keeping the way they use funds and deliver their services largely unchanged.

Chapter 3 – Promoting Research Excellence: New Approaches to Funding

This chapter is a synthesis of the OECD Directorate for Science, Technology and Innovation’s publication *Promoting Research Excellence: New Approaches to Funding*. The case studies included in the Annex to this chapter are from members of the OECD Higher Education Programme who contributed to a compendium of practices in promoting research excellence in higher education, issued in June 2014.

The OECD’s study on Promoting Research Excellence is the result of efforts to obtain data and evidence on how governments steer and fund public research in higher education and public research institutions through “Research Excellence Initiatives” (REIs). The study draws on the results of three surveys. The first, on government agencies responsible for administering REI funding for higher education and public research institutions, aimed to define the characteristics that differentiate REIs from other modes of support. Of the two subsequent surveys, one asked centres of excellence (CoEs) funded by REIs about their management structure, funding schemes, measurement of impact and sustainability, co-operation with the public and private sectors, and perceived long-term effects of their research. The other survey addressed the institutions hosting the CoEs about their administrative arrangements and financial and research objectives and about the impact of REI-funded CoEs on the institutions. Responses from the surveys were supplemented by six case studies.

National research systems face an increasingly competitive environment for ideas, talent and funds, and governments have increasingly shifted funds from institutional core funding to project funding, often on a competitive basis, or reward success in raising third-party funds in performance-based funding schemes. REIs have emerged in this context as an instrument designed to encourage outstanding research by providing large-scale, long-term funding to designated research units, with an emphasis on research of exceptional quality.

Research activities funded by REIs reflect the objectives of the funding programme. The single most important goal is to raise the research and innovation capacity of national research landscapes. Besides the high degree of convergence of programmes in terms of goals and strategies, REIs often have a specific focus, such as promotion of early-stage researchers or recruiting top scientists from other countries; development of co-operation between research and industry; and the renewal of physical infrastructure. The ambitious systemic objectives of central governments explain why REIs often have substantially more funding than project funding measures. The selection of research is science-driven via peer reviews and panel discussions of proposals with other academics, even though these programmes also have broader political goals.

The REIs discussed in this study are positioned conceptually between institutional core funding and project funding. They allow for relatively lengthy projects that often involve undefined outcomes or fundamental research and may include a more or less elaborate administrative environment to support the research activities. Moreover, the funding is time-limited and linked to participation in application and selection processes, which brings them closer to typical project funding.

The information collected in this study can help inform discussions on future government policy directions by providing information on how REIs work and on the functioning and characteristics of institutions that host CoEs funded by REIs. The survey responses are not representative of all REIs in OECD countries, but these exploratory findings show some of the benefits to be gained through REIs and note some pitfalls to be avoided.
Key messages

**REIs provide CoEs with relatively long-term resources for carrying out ambitious, complex research agendas.** This is particularly important for interdisciplinary and co-operative research and for high-impact, high-risk research. Some countries operate a single excellence initiative, while others operate several. The former may provide a boost to the broad research system, while the latter can target specific topics.

**REIs can lead to broad changes in the structure of the research system by pushing research centres and institutions to continually prove and develop their strengths, show their ability to build interdisciplinary networks, create links with the private sector and abroad, and generally enhance a country’s overall research capacity.**

**REIs allow for greater flexibility than other forms of funding, notably in terms of managing resources and hiring researchers.** CoEs’ freedom for managing research funds is seen as crucial. They usually have faster and more flexible recruitment processes. In some cases, they offer professorships and tenure track positions with attractive packages in terms of research facilities. This may enhance their ability to attract talented researchers.

Researcher mobility (both within national boundaries and abroad) is essential for scientific discovery and increasing productivity. REIs make it easier for CoEs to attract top scientists and foreign talent who, in turn, gain status and further career opportunities from their association with the CoE. The intake of foreign researchers helps to form the long-run international linkages that foster innovation and knowledge creation at the international level.

**An increasingly skilled workforce is fundamental for economic growth and is likely to have lasting effects on society.** REI funding allows CoEs to enhance post-doctoral and doctoral programmes and training, thereby attracting and training future generations of leading scientists.

**REIs concentrate exceptional researchers in well-equipped working environments to open up new lines of research, establish new patterns of interdisciplinary research, strengthen human capital, and generally enhance research capacities.** However, fostering competition and structural change can create frictions. Competition for scarce financial resources requires a sound and transparent selection process, usually involving international panels of experts to judge the quality of applications.

**REIs raise the international reputation of domestic research institutions.** Hosting a CoE increases an institution’s visibility and helps it attract students, researchers and additional funding (further REIs, third-party, institutional funds). The strong links that REI funded CoEs generally establish with their host institution may lead to the integration of the CoEs into the host structures when the REI programme ends.

**The activities of CoEs can spill over and create positive externalities** that positively affect those of other departments in the host institution both directly, through the establishment of new networks and co-operative ties, and indirectly, through the overall reputational gains of the host institution. There is, however, some potential for CoEs to create divisions within university departments or research institutions.

**The effects of concentrating research in excellent and large institutions deserve close inspection.** Highly concentrated funding may undermine the competitive element of REIs in the long run by providing additional funds to well-established institutions. Funding centres rather than institutions may mitigate concentration.

**Third-party funding is important to the success of many REIs.** The increased visibility afforded by hosting a CoE can lead to a virtuous funding circle: hosts can integrate CoEs within their structures and CoEs can raise additional funds to extend their research activities. Important sources of external funding include competitive project funding and private investment.

**Responsible public funding bodies, CoEs and hosts view REIs positively.** The objectives of these programmes have been largely achieved. New lines of research have opened up, new co-operative patterns of interdisciplinary research have been established, development of human capital has been strengthened, and concentration processes have generally led to enhanced research capacities.
Commissioned articles

ASEAN’s Journey toward the Regionalisation of Higher Education

Concepcion V. Pijano

The journey to higher education regionalisation in ASEAN was made possible by various actors involved in the process. Two regional networks drove the process: the Asia Pacific Quality Network (APQN) and the ASEAN Quality Assurance Network (AQAN). These bodies have emerged as the new actors in higher education regionalisation by promoting quality assurance as a means to harmonisation and integration, leading to the formation of the ASEAN Economic Community by 2015. Regionalisation of higher education is a continuing journey of collaboration and co-operation, of working towards common agreements and consensus, of intra-regional exchanges and inter-regional dialogues, of alignment and convergence of ideas.

Universities and University Business Models: reflections on governance and structures

Peter Scott

In the 21st-century, the “entrepreneurial university” tends to displace the 20th century’s socially-oriented “mass university”, yet must still co-exist with the traditional “ivory tower” university. From this tension, which may be better described as a dialectic or perhaps synergy, flow nearly all the active policy and management issues that preoccupy higher education leaders today, whether concerned with funding, organisation or governance.

Even as universities become more relevant, differentiated, autonomous and accountable, they are also still deeply engaged in “business as usual”, including the provision of high-quality academic and scientific education and the fostering of critical enquiry and promotion of knowledge through speculative research. It is these – traditional – activities that still largely constitute global “excellence”, as league tables of “top” universities clearly demonstrate.

To succeed in the 21st century, universities may need to be rather conservative in their business models, even reversing some of the managerialist and corporatist policies and practices they have been encouraged to adopt since the 1990s. Alternatively, universities could be much more radical, embracing the flexible (and volatile) models characteristic of cutting-edge, knowledge-based businesses rather than merely implementing old-fashioned corporate models. Or, confusingly, universities could be both conservative and radical, so long as the models they adopt are fitting to the context and needs of the institution, well planned and carefully implemented.

What is an international university?

Jane Knight

This article addresses the question: what is an international university? There is much confusion as to what it actually means for a university to be international, bi-national, transnational, multinational or global. In fact, the term is not important; important is the approach or model used to meet the needs and objectives of the higher education institution. There is no standardised model, nor should there be. This article identifies three “generations” of international universities. There are variations within each group. The 1st generation is an internationalised university with a diversity of international partnerships, international students and staff, and multiple collaborative activities. This is the most common type and reflects the internationalisation mandate of universities in countries around the world. The 2nd generation includes universities that have established satellite offices in different countries of the world in the form of branch campuses, research centres and management/project offices. The 3rd and most recent generation of international universities are new, stand-alone institutions co-founded or co-developed by two or more partner institutions from different countries. This article focuses on the 3rd generation institutions, the newest form of international university. Examples are provided and a number of issues and challenges related to this new type of international university are identified.
MORE ABOUT THE OECD HIGHER EDUCATION PROGRAMME (IMHE)

The OECD Higher Education Programme (IMHE) is a permanent forum in which education professionals worldwide can exchange experiences and benefit from shared reflection, thought and analysis in order to address issues that concern them.

The Programme’s activities have a global reach and include monitoring and analysing policy making; gathering data; and exchanging new ideas, as well as reflecting on past experience. These activities assist members to contribute to the development of higher education internationally, nationally and locally.

The Programme’s strategic position within the OECD provides members with access to the OECD’s rich evidence base, as well as to a recognised international network, drawing together higher education professionals, leaders, and policy makers, managers and researchers.

Higher education institutions, government departments, agencies and other higher education organisations from across the globe can apply to become members of the OECD Higher Education Programme (IMHE) and benefit from privileged access to a range of products and services developed within the Programme, under the oversight of the IMHE Governing Board.

Products and services for members include:

- Programme member-only workshops that enable members to connect with other members – physically or virtually – to discuss topics of common interest
- A report for members on the State of Higher Education, annually, delivering comparative data, key policy developments in countries and thoughtful analysis of current higher education developments and policy challenges
- A quarterly brief, What it Means for Higher Education, designed to help members navigate through the richness and abundance of OECD data and analysis on topics that have an impact on higher education, such as migration trends, demographics, economic growth, public finances, income equality and social mobility.

For more information about the OECD Higher Education Programme (IMHE) and how to join it, please see our website: www.oecd.org/edu/imhe
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