

Data for the Agent Debate

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The debate over the use of commissioned agents in international student recruitment often relies on anecdote: say, the story of the student who positively thrived at a smaller, non-brand-name college that he or she would never have otherwise known about, or, on the other hand, of the student who submitted a stellar admissions essay but in the classroom struggled to write a coherent sentence.

In a bid to bring more data to the discussion, a new report from the Great-Britain-based Observatory on Borderless Higher Education uses findings from surveys of agents, international students, and higher education institutions to paint a picture of agency business practices, the nature of agents' relationships with colleges, and the prevalence of the commission-based recruiting model.

Agency-based recruitment, though widely embraced by universities in Australia and the United Kingdom, has been a controversial topic in the United States, where federal financial aid law prohibits the payment of per-capita commissions in the recruitment of domestic students (but not foreign students). The National Association for College Admission Counseling lifted its ban on incentive compensation in international recruiting last September – largely clearing the way for colleges to proceed with the practice – but critics continue to question whether international students' interests are well-served by a model in which agents are compensated based on the quantity of students they send to the small number of institutions they represent. Concerns also persist about the extent to which some agents abet students in submitting fraudulent application materials.

The Observatory report largely sidesteps the issue of fraud, acknowledging that it exists and in some countries may even be extensive. Nevertheless the report asserts that the underlying need for agents to serve as intermediaries for the growing population of students going abroad is "real, growing and legitimate."

About a third (32 percent) of first-year international students at 48 universities in the three largest destination countries – the United States, United Kingdom and Australia – report having used an agent, a figure that's increased from about 10 percent just five years ago. Self-reported agent use is highest for students at Australian universities, at 50 percent, compared to 27 percent for students at universities in the U.K. and the U.S. Students from Asia and the Middle East are most likely to report the use of agents: 49 percent of first-year international students from China, the single largest country of origin for international students, say they used an agent's services.

Notably, as the report points out, students in need of application help may "turn to agents even when institutions do not." Though the debate as it is has focused on universities paying

commissions, in some cases universities may not even know whether students are applying to them through agents.

The data on student agent use is drawn from 27,000 responses to the International Student Barometer, a satisfaction survey administered by the International Graduate Insight Group (i-graduate), of which the Observatory, a research and monitoring unit, is a part. A large majority of the first-year students surveyed at the 48 Australian, U.K. and U.S. universities who did use agents say they were satisfied with the process. Satisfaction rates were lowest for those who students who paid the highest agent fees, but even for those students who reported paying fees in excess of \$5,000, about 75 percent say they were satisfied or very satisfied.

In regard to fees, the Observatory's analysis finds while most agents make the bulk of their income from commissions paid by institutions rather than from students and their families, three-quarters of students who used agents reported paying fees. Fifteen percent reported paying agents fees up to \$500 and 13 percent more than \$5,000, with others reporting fees at all points in between (see distribution below). Another 25 percent of students reported that their agent services were free.

Many critics of the agency-based recruitment model have objected to the practice of "double-dipping," whereby agents collect money from both the student and the institution. The Observatory report emphasizes that agents offer a variety of services to students, some free and others for fees, with some of those services, like health and travel insurance and airport pickup, being peripheral to the application process itself. The majority of agents (70 percent) say they offer application and admission guidance to students free of charge. Agents are about equally split as to whether they charge students for visa processing and immigration advice.

The data on the range of agent services are from the 2013 Agent Barometer survey of 1,194 agents from 117 countries, which was conducted by i-graduate in cooperation with the agent networking and training organization ICEF. This survey found that about two-thirds of agents report having attained some kind of international certification or quality assurance designation (the Observatory report goes into some detail about the various, in many cases country-specific, certification processes available). The data also reveal that only a very small proportion of agents – 1.5 percent – report having an exclusive relationship with one institution, while the plurality have either relatively few institutional relationships -- 20.1 percent of agents report two to 10 institutional relationships and 17.5 percent report 11-20 -- or very many: 19.7 percent report having more than 100 institutional relationships.

The Observatory's analysis finds that, on average, institutions benefit most by working with universities with small numbers of institutional partners: agents with 2 to 10 partners placed an average of 9.5 students per institution, while the figure for agents with 11-20 institutional relationships was 7.3. Agencies with more than 100 partners averaged 4.5 placements per institution.

The returns to the institution were strikingly strong for those few agents with a single institutional relationship – the average jumped to 57.3 placements – though the report notes that "the fact that very few agents have such an exclusive relationship implies that most agents see multiple relationships as the only way to achieve growth or even sustainability."

The data may raise questions about whether students who visit agents with relatively few university partners are necessarily being steered to those that are a good fit – though Richard Garrett, the North American director of i-graduate, said that on this point of criticism of agents

there tends to be some disingenuousness on the part of universities whose own admissions staff by definition represent just one institution. Agents representing multiple institutions, he said, are arguably more objective than a university admissions staff member.

"In a context where agents are very controversial and debated, I think the main takeaway from the report is that most students and most institutions are broadly satisfied with the service," Garrett said. Yes, he said, the sector is immature and there appears to be a range of good and bad practice but overall he said, "this is ordinary."

"This isn't some crazy, evil, phenomenon that needs to be curbed. It's supply and demand; it generally meets a need that otherwise isn't well-served by governments or institutions."

Philip G. Altbach, one of the most visible critics of the use of commissioned agents and one who does argue that the practice needs to be curbed, said the Observatory report provides a lot of useful data and will help further understanding of the agent phenomenon. "It's just lacking, in my view, a sufficiently critical approach to it," said Altbach, a research professor and director of the Center for International Higher Education at Boston College (and a blogger for *Inside Higher Ed*).

Altbach said he's particularly concerned about the issue of agents who receive commissions from a limited number of institutions offering partial advice to students, as well as the possibility of agent-abetted fraud -- which in some countries, most notably China, is pervasive (at least anecdotally).

The Observatory report "accepts the notion that there should be agents in the first place," said Altbach, who argues that even if the train has left the station (which, he acknowledged, it has) that doesn't mean it can't be halted or diverted to another track. "My general view, which is utopian, I know, but it's the EducationUSA view, is there should be agencies out there -- and they don't all have to be government-sponsored like EducationUSA -- which are providing as objective of information as possible to kids who can then apply themselves," Altbach said. "And if somebody can't apply, maybe they shouldn't be going." (EducationUSA is a U.S. Department of State-supported network of advising centers that promotes U.S. higher education options.)

One point that's driven home in the Observatory report is that for good or for ill, agency-based recruitment strategies represent new territory of sorts for many U.S. institutions.

In compiling the report, the Observatory conducted its own survey of institutions in Australia, Canada, Malaysia, the Netherlands, New Zealand, the U.K. and the U.S. The U.S. sample is skewed toward members of the American International Recruitment Council (AIRC), an organization that certifies agents and provides guidelines for their use, and therefore consists mostly of universities that have embraced the agent model. Eighty-two percent of the 54 American institutions in the sample report using commissioned agents, a much higher proportion than what's been found in other surveys. The U.S. institutions in the survey that used agents reported doing so for an average of six years, compared to a 17-year average for the Australian universities in the survey.

The rates of commission paid by universities to agents were broadly comparable across countries at about 10 to 15 percent of first-year tuition.

The institutional survey also includes data on oversight and management of agent relationships. U.S. universities tended to have less formalized relationships with agents. Only 60 percent of

American respondents said they had formal contracts with agents, compared to 100 percent of respondents in the Netherlands and 90 percent in New Zealand. About 90 percent of Australian and New Zealand universities said they train their agents, while just 60 percent of American universities said the same.

"Reading it from an American perspective, you can see there is a continuum and there's a life cycle that institutions go along as they professionalize and so forth," said Mitch Leventhal, a professor of professional practice and entrepreneurship at the State University of New York at Albany and one of the founders of the pro-agent organization AIRC. "We're at the early end, but I think in about six or seven years we'll look a lot like Australia and the U.K."

"This is a global phenomenon, it's driven by global economics, and the U.S. is going to catch up eventually," Leventhal said.