Analysis of Proposed Navitas Partnership

For Faculty Use

Prepared By: Faculty in the Ivey Business Sustainability Area

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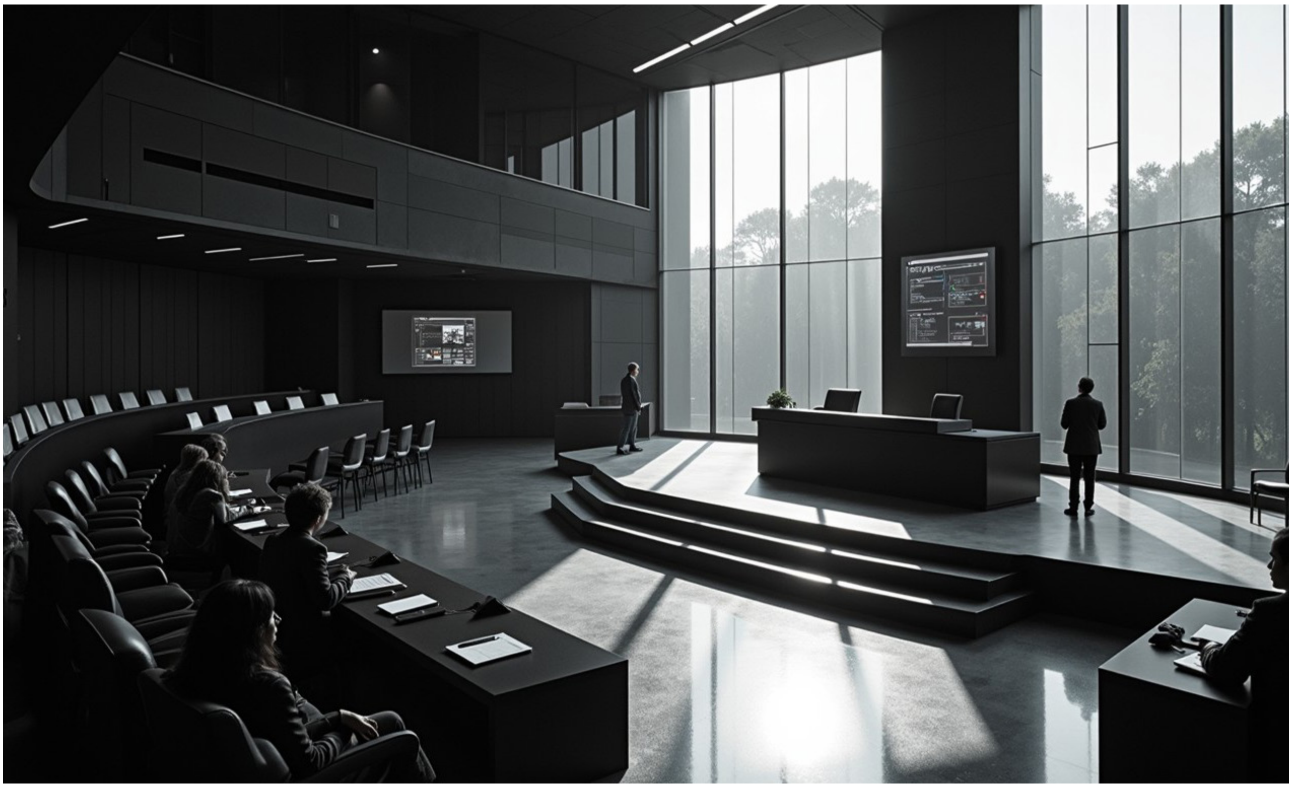
Executive Summary

Western University is considering a formal partnership with Navitas, a for-profit multinational education provider that operates international student pathway“ programs. While the administration presents this partnership as a solution to fiscal pressures and international enrollment challenges, a close review of empirical research and Navitas‘ financial and operational history raises serious concerns.

This Document Provides:

- A summary of academic and policy research on the risks of private equity (PE) in education
- An analysis of Navitas’ financial trajectory
- A summary of a recent Wall Street Journal article comparing PE’s negative impact in health-care to its rise in education and accounting
- A comparative ranking of Canadian Navitas partner institutions
- A comprehensive set of faculty questions and rationales to raise at the employer presentation



Key Research: Private Equity in Education

1. Financialization and Marketization of Education
PE entry into education reflects a trend of financializing public services. Studies by Ball (2012) and Hogan (2016) highlight how private capital imposes market logics-emphasizing metrics, accountability, and profitability-at the expense of public educational values.

2. Student Outcomes and Educational Quality
- PE-backed education providers are linked to:
- Increased tuition and student debt
- Lower graduation rates
- Higher dropout and loan default rates

Key Reference: Deming, Goldin, & Katz (2012); Eaton et al. (2020)

3. Academic Governance and Labor Conditions
- Heavy reliance on precarious academic labor
- Reduced faculty autonomy
- Decline in shared governance and quality assurance mechanisms

Key Reference: Marginson (2013)

4. Ethical and Regulatory Risks
- Lack of transparency in PE-owned institutions
- Weak oversight and accountability
- Increased conflicts of interest (e.g., in accreditation)

Example: Collapse of Corinthian Colleges in the U.S.

5. International Trends
Navitas, Kaplan, and other PE-owned education firms dominate Australia and parts of the UK. In Canada, uptake has been minimal, especially among major research universities.
Key Reference: Verger, Fontdevila, & Zancajo (2016)

Financial Profile & Ownership

- In 2018, Navitas posted an after-tax loss of $55.8M following restructuring.
- In 2019, Navitas was acquired by BGH Capital (PE firm) for A$2.3 billion.
- In 2024, it required a $150M equity injection to stabilize operations amid policy shifts (e.g., international student caps).
- Since 2018, Navitas' university partnerships declined from 42 to 31.
- Canadian footprint remains limited despite two decades of operation, with only one U15 institution partnering with Navitas.

Implications of Navitas Financial Profile and Ownership for Western:

1. 2018 Loss of $55.8M
Implication: A significant financial loss so close to the company's acquisition signals instability and poor fiscal management.

Concern for UWO: Western would be entering into a partnership with an entity that has a track record of financial volatility. This raises concerns about Navitas' long-term sustainability and its ability to deliver on commitments without recurring bailouts or cutbacks in quality.

2. 2019 Acquisition by BGH Capital (Private Equity Firm)
Implication: Private equity ownership often brings aggressive cost-cutting, profit-maximization strategies, and short-term horizons (3–5 years).

Concern for UWO: These priorities are misaligned with a public university's educational mission. Western risks becoming a vehicle for financial returns rather than academic excellence, with decisions made based on investor expectations rather than student or faculty needs.

3. 2024 Equity Injection of $150M
Implication: Navitas required a substantial capital injection to remain viable amid international policy shifts.

Concern for UWO: This move suggests financial fragility. If Navitas' business model is this sensitive to regulatory or market fluctuations, Western could find itself entangled in a failing venture—exposing the university to reputational damage and potential financial liabilities.

4. Decline in University Partnerships (from 42 to 31)
Implication: A substantial number of institutions have ended or not renewed their relationships with Navitas.

Concern for UWO: This pattern raises a red flag. Without transparency about why institutions left Navitas, Western cannot fully evaluate the risks. It may also indicate dissatisfaction with outcomes, contractual disputes, or unfulfilled expectations.

5. Limited Canadian Footprint and Absence in U15
Implication: Despite over 20 years of operation, Navitas has not been embraced by Canada's top-tier research institutions.

Concern for UWO: Western would become the second U15 member to partner with Navitas, breaking from its peer group. This sets a precedent that could diminish Western's standing among research-intensive institutions and raise questions about its strategic judgment.

Lessons from Private Equity in Healthcare & Accounting

Source: Wall Street Journal (May 7, 2025) - "Doctors Warn Accountants of Private-Equity Drain on Quality"

- **Parallels drawn** between PE in healthcare and accounting: loss of trust, ethical compromise, and degraded quality.

- **Hospital bankruptcies** (e.g., Steward Health Care) trace back to PE ownership.

- Doctors warn that PE imposes short-term ROI goals incompatible with professions that rely on **public trust and long-term accountability.**

- Accountants now fear audit quality and independence are at risk under PE control-same risks apply to teaching quality in higher ed.

- PE-backed entities often pursue:
  - Staff reductions
  - Offshoring and consolidation
  - Rapid revenue growth via aggressive acquisition

"If you compromise the auditors, then it's a total coverup." - Dr. James Keaney

How Navitas Partnered Universities Rank in Canada

University	QS World Rankings	US News Best Global	Macleans Category (2023)
Western University	#120	#311	11th in Medical/Doctoral
Simon Fraser University	#318	#408	1st in Comprehensive
University of Manitoba	#661-670	#417	13th in Medical/Doctoral
Toronto Metropolitan University	#801-850	#1055	5th in Comprehensive
Wilfred Laurier University	Not Listed	#1310	6th in Comprehensive
University of Lethbridge	Not Listed	#1972	6th in Primarily Undergraduate

Why This Matters for Western

Western University stands apart from all Canadian Navitas partner institutions in both national and international rankings. While many of these instutions are respected, they do not match Western's position in most rankings. If Western proceeds with the Navitas partnership, it will be the second U15 university to outsource core academic programming to a private, PE-backed company. This raises significant reputational risk and may signal a dilution of Western's academic brand, aligning it more closely with institutions that operate on different academic and governance models.

Faculty Questions & Rationale for Info Sessions

Governance and Transparency
- Why was Senate not consulted prior to negotiations?
- Will the full Navitas agreement be released for faculty review?

Rationale: Academic governance requires transparency. Senate has statutory authority over curriculum.

Academic Quality and Standards
- What quality assurance systems will apply to Navitas instructors?
- How will the partnership avoid mission drift into graduate and professional programs?

Rationale: PE institutions have a record of lowering standards.

Labor Equity
- Will Navitas instructors receive pay and protections equal to UWOFA standards?
- How will this impact existing contract faculty and early-career scholars?

Rationale: Outsourcing undermines equitable labor practices and career pathways.

Financial and Enrolment Risk
- What data supports Navitas' promised enrollment increases?
- What are the financial penalties if Navitas underperforms?

Rationale: PE contracts often include hidden risks and liabilities for the host institution.

Reputational and Strategic Risk
- Why is Western pursuing a model that only one U15 institution has adopted?
- What analysis has been done of institutions that exited Navitas?

Rationale: The reputational risk to privatize first-year instruction is significant.

Student Support and Integration
- Will Navitas students have equal access to academic advising, wellness, and integration services?
- How will transitions from Navitas to Year 2 be managed to ensure continuity?

Rationale: Pathway students are at high risk of attrition if support is lacking.

Alternative Solutions
- Were faculty-led international programs or recruitment efforts considered?
- What problem is this partnership actually solving?

Rationale: Internal alternatives exist. Outsourcing academic core functions requires an extraordinary justification.

Conclusion

The proposed Navitas partnership is not a neutral enrollment strategy it is a structural privatization of education at a public institution. It introduces serious concerns around labor equity, academic quality, governance, and long-term risk. Faculty must push for data, transparency, and accountability-and assert Western's identity as a public, research-intensive university.

For further reading:

- Wall Street Journal, "Doctors Warn Accountants of Private-Equity Drain on Quality" (2025)
- Eaton et al., "Private Equity in Education" (2020)
- Deming, Goldin, & Katz, "The For-Profit Postsecondary School Sector" (2012)
- Marginson, "The Impossibility of Capitalist Markets in Higher Education" (2013)
- UWOFA Resource Page on Navitas
- Strategic Mandate Agreement 4 (SMA4), Western University