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PACE OF ADOPTION OF INTERNATIONAL STUDENT RECRUITMENT AGENCIES BY U.S. INSTITUTIONS

Market Research Report

PACE OF ADOPTION OF INTERNATIONAL STUDENT RECRUITMENT AGENCIES BY U.S. INSTITUTIONS

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ACKNOWLEDGMENTS

The ongoing debate over the use of international student recruitment agencies has spurred authorities, destinations, and research companies to investigate the higher education sector's position on this phenomenon.

This research initiative reflects and acknowledges all previous research on the practices, guidelines and use of agents – much of which is mentioned and referenced herein.

As such, this research paper aims to enrich the international recruitment sector with up-to-date, first-hand data and insights on the current status of the education agent market in the U.S. higher education sector especially in light of relatively new and rapid development in this area.

The authors and research team would like to thank the government representatives, accrediting bodies, associations, state consortia, universities, agents, and other stakeholders who participated in the survey and interview phases of the study. Their insights were invaluable to the outcome.

Special thanks also goes to the participants of in-depth interviews, who made the effort to express their broader views and experiences, many of which are hard to find elsewhere. Namely the gratitude goes to (in an alphabetical order):

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Santuza Bicalho, Director – Student Travel Business Unit, CVC;
Stephanie Cheeseman, International Student Marketing and Recruiting Coordinator, Wright State University
and 6 other participants who preferred to remain anonymous.

PREFACE

Bridge Education Group commissioned this research project through StudentMarketing, a UNWTO Affiliate Member with individual memberships in the research association ESOMAR, with the initial goal of measuring – as per the title of this research – the pace of adoption of agencies by U.S. institutions, and universities in particular.

The National Association for College Admission Counseling's (NACAC) modification of the approach and language within its Statement of Principles and Good Practices in 2013 opened the door to a broader acceptance of the use of international student recruitment agencies, provided institutions ensured accountability, transparency and integrity while doing so. This, in turn, prompted a variety of reactions, contemplations, experiences, and expectations in the practice of using agents for international student recruitment, and especially their adoption. This research is a result of an ambition to study these various effects and points of view.

As with many research initiatives, what was initially conceived as a modest undertaking quickly took on a much greater dimension. Although the topic itself was fascinating, an extension of the undertaking was motivated by the collective words of encouragement the research team received from the widest breadth of stakeholders, including government, accrediting bodies, universities, agencies, state consortia, and associations.

By setting out to discover what the pace of adoption and the adoption in itself really is, the research also had an ambition to explore and address the reasoning behind this – the “why.” This required insights from a variety of stakeholders, and in that process embraced a recurrent theme in the discussion, the need for “transparency.”

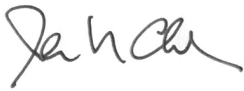
With this work, the research initiative attempts to address the key, often controversial issues and expose them to further scrutiny, discussion, contemplation, and reflection. The team did its utmost to maintain a neutral stance on what is a contentious topic, by sharing as many perspectives as possible from a variety of stakeholders on each of the underlying issues.

This ambition also motivated the robust scope of data collection and utilization of a multi-channel methodology – secondary data, primary quantitative data, qualitative data via in-depth interviews, comprehensive mystery shopping, with over 500 various stakeholders contributing to the research over the course of 6 months.

Ultimately, the goal was to provide quantitative data, combined with insightful perspectives, that key stakeholders can use to further their understanding, formulate opinions, establish best practices, and to encourage a balanced dialog on the subject of the use of agencies for international student recruitment.

We extend our sincere gratitude to all those that encouraged us along the way, and participated in this research.

Sincerely,



Jean-Marc Alberola
President
Bridge Education Group



Samuel Vetrak
CEO
StudentMarketing

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METHODOLOGY

The results of this study are a combination of data gathered via primary and secondary research.

The primary research work consisted of the following components

1. Quantitative survey
2. Qualitative survey
3. Mystery shopping

To gather first-hand insights on university-agency collaboration, the quantitative survey was spread across 2 different types of respondents – U.S. institutions and international student recruitment agencies. In total, 474 participants (131 U.S. universities and colleges from 36 states, 343 agencies from 64 countries) took part in the survey, maintaining a representative sample of institutions and agencies of all sizes and types.

The participating U.S. institutions represented a minimum of 93,391 international post-secondary students, which translates into a robust sample of 9.5% of all international post-secondary students in the USA.

Out of a pre-selected sample of 82 respondents who were invited to participate in the qualitative research phase, 20 took part in-depth interviews with various sector stakeholders (universities and colleges, agencies, associations, accreditation bodies, and government). This allowed for sourcing a wider perspective and a more detailed analysis of different aspects of the relationship between institutions and agencies.

The mystery shopping method (student enquiry via email) enriched the respondent pool with an additional 454 responses from U.S. universities and colleges (1,373 approached), adding valuable data about their attitude towards using international student recruitment agencies in the student enquiry process.

To complement and support the outcomes of the research study, extensive desk research collated relevant data from a variety of secondary sources, both in the USA and internationally.

The research study was introduced to the public in December 2015, followed by the development process of quantitative data questionnaires, qualitative interviews, and mystery shopping exercise. The data was collected throughout April and beginning of May 2016.

In order to align with commonly used terminology, the following definition of agency was adopted from AIRC:

“An agency is defined as an organization, company, or association that recruits and places non-resident U.S. students into accredited colleges, universities, and other educational institutions on a commercial ‘fee for service’ basis.”

For the purposes of this report, the terms “agency”, “agent”, “international student recruitment agency” and “education agency” are used interchangeably.

The data received from respondents was handled confidentially and no responses were individually attributed at any stage of the process, unless specifically requested and/or agreed by individual participants.

The research was conducted in compliance with the ICC/ESOMAR Code on Market and Social Research.

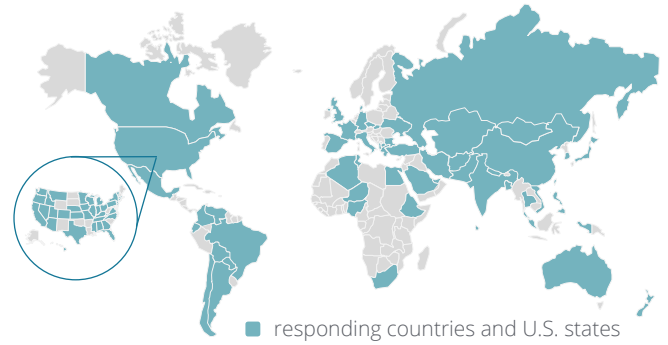


EXECUTIVE SUMMARY

Bridge Education Group commissioned this research project in partnership with StudentMarketing, a UNWTO Affiliate Member, with the initial goal of measuring the recent pace of adoption of international student recruitment agencies by U.S. institutions.

This research initiative was conducted in compliance with international research standards of the ICC/ESOMAR Code on Market and Social Research and used 4 methods to collect data and insights related to the topic: secondary data via desktop research, quantitative data collection via electronic survey, in-depth interviews with key sector stakeholders, and mystery shopping.

In total, over the course of the first 4 months of 2016, the research collated data from 131 U.S. institutions from 36 U.S. states (embodying 93,391 international students, i.e. 9.5% of the all international post-secondary students in the U.S). In addition, 343 international agencies from 64 countries responded (embodying 22,382 international students). Quantitative data was accompanied by insights from 20 in-depth interviews with international and U.S. professionals and authorities (including government, accrediting bodies, associations, universities,



and agents). In addition, the research collected 454 responses from U.S. institutions through mystery shopping and used more than 50 secondary sources.

With this work, the research initiative attempts to address the key, often controversial issues and expose them to further scrutiny, discussion, contemplation, and reflection. The team did its utmost to maintain a neutral stance on what is a contentious topic, by sharing as many perspectives as possible from a variety of stakeholders on each of the underlying issues.

The research initiative aimed to collect data and perspectives rather than to conclude or recommend. The endeavor's ambition was to provide material that stakeholders can use to further their understanding, formulate opinions, establish best practices, and to encourage a dialog on the subject of the use of agencies for international student recruitment.



36
U.S.
states



64
countries
worldwide



115,773
international
students



488
respondents
in total



454
responses from
mystery shopping



4
research
methods

Key findings of this study include:

- The pace of international student recruitment agency adoption by U.S. institutions has increased since 2013.
- 37% of U.S. universities and colleges work with international student recruitment agencies.
- 34% of U.S. institutions report they started using agents in the last three years.
- U.S. institutions who work with agents, on average, work with 33 agents and plan to add 11 and 12 new partners over the next two years.
- 12% of U.S. institutions not collaborating with agents report working with pathway operators, and indirectly using their network of agencies to recruit international students to the USA.
- U.S. institutions working with agents report an average of 22% of international post-secondary students being enrolled through agencies (2015).
- U.S. institutions consider an average of 20 agents per institution as appropriate to work with (median).
- The more agencies a U.S. university already works with, the more they want to add new partners or aim for a higher final number of agents.
- 81% of agencies are rewarded by commission, 3% retainer fee, 5% other forms of compensation and 11% do not receive any reward from universities.
- 72% of agents reported being asked for references from other U.S. institutions when entering new cooperation, more than twice that of any other credential.
- Over 70% of universities express concern regarding possible fraud.
- While 64% of U.S. institutions believe it should be mandatory or optional to disclose their agency partners to the public, 24% think U.S. institutions should not be required to do so.
- The research further examines topics such as transparency, first-to-market opportunity, "double-dipping", public policy, and the role of the press.

1/ RESPONDENT PROFILE

RESPONDING U.S. INSTITUTIONS

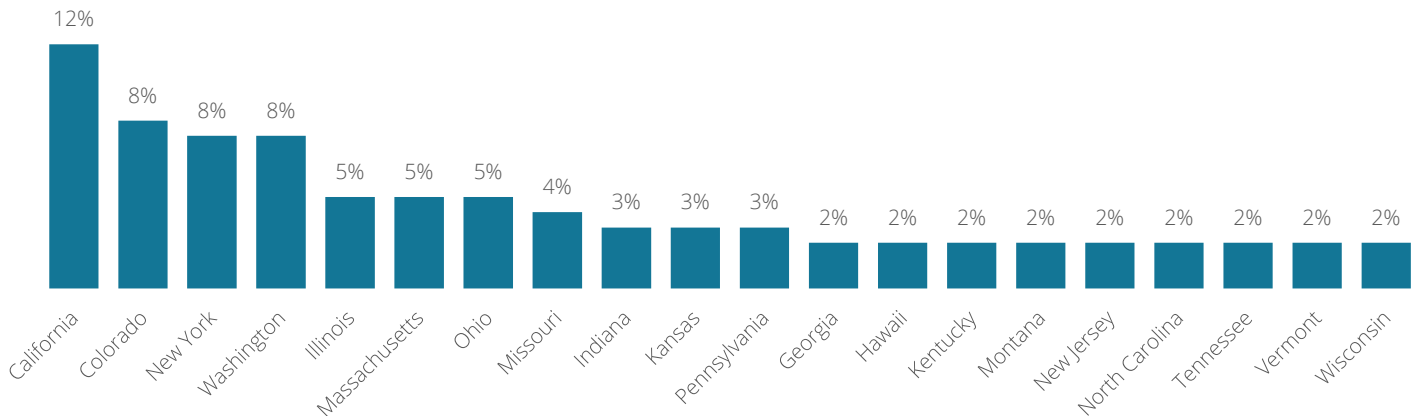
The top location of higher education institutions participating in the survey was from the state of California – home to 12% of responding institutions. Colorado, New York, and Washington states followed with 8% share of the survey participants each.

Public universities accounted for more than half (53%) of the responses, while private for-profit and non-profit universities cumulatively accounted for 35% of the respondent pool. The remaining participants (12%) were community colleges and private ESL/pathway providers.

In terms of programs provided by participating institutions (respondents could represent multiple programs per university), undergraduate level programs were provided by a majority of universities (86%). Graduate and Intensive English Language programs were represented by a smaller, though still significant, proportion of respondents – 66% and 64% respectively.

Higher education institutions of all sizes took part in the survey. In terms of the total student enrollment, the respondent pool was proportionally represented by institutions with enrollment of fewer than 5,000 students, institutions hosting between 5,000 and 15,000 students, and those with more than 15,000 students. When it comes to international student population, approximately half of the participants hosted less than 500 international students. Only 4% of institutions attract more than 5,000 international students.

Responding U.S. institutions by state (top 20)



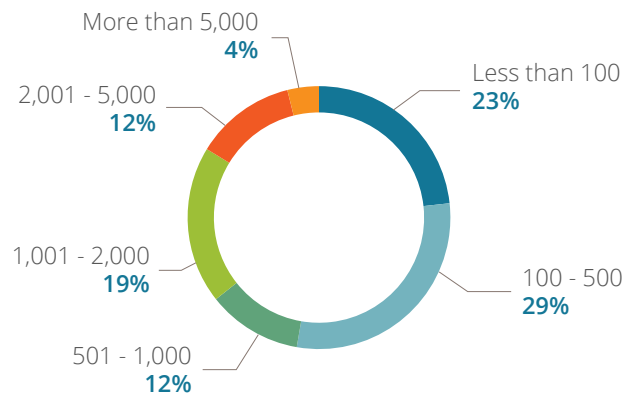
n=131 U.S. institutions

Responding U.S. institutions by total student enrollment



n=128 U.S. institutions; Percentages do not add up to 100% due to rounding

Responding U.S. institutions by international student enrollment



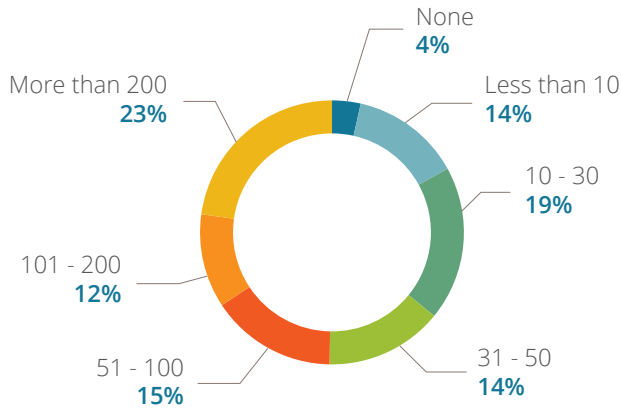
n=129 U.S. institutions; Percentages do not add up to 100% due to rounding

RESPONDING AGENCIES

Agents from South Asia and South East Asia contributed the largest number of responses for the quantitative survey. These cumulatively accounted for 49% of 343 survey participants.

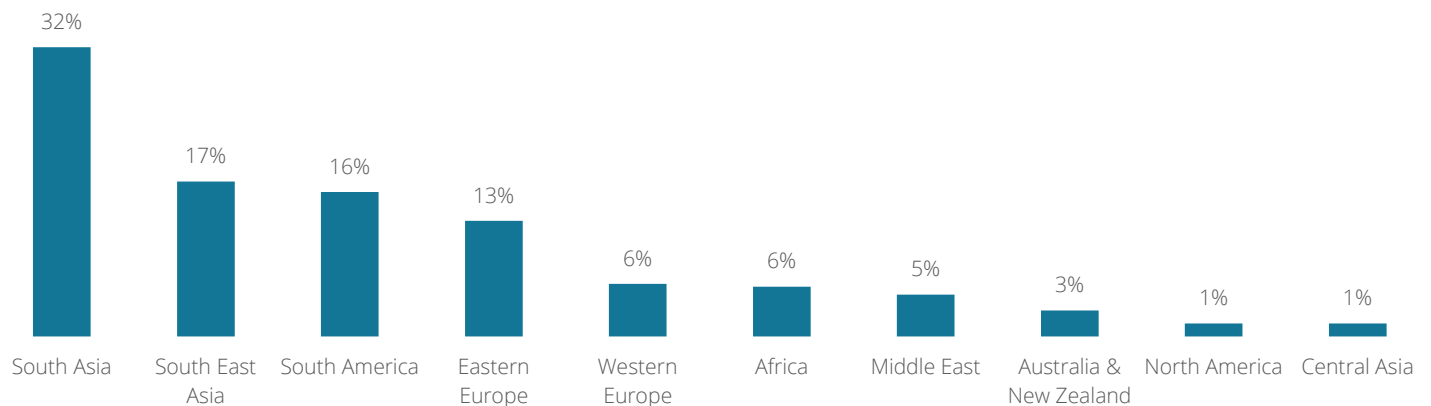
Agencies from South America and Eastern Europe also provided a sizable number of responses, accounting for 16% and 13% of the sample size respectively. The most represented country was India, with 20% of agencies taking part in the survey.

Number of students sent to higher education programs abroad in 2015



n=312 international student recruitment agencies; Percentages do not add up to 100% due to rounding

Responding agencies by region of origin



n=343 international student recruitment agencies

Sample size and structure was aligned with the overall structure of the agent market – the worldwide distribution and sizes of agencies.

A quarter of the survey participants were mid-sized or big agencies, that sent more than 200 students for higher education programs abroad annually. The smallest agencies send less than 10 students annually, representing 14% of the respondent pool.

82% of responding international student recruitment agencies promoted higher education programs in the USA.

2/ STUDENT RECRUITMENT AGENCIES

“An agency is defined as an organization, company, or association that recruits and places non-resident U.S. students into accredited colleges, universities, and other educational institutions on a commercial ‘fee for service’ basis.”

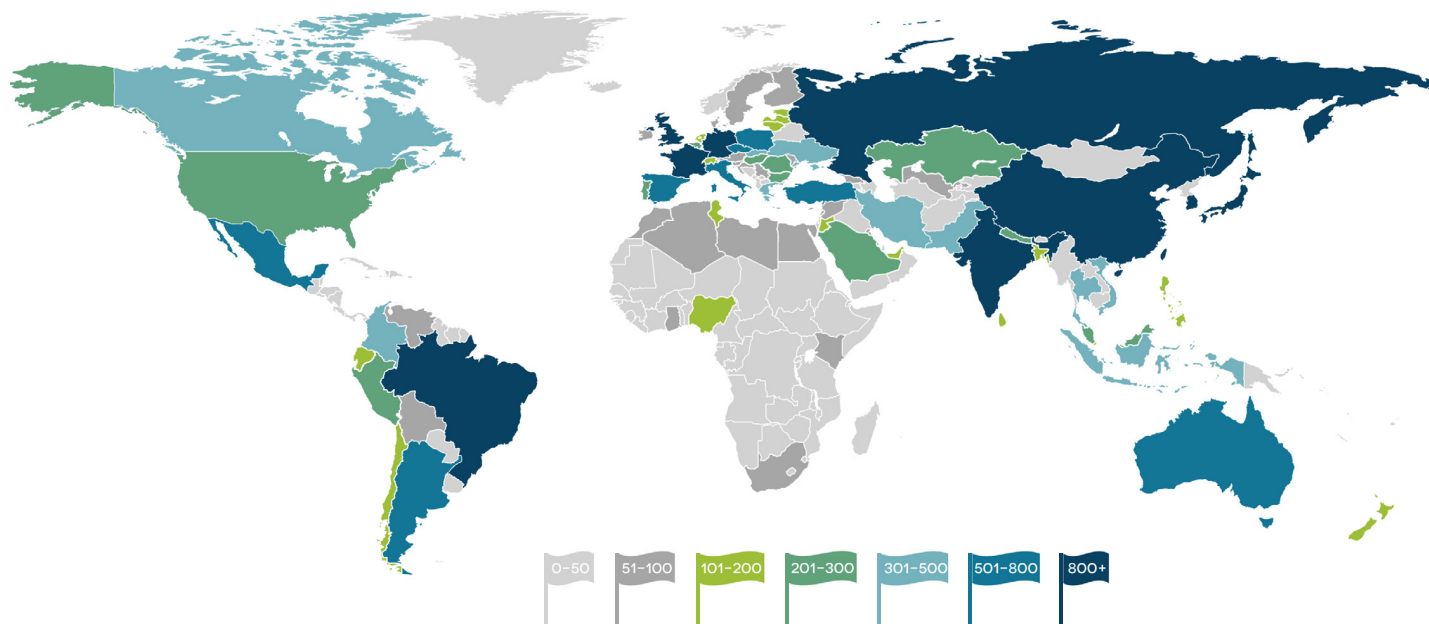
The AIRC definition of an agency provides a solid starting point for a broad understanding of the form, function, and status of education agents. However, it was useful for the research to explore the vast complexity and variations of the worldwide agent phenomenon in order to fully comprehend its features and possible position in the international student recruitment. As such, secondary sources were identified, evaluated, and analyzed.

There seems to be at least 16,000 active unique education agencies globally promoting or administering various types and levels of educational programs (school trips, study tours, language courses, high schools, certificate programs, colleges, universities, experiential learning, online courses). These provide assistance to

minimum 1.7 million fee-paying internationally mobile students that look for a study abroad experience (conservative estimate calculated from multiple sources). Considerable variations were found among individual agencies – in terms of their portfolio, experience, size, roles, legal forms, compensation, and other aspects.

The smallest agents found were consultant or one-person operations, usually in an early stage of existence. The majority (an “average” agent) process 51-200 enrollments annually (44% of agencies) and represents 2-20 institutions (36% of agencies) (averages calculated from the 2014 and 2015 i-Graduate ICEF Agent Barometer). Besides this large group of agents, there is a small cohort of sizeable agencies such as New Oriental (China), iae GLOBAL (South Korea), STB (Brazil), ESL (Switzerland), and others, who send tens of thousands of students, have established nation-wide or international distribution with multiple offices and infrastructure with a corporate hierarchy – there are no more than 200 of these big agencies operating in the world.

Number of international student recruitment agencies per particular source market (2016)



Source: StudentMarketing, 2016

2.1 INTERNATIONAL STUDENT RECRUITMENT AGENTS

Legal forms of education agents seem to range from self-employed sole-traders, who usually operate without an office, to incorporated businesses that are easy to track, with tax numbers and formal audits. In addition, traditional tour-operators were found to function as education agencies (having a study abroad option in their portfolio) with licenses to provide full-scale services to students seeking international education (travel, accommodation). Immigration agents that are licensed by individual destination(s) to assist with the immigration process, are also incorporating study abroad services into their portfolios.

Agents also vary in terms of the scope of roles they represent (not solely in the higher education enrollment process), either handling all the needs of the student, or specializing in a specific type of assistance. Within the wide range of services provided by agencies, they act as representatives or promoters of institutions (marketing function), as well as consultancies advising on school selection (advisory function).

Furthermore, many agents assist in the admission process with school applications, visa applications and processing, pre-departure orientation, accommodation, and travel (administration function).

Some agencies may assist with screening the potential eligibility of students (verification function), and finally, some act as intermediaries between institutions and students and/or parents during a stay abroad (supportive function). Traditionally, agencies have served as marketers, advisors, and process administrators.

Variations were also found in terms of compensation for agent services, with some agents being compensated by students, while others by institutions – in most cases through a commission or a retainer. In addition, agencies also tend to receive contributions for marketing, free familiarization tour participation and other incentives, as a form of reward for their services.

In terms of variations of agents between countries, individual markets seem to be in various stages of maturity and level of regulation. For instance, the

German market is more mature and follows strict regulation that oversees different aspects of education agencies' operations including, legal forms, code of conduct, customer protection (e.g. collection and use of students' personal data). Whilst some other markets (such as Bangladesh), face a lack of accreditation bodies for external regulation, sector associations for self-regulation, and applicable laws that would bring more standards and transparency to the activities of individual agencies.

2.2 COUNSELORS, RECRUITERS AND CONSULTANTS

There are both similarities and differences between agents and guidance counselors, and it is perhaps for this reason that the distinction is not always clear. In fact, while undertaking this research, the term "fake counselor" was encountered several times when describing agents.

In terms of similarities, both agents and counselors may assist students in understanding how to complete a college application, inform students of college costs, offer scholarship advice, insights on student life, and the various degrees offered at specific universities.

The difference lies in their relative perceived objectivity. Guidance counselors are regarded as objective with a sole focus on the interests of the student. Agents receive compensation from universities for successful enrollments, and thus the assumption is reduced impartiality when making recommendations to students.

To some, this perceived lack of objectivity only makes them similar to university representatives conducting recruitment; and in this respect many view an agency as also working for the school's best interests, in much the same way as university representatives.

Others indicated that absolute objectivity can be elusive, even with unpaid counselors or those not receiving commission, as a counselor's relationship with an institution can in itself inherently create bias.

In several instances respondents made a reference to "independent consultants," who counsel domestic U.S. students for university and are paid by the student for that advice directly, as being distinct to guidance

counselors advising students within the public school system. One inference was that domestic independent consultants are similar to international agents who do not receive commission payments from universities, but instead charge the student directly for their counsel.

Other respondents state that since independent education consultants are hired by a student (or his/her family), this source of income is the driver of impartiality; as opposed to being on a commission from a school where the student is ultimately accepted.

At the same time, because a majority of education agents sustain themselves through commissions from universities, their recommendations to students are therefore influenced. In terms of functionality, both independent educational consultants and educational agencies conduct and offer similar activities and services.

“The American college counseling community likes to maintain a very sharp distinction between what they do, and what agents do. This view is a bit self-serving, as their roles are quite similar.”

Mitch Leventhal, Professor of Professional Practice & Entrepreneurship, University at Albany, SUNY

3/ COMPARISON OF SELECTED DESTINATIONS

The practice of adopting education agents into the recruitment process is well spread worldwide, however, the pace of adoption differs by country. The UK, Australia, Canada, and New Zealand have been active supporters of the use of education agents, while the USA has remained hesitant.

In the USA, national associations are considered as influential as the government, when regulating the work of international student recruitment agencies. One of the most respected stakeholders is NACAC. This association is a major contributor to the conceptual side of admission and recruitment in the country.

NACAC based its admission guidance manual, called Statement of Principles of Good Practice (SPGP), on Title IV of the HEA and for years was opposed to the use of incentive-based agencies in the U.S. and internationally. NACAC member institutions were not allowed to use paid recruitment services as directed in the association's SPGP. This, despite the fact that the Title IV provision specifically exempts the practice of commission-based recruitment as it pertains to international students.

The provision states:

“The institution will not provide any commission, bonus, or other incentive payment based directly or indirectly on success in securing enrollments or financial aid to any persons or entities engaged in any student recruiting or admission activities or in making decisions regarding the award of student financial assistance, except that this paragraph shall not apply to the recruitment of foreign students residing in foreign countries who are not eligible to receive Federal student assistance. (20 USC §1094[a][20]).”

However, in 2013 the Association reconsidered its position and permitted institutions to use commissioned agencies to recruit international students provided they follow new guidelines to ensure accountability, integrity, and transparency.

The American International Recruitment Council (AIRC) is another association that guides the work of international education agencies, and was an original supporter of

commission-based international recruitment by U.S. institutions.

The UK's stance on working with education agencies is diametrically different to the U.S. position. The UK market is highly dependent on agents in the recruitment process.

According to the Observatory on Borderless Higher Education, 38% of Britain's international students are recruited by agents. Many educational institutions consider their cooperation with agents to be productive and worth the fees paid.

The UK government, in its report on international education in 2013, stated that the UK does not regulate the use of agents. As an alternative, educational institutions themselves manage their cooperation with agents through legal contracts and close working relationships. On a national level, the British Council has a remit to conduct agents' training and guidance. 'Agent Training' and 'Continuing Professional Development Programme' were employed by the British Council to coach agents.

The British Council also issued an agent manual, called 'Guide to Good Practice for Education Agents,' and has worked on informing educational institutions about the risks and different approaches of working with recruitment agents. Other national guidance for educational institutions was provided by The Quality Assurance Agency for Higher Education (QAA), and UK Council for International Student Affairs/Association for International Student Advisers (UKCISA/AISA).

The European Association for International Education (EAIE), along with agent guidance by the British Council, updates educational institutions on existing ethical guidelines in Europe, and possible pitfalls when collaborating with agencies.

In Australia, cooperation with education agents is well established. According to the 2014 Australian Universities International Directors' Forum report, 62% of all new international student enrollments to Australian universities came through agents.

For decades Australian educational institutions have been major protagonists in the use of commission-based agents in their recruitment process, and thus have developed well established mechanisms of working with them.

Government regulations on both agent training, and standards of transparency and integrity in the recruitment process are guided from a national level.

The Education Services for Overseas Students Act 2000 (ESOS Act) sets the legislative requirements and standards for institutions that teach international students. The Act also established a National Code of Practice for Registration Authorities and Providers of Education and Training to Overseas Students (the National Code), to protect international students as consumers of educational services.

The issue of transparency is addressed in Australia as every higher education institution in the country is forced, by law, to list the education agency they work with on their website, and needs to have a contract with that organization. Australian Education International (AEI) and the Department of Immigration and Border Protection (DIBP) contribute to the proper education of agents by supporting The Education Agent Training Course (EATC). The National agent approval system hinges on the agents' qualification as a Qualified Education Agent Counsellors (QEACs), and agents being listed in the QEAC database.

Aside from the government, national associations also make their contribution to agents' professional development. International Education Association of Australia (IEAA) conducted the International Education Agent Quality Assurance Project and Education Agent Feasibility Study to further develop the effective quality framework of working with agents.

In Canada, the phenomenon of adoption of education agents is more recent (when compared to Australia), but better perceived than in the U.S. According to the Pan-Canadian Survey in 2014, 69% of higher education institutions in Canada use the services of agents.

In 2012 the Department of Foreign Affairs, Trade, and Development (DFATD), in collaboration with the Canadian

Consortium for International Education (CCIE) and ICEF, developed an on-line agent-training course, similar to programs in the UK and Australia. The course aims to better train overseas agencies on the Canadian education market.

In addition, individual provinces in the country took control over the guidance of education agencies. Manitoba, for instance, introduced the Worker Recruitment and Protection Act (WRAPA) and later the International Education Act. Both laws require transparency and openness from educators in their cooperation with agencies. Institutions must register their intentions to recruit with the government and use a licensed recruiter. The International Education Act requires posting agent partners' names on institutions' websites.

National education associations, including the Canadian Association of Public Schools International (CAPS-I), the Canadian Association of Independent Schools (CAIS), and Universities Canada support the practice of commission-based international student recruitment in Canada. While others, including the Canadian Bureau for International Education (CBIE), do not have a stance on commission-based agent recruitment.

New Zealand employs similar agent recruitment policies to Australia. The national organization, Education New Zealand, launched the New Zealand Specialist Agent Accreditation (NZSA) system. Agents in the country are also governed by the Education New Zealand's 'Code of Conduct' and the New Zealand Ministry of Education 'Code of Practice for the Pastoral Care of International Students'.

In 2014, Education New Zealand introduced a new education agent program providing agents with the opportunity to be a recognized New Zealand agency. Due to lack of full-scale statistics on the number of students using education agents in New Zealand, it can be noted that 43% of students use agents solely to apply to the technology and polytechnics institutions (ITPs) in the country.

Countries not only express their stance on the issue of commission-based agents individually, but also cooperate






together to improve the recruitment process. In 2012 Australia, New Zealand, Ireland, and the UK issued an international code of ethics for education agents. The code, called the London Statement, is aimed at improving ethical standards in recruitment and assuring better service for students who apply to study abroad through an agency. It states seven principles of best practice for education agents. These suggest that agents should:

- practice responsible business ethics
- provide current, accurate and honest information in an ethical manner
- develop transparent business relationships with students and providers through the use of written agreements

- protect the interests of minors
- provide up-to-date information that enables international students to make informed choices when selecting which agent or consultant to employ.
- act professionally
- work with destination countries and providers to raise ethical standards and best practice.

While some countries, i.e. Canada and the USA have not signed the statement to date, representatives of every sector of Australia’s international education industry officially endorsed it in 2015. The support from representative organizations moves forward the government’s plans to create its own ethical framework around the use of agencies.

Comparison of selected destinations

		Country’s stance	Estimated share of international student enrollments via agencies	Usage of international student recruitment agencies	Sources
	USA	Mixed	22%	37%	StudentMarketing; Bridge Education Group; NACAC
	UK	Pro-agent	38%	40%	OBHE; The British Council
	Canada	Pro-agent	41%	69%	OBHE; Pan-Canadian Survey
	Australia	Pro-agent	62%	N/A	Australian Universities International Directors’ Forum
	New Zealand	Pro-agent	31%*	N/A	The Ministry of Education, Education New Zealand

* A combined percentage for universities and the ITP sector.

4/ WORKING WITH AGENCIES

The most common reason cited for working with agents is the intersection of the desire to recruit international students, and a recognition that, in many instances, the most effective way to do so is via in-country representation by a third party.

Much as channel partner relationships have flourished in other sectors, so it appears to be the case with universities and agencies, particularly when one analyzes the role agencies play in international student recruitment in Australia, and the UK.

Thoughts expressed include the notion that excluding agency partnerships as part of an overall recruitment strategy is as nonsensical as not having a website, providing information in multiple languages for parent marketing, attending student fairs, or using social media to engage and reach students.

In successful partnerships, agents act as a “cultural middle-person,” who understands the U.S. educational system, the school they represent, and the local market. Agents can provide a cost effective method of entering new markets and recruiting students, while also gaining a global reach that would otherwise be impossible to obtain.

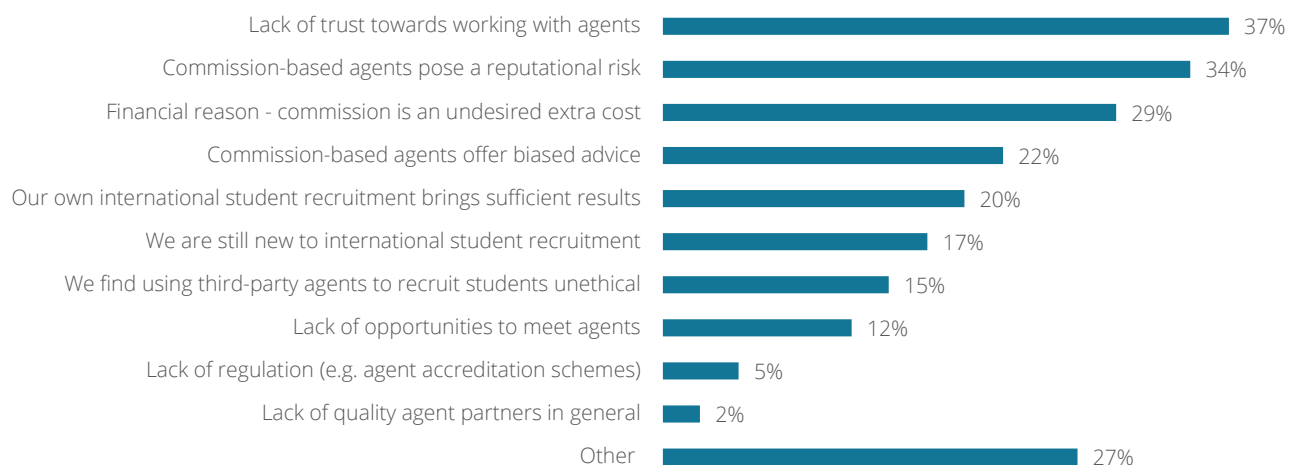
According to one source, if one looks at secondary and tertiary universities in the U.S., mid-sized schools with a desire to internationalize and limited resources have no alternative but to explore partnerships with agencies abroad.

While the majority of respondents were able to quickly identify the “pros” of working with agents, they were also proficient in delineating the perceived “cons” of such relationships.

The most commonly cited concerns associated with working with agents include the perceived risks of outsourcing representation to someone who is not “in” the campus culture, and that no one can represent an institution as well as a trained institutional employee. Concerns with agent’s unethical activities included mention of agencies retaining student I-20s for additional funds, overcharging students, and document fraud.

To the degree that agencies represent an educational institution, there is also the concern of misrepresentation, particularly given that a university’s brand and reputation are critical pieces in its marketing and recruitment.

Reasons U.S. institutions do not use international student recruitment agencies (those not working with agencies)



n=38 U.S. institutions currently not working with agencies; multiple choices possible

“In terms of misadvisement, in terms of students landing at schools that were not a good fit for them, that’s really one of the greatest risks – that students’ interests are undermined.”

Eddie West, Director of International Initiatives, NACAC

There was also recognition that recruiting and managing agents can be very time consuming. Furthermore, vetting agents, ensuring they are properly trained, and maintaining and nurturing those relationships is a large responsibility.

“If you’re working with agents you need to reorient. Your job is to support the agent, to train the agent and to give them everything they need as your retail first responder, because the agent is the one that the students are coming to.”

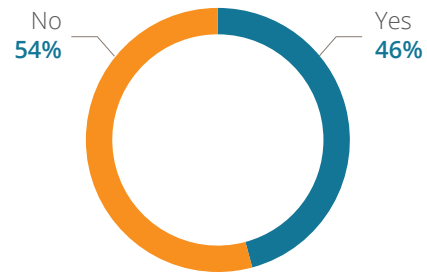
Mitch Leventhal, Professor of Professional Practice & Entrepreneurship, University at Albany, SUNY

Other insights included the notion that institutions in the U.S. are accustomed to getting direct inquiries from prospective students, and are not well adapted to managing long-term channel partner relationships. The suggestion is that a lot of the reasons for failure in the university – agent model lay directly with the

institutions not providing timely information or vague communication.

In general, most of the responses coming from the quantitative (survey), or the qualitative (in-depth-interviews) the research addressed the issue of trust and motivation; or to what degree they are, or should be related, when it comes to working with overseas agents. It also factored in multiple responses about future plans of the universities that currently do not work with agents, many of whose statements revolve around trust.

Do you foresee that your institution would eventually find a way to work with education agents?



n=24 U.S. institutions currently not working with agencies

Do you have any specific concerns regarding misrepresentation, fraud or unethical practice?*

- All of the above: misrepresentation of the university and of the student, fraud and other unethical practices.
- Concern about conflict of interest with agents. Expense to have agents adequately trained and kept up to date. We don’t know what they say ultimately.
- I have suspicions but lack hard facts.
- I wouldn’t say this is a concern for working with agents but a general concern for admissions - one that admissions professionals consider in their work with credentials and application materials for any student/applicant.
- No, because we would only partner with AIRC certified agents.
- We will be pursuing a pathway partner to handle recruitment. They use a network of commission-based recruiters.
- Yes – but we use a P3 arrangement that allows for quality control. We have witnessed that partner drop agents who are proven to be unethical. This is particularly a concern in China.
- Yes. It is not possible to ensure ethical practices when compensation is commission-based.

* Additional answers to an open question in the quantitative online survey. U.S. institutions currently not working with agencies

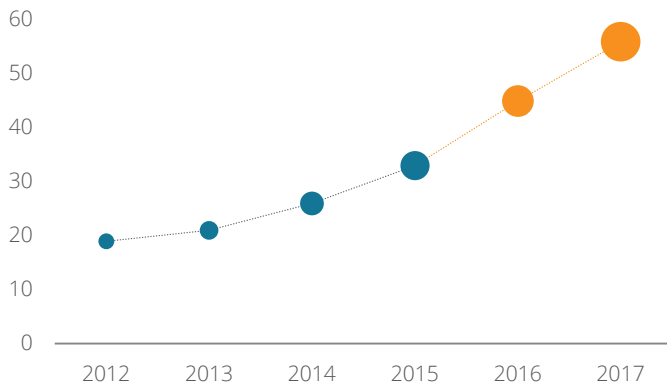
5/ PACE OF AGENCY ADOPTION

The research initiative investigated and examined various sources of data and references in order to assemble data and perspectives that may be relevant to the topic. For a clearer picture, the research quantifies the pace of agency adoption by U.S. institutions from a range of different angles and sources including:

1. desk research on secondary sources related to this topic;
2. historical data from U.S. institutions working with international education agencies;
3. historical data from international education agencies on the number of U.S. universities they promoted;
4. preferences and plans of U.S. universities (both – working or not working with agencies);
5. sector movements and mood from in-depth interviews.

Across all aforementioned sources and references that were examined, research identified growth in the usage of education agents for international student recruitment in recent years, rather than stagnation or regress.

The average number of agencies U.S. institutions worked with (2012-2015) and plans for 2016-2017



n=62 U.S. institutions

Most respondents (U.S. universities and colleges) report an accelerated increase in the use of international student recruitment agencies.

This is a distinct change – and likely attributed to NACAC’s policy amendments in 2013 (see more in previous chapters). In 2014, 34% of responding U.S.

institutions that previously did not utilize the option of working with agencies started using them.

When it comes to the pace of adoption, U.S. universities and colleges – that were using agencies at the time of this research – indicated adding 11 and 12 new agent partners per annum respectively in the next two years to come, showing a willingness to double the number of agent partners from 2014 to 2017.

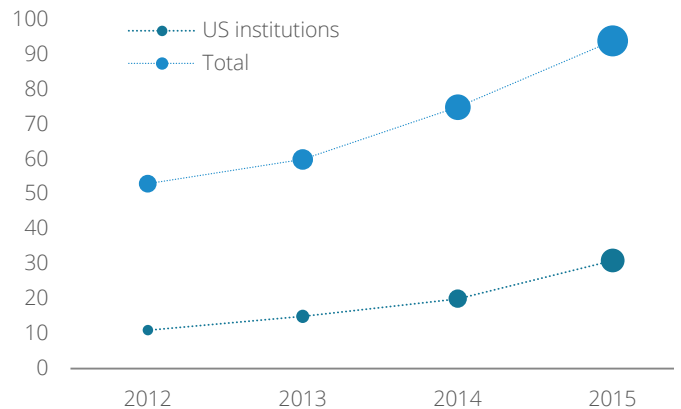
“We have sort of an aggregation of our surveys and some external surveys over a period of about five years that show roughly that about 20-30% of respondents say that they use agents. But I will acknowledge that the most recent responses showed more than 30%, something between 30-35%.”

Eddie West, Director of International Initiatives, NACAC

Out of U.S. universities and colleges not working with overseas education agents, 46% expressed their university may be contemplating a way to work with agencies. However, this sample was relatively small and should be interpreted as more of an indication (n=24).

The trend in growing usage of education agents was confirmed in the agent survey as well. Agents reported both growing numbers of U.S. universities they represent, as well as a larger share of U.S. institutions in their portfolios; this indicates an increase in the uptake of U.S. institutions by agents.

The average number of universities promoted by international student recruitment agencies

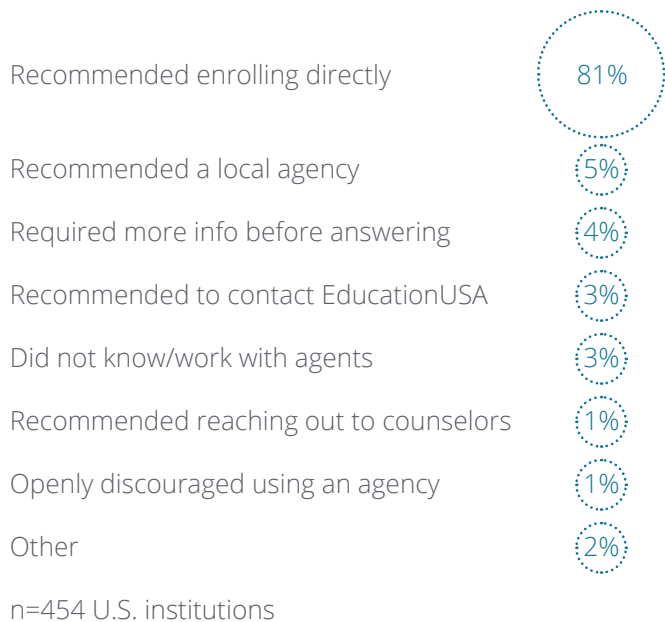


n=167 international student recruitment agencies

It is noteworthy to mention that the development also trends in the opposite direction, as there were cases when U.S. universities and colleges made a decision to abandon international student recruitment through commission-based agencies – 9% of responding institutions that used to collaborate with agencies in the past are not engaged in such partnerships anymore.

With regard to the usage of agents by U.S. universities and colleges, this research initiative launched a mystery shopping method to explore how institutions (namely their admission offices) would react to an enquiry from a student requesting a contact to an agent representative from the student’s country.

Mystery shopping results: Responses to a student enquiry to provide an agent contact in Colombia



Many responding U.S. institutions did not have an agent representative in Colombia, hence had limited capacity to recommend one to the student enquiry.

Lower number of actual recommendations and content of responses generally indicate limited admission’s awareness about institution’s own agent partners (lack of knowledge), or capacity to facilitate such kind of enquiry (no training, no processes) – both contributing to the low percentage of replies.

In contrast to the general agreement among respondents on the uptake of international student recruitment agencies in the US, there were mixed opinions when it came to future development of this practice.

The expectancy and reasons related to this were various, however, most predictions were careful or moderate, indicating a steady, incremental increase rather than uncontrolled proliferation of the use of agencies, echoing from both sides of the sector – those working with agencies as well as those not involved in this practice.

“We asked the question to those who said no, who are not working with agents, how many of you are considering working with agents and we had about 30% of those who say that they are considering it.”
Eddie West, Director of International Initiatives, NACAC

“Well, I think it’s going to become very widespread. I believe it’s already more widespread than people acknowledge since adoption may be siloed in a unit which does not report its activity and due to intentional under-reporting or misrepresentation.”
Mitch Leventhal, Professor of Professional Practice & Entrepreneurship, University at Albany, SUNY

“I expect the pace to accelerate as more institutions see the value of working closely with accredited quality agencies as a part of their recruitment strategic planning.”
Respondent preferred to remain anonymous.

“As long as they need the revenues that international students bring, schools will be forced to engage in more and more aggressive recruiting. Many will have no choice but to use agents.”
Respondent preferred to remain anonymous.

“I think it will remain steady, or perhaps slow down a bit, and will not reach the same levels as those other countries. Working with agencies is starting to get expensive as agencies understand the demand from U.S. institutions and how prices can be increased as a result of this demand.”
Ismael J. Betancourt Velez, Vice President for International Education, Upper Iowa University

“Cautious growth is what I would expect, if not a reduction in the number of agents institutions work with, is what

5/ PACE OF AGENCY ADOPTION (CONTD.)

I would hope to see due to the many challenges in managing agents – training, quality control, oversight, etc.”
Respondent preferred to remain anonymous.

“I believe that the pace will slowly pick up. Institutions will realize that they can’t compete with other institutions and countries that are using agencies.”
Respondent preferred to remain anonymous.

When speaking about the limit of how many agents U.S. institutions plan to have, or consider to be appropriate to work with, the median sits at 20 agent partners per institution.

The research revealed a correlation between the size of an institution (in terms of international student population) and the size of the agent network (number and size of agents) – the bigger the institution, the bigger its agent network.

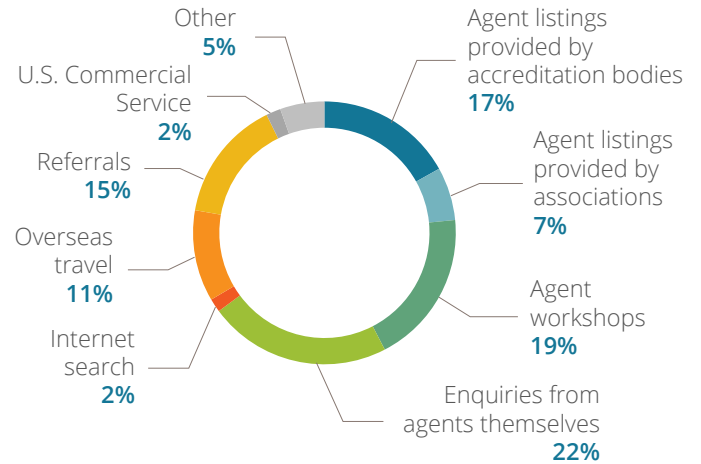
Interestingly, the research found a relation between the size and future plans. Namely, the more agents the university already works with, the more they want to add new partners or aim for a higher final number of agents.

Multiple sources, responses, and observations indicate that the speed of agency adoption is closely tied to the individual needs and capacity of universities.

Namely, U.S. institutions do not seem to be equipped with the necessary knowledge (such as best practices, quality management, etc.) nor the internal infrastructure (vetting of agencies, agency staff training, proper follow-up after meetings and quick response time) to work with agencies, hence they can increase the number of agent partners only as quickly. Several responses stressed that it is easier to build an agent network than the infrastructure needed to support it.

In order to better understand how the adoption process unfolds, the research aimed to examine platforms U.S. institutions utilize to source prospective agency partners. Only a quarter of agent partnerships originate from agent enquiries, an indication of the careful and selective approach of U.S. universities when working with overseas agencies. Agent workshops, lists from accreditation bodies and referrals all employ a certain degree of selection and are used the most.

Percentage of current agency partners that came from the following sources



n=55 U.S. institutions

The quantitative data did not capture, but qualitative interviews indicated various uptake of agents by different programs. In general, there were indications ESL and Graduate programs use agents more than undergraduate programs, making it an inspiration for further research to examine the adoption of commission-based agents not only by institution type, but also by particular study program.

The research confirmed that a great deal of the adoption process takes place ‘behind the curtains’. Through partnerships with private on-campus pathway operators and master agents that manage their own network of sub-ordinated agents, the usage of agencies is likely to be higher than reported. The number of pathway operators’ and master agents’ agent partners is often unavailable to U.S. institutions, which adds to the complexity of measuring the pace of adoption of international student recruitment agencies.

5.1 ROLE OF PATHWAY OPERATORS

Pathway is defined by the Institute of International Education (IIE) as a program taken by an international student who:

- has not met one, or more admissions criteria at the institution, such as the English language requirement

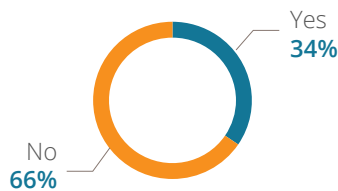
- (e.g., TOEFL or IELTS score), or is otherwise deemed unready to begin regular coursework;
- is conditionally, or provisionally admitted to the institution upon completion of the pathway program;
- learns and works on skills to become ready for regular coursework at the institution, such as English language skills and skills related to American academic culture, as well as, in some instances, help in adjusting life in the U.S.

In their Fall 2015 survey, IIE found that the majority of universities utilizing a third-party on-campus pathway provider reported the biggest reason being provider’s already established recruitment agent networks worldwide or in targeted regions (57%). The finding thus points to the use of pathway operators also as a means of indirectly recruiting international students via agents (who are in a working relationship with the operator).

Going back to this research initiative, it brings additional insight by comparing the use of pathway providers by both U.S. institutions working with overseas education agencies as well as their counterparts.

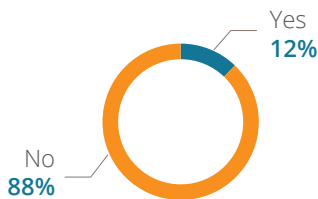
Do you have a contract with a U.S. third-party ESL provider that recruits international students on your behalf?

U.S. institutions with agents



n=64 U.S. institutions

U.S. institutions not working with agents



n=41 U.S. institutions

U.S. institutions that work with agencies are more prone to collaborating with pathway providers when compared to universities that do not work with agencies.

Respondents from in-depth interviews elaborated on primary reasons to employ pathway operators, which helps to understand the possible reasons why users of agents are even more motivated to use pathway operators than non-users – attributed to difficulties and investments related to working with agents.

“Setting up a pathway program is easy from the academic side. The difficult side is filling the seats quickly, from day one. Most U.S. universities are accustomed to being fairly passive recruiters; they underestimate how difficult active recruitment is, and how costly it can be. So partnering with a company that has an existing agency network and can bring the students in quickly on day one is a giant benefit.”

Mitch Leventhal, Professor of Professional Practice & Entrepreneurship, University at Albany, SUNY

“I agree with the perception that it is easier and faster for many U.S. institutions to create a sustainable recruitment channel by using a pathway provider than it would be to by entering a market using only traditional recruitment strategies like travel and digital marketing. I see benefits to students as well. I was an international student myself studying in a foreign language and I know how long it took me to acclimate.”

Respondent preferred to remain anonymous.

Elaborating on the in-depth interviews, respondents consider pathway operators as a contribution, provided that they ensure the following (cumulative sum of criteria mentioned by respondents):

- place students’ welfare first (quality control);
- set reasonable expectations towards both the university and students, and do not over-promise or under-deliver;
- strive for long-term relationships with partner universities, not short-term financial gains;
- help integrate, rather than segregate international students;
- do not give differing messages to agencies and students than to the university;
- operate legally.

5/ PACE OF AGENCY ADOPTION (CONTD.)

While interviewees acknowledge the benefits of utilizing pathway providers in providing an easier access to overseas students, concerns about volume-oriented recruitment motivated by short-term financial gains were voiced. There is a certain discomfort about this type of recruitment that, if combined with a poor quality education provision, is deemed to result in an influx of academically unprepared international students from the pathway provider to the university.

"I am strongly against pathway operators because I think that they are volume driven and that the students are not receiving the attention they deserve."

Respondent preferred to remain anonymous.

"Possible threats from pathways are that they may not be fully vetting both the students they are recruiting to an institution and the agency from which the pathway is recruiting students. Concerns have also been raised that pathways are not aligned with institutional mission and that students are still not fully prepared and too many students from any one country or region are being placed in academic programs after the pathway period of study."

Mike Finnell, Executive Director, AIRC

In general, there was more positive than negative feedback on pathway operators with regard to the increasing pace of agency adoption. When specific concerns were named, they were usually related to the academic part, where universities felt the demanding attitude of some pathway operators to be invasive in nature (being more of a disruption than a natural part of campus life). However, at the same time fewer concerns were expressed about the smaller pathway operators.

"If set up properly and with a concern for the welfare of students, it is a perfectly legitimate way of recruiting students. The system fails when schools use pathways or other means to lure students for the sole purpose of generating revenue without any regard for their academic readiness or subsequent success."

Respondent preferred to remain anonymous.

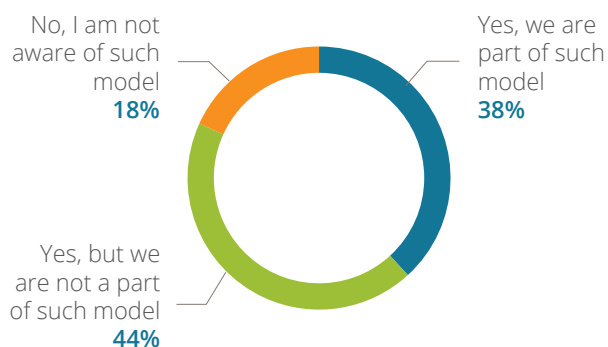
The predominant attitude centered around concerns of academic integration. This represents a sign of willingness to work with agents contributing to the overall acceptance and adoption in usage of international student recruitment agencies.

5.2 THE PHENOMENON OF MASTER AGENCIES

The results of qualitative research indicate that so called "master agents" who manage a network of "sub-agents" is a phenomenon that is not widely known, or understood in the broad U.S. higher education community.

Typically, master agencies subordinate to smaller sized agencies, however this is not always the case as the key factor that distinguishes a master agent from a sub-agent is that the former controls the contractual relationship with the university. Master agents share commission with sub-agents who recruit students on behalf of the master agent and its university partner.

Are you aware of agencies being grouped together/ cooperating due to this (master agents and sub-agents)?



n=55 international student recruitment agencies

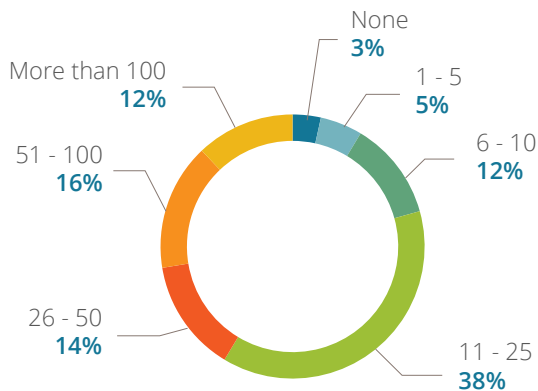
On the face of it, it may appear that the dilution of commission payments to sub-agents would be highly unfavorable to them.

One key driver that helps sustain this model is the high costs associated with meeting agency accreditation criteria, most specifically those of AIRC, which small agencies and individual agents cannot afford. To the degree that universities require AIRC accreditation of the agencies they engage with – it would seem reasonable to assume that those select accredited agencies will continue to play the role of aggregators.

Another reason for the proliferation of master agent – sub-agent relationships, which is backed up by data

collected in this research, is that U.S. universities are reticent to sign agreements with large numbers of agents. This is because there are often legal protocols to navigate or the prospect of managing a large number of agency relationships is seen as untenable from a staffing and administrative perspective.

In your opinion, how many agencies is it appropriate to work with (overall)?



n=58 U.S. institutions institutions working with agencies

“American universities prefer to use what we call “umbrella agents” so that they don’t have to develop all these different kinds of relationships and spend time managing them.”
Paul Kullman, Senior Commercial Officer, U.S. Commercial Service

It is widely acknowledged that the agency sector is highly fragmented and is comprised of agencies of various sizes, including many operating as individual agents.

Furthermore, universities seeking diversification of their international student body would, out of necessity, require representation in numerous countries many of which are large markets, with multiple agencies required for comprehensive coverage.

For this reason, pathway providers and master agents often manage networks of hundreds of agents, some referring as little as one student per year.

So, while it is the case that the pace of agency adoption would appear to be moderate, it may actually be faster

than meets the eye as agency aggregators can represent a dozens or more sub-agents in their network.

In as much as it is important to understand the drivers behind the master agent phenomenon, many respondents to this research indicated concerns that such arrangements further complicate universities’ efforts to ensure compliance with ethical standards or avoid misrepresentation by ill-informed agencies.

“Master offices rarely know what is happening at their sub-agent offices, provide the university the contact information of sub-agents, and do not disseminate important training information and updates provided by the university.”
Respondent preferred to remain anonymous.

“AIRC’s policy on sub-agents is that – for those agencies that go through certification – the master agent is accountable for the actions of the sub-agent.”
Mike Finnell, Executive Director, AIRC

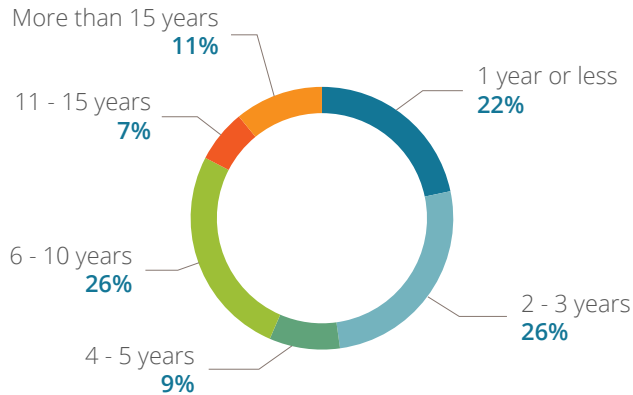
Other concerns voiced were that the Master Agent phenomenon may concentrate market share in ways unfavorable to U.S. universities, resulting in ever higher commission rates.

For many, the intermediaries are an expected consequence of channel relationships in any sector, and in the specific case of sub-agents referring students to master agencies, in some cases the master agent takes on the onus of providing more detailed, accurate, and reliable information on the school, and assisting sub-agents with compiling completed applications. This sub-division of labor may justify the commission split as each party plays a key role in the student recruitment process.

“Intermediaries in every industry have referral networks. Not everybody has contracts or access to the same provider. We see this in real estate and all sorts of fields where there’s commission splitting.”
Mitch Leventhal, Professor of Professional Practice & Entrepreneurship, University at Albany, SUNY

6/ FIRST-TO-MARKET OPPORTUNITY

Years of experience working with international student recruitment agencies

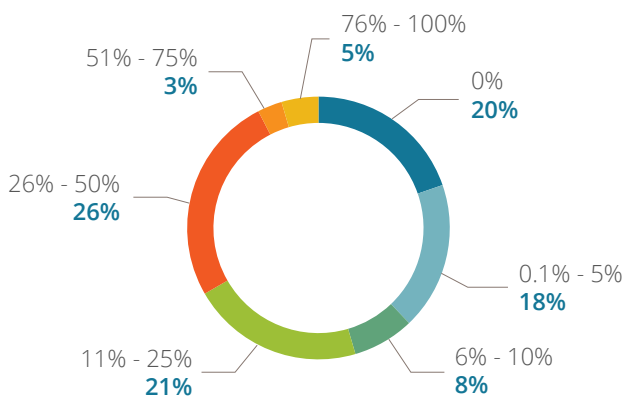


n=46 U.S. institutions; Percentages do not add up to 100% due to rounding

Much has been written about the low numbers of international students as an overall percentage of student population in the U.S. (4.5%), when compared to that of the UK (18%) and Australia (19%).

In fact, U.S. institution respondents of this research that are using agents indicated a relatively significant role of agents for their enrollments. They reported as much as 22% of their international students to be enrolling via the agents as the source channel of enrollments (median of 15%).

Percentage of international students enrolled through agencies (U.S. institutions)



n=66 U.S. institutions; Percentages do not add up to 100% due to rounding

While it is a finding of this research that the pace of adoption in the use of agencies by U.S. universities and colleges has been increasing steadily, in some markets (China in particular), there is already talk of market saturation.

“My sense is that it’s true in markets like China, that have been saturated to some extent. I think if you’re a new school in the U.S. that has never worked with agents and you show up in Beijing expecting everyone to embrace you, you might be surprised that they might not be looking for any more partners”.

Eddie West, Director of International Initiatives, NACAC

In many markets across the globe there is a sense that there is a significant first-to-market advantage. Data collected in this research indicates that, in much the same way that universities have a threshold on the number of agents they are willing to engage, the same holds true for agents.

“Early adopters, like the early bird, expose themselves to greater risks and often reap a greater reward. This is no less true in this context. All one can do (speaking from within the still agent-skeptical/agnostic U.S. HE community) is continue to reason with colleagues to move forward while the tide is still rising rather than wait until it is on its way out.”

Respondent preferred to remain anonymous.

Some respondents were less inclined to subscribe to the notion of a first-to-market advantage citing continued growth in the numbers of international students illustrates that demand for U.S. universities and colleges will continue to allow for new entrants in agency portfolios.

Collected data does indicate that many agents who would like to work with U.S. institutions have not found them receptive. In some cases, these may be smaller agencies which are not currently accredited and looking for opportunities to bypass their master agents – which would not necessarily reflect an increase in student demand.

In other cases, the demand comes from new markets where institution-agent partnerships are still very much in their formative years, such as South America.

One point of view specifically singled out small and mid-size universities, or those that are not highly ranked or with unique offerings, as being particularly vulnerable to late agency adoption.

Nevertheless, there are voices still highlighting very strong demand from agencies to work with and represent U.S. universities.

In fact, the data from research confirm a relatively strong U.S. interest and uptake of agencies willing to represent U.S. universities, as can be seen from quantitative research on agencies worldwide.

How many new universities would you like to start promoting over the next two years (2016-2017)?

U.S. universities

27

In total

75

n=54 international student recruitment agencies

However, if the very mature Intensive English Market (from an agency adoption perspective) is any indicator, well managed agency relationships are “sticky” for multiple years.

One of the reasons for this, from an agency’s perspective, is the high cost of taking on new partners. As a result, new schools with similar programs in the same geographic regions as incumbent schools often find that agents are not receptive.

7/ AGENCY CERTIFICATION

“The first thing I do when evaluating an agency is to ask if it is a member of an accrediting agency. That in itself is not sufficient or absolutely necessary, but it certainly gives me confidence that the agency has taken appropriate steps to comply with best practices.”
Respondent preferred to remain anonymous.

A variety of standards and schemes in international student recruitment have been developed over the years in order to distinguish, recognize, or acknowledge the quality and reliability of overseas education agencies. As a result, universities have a wide choice of options available to screen and support their agent selection process.

Self-regulation is represented by national agent associations and includes codes of conduct the agencies adhere to (e.g. FELCA and its national associations). Destination governments develop their own standards and training for education agencies, giving a “stamp of quality” to the ones who accommodate their requirements (e.g. the UK, Australia, and Canada).

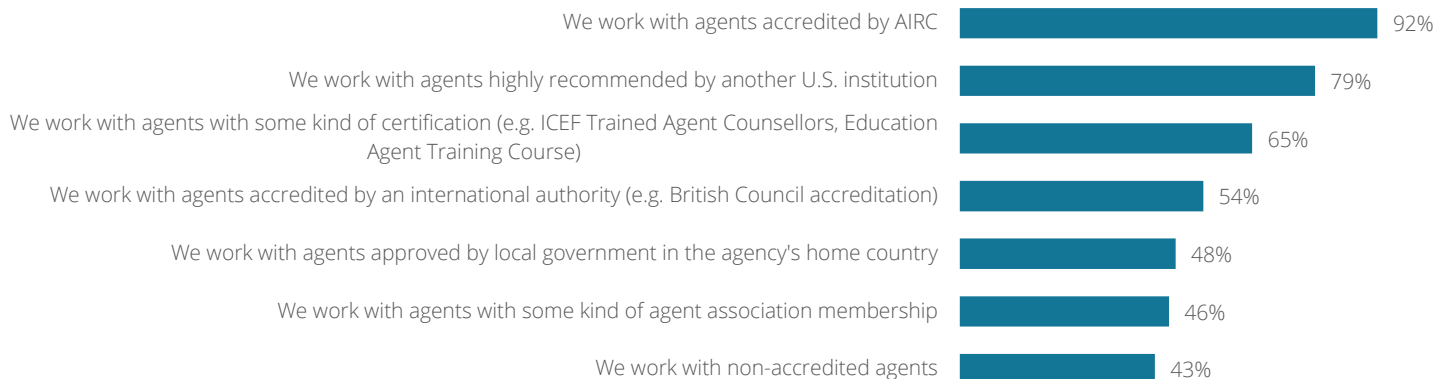
Independent training schemes have been developed and adopted, providing a high standard of knowledge about destinations and institutions, giving more quality and reliability to agencies including certifications (e.g. ITAC). Furthermore, independent agent accreditation schemes have also emerged to provide independent universal qualitative approval to agencies (e.g. AIRC). In their responses, U.S. institutions cited AIRC

accreditation the most frequently. AIRC accreditation was identified as the mostly widely recognized and respected, or commented on if the respondents were not in agreement with self-regulation or accreditation as a concept. Some, on the other hand, raised concerns about how far AIRC and similar bodies can go when assessing or punishing, both directly related to the legacy and sustainability of the concept.

“Every country does business differently so to me the concept of “universal qualitative approval” seems like a difficult thing to agree upon or uphold. Furthermore, companies are made up of people and people come and go. I don’t personally have confidence that all employees of a company have the same quality standard, training, or ethics just because there is a stamp on the company’s website that says some accrediting organization says they are certified. On the other hand, if I know that each individual agent has been certified and I understand the certification process they went through, then I am likely to place a great deal of emphasis on it as I can tie the certification to a face and a name that I will be dealing with.”
Respondent preferred to remain anonymous.

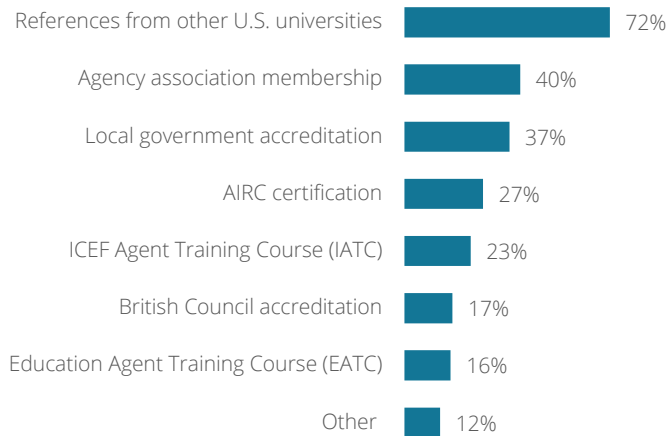
Agents, on the other hand, brought a different perspective to the value and role of credentials – U.S. universities are more prone to investigating potential agents through the experiences of, and references from their peers, rather than particular accreditation from independent authorities.

Which of the following credentials do you consider to be valid in your agent partner selection process?



n=66 U.S. institutions; multiple choices possible

Do U.S. universities ask you about any of the following credentials?



n=179 agencies; multiple choices possible

Referrals from other U.S. colleagues seem to serve as the first and most important source of useful advice for U.S. institutions with limited information on specific overseas agents. This fact was also present in in-depth interviews, where several stakeholders leaned towards reliance on individual experience, rather than a formal certification.

“The most important method that a U.S. school can use, is just getting referrals from trusted colleagues who are already familiar with those agents. It’s far better for a university or a college with limited familiarity with agents to talk with colleagues at other campuses. Often times people are really willing to share their experiences, opinions and they want to support good agents and they don’t want to support less good agents.”
Eddie West, Director of International Initiatives, NACAC

What also resonated across the responses is the consideration of external certification as a shortcut for U.S. institutions in order to assist their orientation in the relatively new, vast, and difficult area of education agencies. This helps them to replace the often difficult process of due diligence they would have to conduct - or perhaps lack the resources to conduct it.

“The problem for many schools is that there are many accrediting bodies around the world and as I was saying,

there is a lack of time, lack of money, and a lack of personnel. They don’t have the time to find out about the Indian or Indonesian accreditation or Singaporean one that covers a number of countries. Many want to go with what’s easy.”

Paul Kullman, Senior Commercial Officer, U.S. Commercial Service

More than with other features related to usage of agencies, there was skepticism about the concept of external third-party accreditation of agents. In fact, it was doubted in principle – third-party or self-regulation addresses the consequence not the cause.

“I believe no amount of agent-training can remove the fact that the agent makes her or his living by the number of students she or he can convince to enroll. This puts a different color on the conversation and could cause the agent to bend, hide or make up the truth.”
Respondent preferred to remain anonymous.

“The scheme which I would like to see looks nothing like what is described above. I would like to see a tweaked version of “Angie’s List” where universities pay a membership fee where universities can rate their experiences with agents. Part of that scheme could include an independent “review” of business practices.”
Respondent preferred to remain anonymous.

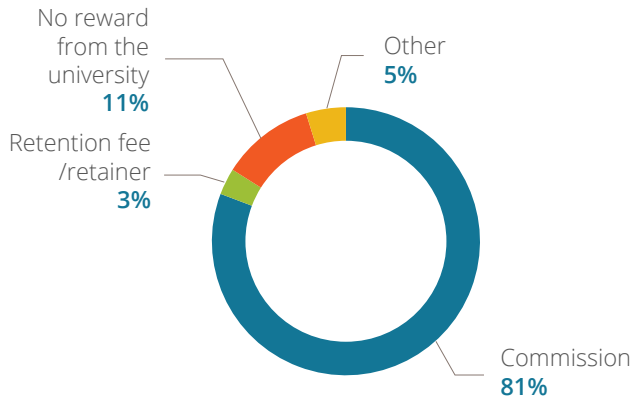
8/ FORMS OF COMPENSATION

As one of the fundamental aspects in the pace of adoption of international student recruitment agencies, this research initiative also evaluated the financial background of the university-agent partnership.

Moreover, understanding the wide range of compensation models enables more light to be shed on motivations, modus operandi, and transparency.

The research initiative succeeded in collecting reward data from 202 U.S. institutions and agencies, who reported on their remuneration model and levels.

How is your agency rewarded?



n=187 international student recruitment agencies

Apart from the more traditional reward schemes outlined above, hybrid models of remuneration also exist (combination of aforementioned models). Other forms of reward were also named such as marketing contributions, agreed reduction in tuition fees, various bonuses, incentives such as participation in a familiarization tours (fact-finding tours), and staff training.

"It is favorable for US institutions to stop paying commission or retainer fees – students should pay. Competition among agents will ensure local market rates for this type of service. Students will choose agents who are the most knowledgeable about a range of US HE institutions, thus weeding out the ones in it purely for profit."
Respondent preferred to remain anonymous.

While there are opinions that agents should not be rewarded for recruitment by U.S. institutions at all, or

solely by universities (but, if so, financed by students and families in their home countries, in fact, 11% of agencies reported not receiving any reward from universities), agencies are still predominantly rewarded by institutions.

As such, both U.S. institutions and agencies report a per-student fee (be it commission or fixed amount per student) as the prevalent model of compensation, the former even more so than the latter.

"The commission-based model is very good for institutions that can't put money up front and also don't want to gamble money, because they only pay after success, after the student is enrolled and has paid the institution."
Mitch Leventhal, Professor of Professional Practice & Entrepreneurship, University at Albany, SUNY

"In the age of the Internet (and I worked with agents before the age of the internet as well) information is freely available and students are always able to find out the real costs of the institution they are considering. If they choose to use an agency nonetheless, I respect that choice."
Respondent preferred to remain anonymous.

"I like a very simple per student commission model with a sliding scale based on deliverables. It provides motivation and incentive for our partner to show results."
Respondent preferred to remain anonymous.

This initiative also examined levels of commissions paid by U.S. institutions. Data was collected from both institutions and agents for comparative reasons.

The focus was broken down to particular programs, in order to bring more clarity in differences between commissions being paid or received at different levels of education (see the next page).

Commissions vary by region and were reported to be higher by agents in Latin America than in Europe and Asia.

Besides commissions for recruitment and advisory, agents charge various other fees for marketing, administration, verification, or support during studies. 27 various fees and charges were identified, however, never

all from a particular agent (for more information, see Chapter “Double-Dipping”).

Multiple charges and their various combinations in different parts of the world are considered one of the difficulties in working with agencies, namely, the possibility to achieve transparency between the institution, the agent, and for the student.

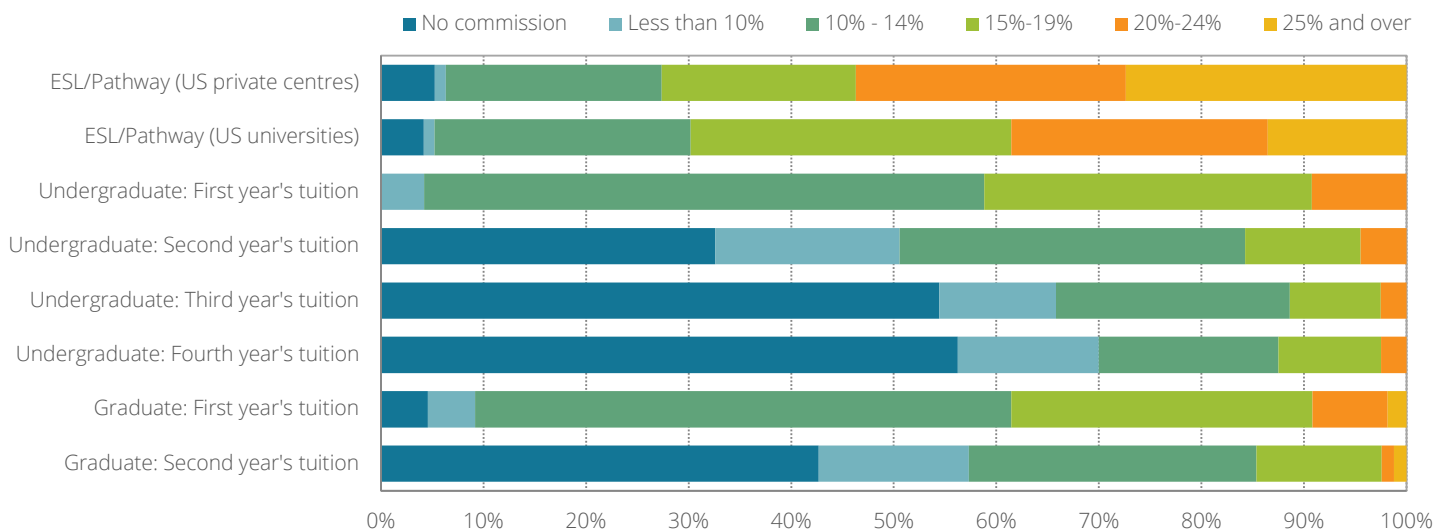
The table at the bottom of the page provides a more detailed overview of the average commission levels. Based on the responses from agents, it states the share of agents operating within a given commission interval by study program, thus resulting in a more accurate view.

Average commission (in US\$ or %) as reported by U.S. institutions and agencies

	U.S. institutions				Agencies	
	Flat fee US\$	# of responses	Percentage (% of tuition)	# of responses	Percentage (% of tuition)	# of responses
ESL/Pathway	1,425	13	14.4	22	17.0	96
UG: First year's tuition	2,049	23	12.1	30	12.5	119
UG: Second year's tuition	1,500	4	10.0	4	6.9	89
UG: Third year's tuition	1,250	2	15.0	1	4.8	79
UG: Fourth year's tuition	1,250	2	15.0	1	4.6	80
G: First year's tuition	1,858	12	12.6	18	12.6	110
G: Second year's tuition	1,250	2	12.5	2	6.1	82

n=24 U.S. institutions (flat fee), 32 U.S. institutions (commission); n=125 international student recruitment agencies; multiple responses possible. Agencies only reported commission in percentage, median shows different values.

Responding agents by program and commission levels



n=125 international student recruitment agencies

9/ “DOUBLE-DIPPING”

“It becomes ethically suspicious if the student is not aware that the agent is simultaneously being compensated by the schools they’re recommending. There has been research that has shown, that some students and families are not aware that the agent works on a commission basis.”

Eddie West, Director of International Initiatives, NACAC

“Double-dipping” was identified as a phenomenon that is frequently part of concerns and public dialog, hence the respondents of this research were asked about their experience, or view, of this.

In NACAC’s Guide to International Student Recruitment Agencies, the term “double-dipping” is defined as follows:

“The practice wherein an intermediary agency receives income from both parties to a transaction – school and student alike – is colloquially termed “double-dipping”.”

The definition goes on to list agent service fees including not only advisement, but also the wide range of services considered “side fees” often paid “a-la-carte” by students to agents. These regularly include assistance in procuring visas, travel insurance, document translation, and English language coursework, among others.

Various services and fees being charged by agents and institutions (as found in public domains)

Accommodation	Local tour
Accommodation placement	Pre-departure briefing
Admission placement	Registration fee
Airfare	Student card
Airport pick-up	Study materials
Assessment test	Travel insurance
Bank fee	Travel internet
Certificate	Tuition fee
Consular fee	Visa courier fee
Course application	Visa processing
Course selection counselling	Visa registration
Currency exchange	Welcome event
Health insurance	Workshop and activities
Interview	

Source: Public domains

This research has revealed that the term “double-dipping” is being used to refer to different activities, with

many respondents coining their own special definition, some broad in scope, others more restrictive. Examples include referring to differences between charging for the “same service” twice, while others refer to a “variety of services”, or “two different sources”, but not necessarily the same services for each.

Agents indicate that often the commission rates paid by an institution do not cover the true cost of recruitment or full-scale of support and service by the agent, hence the need to collect additional fees directly from the student, particularly those unrelated to advice.

“Clarity and transparency are always helpful. While anyone’s first reaction to “double-dipping”, on the name alone, is negative, I could imagine that an agency might have a contractual relationship with an institution under which it gets paid for a successful enrollment, but then that agency charges the student for special extra services.”

The respondent preferred to remain anonymous.

Digging deeper into the responses from in-depth interviews, it appears that the crux of the matter is specific to the case where an agent receives consulting and advisory fees from a student to place him/her into a university, while not disclosing that the agent is also receiving commission from the same university. The concern being that the student believes he/she is receiving impartial advice, when in fact the agency is acting in its own interest and those of the university it is recommending. How, or whether, this relates to fees charged by agents unrelated to actual advisory is not clear.

Given that the formal definition of “double-dipping” is “to obtain income from two different sources in an illicit way from the same source,” until all parties can agree on what specifically is meant by the term double-dipping in the context of agency fees, the term will most likely continue to be controversial.

10/ TRANSPARENCY

Throughout the course of this research, the concept of “transparency” – disclosing the fact or details of university – agent relationship by universities, has been a central theme.

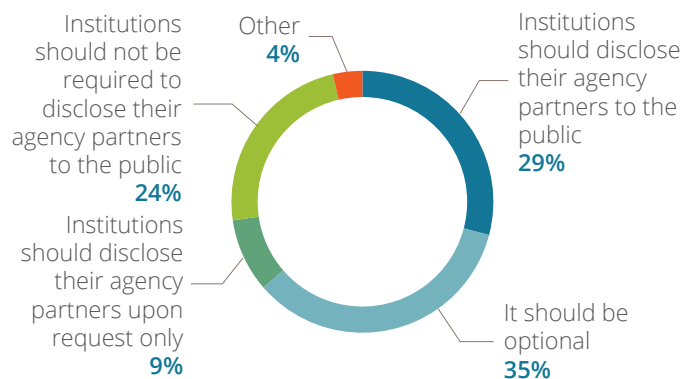
Transparency as it relates to university-agent commercial relationships, are key tenets of NACAC’s Statement of Principles of Good Practice and AIRC’s best practice guidelines.

“I do not think you’re going to see NACAC or any other organization saying that schools should post their contracts with all of their agent partners online for the entire world to see. We understand that that is kind of going to a point of commercial sensitivity that is just not practical. But there is certainly more scope for transparency to occur. There are all kinds of examples of schools in the UK and schools here in the US; and I believe without being legislatively required to do so, and they do so, because they feel like it’s a service to students and they overcome their individual aversion to the idea that they may be putting out commercially disadvantageous information, in a sense for the greater good.”

Eddie West, Director of International Initiatives, NACAC

Respondents in this research were unanimous in suggesting that increased transparency was a good thing, but several also noted that there can be varying degrees of transparency, and that there are differences of opinion with regard to what is needed to meet the criteria of transparency.

Do you think institutions should disclose the names of the agencies they work with on their website?



n=55 U.S. institutions; Percentages do not add up to 100% due to rounding

A majority of respondents – both in quantitative and qualitative research – expressed preference to be transparent and disclose the agent names the university is working with. Out of the opponents, many take umbrage at the prospect of disclosing the names of the agents they work with to competitors, citing the fact that they have devoted years developing these relationships and vetting the agents at significant cost and do not want that information easily accessible to competing institutions.

While most seem to agree that the baseline for transparency begins with disclosure of a (commercial) relationship between the agency and university, there is no unanimous agreement on which characteristics of the agreement should remain commercially confidential. Disclosing actual commission rates and compensation models paid to agents, for example, are seen by many to equate to a disclosure of trade secrets.

One of the key reasons cited for the need for transparency is to protect students who might otherwise believe that the agent is an impartial advisor, while in fact a commercial relationship exists that can influence an agent’s recommendations. Others suggest the commercial relationships between institutions and agencies is common knowledge and even expected.

It is noted that a common practice among some institutions is to issue certificates citing a specific agent as a commercial representative – which agents proudly hang on the walls of their agency offices.

Master agent and sub-agent relationships add another layer of intermediation that may further obfuscate attempts at transparency. To the degree that master agents also divulge the relationships they have with sub-agents, and vice-versa, this might also be resolved.

“Transparency is always the best way to go. You should be transparent about who your agents are and agents should be transparent about who they’re working for. If you’re going to hide something, they [families, students] are going to feel that and then they’re not going to trust you. Trust is very important here between the university and agents, as well as the student and his or her family.”

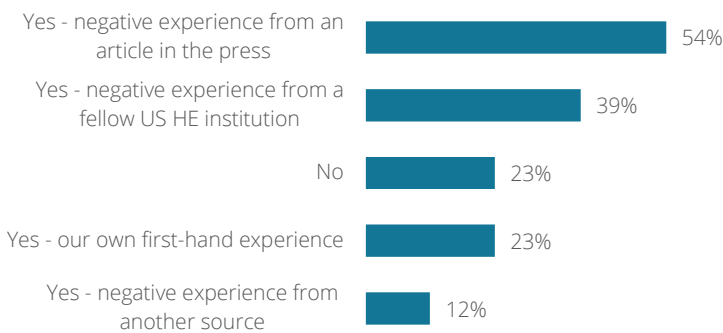
Paul Kullman, Senior Commercial Officer, U.S. Commercial Service

11/ FRAUD

For the purposes of this research, fraud is understood as any act of deception or misrepresentation which directly leads to, or helps, an international student gain admittance to an educational institution abroad that he or she would otherwise not be able to attend.

Rather than exposing all possible cases of fraud and enumerating measures institutions take to combat this practice (already the subject of a plethora of studies, best practice manuals, and media articles), the phenomenon of fraud is analyzed in the context of its impact on the pace of agency adoption by U.S. institutions.

Are you aware of any first-hand, or mediated, bad practices when working with education agencies?



n=24 U.S. institutions; multiple choices possible

Almost all respondents in quantitative or qualitative research have some experience with fraud, even though more from media or third-parties than their own. Nevertheless, many agree unequivocally that fraud is a pervasive problem – with a few going on to say that it is the most important reason why U.S. higher education institutions do not work (more) with agents.

“Fraud is the #1 reason it is still difficult to get U.S. HE colleagues to agree to consider the use of agents. It is real, it is challenging, and it is going to continue to be an issue. But not a sufficient one to refuse to work with reputable agencies!”

Respondent preferred to remain anonymous.

“Remember we may have 16,000 agencies around the world, so fraud cases need to be taken within context.”
Ismael J. Betancourt Velez, Vice President for International Education, Upper Iowa University

To mitigate the risk of fraudulent behavior, U.S. universities and colleges mostly rely on internal resources, acknowledging that the school has the final say in the admission process and thus indirectly indicating that the ultimate responsibility lies with the institution. Those working with agencies conclude that, rather than it being a reason not to work with education agents, institutions must remain vigilant as it might also stem from the applicants themselves.

“At my institution, we check every transcript and document that comes from certain countries whether it is from an agent, student or university. Our international staff has carte blanche not to accept a document if they cannot verify it or if they feel there is something not quite right with it. We simply request a new copy and go from there.”
Ismael J. Betancourt Velez, Vice President for International Education, Upper Iowa University

In addition to that, there has been an emergence of student application verification systems and companies that provide external solutions that assist universities to validate prospective students – especially in countries like China, where the likelihood of fraud is somewhat higher.

“The countries and regions where fraud exists and where it is perpetrated correlate to where fraud and corruption is high in the Transparency International indexes.”
Mike Finnell, Executive Director, AIRC

With 36% of responding U.S. universities citing a lack of trust as the main reason why they do not engage in these type of partnerships (working with international student recruitment agencies), fraud seems to represent a barrier that hinders the adoption of education agencies.

12/ ROLE OF THE PRESS

U.S. institutions and agencies that have what they perceive to be successful working relationships, often express dismay that mainstream media coverage always seems to portray agents, and commission-based recruitment, in a negative light.

They feel that the media paints agents with a broad brush, and that a few bad apples tar the image of what are, for the most part, upstanding and ethical commercial relationships between educational institutions and agencies.

Most respondents in this research, independent of their stance on agents and commissioned-based recruitment, acknowledged that the media has portrayed agents and universities that work with them in a negative light.

Several were somewhat resigned to the fact that the nature of media is to report the controversial story, and in that context it was not hard to understand why the majority of the stories on agents were negative.

Even while acknowledging the perceived bias, some voiced the opinion that negative media coverage served the role of “watch dog” and that the articles highlighted the need for improved business practices and compliance with standards and best practices.

“The more exposure the media brings to charlatan agents, their victims and the schools who engage the charlatans, the better.”

The respondent preferred to remain anonymous.

Others were less understanding, and voiced clear frustration at the need for more balanced reporting, citing a desire to see a story about what the sector has done, on all sides, to bring about standards and professionalism.

“It is rare to find an article that features a student that was recruited by an agency, admitted to his or her dream institution, thrived at that institution and returned home to a fantastic career.”

Mike Finnell, Executive Director, AIRC

“It’s ridiculous. There was an article just the other day in the New York Times. It’s the same article that everyone has been writing for the last 10 years. It even quotes the

same people saying the same thing. There’s no progress in this discussion.”

Mitch Leventhal, Professor of Professional Practice & Entrepreneurship, University at Albany, SUNY

“Agencies are painted as monstrous and unethical corporations who don’t care about students. I ignore it and focus on my own experience.”

The respondent preferred to remain anonymous.

Given the wide acknowledgment in this research that mainstream media on commission-based agent recruitment has been largely negative, it would appear that it continues to be a factor in slowing the pace of adoption of agencies by U.S. institutions, as well as efforts to encourage more transparency in the use of agents. In the absence of a more balanced portrayal, it stands to reason that university officials will be reluctant to talk openly about their commercial relationships with agencies.

13/ POLICY MAKING

Much has been made of the differences in position on the use of agents between the U.S. State Department and the U.S. Department of Commerce.

In parallel, with the responses to perceived media biases in the coverage of agents and universities who engage with them, several respondents were resigned to find this an expected dichotomy, and even understandable. In this particular case because the two departments have different agendas.

Yet others thought the differences in policy provided institutions alternative methods of recruitment, with the U.S. State Department providing valuable resources through EducationUSA and their promotion of student fairs, and the U.S. Department of Commerce recognizing and promoting the value of agencies.

*“The words “U.S. Government” and “Coherent Policy”, those two words are antonyms. The U.S. Government is the largest organization in the world and you can imagine that for such an organization it is very hard to find a coherent policy.”
Respondent preferred to remain anonymous.*

In this context, EducationUSA is seen to be about providing information that U.S. institutions can use to formulate strategy, while the Department of Commerce assists with execution of that strategy and business plan, often helping to recruit agents for universities. The U.S. Department of Commerce Gold Key Service is designed to help universities meet with agents and build those relationships.

*“If you understand the roles of the two agencies you can take advantage of what they offer, which is different.”
Paul Kullman, Senior Commercial Officer, U.S. Commercial Service*

Nevertheless, the majority of respondents in this research expressed dismay at the lack of coherence and cooperation and felt that the U.S. State Department might eventually change its current position of opposing the use of agencies.

*“The State Department which is the top ranking ministry which owns education from the standpoint of public diplomacy, absolutely refuses to see education as trade. They see it strictly in terms of diplomacy.”
Mitch Leventhal, Professor of Professional Practice & Entrepreneurship, University at Albany, SUNY*





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