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## Marketing mistakes or unethical marketing in higher education? Two case studies in Ontario Colleges

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### Abstract

Using the lens of the commercialization of higher education, this paper scrutinizes how marketing efforts are made to recruit international students as educational consumers in Ontario, Canada. Specifically, this paper examines how the government's immigration policy directly and explicitly encourages the public college system to take advantage of the immigration policy and use it as a selling point in educational marketing. To stay competitive in the educational market, the two case study colleges initiated various programs specifically designed to satisfy international students' immigration needs and wants. They also implemented various marketing tools to convey this message and advertise their capabilities. While some students eventually become educational consumers of these programs, they also unexpectedly became plaintiffs filing lawsuits against their education service providers. They claimed that false marketing communications had impaired their rights; the colleges became defendants, defending their marketing mistakes as is done in the for-profit private sector. This paper concludes by providing potential guidelines to help maintain ethical marketing in the context of a commercialized higher education market.

*Keywords: marketing, commercialization, higher education, marketing ethics*

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### 1 Introduction

Slaughter and Leslie (1997) invented the term "academic capitalism" to describe the commercialization of higher education. Many scholars have discussed the idea that higher education is transforming its role from public goods and services into commercial-like products and services that are sold for profit (Gould, 2003; Bok, 2003; Johnston, 2002; Girous, 2001). To sell commercial-like educational products and services, corporate practices such as marketing, advertising, and managerial concepts are now heavily in use in colleges and universities. This tendency towards commercialization in such institutions has

reached the global marketplace (Altbach, 1995). This change in higher education settings on a global scale has been accompanied by the use of a variety of marketing strategies and commercializing activities in the higher education industry. Commercial behaviors, such as marketing strategies, in many ways motivate potential students' desire to attend higher education institutions and strengthen their expectations of particular higher education programs. Colleges and universities are now pursuing various market-oriented and for-profit activities to subsidize their funding and are beginning to look and behave like entrepreneurial companies. From this perspective, commercialization appears to be an appropriate term to describe the expanding market influence in higher education operations. Gould (2003) has

argued that segments of traditional higher education programming are being developed and marketed specifically to maximize revenues. Higher education institutions (HEIs) are also hiring corporate leaders to run the institutions, form business partnerships globally, establish mutually beneficial relationships with business-oriented legislators, and develop curricula customized to the needs of corporate interests nationally and internationally.

## 2 Marketing as the means to recruit students globally in Canada

Higher education has become the biggest of big business, and students have become the core of the higher education market and its profit centers (Ramsden, 2002). Facing increasing competition to enroll more and retain current educational customers, HEIs inevitably have to conduct market-oriented activities so as to satisfy customers' demands (Leonard, 2002).

Since this market is huge, both traditional non-profit as well as for-profit HEIs have started to offer flexible courses and to recruit international students in order to increase financial revenue. For example, the University of Phoenix Online, Stanford University, Columbia University, and the University of Chicago all deliver courses created by their respective institutions over the Internet (Bleak, 2005). Big universities recruit international students from China and India, and the proportion of international students within their school populations may reach nearly twenty percent (20%). According to the World University Rankings of Times Higher Education, the American University of Sharjah, for example, is a small university with around 5,000 students; however, eighty four percent (84%) of its student body is made up of international students coming from 99 countries (World University Ranking, 2018). In another example of the way in which international education is treated as business industry, it is now the third largest export industry in Australia, after iron and coal exports and ahead of other service industries such as travel and consulting (Research Snapshot, 2018).

Canada has implemented a similar approach to the one used in Australia in which international

education is treated as an important export industry. Recently, the Trade Commissioner Service of Global Affairs Canada initiated a five-year strategy entitled "Building on Success: International Education Strategy (2019-2024)", (Building on Success. International Education Strategy- 2019-2024, 2020). Specifically, the strategy

- ▶ aims to diversify the education sector, and to promote global ties and foster a vibrant Canadian economy;
- ▶ helps to ensure that Canada's labor force has the needed skills and talent to ensure Canada can compete successfully in global markets, creating middle-class jobs and fostering prosperity in communities across the country;
- ▶ supports and complements efforts by provinces, territories, and stakeholders toward a collective goal of a sustainable and successful international education sector;
- ▶ aims to draw students from around the world to communities across Canada where they can enroll in a wide variety of schools and programs at all educational levels;
- ▶ helps a growing number of Canadian students return from studies and work abroad with the global competencies, skills, and networks needed to drive Canada's success as an innovative, trading nation; and
- ▶ assists more Canadian schools and businesses to design and export cutting-edge educational services and products to an increasing number and diversity of international markets.

One of the priority areas of Canada's International Education strategy is to diversify the source market for colleges and universities and to increase international student numbers. In particular, the strategy focuses on "diversifying source regions within China and India for students." Canada hosted 693,750 international students in 2018 for growth of near thirteen percent (12.6%) over 2017 (ICEF Monitor, 2019).

Canada is an immigration country. It welcomes and accommodates diverse communities, in particular, those young adults who are well educated

and trained and are seeking an enviable quality of life and opportunities to start careers and pursue permanent residency. Young international students are usually between 18 and 30 years old. Once they have Canadian educational qualifications and are equipped with in-demand labour skills, they become ideal candidates for permanent residency. Nearly 54,000 former students became permanent residents in Canada in 2018. In fact, Immigration, Refugees and Citizenship Canada picked up on the International Education Strategy and introduced supportive rules to encourage and facilitate more international students to remain after graduation (ICEF Monitor, 2019).

Unlike international students in the United States and many other nations that host international students, full-time international students in Canada are allowed to:

- ▶ work without a work permit at jobs that are institution-affiliated, for example, at the school itself, at faculty or student organizations, and even at private companies that provide services on campus to the school;
- ▶ work off-campus without a work permit (20 hours/week) during their full-time studies;
- ▶ apply for a work permit for their spouses or common-law partners; and
- ▶ apply for a Post-Graduation Work Permit (PGWP) and gain work experience that will consequently help them qualify for permanent residence (Government of Canada, 2019).

The Canadian government's immigration policy explicitly encourages international students to stay in Canada during and after their studies. As such, those students who are originally from densely populated countries or who are seeking a better quality of life become educational consumers as well as potential candidates for permanent residence in Canada.

### 3 International students as business in Ontario

Financial revenue for HEIs in Ontario comes mostly from tuition and government grants,

which are paid on a student population basis. One of the lucrative ways for Ontario HEIs to increase their revenue is to target international students whose tuition is not subsidized by the government or taxpayers in the host country and who are usually charged multiple times more tuition than local students. Another incentive for HEIs to seek more international students is that the government deregulated international tuition back in 1995, allowing HEIs to preserve all tuition revenue they generate. The HEIs can then use these tuition revenues to make capital investments, renovate campus buildings, update facilities, and recruit more staff and faculty. These investments can allow HEIs, in turn, to expand existing programs and design new ones to enhance their capacity to accommodate more international students.

Although international education consumers pay higher fees than local students for their studies, they are still interested in coming to Canada due to the fact that Canadian HEIs provide quality education and the government's strategy welcomes young adults for work and immigration after graduation. According to market research conducted by the Canadian Bureau for International Education (CBIE) in 2018, seventy per cent (70%) of international students indicated their intention to find work in Canada following their studies. Sixty per cent (60%) of respondents intended to apply for permanent residence status in the future (The Students Voice, 2018). In this context, the colleges in Ontario have intensified their marketing efforts to recruit students from the international market, as if they were operating an international business.

Canada's international student population has grown significantly for years. It has moved into the third place globally in terms of international education population behind the United States and Australia. The population of international students in Canada increased fourteen per cent (14%) from 355,100 in 2018 to 404,165 in 2019. Among that number, around 140,000 students were from India, which represented thirty-five per cent (35%) of the study permits issued and was the leading source country for international students. Twenty-one per cent (or 84,710 students) came from China. Nearly fifty per cent (50%) international students are in Ontario. Figure 1 shows the top five international student source countries (El-Assal, K., 2020).

Figure 1

Study permit holders on December 31 <sup>st</sup> by country of citizenship, 2015 - 2019					
Year	2015	2016	2017	2018	2019
<b>Total</b>	<b>219,065</b>	<b>264,385</b>	<b>315,260</b>	<b>355,100</b>	<b>404,165</b>
India	31,925	52,645	82,990	107,175	139,740
China	65,865	76,870	82,750	85,165	84,710
South Korea	14,740	15,935	16,705	16,880	17,060
France	11,860	11,825	13,230	13,440	14,670
Vietnam	2,830	5,320	9,875	12,385	11,685

Source: Adapted from El-Assal, K., (2020), CIC News

In 2018, international students made up more than twenty percent (20%) of the student population at 20 out of 22 public colleges in Ontario. Centennial College and Niagara College ranked in first and second place respectively in terms of international student population among the colleges where international students made up over forty percent (40%) of the student population (Totonio, I., Keung, N., LaFleche, G., 2019).

#### 4 Two case studies in Ontario

Philip Kotler (1980) defined marketing as “the science and art of exploring, creating, and delivering value to satisfy the needs of a target market at a profit.” While the CBIE survey results indicated the high percentage of international students’ intention to immigrate, colleges in Ontario have definitely taken advantage of such research findings in their marketing to satisfy international students’ needs and wants for permanent residence. This approach not only has resonated with the federal government’s international education strategy but has also been backed up by the immigration policy that has openly encouraged international students to stay in Canada after their studies. As such, Ontario colleges are marketing their education programs as if they are running an immigration business. Programs directly and indirectly related to work permits and professional credentials are highly promoted as means of marketing the HEIs where they are located. However, certain disputes have arisen in the process of doing such business.

##### 4.1 Case One: *Ramdath v. George Brown College*

Former students in the international business management program at George Brown College, one of Ontario’s public colleges, alleged that George Brown College made “representations with respect to its program which were untrue, inaccurate or misleading.” About 120 students were enrolled in this eight-month program, and about eighty of them were international students, mostly from countries such as India and China. They argued that the George Brown College had marketed the program as providing the opportunity for students to complete three industry designations/certifications on top of the program certificate from the college. However, the students eventually learned that the college had not even facilitated the arrangements or partnerships necessary to confer the industry designations it had promised. The students also alleged that the college had revised the program calendar after some students had complained, so that the calendar claimed the program could “prepare students to pursue” the promised designations. The students launched a lawsuit in October 2008, seeking \$10 million in damages. George Brown College eventually gave a C\$2.73M payout for students who were misled by the course summary. Although George Brown College declared that “there was never any intention to mislead”, the settlement was finalized. The college would compensate each international student involved in the legal action up to C\$22,484 to cover fees associated with their studies such as tuition, textbooks, airfare, immigration fees, and living expenses, as well as some part of the income they lost while studying in Canada. (*Ramdath v. George Brown College*, 2010 ONSC 2019, CanLII)

##### 4.2 Case Two: *Goval v. Niagara College of Applied Arts and Technology*

Two international students from India initiated a false advertising class-action lawsuit in 2015 after they enrolled in a four-month program at Niagara College, an Ontario public college. They claimed Niagara College and its representatives misled them to believe that, by completing the (mostly online) general arts and science diploma transfer program, and afterward completing one year of graduate or post-graduate schooling in Canada, they would qualify for post-graduate, three-year work permits. However, the students



eventually learned that Niagara College's program did not meet the federal government's work permit requirements because the program was considered online learning. The international students claimed that the college should have known its program's ineligibility under the government's work permit requirements before it marketed the program to international students.

Some of these international students in the program were forced to leave Canada in 2015 and had their immigration plans devastated when the Canadian immigration department rejected their work permit applications. The applications were refused simply because the students' credits earned through online learning at Niagara College did not satisfy the requirements for such work permits. The lawsuit was settled in 2019 under terms that Niagara College had offered. The college compensated each student between C\$7,500 and C\$20,000, depending on the circumstances related to their case. The counsel for the students would be seeking the court's approval for total fees of approximately C\$1 million from the compensation settlement. Niagara College also agreed to pay the associated legal fees of around C\$250,000. (*Goval v. Niagara College of Applied Arts and Technology*, 2020 ONSC 739, CanLII).

## 5 Some implications and proposed regulations

It is common nowadays for HEIs to adopt commercial models of operation in the fields of knowledge production, skills training, curriculum development, and so on to run their educational business. The targeting and recruitment of more international students is one of the many aspects of these commercial models. HEIs use these strategies to stay competitive and sustainable in the educational market. They develop highly in-demand profit-making programs through various resources, business activities, and so on. Students readily become market research participants, and their needs and wants are identified and are satisfied through educational marketers. While these practices are not unusual, and it is, in fact, justifiable to conduct business using methods that generate financial resources, there are potential risks associated with these commercial strategies. For example, concerns arose from the two cases men-

tioned above regarding ethical issues in marketing as well as how students' consumer rights can be protected. These ethical issues can teeter on the blurred boundary between marketing mistakes and unethical marketing. These concerns are augmented when HEIs administrators are given permission to pursue more drastic marketing behaviors and lucrative financial revenue in the future with less government intervention and regulations. According to the Canadian Marketing Association (CMA, 2020), "Marketers must not misrepresent a product, service, marketing program or make any other misleading representation" and should provide accurate representation. Marketers are responsible for the content of their marketing communications and the advertising agencies that execute marketing behaviors on their behalf. HEIs are not supposed to be exempt from such responsibilities since they also benefit in such a business environment. The two cases discussed in this paper demonstrate the breach of such ethical norms in a commercialized educational setting. These lawsuits also mark the potential tension between students as educational service consumers and institutions as educational service providers.

Consumers expect educational service providers to protect the interest of students by ensuring that colleges market their programs and services in an honest, genuine, and accountable way. Although the government has deregulated international students' tuition revenue for HEIs, the government still oversees program quality assurance in the higher education system and is still in a good position to take action to ensure that HEIs in Ontario are in full compliance with government policies, as well as required institutional protocols for program design and marketing. Where institutional protocols are insufficient, infringe on government policy, or are otherwise lacking in business ethics and accountability to educational consumers, the government must manage and enforce stricter compliance.

As such, we propose some guidelines to help uphold marketing ethics in the educational business and to protect students' rights as consumers' rights.

1. We suggest that both domestic and international marketing departments in HEIs should review the *Canadian Marketing*

*Code of Ethics and Standards* and implement this code in their protocols for designing marketing communications.

2. We propose that a certain level of government intervention and regulation should exist to affirm HEIs accurate and accountable marketing behaviors.
3. We recommend that the government should periodically review and revise its regulations to establish an up-to-date and current marketing code of conduct.
4. We recommend that the government should penalize HEIs in the form of reducing government subsidies as well as revoking their permission to recruit international students should the HEIs breach the marketing code of conduct.
5. We advise that marketing information for international programs should be completely genuine, accurate, and consistent among educational marketers, both domestic and overseas, to avoid confusion and potential lawsuits.

## 5 Conclusion

The international students who were plaintiffs in the two cases discussed above were seeking compensation on behalf of all students who had been treated mistakenly/unethically in educational marketing. The lesson that should be drawn from the two lawsuits is not who won, but rather that these lawsuits impaired the reputation of HEI marketing communications in the public college system in Ontario. Such incidents should definitely oblige the government and marketing officials in HEIs to consider and initiate ethical ways of conducting educational business. The two cases also revealed lessons for those HEIs that are currently seeking financial revenues from the international market and stepping on the blurred boundary between marketing ethics and marketing mistakes.

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