De-Internationalization of Universities

An Exploratory Study

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INTRODUCTION

In this paper we focus on de-internationalization of universities, aiming to advance our theoretical understanding of international activities of universities. The extant research on university internationalization has mainly focused on the micro-level: arrangement of student and staff mobility, engagement of the faculty members in university internationalization, internationalization of the curriculum, development of a global mindset, establishment of academic partnerships with foreign universities, participation in the global university networks and consortia (Bartell 2003; Friesen 2013; Horta 2009; Jiang and Carpenter 2011; Pfotenhauer et al. 2012; Urbanovic and Wilkins 2013).

However, scarce attention has been paid to the internationalization at mezzo and macro levels (Turcan and Gulieva 2013): internationalization via green field investment, e.g., branch campuses or via joint ventures or licensing or franchising (for exception, see Bennett and Kane 2011; Hughes 2011; Wilkins and Huisman 2011). Moreover, our understanding of how and why universities de-internationalize or withdraw from international markets is even more limited. We draw from international business literature, using the concept of de-internationalization (Benito and Welch 1997; Turcan 2013) as a theoretical lens. We identified and reviewed available unobtrusive data such as running records (e.g., mass-media, political and government) as well as episodic and private records (e.g., sector and institutional or organizational records) (Webb et al., 2000). We discuss the findings and put forward a number of pointers for future research.

THEORETICAL BACKGROUND

University internationalization

Increasingly today internationalization becomes an indispensable part of universities' mission statements and strategic plans (Altbach 2004; de Wit 2012; Dewey and Duff 2009; Maringe and Foskett 2010; Stromquist 2007). To date, there are over two hundred international branch campuses worldwide that are awarding degrees (GHE 2014) and this trend is amplified by internationalization trends to the Far East, intra-regional cooperation, and national efforts to establish international education hubs (Lawton and Katsomitros 2012). Knight (2003, p. 2) defines university internationalization at the national/sector/institutional levels as "...the process of integrating an international, intercultural or global dimension into the purpose, functions or delivery of post-secondary education". At the same time, Altbach views internationalization as "...specific policies and programmes undertaken by governments, academic systems and institutions, and even individual departments or institutions to cope with or exploit globalization" (Altbach 2004, p. 6). Under globalization pressures, internationalization enables universities to develop a "greater international presence" to increase dominance in the international market place (Stromquist 2007, p. 82).

The research on university internationalization in general is abundant (Altbach 2004; 2011; Altbach and Night 2007; de Wit 2012; Fielden 2008; Green 2012; Knight 2003; 2004; 2006; Teichler 2004). Considerable research at the micro level focuses on student mobility (OECD 2004; Wächter 2003). The primary areas of interests of these studies are rationales for selecting particular study locations, cultural adaptability of the students, compatibility of the study programs across the regions, regional (European) mobility, development of ERASMUS programs and alike to name a few (see e.g., González et al. 2011; Rivza and Teichler 2007).

At the macro-level – national higher education system, the focus of research is on "internationalization at home" (Knight, 2004, 11) or in-ward internationalization (see e.g., Bartell 2003; Friesen 2013; Horta 2009; Jiang and Carpenter 2011; Pfotenhauer et al. 2012; Urbanovic and Wilkins 2013). The primary areas of interest at this level are incorporation of intercultural and international dimensions in the curriculum, teaching, research, extracurricular activities that help the student to develop international and intercultural skills without leaving the country.

Other forms of internationalization, such as transnational education delivered through branch campuses and joint programs, which refer to mezzo-macro levels, are emerging fast. Unlike internationalization research at the micro-level, research at mezzo-macro levels has not received much attention in academic research (Turcan and Gulieva 2013). The extant studies cover some aspects of branch campus operations, such as quality assurance of the provision of international services (Coleman 2003) and customer (student) satisfaction (Wilkins and Balakrishnan 2011). There are a number of case studies examining international education hubs (see Knight and Morshidi 2011; Sidhu et al. 2011). The main topics in focus are the development of these formations, their nature and sustainability, relationships with the local governments, legal frameworks and the nature of subsidies used for their operation.

Yet, the studies discussing the process and challenges of universities' moving across the borders are very scarce (for exception see Becker 2009; Sidhu 2009; Shams and Huisman 2012). Becker (2009) gives an overview of the peculiarities of branch campus operation, their major characteristics, regional distribution and adopted strategies. Sidhu (2009) conducted a case study of the emergence and subsequent dissolution of branch campuses created by Johns

Hopkins University and the University of New South Wales (UNSW) in cooperation with Singaporean government. He disclosed that the primary reason of the failures was not just fierce local competition with two national Singaporean universities preferred by local population, but a lack of fit in goals and commitment. Shams and Huisman (2012) focused on the similarities between universities setting up branch campuses and multinational enterprises setting up foreign subsidiaries. They developed a conceptual framework that incorporates OLI paradigm and contextualized it for universities. The framework demonstrates the way university's ownership advantages (e.g., a strong research and teaching profile, prestigious brand names, international experience) and local-specific advantages (low saturation of higher educational market, the ability to offer cheaper educational services) influence the university's decision to internationalize (to reap the benefits of the branch campus in comparison to licensing or joint venturing).

University de-internationalization

University internationalization at mezzo and macro levels is not without pitfalls however; there are discrepancies between university internationalization and reality of significant constraints and challenges on the ground (Altbach 2004; 2011; Altbach and Knight 2007; Foskett 2010; de Wit 2012; CIGE 2012; Gallagher and Garrett 2012; Knight 2004). Examples of withdrawals from international markets started to emerge, e.g., New York University, Michigan State University, and a number of Australian universities withdrawing from their international operations (Altbach 2011; Ng and Tan 2010; Sidhu 2009; Sharma 2012). International withdrawal or de-internationalization of universities is a phenomenon that received virtually no attention in current scholarly research and policy debates. This might not be surprising since de-internationalization as an area of international business research has also received little consideration from international business scholars (Turcan 2006;

2011; 2013). Here we side with Devinney et al. (2010) who argue that by concentrating single-mindedly on internationalization we ignore a key fact of reality that organizations also de-internationalize with great frequency.

The concept of de-internationalization was introduced by Welch and Luostarinen (1988) who reasoned that "once a company has embarked on the process [of internationalization], there is no inevitability about its continuance" (p.37). Benito and Welch (1997) made the first attempt to conceptualize de-internationalization, developing their definition on the basis of multinational enterprise research. We borrow from Benito and Welch (1997, 9) and define university de-internationalization as "any voluntary or forced actions that reduce a (...) [university's] engagement in or exposure to current cross-border activities". In extreme cases, a company can completely terminate its international operations; this is called full or complete de-internationalization (ibid.). Benito and Welch's (1997) definition allows to understand the how's and why's of de-internationalization and therefore investigate the university cross-border activities holistically.

Empirical studies on university de-internationalization have started to emerge. Becker (2009) identifies two generic causes of university de-internationalization (branch-campus closures): insufficient market research and sudden changes in the social-political contexts. Among the key factors that lead to university de- internationalization as identified by Sidhu (2009) were lack of mutual commitment, incompatibility between the partners, lack of synergy between main home and foreign campuses, failure to higher senior staff to reside in the target country, and difficulties in balancing responsibilities to its international and domestic stakeholders.

In order to identify the emergent patterns of university de- internationalization, we employed

the conceptual framework of de-internationalization of a firm (Turcan 2011; 2013). This framework is based on two dimensions (Figure 1). One dimension represents the life continuum of the firm: success vs. failure, or still in business vs. out of business. Another dimension relates to de-internationalization continuum: total vs. partial. In such a way, the typology includes four quadrants: total and partial de-internationalization with the company staying in business and total and partial de-internationalization with termination of all business activities.

Insert Figure 1 about here

Quadrant 1 corresponds with total de-internationalization; firms placed in this quadrant completely withdraw from international markets and focus on domestic markets (Turcan 2013). Firms referring to Quadrant 2 de-internationalize only partially and remain active in other foreign markets. Quadrant 4 is similar to Quadrant 1, as it also represents a state of total de- internationalization. However, in this case a withdrawal from a foreign market is accompanied by a termination of all firm's operations (Turcan 2013); it represents an extreme case of total de-internationalization. Building on the definition of de-internationalization and the described typology, de-internationalization takes form of a partial or complete withdrawal from a foreign market. Concerning the exit modes, a firm can de-invest, de-franchise, or de-export. De-investment and de-franchising can be performed by switching to a mode of operation involving lower commitment, in Benito, Petersen & Welch's (2009) terminology, by "de-emphasizing" (p.1461). For example, de-investment can be conducted by turning to franchising or exporting, de-franchising – by lowing commitment to exporting.

METHODOLOGY

Given the aim of the study, the scope of our study is around complete or partial de-internationalization of franchising, joint venturing and branch campuses operations performed by universities from developed countries in the emerging markets. Given the scope, we designed a search tool aimed to identify the empirical research conducted on university de-internationalization. We constructed search strings for ProQuest database and Google Scholar. To our surprise, university de-internationalization or withdrawal from cross-border activities is not covered in detail by scholarly sources. We identified very few studies that contained a rather comprehensive discussion of the cases on de-internationalization, e.g., branch campus closures (see, for example Becker 2009).

The scarcity of academic research on the topic made us turn to the available unobtrusive data and use of pubic search engine, such as google.com and monitor higher educational periodicals, reports, media announcements, blog entries, and other non-scholarly sources. Based on available unobtrusive data, we have identified and analyzed a number of cases of university de-internationalization that took place during the last decade. We designed and filled in a data-extraction table, which focused on the market entry strategy, the lifespan of a venture, de-internationalization type and the identified reasons for withdrawal (Table 1). We have compiled a vignette to illustrate a number of de-internationalization cases (Appendix 1). Our emerging findings are presented and discussed next.

Insert Table 1 about here

FINDINGS

The collected unobtrusive data revealed a number of patterns of university de-internationalization. Overall, using the conceptual framework of de-internationalization of a

firm (Turcan 2003, 2006), we found that cases of university withdrawal most commonly fit Quadrant I – total de-internationalization with switching focus to the domestic market; and Quadrant 2 – partial de-internationalization remaining active on other foreign markets. An example of total university de-internationalization with switching focus to the domestic market is the case of George Mason University, which had to close its branch in Ras Al Khaimah, UAE. Ras Al Khaimah campus was the only cross-border activity practiced by this university. It was interesting to observe that on the current version of George Mason's website there is no trace of description of such cross-border activities. According to official organizational records, George Mason International is focusing on internationalization at home, strives to attract as many foreign students to its main campus in Virginia and arranges a study abroad semester experience for its students at partner universities. Michigan State University which withdrew its operations from Dubai, UAE, and University of New South Wales, which exited from Singapore are in a similar position (Figure 1).

A planned for 2014 closure of New York University's campus Tisch Asia fits Quadrant 2. Closing Singaporean branch, New York headquarters put more focus on the activities of the Global Network University operating international branches in Shanghai and Abu Dabi. Tisch Asia campus was the first foreign branch of New York University, the initiative of creating Global Network University appeared later. University of Waterloo also partially de-internationalized having withdrawn from UAE. Waterloo International today keeps looking for opportunities in UAE, continues internationalizing through partnerships and foreign offices (Hong-Kong office, Sino-Canadian College). Central Queensland University closed its campus in Fiji and restructured its international activities in the period 2006 to 2009. Today it has a single transnational education partner in the delivery of offshore programs, Melior International College in Singapore. Royal Melbourne Institute of Technology de-

internationalized partially, by exiting Malaysia, and establishing later on two branch campuses in Vietnam. Among the identified cases of university de- internationalization examples of extreme cases were not identified.

The reviewed sources propose a number of reasons for the university withdrawal. Weak enrollment projections that make branch campuses financially unsustainable are named among the most common causes (OBHE 2007b; Mills 2009a). Misunderstanding with the local governments also caused financial difficulties related to the reduction of subsidies granted to the branch (Hare 2013; Sharma 2012). Technical difficulties like unfavorable location and poor planning leading to a failure to finish the campus building on time are also seen as contributing to the decision to de-internationalize (Mills 2009b). Curriculum issues are among others are identified as contributing to the low performance of the foreign outposts. In the cases of George Mason University and University of Walerloo, one of the reasons named were failure of the curriculum to be as lucrative as expected and the lack of extracurricular activities for students (Bradshaw 2012; Karram 2012). Focusing on teaching on the undergraduate level and lack of supportive industries that would make the graduate potentially more employable are also among the inhibiting factors for the newly formed branches.

DISCUSSION

Having reviewed the cases of the branch campus withdrawal from the international markets, we coded the identified reasons and produced a typology of the factors causing international university withdrawal. The analysis of available unobtrusive data also led to the emergence of a number of factors that forced universities to withdraw from their international markets or de-internationalize. These are: low student enrolment, wrong assumptions, bandwagon effect,

staff immobility, lack of adaptability, brand identity, and funding issues. *Low student enrollment* is generally named as the primary official explanation of university withdrawal from the foreign market. For example, George Mason University's, Michigan State University's, University of Waterloo's exits from UAE, and University of New South Wales' exit from Singapore were explained by low numbers in student enrolment (Becker 2009; Mills 2009a,b; OBHE 2007a,b; 2009).

Indeed, low student enrolment might be the visible cause for university de-internationalization. However, the data point to low student enrolment being an effect of *wrong assumptions* about the selection of a target market, of the level of tertiary education (quite often provision of bachelor degree education), of the language proficiency and high entry standards, of paying abilities of the local population, and of high level of tuition fees. It emerges that internationalizing universities do not differentiate substantially between education approaches at home and at the brunch, drawing out on familiar assumptions, and ignoring the existence of substantial differences on the ground.

Lack of adaptability is another finding that emerged in the data analyses. There emerged an issue related to the curriculum taught at the branch and its irrelevance for the local industry. Presence of the local industries that are able to employ the new graduates is an important condition for teaching a particular program/subjects at a branch; however, this condition is not always fulfilled (Sharma 2012). *Staff immobility* emerged as another issue that influences universities' decisions to de-internationalize. For example, in several cases, like Michigan State University in UAE and Tisch Asia in Singapore, universities realized, upon opening a branch campus abroad , that their own academic staff is reluctant to relocate and/or travel to the branch and that the branch administration opposes to hire local academics (Schlanger

2013). Hence, staffing issues undermine the value of the study experience at the brunch and cause difficulties in running the branch institution.

Bandwagon effect is a result of host countries' attractive incentives, modern infrastructure and friendly environment that attract universities to enter these countries. Entering these markets – jumping on a train – creates highly saturated international educational hubs like UAE and Singapore. However, high concentration of branch campuses in a country leads to growing competition, and cannibalization (from the state point of view) of new educational offers.

Financial issue is another often cited cause (Lewin 2009; Redden 2013; Reisberg 2012; Schlanger 2013). Equity entry strategies such as branch campus establishment through a greenfield investment are associated with a high cost. Relying on the students as the major source of income, the universities that experience low enrollment numbers run into budget deficits. But sharing a cost and entering through a joint venture with the local government or accepting subsidies from the state is also a tricky terrain. On the one hand support from the local government and covering start-up costs are promising, on the other hand it is a potential danger as there are incidents of serious disagreements concerting post start-up funding, heightened requirements for commitment and unrealistic expectations (Bradshaw 2012; Sharma 2012; Teng 2013).

Branch campus identity is another factor influencing the success of international efforts of universities. It emerged that on the ground stakeholders expect authentic delivery of higher education products and services on the assumption that the branch, carrying the name of the foreign university, is no inferior to the mother organization. Factors such as financial

resources allocated for the branch development, staff immobility and the time factor do not allow developing and nurturing an authentic full-scale study experience at a branch from day one. This leads to, as in the case of George Mason and Michigan State Universities closures in UAE, limited options for courses and extra-curricular activities as well as limited capacity to provide an array of academic programs and students services at the branch (Reisberg 2012), jeopardizing the authenticity of the study experience.

CONCLUSION AND FUTURE RESEARCH DIRECTIONS

In this paper we aimed to advance our understanding of university de-internationalization. This paper should be seen as among the first attempts to investigate this phenomenon. Our interest in this research is driven on one hand by recent high failure rates in university internationalization as well as recent withdrawals of universities from international markets. On the other, by lack of research that would investigate how and why universities de-internationalize. We advocate for more qualitative, e.g., ethnographic research in order to explore this phenomenon further.

We further suggest researchers combine various indicators of university governance and university institutional autonomy at home and in the host countries in order to fully appreciate internationalization and de-internationalization processes of universities at mezzo and macro levels. More often than not, the university institutional autonomy settings at home and abroad are incompatible, raising the question whether outward university internationalization is actually ethical. In dealing with such incompatibility, internationalizing universities may find themselves in a Catch-22 situation, or what we call – ethical dilemma (Turcan and Gulieva 2013). That is, will universities develop a different set of ethical standards for the target country or will they insist on adopting own ethical standards in that

country (Sidhu 2009).

Given this challenge, we conjecture that the international activity of university and its sustainability is dependent on university institutional autonomy settings at home and in host countries. Investigating such relationships, as well as learning not only from successes but also from failures will allow researchers, practitioners and policy makers to augment current and develop future, more sustainable strategies and policies to support the internationalization of higher education.

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Figure 1: De-internationalization typology

Life continuum		De-internationalization continuum: Total	De-internationalization continuum: Partial
	Still in Business	I George Mason University Michigan State University University of New South Wales	II Central Queensland University Tisch Asia by New York University University of Waterloo Royal Melbourne Institute of Technology
	Out of Business	IV Not identified	III Non-empirical cell

Source: derived from Turcan 2013

Table 1: Extant evidence on university de-internationalization

University	Entry strategy	Entry	Exit	De-internationalization type	Identified reasons	Source
Royal Melbourne Institute of Technology (Malaysia)	Joint venture: Adorna Institute of Technology is created as a joint venture with Adorna property developers	1996	1999	Partial de-internationalization: having learned the importance of a reliable financial base and realistic assessments of student demand, it went on to establish two successful branch campuses in Vietnam; total de-investment	Change in the local environment/a critical event: economic crisis in Southeast Asia Local partner was hard hit by the crisis)	Becker 2009; McBurnie 2002; Middlehurst & Woodfield 2004; Usher & Marcucci 2011;
Central Queensland University (Fiji)	Branch campus formation as greenfield investment	1998	2007	Partial de-internationalization: the university restructured its international activities; today has a single TNE partner in the delivery of offshore programs (Melior International College, Singapore); total de-investment	Change in the local environment/a critical event: sudden change in local socio-political climate, instability Declining international enrollments	AUQA 2011; Becker 2009; Fiji Times Online 2007; OBHE 2007;
George Mason University (UAE, Ras al-Khaimah)	Branch campus established as a joint venture with the local government. Received considerable subsidies and funding.	2005	2009	Total de-internationalization, staying in business, focusing on internationalization at home; total-de-investment	Low enrollment numbers Poor conditions: failure to finish the campus buildings on time Limited curriculum options Funding difficulties: 50% reduction in the promised subsidies for the venture Poor communication: disagreements with local partners, failing to agree on funding levels with the RAK Government, Unfavorable location	Becker 2009; Lewin 2009; Miller-Idriss & Hanauer 2011; Mills 2008, 209a,b; OBHE 2009; Redden 2012, 2013; Stripling 2009

University	Entry strategy	Entry	Exit	De-internationalization type	Identified reasons	Source
University of New South Wales (Singapore)	Branch campus, sponsored by the local government	2007	2007 after four months of operation	Total de-internationalization, staying in business, focusing on internationalization at home; total de-investment	Low enrollment numbers High tuition fees, high entry standards, failure to understand the student market Starting as a large comprehensive venture Funding problems Strong local competition Geographical proximity of the mother institution	Becker 2009; Cao 2011; OBHE 2007a,b; Yung & Sharma 2013
Tisch Asia, a branch of New York University (Singapore)	Branch campus, partially funded by the local government	2007	2014	Partial de-internationalization, more focus on the activities of the Global network University operating international branches in Shanghai and Abu Dabai; total de-investment	Slow enrollment growth Very high tuition fees, difficulty attracting local students Unsustainable subject for the local market and lack of supportive (creative) industries Reluctance to hire local academics Internal issues: disagreements between the headquarters and the branch Financial challenges, funding problems: reduction of subsidies by the hosting government	Frater 2012; Hare 2013; Kiang, 2012; Schlanger 2013; Sharma 2012; Teng 2013; Yung & Sharma 2013
Michigan State University (UAE, Dubai)	Branch campus, partially funded by the local government	2008	2010	Total de-internationalization, staying in business, focusing on internationalization at home; total de-investment	Very high tuition fees Slow enrollment growth Limited curriculum options Competition with other full-size branch campuses in the region Dubai's economic crisis	Altbach 2010; Mills 2010; Redden 2010; Swan 2010
University of Waterloo (UAE campus)	Branch campus created as a joint venture with the United Arab Emirates Higher Colleges of Technology	2009	2012	Partial de-internationalization: Waterloo International keeps looking for opportunities in UAE, continues internationalizing through partnerships, and foreign offices (Hong-Kong office, Sino-Canadian college); de-investment by lowering commitment	Study programs were not as lucrative as anticipated Slow enrollment growth Financial uncertainty Traditional mission and vision Insufficient research linkages Focus on undergraduate education	Bardsley 2009; Bradshaw 2012; Karram 2012; OnCorp Direct 2013; Reisberg 2012; Schoepp 2009

Appendix 1: Recent evidence of university de-internationalization

Within the last decade at least 11 branch campuses created by well-resourced institutions have closed (GHE, 2014). Some others decided against establishing a branch campus abroad. To name the most prominent cases, George Mason University, University of Waterloo, Michigan State University and University of Southern Queensland closed their campuses in UAE; University of New South Wales closed its campus in Singapore and New York University announced withdrawal of its respective campus there for 2014; Bond University (Australia) and De Montfort University (UK) withdrew from South Africa; Royal Melbourne Institute of Technology exited from Malaysia (Altbach 2011; GHE 2014; ICEF Monitor 2013; Ng and Tan 2010; Olds 2009; Sidhu 2009).

In 2005, after a long evaluation process and a series of debates, the UK's Warwick University decided against proceeding with its plans to establish a branch campus in Singapore and declined a generous offer made by the local government (OBHE 2005). After an eight-month feasibility study was undertaken, in addition to issues of financial risks and legal responsibilities, it raised concerns over the state of human rights and academic freedom in Singapore. According to the Financial Times, "Singapore requires international educational institutions operating in the city-state to agree not to conduct activities seen as interference in domestic affairs." Despite the relatively positive financial forecast for the project, the academic community appeared to be against establishing a branch campus. University of New South Wales closed its branch campus in Singapore, which was considerably sponsored by the local government, after only four months of operation (OBHE 2007a). The unexpected closure was largely explained by weak enrollment projections, which reportedly made the institution financially unsustainable (OBHE 2007b). UNSW branch in Singapore was Asia's first foreign comprehensive university and was originally designed to accommodate 15,000 students by 2020. After enrolling 148 students during the inaugural semester, instead of the planned 300, the stakeholders took a quick decision to close the operation due to lacking demand (Yung and Sharma 2013).

In 2009, George Mason University pulled out of the UAE without producing a single graduate after three years of developing a full degree-granting campus in the Ras-Al-Khaimah province (OBHE 2009). Unfavorable location, poor planning leading to a failure to finish the campus buildings on time, limited curriculum, slow enrollment growth and poor communication with the local government, causing disagreements concerning the funding levels are named among the reasons that stimulated the closure of the campus (Becker 2009; Mills 2009a,b). University of Waterloo closed its UAE campus in 2012 after three years of operation (Bradshaw 2012). The official reasons named are failure of the curriculum to be as lucrative as expected that led to slow enrollment growth and financial uncertainty and an unsustainable business model, focusing on undergraduate education (Karram 2012). However, despite this closure, Waterloo International keeps looking for opportunities in UAE and continues internationalizing through partnerships and foreign offices in China (OnCorp Direct 2013).

The latest case of university withdrawal from a foreign market is closure of Tisch Asia (a branch of New York University in Singapore) planned for the second half of 2014 (Schlanger 2013). This case was widely discussed in the press and among the factors leading to the decision for closure were: financial challenges and problems associated with reduction of subsidies granted by the hosting government, reluctance of the branch to hire local academics, slow enrollment growth caused extra-high tuition fees and lack of supportive (creative) industries and internal issues, such as disagreements between the headquarters and the branch about operation issues (Hare 2013; Sharma 2012).

News periodicals and reports by Observatory of Higher Education (OBHE) publish some information and condensed reports on branch campus closures; however, the empirical analysis of the reasons behind market withdrawals makes a gap in academic literature on university internationalization (cf. Fischer 2013; Mahani and Molki 2011; OBHE 2007a, b; Ruby 2010). Most commonly, enrollment issues, change in operational conditions, and regulatory change are named as the causes of university withdrawals (Altbach 2011).