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MAKING IT WORK – HOW TO MAINTAIN SUCCESSFUL RELATIONSHIPS BETWEEN UK UNIVERSITIES AND THEIR CHINESE AGENTS

Dorothy Ai-wan Yen
University of Worcester, UK

Hsiao-Pei Yang
Coventry University, UK

ABSTRACT

In recent years, due to its rapid economic growth, China has become the largest single source of international students within the UK HE market. UK universities are facing severe international competition from USA, Germany, France, and Australia and local competition within the UK and need to seek ways to maintain and boost recruitment. This paper discusses the possible approaches whereby UK universities can strengthen their relationships with Chinese education agents and therefore enhance the University's likelihood of being short-listed by the potential students.

INTRODUCTION

Along with globalisation, the number of students studying at universities outside their home countries has grown rapidly in recent years. By 2020, the number of international students is forecasted to be 5.8 million, whilst the UK could have more 800,000 international students studying at the HE industry (British Council, 2004; 2007). Currently, the most popular host countries for international HE include the USA (22%), the UK (12%), Germany (10%), France (10%), and Australia (7%) (UNESCO Institute of Statistics, 2007).

In recent years, Asian-Pacific has become one of the key regions where international students originate. Due to industrialisation, over the past twenty years the number of middle-class families that can afford the cost of HE has increased significantly. Local provision of university-level education is often inadequate to meet this growing demand (Maslen, 1998), and therefore there is an increasing number of students studying overseas. Consequently, UK Universities have targeted Asia as one of the key main geographical areas for recruiting international students.

Whilst it has been forecasted that by 2025 Asia as a whole will represent 70% of total global international HE demand (IDP Education Australia, 2002), China, due to its rapid economic growth and large economic scale, has become the largest single source of international students within the UK HE market (British Council, 2008). From 2006 to 2007, nearly 50,000 Chinese students studied at UK universities (Gill, 2008). According to O'Connell (2009), Chinese students choose to study in the UK because they want to enjoy the independent and creative thinking HE environment, to learn about the Western culture, to graduate from a better-known University that enjoys a world reputation. Moreover, for the student compared with HE in the US, UK undergraduate and postgraduate programmes tend to cost less time and money. However, despite being identified as the single biggest

source of international students, little systematic research has been conducted to examine Chinese students' decision making processes in HE (Prugsamatz and Pentecost, 2006). For example, what makes them choose to study in one particular university over the others?

Since the market of international HE is rapidly growing, competition within the market has also intensified. Universities from the main host countries are increasingly operating in a similar way to business corporations by adopting a more business-like stand and engaging strategically in professional marketing activities with several education agents located in different markets (Jarvis, 2000). In a growing trend, a collaborative alliance is often formed between a University and an agent, who is commissioned to help recruit international students and to promote the University's reputation in the foreign market.

Considering the potential strategic role that an agent plays in the process of recruiting international students from the foreign market, it is the aim of this paper to highlight the importance of developing collaborative relationships between UK Universities and their Chinese education agents. Moreover, the possible tactics that could be employed to maintain a collaborative relationship with Chinese agent are also discussed.

The manuscript is structured as follows: Firstly, the importance of maintaining a collaborative relationship with education agent is explained by looking at how education agents could influence students' HE decision-making process. Then, it explores the current relationships between UK Universities and Chinese agents. In order to promote a successful relationship, the paper then explores both Western and Chinese relationship paradigms and discusses the possible approaches that could be employed by UK Universities to strengthen a closer tie with their Chinese agents. Finally, several theoretical and practical implications are presented before the conclusions are drawn and future research directions suggested.

THE SIGNIFICANCE OF THE RELATIONSHIPS

As the stages of consumer decision-making have been applied to studies in local HE settings (Donaldson and McNicholas, 2004; Moogan and Baron, 2003), it was found that students' HE decision-making can be influenced by reference groups, such as parents, peers and the local education recruitment agents (Harker *et al.*, 2001; Brennan, 2001). Pimpa (2003) found education recruitment agents are among the most important non-familial sources to influence Thai students' HE choice in studying in Australia. Most Thai students felt that international education is expensive and intangible, and they found the quality of HE is difficult to measure prior to enrolment. Therefore, a heavy reliance is based upon the information and recommendations provided by the local education agents (Pimpa, 2003), which include individuals or firms authorised to act on behalf of the University to help conduct recruitment activities and provide services to potential students (Yang, 2008).

Moreover, whilst universities rely on their education recruitment agents to promote their brands in foreign markets, students also take the agents' suggestions as one of the key information sources in the HE decision-making process. It was found that local education agents have a strong influence on Chinese students' choice of HE in the UK, as students tend to trust the agents more than they trust the Universities (Yang, 2008). Although some students have concerns over the fact that education recruitment agents offer their help on a commission base from the UK universities, most students still appreciate the free services that are provided by the agents (Yang, 2008).

In Taiwan, education agents tend to provide each student with a suggested list of UK universities, based upon their work experience and academic background. Along with the list of recommendation are some of the Universities prospectuses. The students are then advised to read through the information provided before making their HE decisions. As a result, this initial list of suggestions from agents could contribute heavily to a student's own shortlist, which will determine their actual applications (Yang, 2008). In short, in order to get into the list of recommendation, it is very important for the UK Universities to maintain good business relationships with their education agents, as this will greatly increase the number of potential applicants.

Current University-Agent Relationship Obstacles

However, Yang (2008) identified some problems between Chinese agents and UK universities, which could hinder the success of their relationships. One of the most commonly occurring problems is communication. UK Universities tend to involve various members of staff from different academic faculties and often also the International Student Office to deal with different issues and queries, these multiple contacts tend to cause Chinese education agents great confusion and delays in the communication process (Yang, 2008). Communication is one of the most important precursors in buyer-supplier relationships, thus, communication problems are likely to cause a negative impact on trust and commitment between the agents and the Universities (Anderson & Narus, 1990; Morgan & Hunt, 1994). Besides the problem of communication, power imbalance has also been identified as an issue (Yang, 2008). This is particular a problem for smaller agents that have failed to obtain sufficient information and assistance from the Universities in support of their students applications. This power imbalance is likely to hinder an agent's commitment to the University, which could lead to a reduced number of actual applications.

According to the British Council, education agents are the "frontline soldiers for marketing UK education" (British Council, 2008). They deal with potential students' enquires on a day-to-day basis and have the opportunity to interact with students and influence their choice of HE. Locating in the Chinese markets, these Chinese agents could also monitor and predict the local market trends for the British Universities that they represent. Recognising the influential role of the local education agents, it is therefore in the universities' interest to strengthen their relationships with their local Chinese education agents, especially when their recruitment agent is large enough to represent several different universities at the same time.

In response to agents' concerns, Yang (2008) suggests that UK Universities should set up a single contact point, when communicating with agents. This ensures message consistency and timely feedback, which will in return promote higher levels of trust and commitment (Anderson & Narus, 1990; Morgan & Hunt, 1994). Moreover, as research found that efficient communication helps agents provide better services to their students, which is likely to contribute to a higher number of student recruitment (Yang, 2008), UK Universities are advised to actively provide prompt and accurate responses to Chinese education agents who market their courses in the Chinese markets. Regarding the power imbalance and the lack of support experienced by smaller agents, some re-examination should be made and extra support could be provided. Especially for those small agents with expertise in recruiting students for certain specialised subject areas, more resources should be made available.

WESTERN & CHINESE RELATIONSHIP PARADIGMS

In the West, the subject of buyer-seller relationships and relationship marketing has witnessed growing popularity since the 1980s among academics. Whilst the European IMP Group explored international buyer-seller relationships (e.g. Ford, 1980; Håkansson and Snehota, 1995; Naudé and Buttle, 2000), the North American literature have focused on channel management and relationship marketing (e.g. Anderson and Narus, 1984; Dwyer et al., 1987; Morgan and Hunt, 1994). However, whilst this paper looks at relationships between UK Universities and their Chinese agents on a cross-cultural, international context, it is important to for Western Universities to understand relational values from the Chinese perspective and explore the useful mechanism that could be employed by UK Universities to strengthen their relationship with the Chinese agents. Based upon which, practitioners will be able to build the foundations for the relationships on areas where a consensus exists, and, where differences occur, consider modifying their approach accordingly (Yen et al., 2007).

The Western literature emphasises business relationships between two organisations, whilst the Chinese perspective highlights the significant influence of key individuals on the relationship between two organisations (Chen, 2001). In the context of University-Agent relationships, these individuals are often University representatives such as the key personnel in the International Student Office and the key recruitment counsellors from the local recruitment agent. Therefore, instead of focusing on enhancing the relationship with the Chinese recruitment agents, universities are encouraged to develop close '*guanxi*' – the Chinese term of personal relationships and connections – with the key counsellors (Chen, 2001; Luo, 2001; Wong and Leung, 2001). The key counsellors are the ones that offer direct advice and help to the students on the University's behalf. They are very likely to have an impact on the students' choice of Universities, especially if they are considered as a trustworthy source of information amongst the potential students.

Practical Advices for Maintaining Successful Relationships

According to Kipnis (1997), there are several ways of enhancing the personal relationships with key personnel. These methods include visiting, exchanging favours, hosting Chinese banquets and the practice of giving and receiving gifts (Kipnis, 1997; Wong and Leung, 2001; Chen, 2001). Visiting one's contact is one of the most frequently used ways to initiate new *guanxi*, because attendance itself is considered a positive *guanxi* constructing act (Kipnis, 1997). Regardless of the purpose of the visit, the Chinese always appreciate the effort that one makes to be present. Thus, Universities are recommended to make frequent visit to the local education recruitment agents based in China. This is like giving 'face' to the Chinese agent (Hwang, 1987), which not only honours the Chinese counsellors but also demonstrates the University's commitment in working with the agent to recruit more Chinese students.

In addition to giving face to the Chinese and showing commitment, visiting provides the chance for the two parties to conduct face-to-face communication. For the Chinese, face-to-face interaction is the most appreciated communication medium (Hofstede, 1994; Luo, 2001), as it provides both parties with the possibility for interacting and enhancing mutual understanding, establishing personal relationships, assessing each other's goodwill, evaluating the other party's trustworthiness and conducting slow, ritualistic negotiation. Nevertheless, visiting does not have to be one-way round; Universities could also invite their Chinese agents over to the UK for a visit. By showing the counsellors around and acting as a warm and welcoming host – this will enhance and strengthen the University-Agent relationship. Moreover, this visiting experience will provide the counsellors real experiences that they could share with the potential students.

Banquets for the Chinese are similar to parties to Westerners; they could be held during the visits, as part of the social activities. A banquet can be held by the Chinese to celebrate all sorts of occasions i.e. welcoming, birthdays, farewells, etc (Kipnis, 1997). However, although banquets are like parties in terms of their functions, extra attention should be paid to the finer details that one might be unfamiliar with due to cultural differences (Lee-Wong, 1994). Such differences can sometimes result in serious problems of misunderstanding and confusion, which maybe disadvantageous for conducting more collaborative relationships.

For instance, to the Chinese a banquet is not just a gathering occasion for people to have food together; it is an opportunity for socialising and strengthening their *guanxi* networks. Thus, there is much more to pay attention to than just eating with chopsticks and without dropping food! The reception, the seating plan, the place setting, the meal, the conversation, the table manners, the drinking and toasting and the after-banquet karaoke are all important parts of the banqueting experience (Seligman, 1999). Therefore, it is important for the University representatives to learn Chinese gestures and formalities in advance so that they can express themselves well and practice all the *guanxi*-enhancing techniques during the process of hosting and participating in banquets (Kipnis, 1997).

Besides visiting and hosting banquets, the Chinese often use favour-exchanging as a way of enhancing the *guanxi* between the two parties (Hwang, 1987). Favour exchanging is usually conducted at two different levels – on the organisational level and the personal level. Whilst the University could give favours to their local Chinese agent by offering extra financial support; the level of favour exchange could also continue on a personal level – for example, between the University representative and the local Chinese counsellors.

A favour does not have to be an item with great financial implication; from a free football ticket to a significant business deal, the utmost imperative is to grant the favour when needed. Such a favour will be remembered and returned one day, following the rule of reciprocity (Luo, 2001). As the Chinese often believe in "a favour for a favour", it is important to understand that when accepting other people's help, one should be full of gratitude and always remember to pay back the kindness when provided with an opportunity (Fang, 1999). Failure to return a requested help is considered as rude, and often leaves the other party with a bitter feeling, which is not conducive to maintaining business relationships.

Finally, gift-giving is also recommended as a method that could be employed to enhance *guanxi* between the University representative and their local Chinese counsellors. The exchange of material obligations helps to enhance the feeling between two parties and strengthen the bonds between them (Ambler, 1995). For instance,

when a suitable gift is presented, the recipient would naturally develop a grateful feeling and thankful attitude towards the giver. Nevertheless, similar to the giving of favours, although it is not mandatory, the recipient is invariably obliged to return something in the form that is requested or appreciated by the sender i.e. a gift or a helping hand, in order to maintain the *guanxi*.

For Chinese people, the most commonly given gifts include clothes, food products, congratulatory gifts and gift-money – the so called red envelopes (Kipnis, 1997). For business visits to Chinese counterparts, some other gift ideas are suggested by Seligman (1999). These include art objects, such as paintings, handicrafts or something with the University's logo on – i.e. pen and pencil sets, solar calculators, shirts, ties, etc. The linkage between the value of a gift and the closeness of the relationship is often discussed. Although, some may roughly suggest that the closer the relationship, the higher value the gifts tend to be (Luo, 2001), there are some ethical issues which shall not be overlooked. Whilst giving money is NOT recommended due to its impersonal characteristic and the possibility of it being perceived as a bribe (Chen, 2001), presents with too much financial implications should also be avoided – no matter giving or receiving.

Moreover, Universities should take a rigid approach to some sensitive issues. For example, although psychologically the idea of an “under-table” method at personal level is widely accepted by the Chinese in the past, officially undercutting commission at company level may be considered as illegal and strictly forbidden (Leung et al., 1996). Last, there are certain gifts that are considered as taboos and one should try to avoid (Seligman, 1999). For instance, a clock is traditionally prohibited, as the phrase ‘to give a clock’ sounds like ‘to attend a dying parent’ in Chinese. Also, green caps or hats are not welcome gifts. A Chinese man that wears a green hat implies that his wife cheats on him. The origin of this apparently bizarre custom is that soldiers usually wear green hats, and are not uncommonly cuckolds on account of being away from their homes and their wives for extended periods.

DISCUSSION AND IMPLICATIONS

We feel the issue raised in this paper will have several implications for academics and practitioners alike. For academics, this research could broaden the scope for further research in the area of marketing in the HE sector, as this study focuses on the impact of ‘University-Agent’ relationships on agents’ services to students, which can greatly influence a student’s choice of university in their decision-making process (Pimpa, 2003; Yang, 2008). Whilst the extant literature has tended to look at student recruitment from the student’s and the university’s perspective (Brennan, 2001; Moogan and Baron, 2003; Donaldson and McNicholas, 2004), an attempt has been made here to broaden our understanding by highlighting the importance of having a stronger University-Agent tie and its influence on number of student applications. Moreover, for academics involved in business-to-business relationships and relationships in the service industry, this paper looks into the research context of ‘University-Agent’ relationships. These relationships have received scant research attention in the past, despite this market performing very well under the current economic climate where Sterling has depreciated in value against the Chinese Yuan.

For UK universities and their international student offices, several managerial implications could arise from this research. Firstly, in order to maintain collaborative business relationships with Chinese agents and increase the number of potential applicants, UK Universities are advised to establish good *guanxi* with their Chinese recruitment counsellors. These *guanxi*-enhancing moves include frequent visiting, exchanging favours on both personal and organisational levels, hosting banquets for the purpose of increasing socialisation, and practicing the art of giving and receiving gifts. UK universities are recommended to set up single point contacts when communicating with the agents. This will help agents provide prompt and timely services to the students, speed up the application process, as well as promote the universities in the Chinese markets with a competitive edge. Additionally, for the smaller agents with expertise in specialised subject areas, more support and resources (such as education affair sponsorships) are advised to be made available, as this will increase the possibility of recruiting better and more suitable students for these specific subject areas.

Thirdly, this research is also expected to be of benefit to Chinese agents. Whilst a positive relationship is considered to be advantageous to both parties of the relationship dyad (Naudé & Buttle, 2000), efficient communication could help agents recruit more students and thus receiving higher commissions from the Universities. By providing

students prompt and accurate information, the agents could win students' trust and positive word of mouth, which in return helps bring in more potential students in the long-term.

Lastly, the findings will also be of use to governmental policy makers, and business support organisations alike, such as the Ministry of Higher Education, British Council and British Culture and Trade Organisation. The findings of this research should be useful in helping them better understand the Chinese markets, the dynamic of the University-Agent relationships, and the impact of such relationships. This can help them design more suitable policies and provide better services to promote UK HE to Chinese students against the competition from other major markets, i.e. U.S.A and Australia.

Conclusion

In summary, because of such rapid growth of Chinese students studying overseas, coupled with the University-agent relationships on a cross-cultural context, the authors believe that this research area is particularly interesting and important. As a result, it is hoped that this paper will encourage future research to consider some of the conceptual issues raised here and take this a step further by aiming to investigate such relationships and obtaining data on quantitative scale. It is the researchers' belief that contributions in this area are likely to provide stimulating academic perspective and certainly for UK Universities, as they attempt to compete with other HE providers from other major markets.

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