
Managing International Student Recruitment Agents

Approaches, Benefits and Challenges

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Executive Summary

Almost all UK universities make explicit use of international student recruitment agents to achieve their objectives. The British Council, the Quality Assurance Agency and the UK Council for International Student Affairs all provide some guidance on the use of agents and the British Council in particular has in recent years put a great deal of effort into the training of agents. But unlike the position in some other countries such as Australia and New Zealand, there is no national framework or rules governing the way universities work with agents in the UK. Each UK university which works with agents has its own policies and procedures, framework for relationships and commission rates.

Despite the estimated £60 million plus in annual commission spend very little professional advice and support for universities on working with agents exists. With the support of The British Council and the collaboration of a representative group of universities, including one which claims not to use agents, in-depth interviews, data collection and analysis of university– agent relationships, from the university perspective, were undertaken in 2013 to help better inform the sector’s use of agents and to share good practice.

This study reports the view from universities and different approaches adopted to agent relationships. The researchers found that in most cases more could be done to ensure greater returns on investment in agent relationships while also providing greater protection for universities. 10 recommendations emerged from the research. Adoption of the recommendations will very much depend on an individual institution’s risk appetite: how much they are willing to invest (time and money), what sorts of agencies they are happy to contract with and what type of contractual relationships they are prepared to accept.

If UK universities do not themselves better regulate the way they work with agents they could instead face imposed external regulation as has been the case elsewhere. Adoption of these basic recommendations would form a sound basis on which university-agent activity can grow and be self-managed by professionals within the universities themselves.

Recommendations:

1. More training for International Office staff on working with agents including on individual and institutional responsibilities and liabilities under the Bribery and Data Protection Acts and greater engagement with British Council agents’ training.
2. An annual internal audit to assess agent activity and that working practices are consistent with the UCKISA Code of Ethics and the QAA Guidance on working with international students.
3. Ensure proper legal advice is sourced before embarking on agency relationships. Even for universities with long-standing agents ensure the status of agreements is up-to-date and do not rely on “gentleman’s agreements”. Contracts should contain sufficient specification of behaviour norms, thus making it possible to assess performance qualitatively as well as quantitatively.
4. Develop clear agency strategies including an understanding of what the returns on investment in agents provide.
5. Be proactive in sourcing agents including tendering where appropriate rather than relying on approaches made by agents or the recommendations of others.
6. Develop clear and robust due diligence processes for the appointment of agents.
7. Ensure tailored communications strategies and tools are in place to support agents. Treat agents as another distinct and important market segment and support them accordingly.
8. Ensure a continuous process of due diligence through training, information exchange, support, performance review and performance improvement with a named individual responsible for overseeing the whole process.
9. Do not make assumptions about the relative power dynamics between different universities and current or future agents. University status or ranking is not the only determinant of power.
10. Put students, future and current, at the centre of agent strategies by ensuring greater transparency about university-agent relationships and the basis on which advice by agents is given.

1. Introduction

The UK Government's Industrial Strategy for International Education⁵ estimates that education exports were worth £17.5bn to the UK economy in 2011. By far the largest contributor to this are the almost 500,000 non-UK domiciled students studying on undergraduate and postgraduate degree programmes in UK universities. About two thirds of this number come from outside the EU and so are subject to the payment of full overseas tuition fees, in addition to the amount spent annually on subsistence in the UK and travel to and from it. The HE sector in the UK values these students for their intellectual, cultural and diplomatic contribution to the institutions, the region and the country, as well as for the considerable financial impact that they make.

Recent reports and surveys have also shown that the contribution that international students make continues after their departure from the UK and often lasts throughout their lives as alumni. We gain the benefits of soft power/diplomacy together with the quantifiable advantages of their expenditure on UK goods, their trust in UK values and organisations and their contribution to partnership, investment and employability between the UK and their own country, or indeed a third country. The diagram below is a template institutions may adopt when assessing the benefits of international education.

	Benefits			
Beneficiaries	Economic	Intellectual	Cultural	Diplomatic
World				
Nation				
Region				
Locality				
Institution				
Individual Student				

Diagram 1: Benefits of international education at different levels (Humfrey, 2010)

Many HE exporting countries – traditionally the USA, Canada and Australia in addition to the UK – are well aware of these benefits and compete to recruit the best and most appropriate international students to their own institutions.

Competition is keen and likely to become more so as additional countries such as China and Malaysia progress from consumers to providers of international higher education⁶. At precisely this time, a global recession which, in the UK, is particularly affecting public sector spending, has led to constraints in university expenditure in both staffing and maintenance budgets, and thus, to a need, to sustain or even expand the numbers of suitable non-EU students bringing

⁵ Department for Business, Innovation and Skills, "International education: Global growth and prosperity", 2013, <https://www.gov.uk/government/publications/international-education-strategy-global-growth-and-prosperity> (accessed 01 December 2013).

⁶ According to the China Scholarship Council, there were more than 290,000 international students studying in China in 2011 (<http://en.csc.edu.cn/laihua/newsdetailen.aspx?cid=122&id=1399>, accessed 18 March, 2014) many coming from the UK's traditional source markets for overseas fee paying students and Malaysia 2020 Plan expects to see the country as a regional international higher education hub hosting 200,000 international students earning the country MYR 600 billion annually (http://www.britishcouncil.org/cameron_richards.pdf, accessed 18 March, 2014). See also Jane Knight, International Education Hubs: Student, Talent, Knowledge-Innovation Models, Springer, 2014.

fee income to the institutions. In addition, a number of UK Government policies have led to a perception in some of the recruitment markets that the UK is not as welcoming a destination for international HE as was previously the case.

The efforts and successes of UK universities have to be increased or refined to meet these targets in a difficult market and the optimal use of agents is one of the ways in which this might be achieved. Analysis of the cost benefit of agent use is also important as the need for international students grows and the finance to recruit them becomes more strained. It has been reported that more than 100 UK HEIs used international student recruitment agents in 2012 and in the academic year 2010/11 50,000 international students were recruited through agents, with total commission payments of £57.8m⁷.

The use of international recruitment agents is resource demanding and carries risks to all parties directly involved as well as to the HE sector as a whole. Although there has been some debate on the risks and costs associated with using agents⁸⁹ there remains an insufficiently widespread understanding of the governance and control of this channel of recruitment across the sector.

Based on detailed interviews with fifty seven colleagues working in international offices across twenty UK HEIs representing all mission groups, this report presents an overview of agents' engagement in the UK HEIs, rationale for working with agents and approaches adopted to manage the agency relationship. The element of risk involved is considered in the views expressed as key challenges to the relationship.

The following is the narrative that forms the background to the many discussions which took place between June and September 2013 with the staff of the twenty universities involved. Quotations are used as often as possible as these best give the tenor as well as the content of the conversations. Unavoidably, some comments cover several areas but, to avoid fragmentation, quoted responses are used where they fit best. All quotations are unattributed to maintain confidentiality for all contributors to the research on this commercially sensitive topic.

2. Overview of current situation

2.1 Context

The definition of agent has been part of the vocabulary of commercial activity for many centuries and normally relates to a principal who has ownership of the goods or services which the agent has been appointed to manage, distribute or sell. The more contemporary and appropriate definition of the agent activity in relation to higher education is provided on the GOV.UK website under Export Agents for International Trade¹⁰ and this includes

- Help to sell goods abroad
- Act on the principal's behalf by introducing him/her to overseas customers
- Give information and contacts for overseas markets
- Identify opportunities

⁷ David Matthews, "Grand fee paid for each foreign student", THE, 5 July, 2012, <http://www.timeshighereducation.co.uk/news/grand-fee-paid-for-each-foreign-student/420468.article> (accessed 18 March 2014).

⁸ Vincenzo Raimo, "Agents – The business case for an ethical approach", World University News, 16 March 2013 Issue No: 263, <http://www.universityworldnews.com/article.php?story=20130312164957652> (accessed 18 March, 2014).

⁹ OBHE (The Observatory on Borderless Higher Education), "The Agent question: Insights from students, universities and agents", OBHE, 2014.

¹⁰ <https://www.gov.uk/export-agents> (accessed 18 March, 2014).

- Cut costs of setting up overseas offices

The GOV.UK website also advises that agents usually charge between 2.5 and 15% for commission.

In all cases the agent is expected to possess a skill, knowledge, experience or contacts which it is advantageous to the owner or provider of the commodity to utilize. In all cases the provider or principal believes it to be in his/her best interest to employ the agent and the agent believes it to be in his/her best interest to work with/for the provider. The interests of each are, however, different.

UK universities' dependence on international student recruitment income is well understood by the international student recruitment agents, which have emerged to meet demand for professional support from both universities and prospective students. Of the nearly £12bn tuition and commercial contracts income earned by UK universities in 2012-13, almost 30 percent came from fees paid by students from outside the EU. While 12.1 per cent of all UK universities income came from international students some universities have a greater dependency on this source of income than others¹¹.

Increasingly the value of international students to the economy as a whole is also being recognised. Indeed the Government's strategy for international education, *Global Growth and Prosperity* (July 2013) quoted the 2011/12 data on international HE students initially in terms of '£3.9 billion in tuition fees (net of scholarships) and £6.3 billion in living expenses'. Reports on the commercial impact of international alumni only add to this figure.

In spite of the awareness of this financial data there remains an understanding that a university degree is more than a commodity, and that it is a partnership between those learning and those teaching, offering rewards to institutions, students and nations beyond the financial. It is the basis of academic, cultural and diplomatic benefits as shown on the matrix (Diagram 1). A recent debate on the involvement of the Consumer Association in university selection makes a convincing statement which is of considerable importance when the university is seen sometimes only to offer a 'product'. That debate states: "*A university degree is not a commodity. It cannot be bought and sold on Ebay. A degree is a positional good; its value is a function of the ranking of its desirability by others in comparison with alternatives.....it is the key to unlocking human potential, to securing a more just society, to enabling educated citizens to escape the destiny of an off the peg life . It also contributes to economic growth and cultural achievement*"¹². Its procurement is like no other purchase and its successful completion is a shared endeavour between those who learn and those who teach. It is not like buying a fridge which money alone can secure.

This concept of the service rather than the commodity aspect of HE, of its value as well as its price, and the difference between the customer being able to afford a degree and being able to achieve one, all make the selection and management of education agents a very sensitive and difficult task. Understanding the role of agents, the possible risks of engaging them, their management and the benefits they can secure for the advantage of the student, the institution and ultimately for the countries involved are the basis of the interviews held and results written in this report.

It is important to note too that agents are not a homogeneous group. Discussion, in the sector, about the use of agents produces verdicts on a continuum between 'a logical requirement for

¹¹ HESA http://www.hesa.ac.uk/index.php?option=com_content&task=view&id=3140&Itemid=161

¹² Martin McQuillan, "Cool it, Which? A degree is not a fridge", THE, 13 February, 2014.

<http://www.timeshighereducation.co.uk/comment/opinion/cool-it-which-a-degree-is-not-a-fridge/2011229.article> (accessed 18 March, 2014)

successful overseas sales’ and as ‘crass, commercially driven, corrupt, exploitative, and ill informed’. However, almost all UK universities make direct use of recruitment agents, many of them relying heavily on agents to meet annual recruitment and income targets.

The issue is also complicated by the definition of agent which could in its widest terms include the activities of the British Council, schools and colleges, international centres, large consultancy groups representing many institutions and working through partnerships such as INTO, Kaplan, Navitas and Study Group. These were not the focus of this study.

2.2 Why use agents?

In spite of all the complexities and ambiguities of the principal-agent relationship as it applies to higher education, it is clearly evident that a high proportion of HE providers work with agents and many have an increasing dependence upon them to help deliver annual intakes¹³. Markets are large, dynamic, difficult and competitive and so a considerable number of HEI’s see agents as necessary and a proportion view them as “a vital tool” and “a key part of our strategy”. Those who engage agents are not blind to the fact that the relationship is based on financial returns and not philanthropic activity. Those who manage budgets for international recruitment are conscious of the size of agent commission and the proportion of the budget so expended; but they are also conscious of the fee income produced and its contribution to overall student numbers.

There is no doubt that international students of the appropriate quality are proving more difficult to recruit to the UK for a number of well understood reasons. This has been confirmed in the most recent HESA data showing a reduction in intake numbers and totals in 2012/13 for the first time for a number of years¹⁴ and a drop of 1 percent of the number of non-EU students (Diagram 2) studying in UK universities¹⁵.

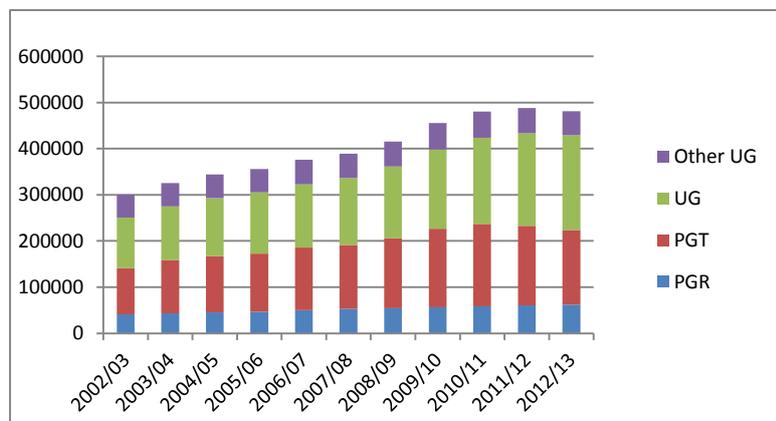


Diagram 2: Total International Students in UK HEIs 2002/03 - 2012/13

Source: HESA 2014

Universities use agents both because of their strategic commitment to international student recruitment and because of the distinctive roles and functions of agents. The former relates to the need/demand for increasing numbers (and/or diversity of international students) in the institution and the direct resource available to the International Office or recruitment centre. The latter includes the unique resources agents can bring, and the functions/services they provide for both universities and prospective students.

¹³ OBHE (The Observatory on Borderless Higher Education), “The Agent question: Insights from students, universities and agents”, OBHE, 2014.

¹⁴ HESA, http://www.hesa.ac.uk/index.php?option=com_content&task=view&id=3103&Itemid=161 (accessed 18 March, 2014).

¹⁵ Holly Else, “Non-EU students attending UK universities”, THE, 27 February, 2014.

<http://www.timeshighereducation.co.uk/news/non-eu-students-attending-uk-universities/2011633.article> (accessed 18 March, 2014).

2.2.1 Institutional factors -numbers, diversity, and maturity of market development,

When the university plan demanded higher levels of recruitment it was clear that agents could provide a quick response, as *“agents are a very quick way in to getting students”*. In spite of some institutional uncertainty about the use of agents, the smaller offices felt there was a correlation between agent activity, student numbers and fee income. The increase of agent activity was often seen as a more simple approach than launching out on other less tried activities or increased staff absence, and this was all part of the *“scales and balance”* that had to be considered. In addition, many universities believed in the benefits of recruiting students from a wider range of countries, partly to decrease dependence on one or two major ‘senders’ (Diagram 3) and so reduce risk, and partly, perhaps as a more enlightened vision, to ensure a strong mix of cultures and nationalities within the university community. Some universities made this, for either or both reasons, a clear KPI.

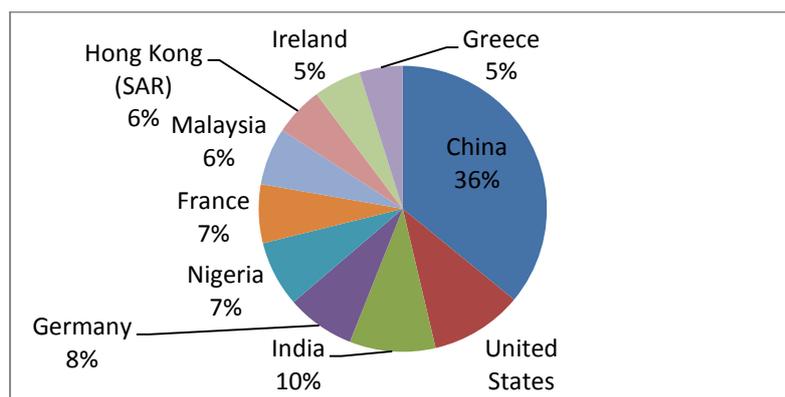


Diagram 3: Top-10 UK University International Student Recruitment Markets 2012-13

Source: HESA 2014

The community of international students was seen as important as the number recruited.

“It’s not about the volume thing for us, it’s about the diversification.”

“And for that reason we are looking at appointing new agents and we are looking at West Africa, Indonesia, Middle East and South America.”

The need for diversity in academic discipline as well as nationality was also raised and it was noted that agents were not always successful in the attraction of students outside the main areas of interest as shown in Diagram 4.

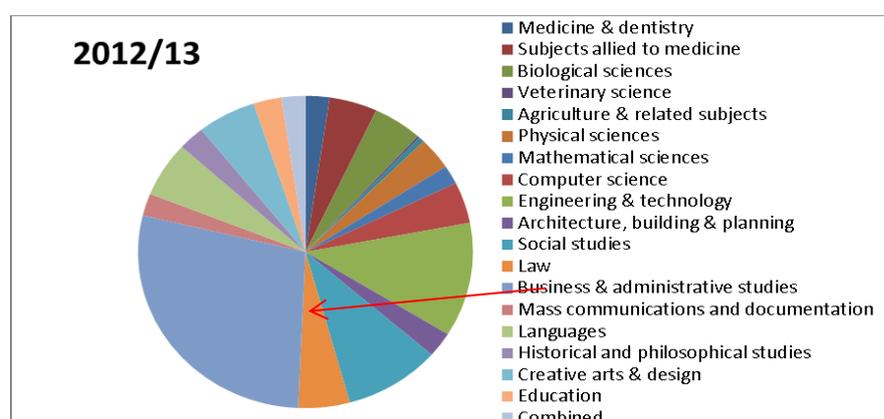


Diagram 4: Total number of non-EU students by subjects 2012-13

Source: HESA 2014

Universities make decisions on the benefits of agents in part by understanding the country and their intended targets in it. *“Firstly is it an agent market? Is it a market where agents are*

important?” When considering new market entry the lesser known markets were believed to be more dependent on agent support. As one respondent stated:

“We are looking for more agents for the first time in Latin America.”

Universities, as they considered themselves becoming more confident and competent in the market, felt better able to manage recruitment with fewer or no agent involvement.

“We are at a point now where we can sit back and be confident these numbers will keep coming and we can spend some of the money and time on non-agent led routes.”

Some institutions were not totally convinced of the advantage of using agents, or believed that agents were only useful in some countries, and at some stages of institutional market development. Examples of the former were Indonesia where potential students were spread across a huge land mass in contrast to Singapore which was considered more manageable. In addition, in this case, UK universities had long experience of Singapore and its students and mores, as the British Council had opened one of its first three specific recruitment offices there in the early 1980's. Indonesia, on the other hand, was a market discovered by fewer universities and at a later stage.

2.2.2 Institutional factors - Resource available to international recruitment activities and risk preference

In the current circumstances in which university funding is considered by many to be insecure, uncertainty over the success of international recruitment could precipitate a downward spiral where fewer students mean a reduction in recruitment expenditure with fewer staff and less marketing activity. Some implied that it was easier to get the funding to pay the commission on increased numbers – post hoc, rather than to bid for increased staff or marketing spend, which appeared to have less certain outcomes.

While agents were always mentioned in the context of income there was a view that they could provide access to networks and allowed a spread of effort without the university being committed to expending too much time and energy in less certain markets.

Permanent or even temporary home based staff together with travel costs and overseas visit arrangements especially in high expenditure countries such as Japan and South American countries would need to be, in the view of many of the respondents, considerably increased if agents could not cover the regions required. This was particularly stressed as important in emerging markets where the institution had a history of small numbers of candidates and countries where large landmass had to be covered. Of these it was said, *“The cost of going there is so high and the return on investment is not there”*.

In the very large countries too there was a limitation on time that staff could spend overseas and therefore a natural tendency to spend most of the allocated period in the larger cities where almost all recruiters visited. Well-chosen agents, on the other hand, *“are able to spread the message wider”*.

The need for agents had been partly founded on the size of the country for which they would be responsible. This responsibility is heightened if the university regards that country as unsafe for UK travel and therefore places more reliance on the agent(s) concerned. Pakistan was cited as one such country.

2.2.3 Agent-related factors - Local knowledge and cultural bridges

There was some reliance on the additional knowledge and competence in the language of the country that agents could offer, and examples were given of setting up first language web sites

and booking rooms for interviews and organising local events. Talking to student families and sponsors was also a consideration. This key contact with families and the society from which the student came built on *“a wealth of local knowledge, expertise, and cultural expertise....building links”* was quoted as a significant benefit by several universities.

Local knowledge incorporates basic explanations of culture and custom and specific information about educational qualifications, the reputation and ranking of the institutions, and subject specialities and strengths. This is data that can often be found on websites but is more effectively conveyed face to face in country. It helps universities make the right level of offer. They also have the experience to discuss trends and past data and changes. So *“building up a kind of picture of the new market will be of extra value”*.

There is expectation that agents will be market aware and conduits of information and networks.

“They’re kind of like our eyes in the market and they keep in touch with us in the development phases.”

It is clear from the interviews that while the national culture of some of the larger countries like India, Indonesia and China can be partially understood by the British traveller, the regional culture and dialects need the presence of a local agent.

“There are so many different sides of China. There are so many second and third tier cities. People would like to talk to people from their own province, work with an agent who understands the dialect.”

In the same way India presents an issue and agents are seen to be able to *“...reach parts of countries that we might not be able to”*.

“They’ve got a wealth of local knowledge, expertise, and cultural experience.”

It is believed that well-chosen agents can also *“tap into student markets that we wouldn’t get access to otherwise”*. Language needs more interpretation than simple translation in many countries and the successful agent can manage the dialogue and the intercultural interaction.

“You have to have an agent to negotiate with that culture.”

2.2.4 Agent-related factors - Local connections

Respondents in the research also identified the importance of connectivity and the networking that agents were able to provide. They identified contacts in local schools and universities and they *“knew which kind of universities to target as well”*. They make introductions, help to build partnerships with appropriate institutions and help to search out sponsors *“particularly at postgraduate level”*. Some of the examples of this provided by the universities are *“contacts with scholarship agencies, with the Ministry of Education people....and with school councillors”*. Others have provided networking opportunities *“with appropriate business people”*. They will have the knowledge of the people to meet, and of the influencers, sponsors and stakeholders. Such networking generally is most effective in smaller countries or communities where a well-placed agent can be connected to, and known by, a high proportion of the community. The agent’s previous career history can be important too as one who had worked at the local British Council had a considerable number of well-placed contacts to offer.

In the best of all worlds of course this kind of international handshaking might be offered *pro bono* for the benefit of the students and the country – but the interviews offered very little evidence of this activity.

“Your ideal situation would be to know one or two people in your market that are kind of plugged into sponsors, officials, the newspapers, the schools, universities who didn't want any money for their help -- for helping. That would be perfect obviously.”

Agents can also offer additional services in supporting existing partnerships and linking with alumni.

2.2.5 Agent-related factors - Services provided to prospective students

Agents when managed successfully do not simply recruit students to the institution but also raise the brand image of the institution, and possibly the UK, make a positive impression on the market, meet a need that students and parents express and further the reputation and the contacts of the institution in that area. All of these tasks might be achieved by UK representatives but as previously mentioned time, resource and opportunity cost do not allow that in a number of institutions and importantly the good agent brings additional value to the transaction. Part of the evaluation of the additional value is based on the statement made earlier that higher education is more than a commodity sold for a price, but a contract between parties of an especially sensitive and precious nature. Parents and sponsors are particularly aware of this at undergraduate level.

“They can see in person, speak to a real person and that can sometimes be a bit more reassuring.it's going to be their first time sending them away from home....it's the biggest decision that can be made.”

An interesting aspect was also expressed that certain students might, in some countries not yet exposed to westernized culture, be more needful of help and support in making an application. The role of the agent here could be especially valued.

“It's maybe their first time in the UK. So they need a little bit more help. They need a little bit more hand holding.”

Respondents observed that in the culture of some countries working with agency services is seen as the proper way of undertaking transactions and, therefore, more acceptable and more reliable.

“We found out that the students there, they want to go and be advised (by agents).”

This could have an increased importance when British Council offices are not so available for ongoing assistance to students and families.

“I think it's some markets more than others that students and their parents are relying more heavily on the support that agents can give.”

The role of go between or conduit is much appreciated by the parents who often feel that the agent offers a reassurance and is someone *“who can be in touch with the university, if anything goes wrong. You know things go wrong for students. So, they are a conduit”*. The constant presence which an agent could provide is well recognised by most institutions. *“It's about that continuity, having some presence there when you've actually left the country”*. Such an agent can provide *“a continuous service all the way through”*. In the best of circumstances the agent can explain the context of UK HE and the procedures that go with it thus reducing the work of the recruitment team in the UK and ensuring that the student is better prepared on arrival.

The agent contribution in information transmission and help with processing is considered especially important during the UK visa acquisition. All the aspects covered above, such as language proficiency and cultural interpretation, are involved in assisting students through this

essential phase. There is considerable unanimity among the institutions as to the benefits the agents bring to this.

“There are questions that an agent can answer that we can’t answer.”

“And do you know how difficult it is to get a visa in Nigeria? They are not going to an agent because they are stupid. They are going to help them get through a difficult process.”

“In Mexico we have chosen to go with an agent to support the visa process.”

It is clear that a number of institutions use agents not only as representatives but as vehicles of communication. They are thought to add particular value to the lesser-known institutions in this way as, by helping to recruit the first of the students they assist the work of word of mouth and become a conduit for stories of satisfaction from the students recruited through them.

In addition, in certain countries without a tradition of study in the UK, the visa regulations have created “a higher level of confusion and misunderstanding....and the negative associations with some of our immigration policies I think sort of pushed students towards wanting to use an agent to help them know what they’re doing”.

The use of agents in these circumstances is student choice and is seen by some students as mitigation of risk to *“lessen the risk of failure”*.

“I think that’s a really big service that the agents provide.”

2.2.6 Agent-related factors - Services provided to universities

Universities see the agent role as multi-faceted, and as a continuous process of helping to create the market, raise the brand profile, encourage appropriate applications and then support both the university and the applicant until that process has been satisfactorily completed. The first hurdle is the attraction of students of the right quality and institutions were aware of the need for agents to be *“really good in terms of screening students”*. *“We need genuine students and we rely on our agents to do that pre-screening as well”*. This ‘sifting’ is time saving for the institutions and *“...to try to do a bit more of the filtering”*. A number of institutions believe that their agents are performing very well in this sensitive area of screening and then in terms of communicating this to the students as follow up.

Filtering, in some countries, requires identification of fraudulent documents and applications. Whilst some respondents believed that in-country agents could identify fraud, others were concerned that some malpractice originated with agents.

The conversion process is a critical one and especially difficult across continents, and language and cultural barriers. In a time of keen competition for the right international candidates the period between application, offer and acceptance of offer is a critical one and the right agents can play a key and responsible role throughout. Most universities want to see an improved application to offer ratio. Some universities will pay agents who successfully undertake the conversion work on a student who has previously made a direct application to them. If in the meanwhile the university admission systems are sometimes slow and less than customer friendly then the effort of the agent to nurture the applicants *“guarantees a much better conversion rate”*.

Part of this conversion process is the verification of documents and avoidance of fraud as mentioned above. The practical side of this and value to the students and sponsors is the removal of the need to send originals across the world. A trusted and experienced agent can be allowed to vouch for the documents and *“sign and say that they were originals”*. The

collection of deposits can also be managed by the agents in country provided they understand the regulations and code of conduct for doing so.

The services which the agent offers to university staff are generally much valued. They can offer help with travel, local knowledge for making arrangements, assistance in a crisis like “*loss of wallet and passport*”, reassurance in countries where there are real safety issues and genuine friendly support. This last benefit was very strongly endorsed.

“When you travel internationally and you are on your own. It’s a great joy to walk into an office to meet somebody you have known for a few years.....I mean literally if I do a private visit on my own they may be the only people I see all day that actually know who I am.”

Agents can also provide services which the less well-resourced institutions find especially helpful in their ability and willingness to set up meetings and assist with alumni activity. “*They help organise alumni gatherings and relationships*”, “*arranging meetings with universities, sponsors and schools well in advance of the institutional visit*” has been valued as they “*do extra work and take that away from us*”.

The continuity of the agent-university contract and the trust that is built upon it is recognised as valuable in this as in many other relationships. The agent is there to understand the market and to convey understanding and advice to the university. This often takes the form of feedback from students and applicants and sometimes information on offers made by other institutions. The universities do not have to agree to change but are helped by a better awareness of what others in the market are offering or what applicants find desirable.

“But if we find that our course didn’t do well and we don’t know why, an agent will tell us quite quickly....so that’s feedback that we can decide whether we want to achieve.”

In addition the agent can undertake some fairly informal market research before the product is launched. They can give a view on what courses are likely to promote interest and be well accepted, or feedback on the general response to visa changes.

Agents are also closer to, and more affected by, the systems that universities set up and the ‘blockages’ that can occur. While applicants may not feel they are in a position to make requests to the universities, agents certainly do and can “*lift these blocks*” such as letters or documents that are missing and help speed up the process. This evidence of partnership is of value to all parties but cannot be taken too far and universities can advise the agents on protocols. “*If they appeal too often we will start not to listen to them. But it makes them feel they are part of the organisation and that’s important*”.

3. Approaches to agent management

The management of agents by universities is similar to the agent management process seen in other sectors. It, typically, includes pre-contractual control mechanisms and post-contractual governance in order to control inter-firm exchange, minimising exposure to opportunism, protection of transaction cost investment and development of the principal/agency relationship. However, variations exist amongst the responding institutions in terms of the operational approaches including selection of agents, regulating and controlling the behaviour of agents, and development of the relationship.

3.1 Selection

The complexity of agent selection is increased by the quantity and variety of applicants for agent employment. Institutions suggest that nine out of ten agent approaches are not successful. It is believed that between 95 to 98% of approaches are made directly by prospective agents to the universities. The universities are also well aware of the demands made by their managements for an increase in recruitment of nationally diverse and appropriately qualified international students. This approach by agents creates a great deal of work, “*we get approaches all the time*”, but puts the universities “*in a fairly strong position*”. It makes it all the more important too for institutions to have robust and transparent systems through which to select agents and to train and monitor them.

Some universities have a more comprehensive process than others which normally involves recommendation by the country International Officer to the Head of the recruitment team, a questionnaire to the agent, references taken up, a business case made for the appointment and if all that is satisfactory then a Head of International Office sign off. That is normally followed by a contract “*just for 12 months and we normally set a target – a realistic target with something for them to work to*”. The trust in the agent and his/her contribution is indicated in this case by ‘Tiers of Recognition’, with three used and the first being a pilot contract. There were a number of examples of thorough examination of the agent proposal and detailed contracts after inspection of business plans and recruitment record to date. “*The international Office would have to put together a full brief...it would have to have done a due diligence on the agents themselves*”.

Among the criteria for agent selection universities include professionalism, which includes “*morals and ethics*”, sensible and high quality service, and a professional looking website. Universities value too ‘enthusiasm in the agent’: somebody who’s got time “*to actually look at what we do and put in the effort*”.

Meeting the potential agent was a general pre-requisite for appointment although most respondents realised that a meeting with a single person, probably the owner or manager, still generally left questions about the organisation unanswered, like staff turnover, management, sub-contracting (sub-agents) and resources. “*These are all things that essentially universities don’t know about*”.

3.1.1 The business case and trial periods

The business case and the business plan were seen as important by a number of institutions and some require a three-year business plan in terms of target numbers. Other universities require a market plan and a clear appraisal of market opportunities, together with a business development plan for their own agency. All of this is taken as an indication of skill, intent and professional behaviour.

The most stringent testing of new agents found, in a single instance, was when agents are not paid commission during the first year. A number of other schemes to test the competence of the agent over a pilot period were found. Many universities spoke of this “*preset process*” and careful vetting system – not only of the agent proposed, but of the need for the agent. “*It would be the officers selecting them, because they will know who they want to work with*”. This idea was repeated in discussion of due diligence and compliance and the “*grading*” of agent competence and trustworthiness.

Some institutions also describe a rigorous yet “*self-selecting*” process where the putative agent has to demonstrate initiative and reliability. Agents are required to absorb information about the university (e.g. from the website), look for suitable applicants, send the applications and if any of them convert “*then we can look at a contract based on actual results*”.

3.1.2 Trust, exclusivity and alumni

Universities are conscious of the risk element when working through and with agents and consequently look for certain criteria when signing up new agents. Much has been said of the marketing benefits that agents can bring through their professionalism but universities also need to be convinced of their credibility and professionalism. Some universities take account of agents' professional qualifications and the associations to which they belong, others check as to whether they have undertaken British Council training, others will ascertain "*their good standing*" in society (if possible), some will rely more on alumni than 'outsiders' and some will look to references or recommendations from universities with whom they already work.

This important mix of trust, careful scrutiny, calculation and amelioration of risk is well expressed in one interview.

"I think all of this is based on the idea that we want to be represented by somebody who we have real confidence in and we know very well, we can trust to represent the university in a way that we wanted to be represented. And if they are working with somebody else, we have confidence in the other that they're not sort of being linked with other institutions we wouldn't want to be linked to."

The selection of agents by universities is also governed by a variety of factors such as institutional policy, and specific country needs. The former could include a statement on the acceptability of exclusivity, on the maximum number of agents working within a region, - "*I am sorry, we already have sufficient coverage*" – and in the very large markets they are strategically positioned. "*So in India.....one of them has a bit of presence in the North, one better in the West, one more established in the South.*"

Thought is given to the numbers of agents best suited to recruitment needs and thus the creation of a bond between university and agent "*....generally, we try to work with just a couple in each market. Ideally we want to get that loyalty*".

Allusions are frequently made in the interviews to the concept of loyalty and this is believed to be strengthened when the university is represented by a smaller number of agents in each market.

"We try to work with just a couple in each market. Ideally we want to get that loyalty...so I think we get more out of agents."

3.1.3 Markets and agents

The proactivity of agent selection also depends on the characteristics of the market – whether new, developing or established. Universities recognise that different countries may need different agent skills – the well-developed may need selectors and the emerging markets, recruiters.

New markets were viewed as exciting and demanding and, even if the existing agent numbers are high, additional ones can be added to recruit in new markets. These may not be new markets for the UK but simply new markets for the individual institution and in need of growth.

"We decided that Indonesia is becoming a more important market and it would actually make sense because we didn't know a lot about it to have an agent."

Universities also face the issue of whether to appoint a widely dispersed agency to every one of the countries from which the institution wishes to recruit.

“If we work with x in country A, it does not mean that we are working with them in country B because that would be country B International Officer’s decision.”

The opposite point of view can be considered when the markets are different yet adjacent and have other connectivity.

“We already have them (as agents) in China and they want to expand in Hong Kong, we might choose to work with them in Hong Kong.”

In addition it seems that universities are on occasions supportive in recommending good agents to one another. One example is an agent in Brazil who was referred by one British university to another. Agent reputations also spread through *“recommendations from other people I trust at the universities”* and *“feedback from all the universities”*.

While it was made clear in the interviews that most of the approaches came from the agents to the universities - *“we haven’t gone out looking for agents”* - there were examples, particularly from colleagues who had moved between universities, of the need to approach the agent and the possibility of being rejected by the agent.

“It was this idea of us seeking agents which was quite different.”

“I found it more difficult than I thought that I would have to attract appropriate agents. And I have had refusals.”

Institutions entering a new country market also believed in the benefit of working with a larger and more high profile agency. There was on the other hand a belief in the efficacy of the *“smaller and hungrier ones”*. The smaller and middle size agencies were seen as working more closely with people and that *“the loyalty will be there”*. The smallest ones were believed to have benefits in that they would be more accepting of training and more interested in a closer relationship.

3.1.4 Role of the British Council

When discussing agent selection the possible contribution of the British Council was mentioned. It was known that the Council would not offer judgments on the agents but *“sit on the fence, quite rightly, and do not recommend”*. They do offer, however, in many countries, a list of individual agents/ counsellors who have undertaken British Council training and this provides some confidence. The British Embassy, it was reported on one occasion also made offers *“to invite agents to speak to me if I wanted”*.

It is recognised that since the interviews were undertaken the British Council has developed a new continuing professional development programme and launched a trained agent search facility on its website¹⁶. The new British Council’s agent strategy is designed to build agent capacity to work on behalf of the UK. Specifically, efforts are focused on increasing the number, effectiveness and quality of agents working on behalf of UK providers in all relevant sectors.

Agent training is a core element of the British Council agent strategy. Successful completion of the training leads to the award of the Education UK Certificate for Agents. When signing up to the agent training, agents have to accept the code of conduct as part of the registration process. They also have to meet the eligibility criteria, one of which involves providing references from two institutions on the HTS register. The Advanced Agent Training Certificate particularly has a focus on ethical and professional behaviour. It was developed in line with the 7 principles of the

¹⁶ www.bcagent.info/gal/ (accessed 27 August 2014)

London Statement which address the key risk factors in working with agents. Two years after successfully gaining the Education UK Certificate agents must apply for recertification to maintain their British Council trained agent status.

3.1.5 Size of agency

The size of the agency often corresponded to the numbers of universities with whom they worked, so lines of accountability could become diluted and relationships less important. Each university made a choice as to the size of agency they thought best suited their current needs – “we only work with big agents”, “I’d say medium to large”, “and they’re much smaller, newer ... they’re trying to break into the market”. One of the dangers of using very large agencies was believed to be the fact that “they already have their favourite universities....you’re just going to be added to the end of the list”. Working with only a pair of small agencies does “keep them on their toes....and offers some self-policing” and if the one acts badly the other is likely to report it. The “age” or length of establishment of the agency elicited little interest as did the office location.

3.1.6 The agents’ client base

The mix of clients for whom the agent worked generated a range of responses. Less highly ranked institutions could see some merit in joining agencies with better known or more highly ranked UK institutions. Others wanted similar universities, or universities who would complement them, to be part of the agent portfolio. Some chose agents who did not already have what they were offering, “to make sure we can offer something distinctive or different”. Some universities looked at the client base of the potential agents to see if they felt “confidence in the others and were not the sort of institutions that we wouldn’t want to be linked to”.

The competitive nature of international recruitment has already been emphasised and institutions have made it clear that they expect to gain competitive advantage from their choice of agent(s). The importance of an agent’s ability to network, make connections, be in a position to influence have all been identified. For all the reasons outlined above, connected with the inability of most universities to be in-country regularly, agents with the right contacts and who are able and willing to use them for the university’s advantage are needed.

“We also ask them for information regarding their connections... and if they have any connections with ministries and sponsors.”

In the agent competition the existence of any compelling feature is of interest. Will they represent a particular region in the UK and become expert on that, for example Scotland. Will they be particularly well connected in specific subject areas for example Art and Design?

3.2 Training

All institutions, to varying degrees, resource the training of agents to represent the University accurately and persuasively. Generally, the effectiveness and comprehensiveness of training is doubted by the providing institutions. Few are systematic and many report high staff turnover in agencies as a problem.

Generally the training is provided by marketing officers and not academics although, typically, International Offices make efforts to involve academics in interviewing (training by example). Some institutions supplement in-country training with web-based support and guidance (e.g. newsletters, Skype). Big offices obviously find this easier than small offices.

3.2.1 Training materials

The amount of training required for agents is affected by the rigour of the selection process employed by the university. If the new agent understands the institution which s/he will represent, has received a thorough briefing, a clear contract and the marketing plan has been discussed together with the expected code of conduct and due diligence details, then s/he will be in a good position to begin work. Training will form a natural second phase. Support for the agent can also be seen as a continuation of that training. In spite of the belief in the necessity for robust and comprehensive training there is no single process in place to ensure that all agents and advisors are trained and this is especially important in the face of fairly rapid staff turnover.

There was some interest in the British Council training and the need to use it more widely, and as a filter for agent recruitment. It was hoped it might be extended into a more systematic programme so that issues such as anti-bribery laws can be more clearly and forcibly rehearsed. Codes of conduct and UK values might also have a more prominent position in the training. The British Council received some positive comment on its role in the training of agents but a number of areas were identified where more might be done.¹⁷

“I don’t ever recall UK universities ever actually inputting into the development of that programme.”

The role of the Council is of interest in this area and the need is clear. “The British Council did try and do it.....but at the end of the day they said they couldn’t verify or guarantee the quality of any agent that did their training” and “the British Council’s influence seems to be waning a bit generally”. There are a number of references to UKCISA and UKCISA advice during this discussion which is highly valued.

In addition to the British Council’s training for agents, some institutions had conceived a broad range of other or additional training materials or activities which included input on the Bribery Act, the Freedom of Information Act and data protection. Some spoke about a training week and the possibility of running regional training sessions in the future. There was a wish to provide information not only on international policy and business but on the institution as a whole and about “*developments in UK Higher Education*”. Others had a more restricted vision for training on processes, understanding the product, counselling, bribery and corruption, acculturation, and understanding of their contract. Some universities could arrange this through their local offices, others by face-to-face encounters and others on line or through specific sections of the web or agent portal. It was recognised that the relatively high agency staff turnover, as mentioned above, meant that training would have to be delivered fairly regularly.

“Every time you go out you were training counsellors and you go back out and you’re training counsellors again because everybody’s left.”

For a number of institutions the hard copy manual has been replaced by website specific agent information or agent portal. This information on practice and procedures often includes further detail about the institution being represented. Other sections of the university relating to the agent work, such as the Admissions Office might be included. Some institutions have an agent handbook as part of the web and other separate information about the agents which can be widely accessed. The information for agents contains both operational protocols such as how to submit a pro forma invoice and a broader spectrum of information on the university mission. Those who use hard copy are well aware of the need to update it regularly and redistribute it then. Information in either format is seen as part of a broader, ongoing training.

¹⁷ Note that this feedback reflects the situation prior to the British Council’s new product launch and it is understood that that these issues are now fully integrated into the British Council’s Agents training offer.

“No we don’t have an agents’ manual. We rely on the web page. As I said all the agents that we work with, we make sure that they get an annual visit and that they have training. And that they are sent follow up information, and then they have the reference area...”

3.2.2 Face-to-face training

The following section on agent conferences adds to the face-to-face training possibilities, and the subsequent ideas on the use of agent manuals contribute to the ongoing support for them.

Most responses to the question of whether the university holds agent conferences were negative and explained by lack of time/resource for such an activity. Agents, however, were always welcomed when they visited and a programme of activity and information would be provided. Every respondent stressed that they would try to make an agent visit to the UK as effective as possible and would endeavour to arrange visits to academic departments. Eight respondents did run conferences – one annually for four days, one annually for a week, one biannually, one when 45 agents attended, others with 15 to 20 and another with 80. Some, after general discussions, split into specific subject groups; some encouraged travel in the area so that they could report to their applicants; most finished with a feedback session. *“I think it went down really well.”* It was felt to be especially pleasing when the agents took this opportunity to meet the students they had initially counselled.

Further information was also offered on the role of the visit to the UK both in terms of training and support and reward. Some universities paid for the accommodation needed during *ad hoc* visits, and some paid UK travel expenses. If the visit was arranged by the university as part of a regular training pattern some universities would pay the costs of travel and accommodation. Others, however, thought that commission payments should be used for travel costs while the UK stay costs should be met by the university. *“...it is up to them to make the investment to send a member of staff.”* There was seen to be considerable marketing advantage if the agent had a very positive experience during his/her visit - *“it’s experiential marketing”* and *“Really when they come is when they go ‘wow’. That feeling, you can’t get it across until they have visited”*.

3.3 Support

This is clearly related to both training and reward. Such support from the university can be categorised as marketing or operational support and both affect agent productivity.

The responses of those interviewed included as marketing support:

- attendance with the agents at exhibitions,
- financial support for marketing,
- additional agent involvement such as invitations to British Council exhibitions,
- marketing materials.

Co-attendance at exhibitions was believed to be part of monitoring and training as well as supporting and was of particular importance to the new agent and in a new market. It was an opportunity for the university to learn and to assess both the current market and agent potential.

“I think being able to support them in that way is encouraging as well.”

Another said:

“Especially if we are setting up a target with somebody, we have to invest and turn up and support their activity.”

Co-attendance was offered both for major British Council exhibitions and for the smaller ones arranged by the agents themselves. The agent will see this “*as part of the relationship thing*”.

“You do gain the goodwill of the agent by actually going out and supporting them and showing the locals that they are genuinely working with you.”

Such attendance is also seen as support and reward by the university “*so, you’re doing well, we will come and attend your event.*” In the larger countries the agent record will be evaluated “*and the ones that have performed the best, they have the most support and if they’re doing a set of fairs we will participate in them.*”

Additional **financial support** for agents is a complicated issue and one on which the universities had much to contribute. While time is recognised as a limited resource, the decision to increase financial support resulted in a great deal of comment.

“We make a contribution to the marketing budget...But it is very much the exception”, and such a contribution “is on a case by case basis as they come forward”. Institutions are aware of the benefits that the large amount of financial support might ensure if they were able “to give that level of investment and really be committed”. It was in this area of the debate that reference was made to major commercial organisations such as Kaplan.

Another institution felt more comfortable providing sums of money if it was perceived as “*not specifically dedicated to the agent...but to marketing activity in the region.*”

Others believe that the ability to give some small financial contribution to the agents supports and encourages them, secures a buy-in from them, stimulates them to have ideas and is more suitable than giving a bonus. The investment of money in agent ideas can be seen as a matter of trust and a matter of risk but “*the pay-off hopefully is at the end of the year when that goodwill and marketing budget will translate to students*”.

Universities are also well aware of the competitive dimension and if agent support is not offered as appropriate – or at all – then “*they (agents) are more likely to send them (students) to one of your competitors who is investing in them as an agent and who is attending their events and visiting their offices regularly*”.

Other forms of agent involvement as **reward and partnership** included scholarships handled through an agent - and this will be considered again in the section on risk - and the referral of students attracted at British Council exhibitions to the agents whether they are present or not at that exhibition. The steady flow of good, up to date and attractive marketing materials and other information from university to agent was regarded as an “obvious” requirement.

And for operational support:

- Responsiveness and speed of turnaround by the university,
- Visits by university staff to the agent’s office,
- Additional rewards i.e. positive sanctions and these included visits to the UK and attendance at specific agent conferences as discussed in the previous section.

The efficacy of the agent is also enhanced by constructive and appropriate communication between university and agent and, while this is part of agent training, it is also part of the proper support that should be offered by universities.

Much of the foregoing list was covered by the institutions under other topics. It was clearly believed that if the partnership was to function well then both parties had to deliver as agreed. One of the “key things agents wanted was quick response time” and after that “payment of commission on time”. Agents must be “clear at the outset in terms of what they can expect”. “It

is pretty much being reactive to their emails and communications....they have a client waiting for a response”. There is, however, general agreement that decisions on PhD applicants will take longer.

Another aspect of the partnership model promoted here is the idea of genuine understanding of the agent and the context.

“I think the main thing is to make yourselves open and available to any questions....to give a really clear message to agents that we would rather you ask than give a student wrong information....We can’t expect them to know everything.”

3.4 Monitoring

Selection, training, monitoring and rewarding are all part of the university-agent relationship and all closely interlinked. If enforcement and reward can both be seen as sanctions and both intended to lead to a better understanding of, and trust in, the university-agent relationship then the whole can be viewed as a virtuous circle from which all – university, agent, student, sponsor and the UK HEI sector – can gain. Trust and success build on one another and can make a positive, qualitative contribution to all who are involved. This qualitative element will normally result in a quantitative result. This forms a virtuous circle of trust and quality with applicants, agents, alumni and universities all reinforcing and building on one another (Diagram 5).

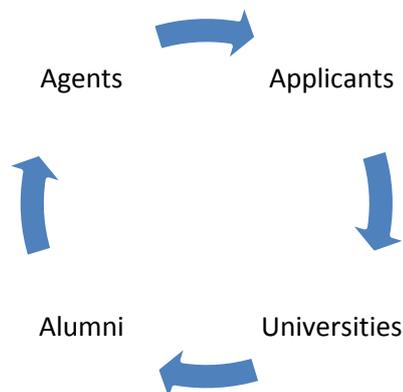


Diagram 5: Virtuous circle of trust and quality

Agent conferences, additional spending, visits by the university and inclusion in other related activities are all used as a reward and in some cases this is also marked by agent specification into a hierarchy of success and responsibility for example, gold and silver or tiers 1, 2 and 3.

“If there is a potential from growth coming from them we can offer them more support.”

When the institutions understand that it is not sensible to expect the agent to have all the answers then they can make provision to assist the flow of information. Regular communication is undertaken by the vast majority of those working with agents and in the form of:

- Skype
- Handbooks and manuals
- Visits
- Emails
- Phone calls
- Agent portals
- Webinars
- Newsletters

“You’re servicing them, but it’s a double-edged sword....they’ve got a lot of power over you....they are representatives of your brand overseas.”

Training and support are positive and a clear part of the university’s responsibility to the agent but the more difficult and complex aspects of sanctions is **due diligence with enforcement**. There are elements of both activities which interact. Annual review, for example, is part of training, and just as likely to lead to positive as to negative outcomes. Annual review could mean *“that they can progress”* and should mean that any weaknesses on either side of the university-agent partnership can be addressed.

“And we then go through a process of feeding back to the agents....and if there are particular issues which are coming up we can use that then to feedback to the agent.”

This thorough feedback by not only the International Office but others such as Admissions who have to deal with the agents, includes *“...their professionalism, their organisation, conduct, responses to inquiries, promotional materials that they produce on our behalf...enrolment conversion and visa refusal rates”*. Feedback is also secured in some instances by the student/applicant questionnaire on agent performance. Positive sanctions from some universities include additional commission.

While not all institutions use structured annual agent performance review - *“we don’t have anything formal in place”* - monitoring student numbers and auditing performance is an ongoing activity by many institutions. One of the institutions which did not adopt formal review was open in saying that the auditor was not content that this was acceptable. Most universities have the experience and the knowledge not to make absolute judgments on performance but to build in contingencies such as new markets, political upheaval or other factors. *“But the targets that the university has are obviously quite flexible”* and *“If I am recruiting a new agent if they are going to be getting me five students, I think that’s pretty good”*. Some institutions use the International Barometer survey as part of their agent evaluation.

The evaluation is not always a positive encounter and an opportunity can be taken to identify poor performance and failure to meet expectation, either as set in targets or in other ways.

“We had quite a frank discussion with them.”

“They were warned in February that we were not happy, that we needed to see radical changes, and that we had far greater expectations than they had delivered.”

“We have KPIs based on each slice of the process. And if these are below our requirements then questions would be asked of the agent.”

“If this (the agent report) is not sufficient or appropriate then we will query the relationship.”

“Where agents are not performing to target or are just not communicating then they get put on notice.”

“All the agents know that they are being monitored.”

“And if we find that an agent is being poor in all these areas (student counselling, visa refusal rates, enrolment conversion and active engagement) then we will get rid of him.”

The question of charges by agents to applicants is often checked on such evaluations and might be verified by the mystery shopper approach which only a couple of institutions admitted to having used. This was also an area in which the post registration student survey on agent

treatment could provide insight. One institution saw it as “*using students to help manage the agency relationship*” and “*it is good to get the student perspective on that*”.

One university suggested that they would use inter-institutional feedback if malpractice was occurring. “*Other universities actually came to us and said, you’re being represented by an agent who isn’t behaving appropriately*”. Overall while monitoring was seen as advisable it was also recognised as difficult.

“You can of course put in place explicit statements and contracts....but there is always room to manoeuvre around that in different ways, and certainly break out.”

3.5 Enforcement

The interview data here indicated recognition of the importance of this area in the university-agent relationship but something less than consensus as to how this would be best managed. There was certainly strength in the expressions of anxiety over malpractice with institutions preferring to loose students rather than condone unprofessional agent conduct. Another “*axed nine agents*”, and another took legal action against a company “*passing themselves off as our agency ...and putting up inaccurate information about the university*”. Universities were strong in their belief that protection of the brand was paramount and the number of students recruited by the offending agency did not protect them.

“I don’t see that the number means that we’re dependent on them.”

The balance of power between university and agent was understood by the institutions and when the agent failed to realise this their agreements were terminated. It was possible to retrain agents who had behaved inappropriately in mitigating circumstances and one institution had tried for resolution on the “*three strikes and you’re out principle*”.

Many institutions were remarkably firm too in their response to persistent agent requests. They believed in their own authority and had confidence in the brand and their position.

“We would not want to feel blackmailed or pushed or cajoled into something we don’t want.”

There were sticking points such as:

“If the programme is full, it’s full. We can’t lower our entry requirements. “We can’t lower our fees.”

“There are some things you can change, and some things you can’t.”

“You can keep on asking that question but that question isn’t going to get a different answer.”

This covered some of the most important and difficult parts of the university-agent relationship and involved discussion on “*turning a blind eye*”, continuing working with agencies who were believed to be dishonest in part, possible forged documentation and dishonest handling of money. Some contracts were not renewed, warnings were given, contracts were terminated, the institution’s Professional Code of Conduct paper re-stressed, and agent contracts re-enforced.

Enforcement issues bring to the fore the power dynamics between universities and their agents. Huang, Raimo and Humfrey (2014)¹⁸ found five generic typologies of institutions based on the use of power and control mechanisms adopted by universities for agent management as shown in Diagram 6.

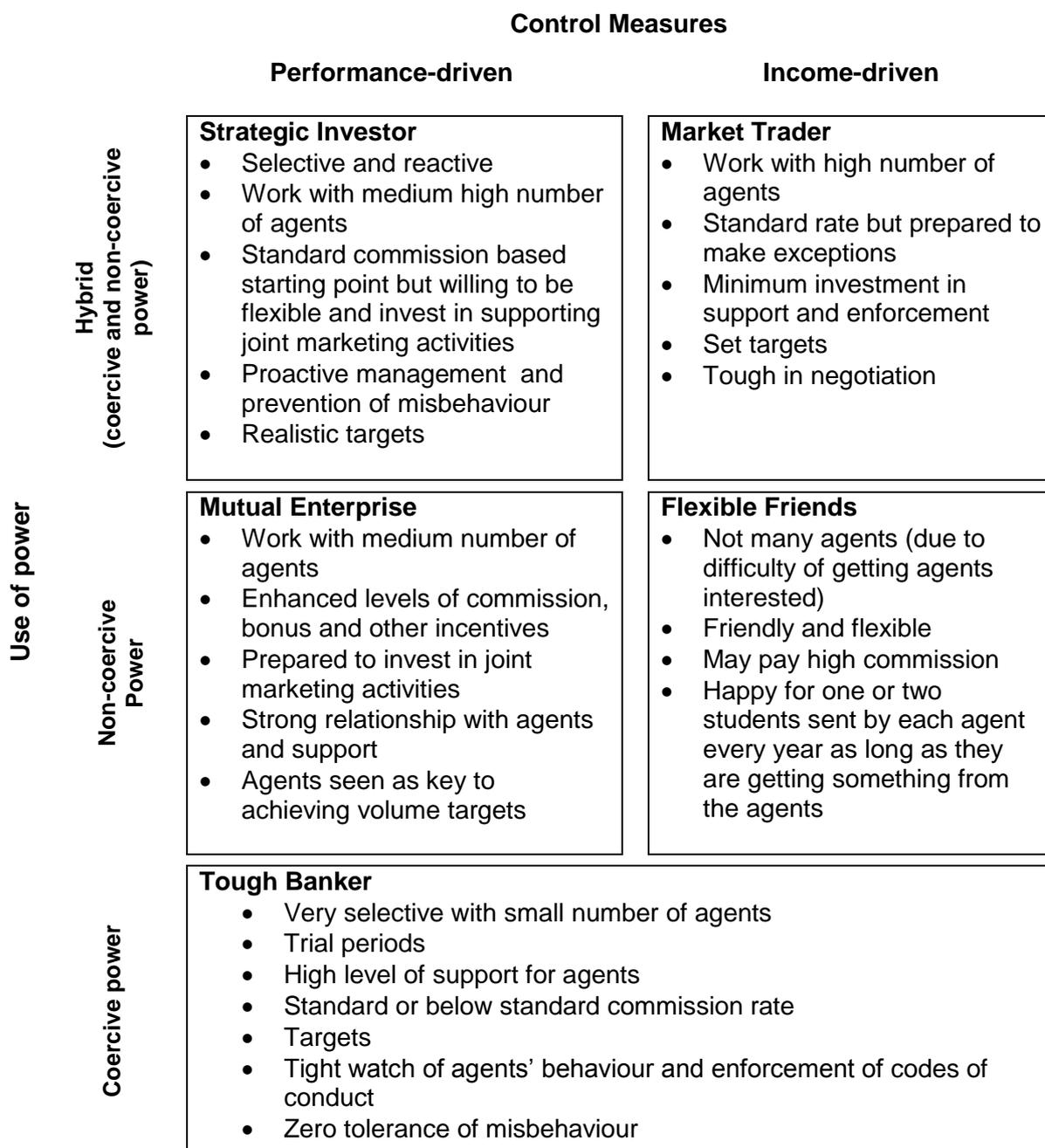


Diagram 6. Power and control in governing external agency relationship in HE

Source: Huang, Raimo and Humfrey, 2014¹⁹

¹⁸ Iona Y Huang, Vincenzo Raimo and Christine Humfrey, *Power and Control: Managing agents for international student recruitment in higher education*. Studies in Higher Education. DOI: 10.1080/03075079.2014.968543 on <http://dx.doi.org/10.1080/03075079.2014.968543> (available from 21 October 2014).

¹⁹ Ibid.

The typologies may serve as a positioning tool for HEIs interested in self-assessment. But there is, of course, a bottom line of legal and regulatory frameworks which all universities must adhere to. Pressure to achieve targets may be high but compromising on fundamental requirements will not be tolerated by senior management and governing bodies.

4. Risks

Most UK universities are familiar with the need to assess risk, to collate risk issues in priority order on a risk register, to update that register and, importantly, to make provision for managing the impact when risks turn into actuality and disasters.

Risks in terms of use of agents can be categorised as identified in the following paragraphs. For a number of reasons it is difficult to list these in order of “*harm*” as each is interrelated with the others. Fraud, and the scandal and dishonesty connected to it, are issues which affect, not only the institution’s finances, but also its legal standing, and have a considerable impact on its integrity and therefore, its reputation.

Before our consideration of specific risks, it is necessary to stress that the widespread use of student recruitment agents by the UK HE sector represents a ‘trade-off’ in terms of risk management. One set of risks has been replaced by others at the high end of the risk register.

The diagram below shows the differences of risk and control in three aspects when working with agents in comparison to employing own staff.

- Financial - Risks are lower when working with agents as usually payments are made on results whilst employing permanent staff members requires upfront investment by the university with uncertain return
- Reputational - Risks are higher working with agents as the university has less control over sale of service/ product in comparison to employing their own staff
- Regulatory/ legal – Risks are higher with use of third parties in varying jurisdictions and much less control over their behaviour.

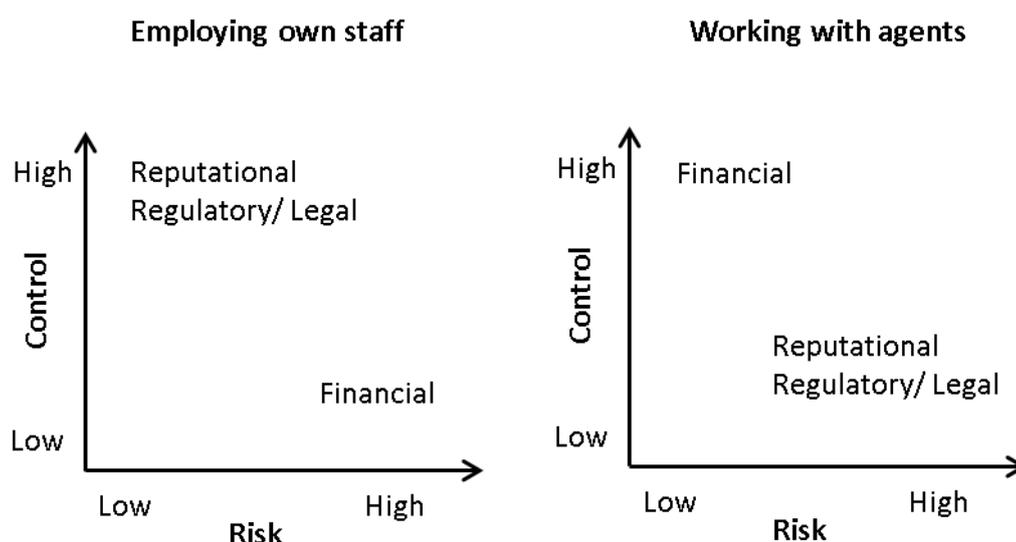


Diagram 7: Risk and control in international recruitment activities

4.1 Strategic risks

These include the least worrying of the risks and might be specified as effectiveness/efficiency of the budget spend. There is a risk that agents may cost more than the net return is worth, and an example of this might be an agent with an expensive marketing agenda which fails to produce registered students at the end of the period. One of the reasons for engaging agents as indicated in earlier sections is to increase the student registrations and applicant satisfaction, and to release staff time to pursue other international marketing activities and to make the marketing budget stretch more effectively. There is a risk that this will not be achieved and that agents prove ineffective and expensive and that university staff presence would be proved as more successful.

4.2 Financial risks

These risks are connected both to strategy failure (4.1) and to financial and reputational risk. The market may have been wrongly assessed as appropriate for agency work, or inappropriate for the agent appointed, or the services sought. Agents might advise investment in certain market activities which are badly researched, careless or profligate. There is a risk that money and time may be wasted.

There is also a risk that money collected by agents from applicants or sponsors could result in fraud, and encourage underhand transactions. There is a risk in moving money across borders, particularly when agent and university are in the early stages of a relationship. This may be a safer exercise if the tiered agent approach is used, as described by colleagues, in that only the more trusted agents are permitted to handle direct financial transactions.

Unless this arises as a result of agent inefficiency – which is a problem in itself – this is an example of dishonesty. The care taken to describe the monitoring and training procedures should make this an offence that only occurs once, unless there are strong mitigating circumstances such as an over complex financial system established by the university. Colleagues have indicated that sanctions are available for malpractice, which include termination of the agent contract, and such sanctions and careful scrutiny could reduce the risk.

4.3 Reputational risks

Reputational risks may be caused by:

- Mis-selling or misrepresentation
- Dishonesty
- Fraudulent applications

Reputation is a key factor in the university's identity, and that identity and brand are fundamental to marketing success. There are, therefore, serious repercussions if the university's reputation is in any way put at risk by the agent – whether knowingly or by accident. Financial loss through any of the reasons named in 5.2 above, can usually be restored more quickly and painlessly than a loss of reputation for quality and integrity. As the agent is the representative of the institution, any of the issues listed below would have grave implications and the importance of the safeguards discussed in earlier sections are, therefore, obvious. Selection, training and support of agents as well as monitoring, enforcement, awareness, and understanding of due diligence and the use of sanctions are all required of the university and the systems built to ensure integrity. While it remains a sensitive issue, there is awareness that some cultures have different views on corruption and its role in business and society, than others. Those who engage and manage agents must be aware of the different mores and

accepted behaviours noting however that acting according to local norms and customs is no defence under the Bribery Act.

Prevention is also less painful than punishment and universities should be aware of the increasing opportunities for fraud with language test results, references, mark sheets, visa applications and travel arrangements all passing through agent hands.

Another element to reputational risk is added when agents, with or without the agreement of the university, engage sub agents. Once again the openness of the relationship between agent and university should reveal whether any subcontracting is being agreed and due diligence should then be imposed by the university on both the agent and sub agent.

Issues relating to the standards and quality of the applicants to whom offers are made must eventually rest with the university unless – which the agent is permitted to make firm offers on behalf of the university. The latter arrangement would significantly increase risk scores on the risk register. In rare circumstances, where agents are themselves education providers feeding into foundation or bridging courses, such ability to make offers could be supported. Student quality, retention, completion and satisfaction are key factors in institutional branding and applicants with inadequate qualifications for entry are unlikely to be happy and successful students.

4.4 Legal and Regulation risks

Transgressions under the Bribery Act are legally serious and reputationally damaging and care needs to be taken to make sure that this Act is understood by all who are likely to be affected by its provisions. As mentioned earlier in the report, places in higher education can be viewed as a commodity or a consumer good and the law protects integrity for HE places as for other valued transactions.

One of the most serious lapses in trust by the agent is non-compliance with the current UK Border Agency regulations and this, while the ultimate responsibility of the university, is often also a matter for the agent. Since, for a number of reasons, the UKBA codes and regulations have been changed or extended on many occasions over the past ten years it is necessary to keep the agent informed and updated as well as the university ensuring that UKBA visa refusal rates are within the tolerance threshold. Already “*considerable concerns*” are being expressed about the visa refusal rate of some institutions and ill-informed or dishonest agents will not help the position²⁰.

5. Challenges & Recommendations

It is clear that for most universities, agents play a very important role in international student recruitment. Universities spend considerable time, effort and financial resource (commission but also other incentive payments and marketing budget) on agents and it is therefore vital that they have robust processes in place for sourcing, appointing, monitoring and, if necessary, terminating agent relationships. In this section, we focus through a set of recommendations on what individual institutions can do to enhance their own practice. Our recommendations do not, therefore, depend on agreement in the sector. However, there is a major issue which will need wider discussion and agreement if action is to be forthcoming.

²⁰ John Morgan, “Licences to recruit overseas students at risk”, THE, 13 March, 2014.

http://www.timeshighereducation.co.uk/news/licences-to-recruit-overseas-students-at-risk/2012028_article (accessed 18 March, 2014)

While agents are, and it is believed, will continue to be important components of successful international student recruitment campaigns by UK universities, the current lack of transparency about their use by universities *could* cause significant harm to the university sector. If UK universities do not themselves better regulate the way they work with agents they could instead face imposed external regulation as has been the case elsewhere and as, it is understood, is currently being considered as an option by the UK Government. In the opinion of the authors, this should include greater transparency about agent use and the basis of the relationships between them and universities including being clear about commission payments.

Transparency is a difficult issue since many universities do not wish to publish the commission paid and related details. This remains a matter of choice and there is apparently some resistance to it by agents as well as from universities. This issue exhibits, perhaps more than any other, the presence of competition in the market between not only agents but the universities themselves.

"It is competition and we can say that we are not in competition with one another, but we are, absolutely, of course we are, more with some institutions than with others. I think that's something that should be between the agent and the university."

If some kind of agreement were to be reached about transparency, it would be difficult to enforce. Experienced managers could pay an agreed commission rate and then enhance that with other (hidden) benefits and rewards, such as additional "marketing" money. Commission rates may also have an implication on the designation of cartels and related competition law. At present the level of commission paid reveals too much for the majority to be content to share the information.

There is also uncertainty as to whether the agent reveals the amount of fee, if any, charged to the applicants. Four agent responses were identified:

- agencies who do not charge students
- agencies who do charge students
- agencies who say one thing but do another
- agencies who charge only for very specific (and specified) services

The dilemma over transparency and its significance is explained by one interviewee:

"I believe very strongly in transparency. We work in higher education, it is publicly funded and with reputable organisations. I believe in ethics and so on. I'd prefer the transparency but only if everyone commits to being transparent, and it's not just a commitment to say that you're going to be."

The findings of this study point to the need for a clear set of processes for the management of agent relationships. The starting point or the base line for this activity should be the UK legal and regulatory frameworks in which universities operate. All processes must be robust enough to meet the requirements of key legislation including, the Data Protection and Bribery Acts. Universities' work with agents overseas is clearly covered in this set of legislation and individual persons within universities as well as the universities themselves can be found liable for breaches of these Acts. It is vital that those responsible for appointing agents as well as those working with them have appropriate training and understand that they can be liable for the acts of "associated persons" (agents in this context) even if they do not know about those acts undertaken "on their behalf".

Recommendation 1: improve training for International Office staff on working with agents and the implications of the Bribery and Data Protection Acts²¹ and greater engagement with the British Council’s training for agents.

As well as the formal legal framework, there are a series of guidelines which most UK universities are formally signed up to. These include the UKCISA/AISA Code of Ethics²² and the QAA Guidance on working with international students²³. Both of these documents call for universities to be open and transparent in their dealings with international students ensuring they are giving appropriate advice, guidance and support to prospective and current international students in their decisions about study in the UK. How well understood and adhered to are these guidelines in UK universities? While some respondents talked about ethics and UCKISA guidance they typically applied these issues to how agents work rather than how they themselves work with agents.

Recommendation 2: assess university processes against the UCKISA Code of Ethics and the QAA Guidance on working with international students.

Ask if your own in-house processes meet the codes and guidelines and then if your agents know about these requirements and act accordingly.

Respondents talked about contractual arrangements of various kinds with agents, formal contracts, so-called Memorandum of Understanding, and even working without formal contracts during “trial periods”. All of these relationships have a legal status and it is therefore vital that this is understood by those appointing and working with agents and that the legal nature of those relationships is also properly understood: there is no such thing as an informal arrangement in these cases.

Recommendation 3: ensure proper legal advice is sourced before embarking on agency relationships.

Even if you have been working with agents for a long time ensure the status of agreements is up-to-date and do not rely on “gentleman’s agreements”. Ensure that contracts contain sufficient specification of behaviour norms, thus making it possible to assess performance qualitatively as well as quantitatively. You cannot undertake proper performance review if you have not been clear about requirements at the start.

In the research on which this report is based there was concern expressed by respondents that while agents are required to sign that they have read and understood their contracts with the university, there is nothing to check that they do indeed understand it and the constraints it lays up on them.

The majority of university-agency relationships are, according to this research, initiated by the agents. Does this point to a lack of proactivity in UK universities’ agency strategies? Do agency strategies even exist in all cases? It is vital that universities understand clearly why they are working with agents and what the returns on their investment in agency activity provide in comparison to alternatives.

²¹ a useful guide including some training scenarios on bribery and corruption have been produced by Transparency International UK and are available freely on their web site at <http://www.transparency.org.uk/our-work/publications/826-anti-bribery-principles-for-not-for-profit-organisations> (accessed 18 March, 2014)

²² UKCISA <http://www.ukcisa.org.uk/Info-for-universities-colleges--schools/Publications--research/resources/41/The-UKCISA/AISA-Code-of-Ethics> (accessed 18 March, 2014)

²³ <http://www.qaa.ac.uk/publications/informationandguidance/documents/international-students.pdf> (accessed 18 March, 2014)

Recommendation 4: develop clear agency strategies and understand why they are working with agents and what the returns on investment in agents provide.

Where there is a case for the need for agents, universities should be more proactive in sourcing agents directly and measuring proposals from different agents against each other and the key criteria for success considered important in individual markets.

Recommendation 5: look at the appointment of agents as part of a tendering process as would normally be the case in the UK for contracts of a certain value.

In many cases the value of contracts with agents far exceeds EC Procurement Thresholds²⁴. Have a fully rounded recruitment strategy of which agents are only one element.

Recommendation 6: develop clear and robust due diligence processes for the appointment of agents.

Ask difficult questions about how the agent works, what their track record is, what level of staff turnover they have, etc. Seek references from both referees nominated by the prospective agent as well as from others who are listed as working with that agent. If possible undertake some mystery shopping and seek student feedback. A counsellor having undertaken British Council training is not a guarantee that the agency as a whole is properly trained and having attended British Council training is not by itself a guarantee of quality.

Agents have become another key market segment, like schools and colleges, from which universities receive numerous applications. And as many agents now work for a very large number of partners service to them is important in a university securing students.

Recommendation 7: establish appropriate tailored communications strategies and tools to support agents.

It is a crowded space and commission levels alone are insufficient to ensure success. There was no clear relationship in the research between commission levels, institutional status, number of agents and numbers recruited through them thus pointing to a variety of factors influencing recruitment success through agents.

Recommendation 8: ensure a continuous process of due diligence through training, information exchange, support, performance review and performance improvement.

Have a clear structure and process in place for continuous improvement and ensure a named individual is responsible for overseeing the whole process. Due diligence is a continual rather than a one off process at the appointment stage (Diagram 8).

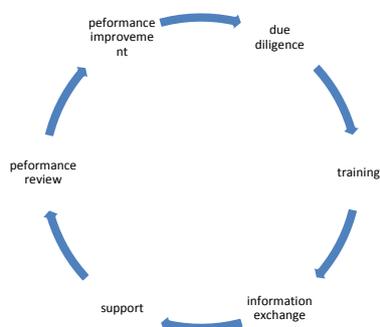


Diagram 8: Due diligence is a continuous process

²⁴ <http://www.ojec.com/Thresholds.aspx> (accessed 18 March, 2014)

The dominant mass agency model is not an effective answer to every university's recruitment needs and objectives: there are other options including direct marketing spend, investment in in-country offices, sole representative models, alumni involvement, etc. Just because agents have dominated activity in some of the larger markets in recent years does not necessarily mean they are the right solution for all universities today or the answer to universities' objectives of the future.

Recommendation 9: do not make assumptions about the relative power dynamics between your own university and your current or future agents.

University status or ranking is not the only determinant of power. Willingness/ ability to accept volume intakes at desired levels (admission requirements) could make a so-called lower status university much more financially attractive to an agent than a higher ranked university with more limited volume intake and frankly harder work in terms of finding suitable candidates who meet the requirements. Each university should use its own distinct strengths to ensure its position *vis a vis* agents is appropriately balanced.

Recommendation 10: put the student, future and current, at the centre of agent strategies by ensuring greater transparency about the university-agent relationship and the basis on which advice may be given.