

THE PUBLIC GOOD, THE MARKET, AND ACADEMIC CAPITALISM:

U.S. CROSS-BORDER HIGHER EDUCATION IN PANAMA

by

LISETTE MONTOTO

(Under the Direction of Sheila Slaughter)

ABSTRACT

In recent years, U.S. colleges and universities have begun to extend their international presence through different models of cross-border higher education. This research explores three models of U.S. higher education in Panama City, Panama: a branch campus, a franchise model and merger/acquisition models. Using a qualitative approach, this study included a year of document analysis, classroom observations, interviews, and focus groups. Using the lens of academic capitalism, the findings place the different models along a continuum of neoliberalism and the public good.

INDEX WORDS: higher education, Panama, cross-border, academic capitalism, neoliberalism, public good, branch campus, franchise, merger/acquisition, for-profit higher education, Florida State University-Panama (FSU-Panama), Quality Leadership University (QLU), Laureate Inc., Whitney International University Systems, Universidad Latinoamericana de

Ciencia y Tecnología (ULACIT), Universidad Interamericana (UIP),
Universidad del Istmo (UDI).

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LISETTE MONTOTO

BA, Florida State University, 2003

BS, Florida State University, 2003

MA, Florida State University, 2005

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by

LISETTE MONTOTO

Major Professor: Sheila Slaughter
Committee: James C. Hearn
Erik C. Ness

Electronic Version Approved:

Maureen Grasso
Dean of the Graduate School
The University of Georgia
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CHAPTER 1

INTRODUCTION

Overview

The Republic of Panama has been considered the crossroads of the world since early Spanish explorers established the Camino Real across the isthmus to transport gold and silver from the Americas, to the construction of the Panama Railroad and subsequently the Canal. Panama lies on trade routes between North and South America, and the route between the Atlantic and Pacific oceans. Hosting one of the world's most important trade routes, it has seen the flow of goods across its borders even prior to realizing nationhood. Today, Panama remains a major trade center and importer of goods and services, including higher education.

As a commodity to be traded across borders, higher education is bought and sold according to demand and supply in Panama as in many other countries, and is a concept few would attribute to a public good. However, neoliberal principles have penetrated the higher education system: "Underlying the market orientation of tertiary [higher] education is the ascendance, almost worldwide, of market capitalism and the principles of neo-liberal economics." (Johnstone et. al., 1998). Slaughter and Leslie (1997) and Slaughter and Rhodes (2004) term this recent shift of higher education towards the market as "academic capitalism." Universities are increasingly driven into entrepreneurial competition for external funds as state funds continue to decrease from their budgets.

Institutions of higher education around the world are increasing internationalization efforts, on and off their campuses. Universities have long engaged in exchange agreements with

peer institutions abroad. These exchanges typically focus on students and to a lesser extent on the exchange of faculty and research collaboration. Universities have an interest in recruiting international students who pay a premium for tuition and add diversity to the student body. Research alliances with institutions abroad also create opportunities for diversified sources of funding and the potential to boost the university's prestige.

The last two decades, however, have proven that the mobility of students and faculty are not the only interests of universities engaged in internationalization efforts. Institutional mobility is an increasing trend. Universities are increasingly exporting degree programs abroad. Numerous factors have influenced the trend towards institutional mobility: the September 11th attacks and resulting restrictions on international student visas to study in the U.S., the drastic state budget cuts resulting in lower proportions of universities' budgets subsidized by the state, and the increase in financial incentives for universities to export branch campuses or degree programs abroad, particularly from knowledge hubs in developing countries charged with the recruitment of universities from the first world.

The exporting of degree programs abroad is a fairly recent internationalization strategy for U.S. colleges and universities. The ACE report (2007), *Venturing Abroad: Delivering U.S. Degrees Through Overseas Branch Campuses and Programs*, calls for further research on branch campuses of U.S. institutions and acknowledges that there is little data available on branch campus endeavors. Universities are crossing borders in the forms of branch campuses, dual-degree programs, and franchising degree programs to third parties. For-profit universities are also engaging in cross-border activity by acquiring or merging with local institutions of higher education, motivated by potential new foreign markets that could boost enrollment numbers and their bottom line. The influence of neoliberal principles has penetrated higher

education so fundamentally that the very mission of educating the local citizenry has been expanded to include international students as well, but on their soil.

In recent decades, Panama, like many other countries and regions of the world, has witnessed a dramatic shift in its higher education system. From a predominantly public system reserved for the socio-economically advantaged, the Panamanian higher education system is now dominated by private universities, the majority of which are for-profit. The 1990s saw the beginning of this massification of higher education and boom in private universities, largely to provide access to broader social classes. The explosion of universities has caused many Panamanians to question the quality of higher education institutions in Panama, with the exception of international universities.

Panama's history of importing goods and services from abroad is part of its heritage, and the U.S. influence is strong in Panama. The U.S. military occupation of Panama began with the birth of the republic and the construction of the Canal and ended with its reversion in 1999. But the influence of the U.S. on Panama did not end with the reversion and continues to play a role in business, in politics and, as this research demonstrates, in higher education.

As U.S. universities are looking to markets abroad to increase internationalization by way of exporting degree programs, Panama proves to be an appealing destination. Panama has a history tied with the U.S. occupation for nearly a hundred years. As a result, the most commonly spoken second language is English. Panama is in a similar time zone to many U.S. states and is located in proximity to many neighboring Latin American countries with potential student markets. History and location make Panama an attractive site for purveyors of higher education. In addition, the development of a knowledge hub, the City of Knowledge, was initiated in the

mid-nineties. With all of these incentives, Panama was a case study worth researching to gain more answers about the institutional mobility of U.S. universities abroad.

According to a report from The Observatory on Borderless Higher Education (OBHE), there is still very little comprehensive data available to assess which U.S. campuses are active abroad, where they are, or why and how they operate (Verbik & Merkley, 2006). This report is only a preliminary assessment of branch campuses. The data is difficult to collect as there is no international regulatory body to monitor cross-border education activity. The only information available comes from institutions that choose to self-report.

During the past decade, the media focus on branch campuses has centered in the Middle East, where a number of U.S. institutions are opening branch campuses, such as Education City in Qatar and Dubai Knowledge Village in the United Arab Emirates (Lewin, 2008). McBurnie and Ziguras (2007) provide the most recent research on branch campuses based on six years of study focused on various dimensions of offshoring higher education. Much of their discussion draws on literature and travels to Australia, Canada, Greece, Malaysia, Singapore, and Vietnam. Latin America, however, was not a part of their project. Therefore, a case study addressing the Latin American context would fill an important gap. Latin America is a region of the world where U.S. foreign policy has had a strong interventionist tendency, and more recently, foreign policy has shaped free-trade agreements. With U.S. influence entering into the region again via higher education, a new analysis and approach is needed.

Statement of the Problem

This dissertation research attempts to better describe the landscape of cross-border higher education, specifically U.S.-based and operating in Panama City, Panama, both within and outside of the City of Knowledge development model. This study seeks to analyze the

motivations, operations, and perceptions of participants of U.S. public, private, and for-profit branch campuses in Panama City. I assess administrator, faculty, and student perceptions of the goals and objectives of the U.S. cross-border operations in Panama and the challenges and opportunities they present. I analyze where institutions are in a continuum between the theoretical frameworks of the public good and market economics, and use academic capitalism to explain their movement toward the market. To do this, I analyze perceptions of what U.S. universities in Panama are doing with regard to access, quality, and outcomes. Document analysis and interviews with administrators, professors, and students at various U.S. and local institutions provide insight into perceptions of the effects of U.S. branch campus, merger/acquisition, and franchise operations in the Panamanian higher education market. Panama is a rich case for this research. It houses a traditional U.S. branch campus, Florida State University - Panama, that represents a public institution offering a full range of liberal arts 4-year degrees in Panama, three for-profit institutions that are U.S. owned and operated in Panama – Universidad Interamericana de Panama (UIP), Universidad Latinoamericana de Ciencia y Tecnología (ULACIT), and Universidad del Istmo (UDI) – and Quality Leadership University (QLU), a local private university serving as a third-party provider to facilitate U.S. universities offering select degree programs in Panama.

Purpose of the Study

The purpose of this study is to determine how U.S. cross-border higher education models in Panama address issues of access, quality, and outcomes. Panamanian institutions of higher education will be used as a comparison. Little is known about U.S. branch campus operations, for-profit merger/acquisition models, and franchise models. Panama will serve as a case study to

gain a better understanding of how cross-border higher education operates and how it impacts local markets of higher education.

The significance of this study lies in my year-long academic sojourn, during which I conducted on-site research to study the cases representing different models of U.S. cross-border higher education in Panama. There is relatively little comprehensive data on such institutions. The mix of public, private, and for-profit campuses will give a comprehensive view of different branch campus institution types. The limitation of the study is that there is little previous research on these different models to follow. This, however, contributes to the significance of the study, filling an important gap for an area of research that is in need of attention. More importantly, this study will be the first of its kind, attempting to understand one of the main mechanisms for Post-Cold War U.S.-Latin American relations, revealing important knowledge for higher education, foreign policy studies, and Latin American studies. This is a transnational study for an increasingly transnational world. With the rhetoric of internationalization pervading college and university goals, more research is needed on the viability and contribution of cross-border higher education models. This study will help create a better understanding of what this cross-border higher education market looks like and provide participant perceptions about what factors influence its failures and successes.

Outline

Literature review. Chapter two of this dissertation presents a review of the literature significant to this research, divided into three main sections. First, I begin with a broad overview of the literature related to globalization and how it intersects with neoliberalism and trade, and consequently how trade and higher education intersect under the framework of internationalization for institutions of higher education. The literature review then looks more

specifically at research that sheds light on motivations for internationalization on university campuses. Second, I look at the specific models of cross-border operations of universities abroad as an operationalization of internationalization efforts on U.S. campuses. I review the literature on branch campuses, for-profit universities, partnerships and franchise models. The literature on knowledge hubs is also reviewed. Finally, the third section focuses regionally on Latin America and then Panama specifically. I give a brief history of the relationship between the U.S. and Panama and then a general overview of Panama that provides demographic and statistical information, particularly in comparison with other Latin American countries. Then a general examination of the Panamanian education system is presented, followed by a more detailed focus on the higher education system and its ties to the U.S. Lastly, a review of the Panamanian higher education system and the regulatory legal framework of Panama is presented.

Theory. In chapter three, I present the conceptual framework I use to guide the analysis of this research. I utilize three perspectives framed by different theoretical philosophies: philosophies of the public good, neoliberal market economics, and academic capitalism. The transnationalization of higher education and cross-border models can be viewed from a variety of perspectives. Some claim that transnational education is evidence of the invisible hand of the market at work, efficiently allocating resources across borders. Critics, on the other hand, are wary of the commercialization of higher education and tend to see the development of offshore education as a threat to the existence of public education systems that find themselves in competition with foreign intruders. Others argue that transnational education is seen as a means for developing countries to boost the capacity of their education systems by accessing the world's most advanced education systems, thereby accelerating the process of human capital building and therefore economic development.

In the section dedicated to neoliberalism and market economics, I review the history of neoliberal thought through current interpretations. Previous analyses of higher education within the neoliberal framework are reviewed. I then review academic capitalism and how the theory is used to describe neoliberal influences, specifically in the higher education sector and the resulting new circuits of knowledge, and how these new circuits affect students, faculty, and new professionals in higher education administration. Globalization and its intersection with academic capitalism is also reviewed. Then I analyze philosophies of the public good, beginning with historical debates about neoliberal influences. Within this context, the public good is framed in terms of access concerns and economic definitions. The chapter later explores education and the market model, the public good as trust, and the trend toward a shift of higher education from a public to a private good.

Methodology. Chapter four of this dissertation details the research methodology. The study uses a grounded theory method to assess cross-border higher education models by U.S. institutions in Panama. After determining the various models of cross-border higher education in Panama, the case study design (Yin 2002) was utilized to examine various models: the branch campus (FSU-Panama), the merger/acquisition model (Laureate Education, Inc. (ULACIT and UIP) and Whitney International University System (UDI)), and the partnership/franchise model (Quality Leadership University). The development model of a knowledge hub, the City of Knowledge, was an additional case.

This study uses qualitative methodologies of research. Grounded theory drove the data collection constructed from document analysis, classroom observations, interviews, and focus groups. Interviews were the main method of data collection, supplemented by observation, focus

groups and document analysis. Interviews followed a semi-structured guide with flexibility to probe. All interviews are recorded, transcribed, translated, and coded for thematic analysis.

Case studies. Chapters five, six and seven outline the case studies that attempt to better describe the landscape of U.S. cross-border higher education in Panama. Chapter five details the branch campus model of FSU-Panama and the City of Knowledge, with which it is affiliated. Chapter six outlines the partnership/franchise model of Quality Leadership University. Chapter seven reviews the merger/acquisition model of the for-profit universities in Panama owned or majority-owned by the U.S. companies: Laureate Education, Inc. (ULACIT and UIP) and Whitney International University System (UDI).

These case studies analyze perceptions of the motivations, operations, and impact of U.S. public, private, and for-profit institutions of higher education in Panama. I assess administrator, faculty, and student perceptions of the goals and objectives of the U.S. cross-border operations in Panama and the challenges and opportunities they present. I analyze how the theoretical frameworks of market economics, academic capitalism, and the public good relate to concerns over access, quality, and outcomes at these U.S. institutions in Panama.

Each case can be placed along a continuum that ranges from neoliberalism to philosophies of the public good, with the theory of academic capitalism used as the lens through which to view the processes by which universities move away from public good models and toward neoliberal market models. The public university of FSU-Panama is closest to the public good end of the continuum, while the knowledge hub of the City of Knowledge, with which FSU-Panama is affiliated and located, is moving towards the neoliberal market end. This juxtaposition highlights the tension that exists between these two partners. FSU-Panama is the branch campus of a public university, though it receives little to no public subsidy from the main

campus. It offers scholarships to students to study their second two years of university at the main campus at an in-state tuition rate. However, the program's tuition rate locally, though less than the out-of-state rate at the main campus, is still much more expensive than local universities and still primarily serves the upper and upper-middle class. The quality of the institution is relatively high, largely due to the close oversight by the main campus and the core of full-time faculty members vetted by the main campus. The outcomes anecdotally point to many students transferring to the main campus or to other institutions of higher education and graduating from them.

The initial idea for the City of Knowledge was rooted in a university that would serve as the basis for an intellectual center, with research and technology transfer as related and desired outcomes. But with minimal subsidy from the government only during its first years of operation, the foundation for the City of Knowledge became market driven. As a result, the City of Knowledge lacked financial incentives to entice U.S. universities and researchers to bring their operations to Panama. FSU-Panama operates as the only branch campus that awards U.S. degrees in the City of Knowledge, and its presence is largely attributed to its history in the Canal Zone and its decision to continue operation in Panama after the reversion in 1999. The City of Knowledge has largely become a center of international non-governmental organizations with far less representation from study abroad programs, Panamanian governmental offices, research, and to a greater extent, corporate offices. The lack of incentive structure and high investment costs to renovate buildings and then pay high rent is not attractive to many academic or research institutions, let alone U.S. universities.

The for-profit universities, acquired by or majority-owned by U.S. institutions are at the end of the continuum of neoliberal market models in higher education. Though these institutions

are providing great access with open admission policies and distance-learning initiatives, the incentives are cost driven. Open enrollment policies and distance learning allow for the greatest potential for enrollment growth. None of these universities have full-time faculty and depend entirely on adjunct instructors that do not hold office hours, do not get paid for time spent in preparation for their classes outside of the classroom, and have few incentives to prioritize quality. Tuition is higher than the public universities, but the for-profit universities accommodate payment plans and are more affordable than the U.S degree programs of FSU-Panama and the programs at QLU. Anecdotally, many students do not complete their degrees at these for-profit universities and a large proportion work full-time, creating further challenges for completion to their degree programs.

The partnership/franchise model of Quality Leadership University is also moving toward the market model of the continuum between neoliberalism and the public good. The rector/owner of QLU has identified market demand for certain degree programs in Panama and partnered with U.S. institutions to offer them locally. The U.S. institutions and QLU split the revenue from the programs, moving these publicly subsidized non-profit U.S. universities into market-driven and profit-making agreements. This model is innovative in its navigation of the local regulatory framework to register itself as a private university, but then submit U.S. degree programs as its own curriculum for approval to operate in the country. The model also presents less risk for U.S. universities. Universities do not have to invest in bricks-and-mortar as needed for a branch campus, and they benefit from a local partner on-site to identify adjunct faculty, guest speakers for certain classes, and visits to local entities if needed.

Conclusion. Chapter eight of the dissertation discusses the conclusion and potential contributions of the study. Though some cross-border models are more cost-effective than others

and providers of these opportunities are motivated by revenue-generating potential, all models provide access to a U.S. curriculum or degree otherwise impossible without leaving the country. This idea is shared with the mission of the City of Knowledge: to recruit foreign universities to offer their degree programs in Panama and/or conduct research that will help propel Panama towards further economic development.

Cross-border higher education was never popular with local universities and they were marginally, if ever, factored into the City of Knowledge vision. Local universities, particularly the public ones, are also threatened by the presence of foreign universities in the higher education market. However, education in Panama is in a state of crisis and locals are looking for foreign higher education alternatives, given that local universities are in need of drastic improvements. The upper and upper-middle classes typically attend foreign universities abroad for their higher education and often return to work for family businesses. These cross-border models are providing a lower cost alternative to going directly abroad, but the tuition is still significantly more expensive than local alternatives.

The cross-border higher education models researched during this study in Panama demonstrate the many factors involved in these investments, the access they provide to students, the quality of the academic offer, and the estimated outcomes. Each model has advantages and disadvantages for different stakeholders involved in the operation of the degree programs. But what each model has in common is the goal to reach new student markets otherwise unobtainable from the main campus.

Development models like Panama's City of Knowledge have the potential to encourage increased cross-border activity related to higher education and research with attractive incentive structures. But this research shows that knowledge hubs are not required to foster cross-border

exchanges. Private models like Quality Leadership University move beyond the more traditional, more risky and expensive models of cross-border higher education such as the branch campus of FSU-Panama, and are more innovative than the merger/acquisition corporate model of Laureate and Whitney.

QLU operates in a corporate fashion, with attention to customer service and responsiveness towards its students, and more importantly towards the universities in the U.S. with which it partners. The City of Knowledge, though separate from the government, operates very much in the bureaucratic fashion of many local governmental agencies, and suffers from a lack of higher education institutions and research organizations as a result. On the continuum of a market model to public good, the corporate players are faring better in the neoliberal market, and the public good is not clearly represented in public institutions.

CHAPTER 2

LITERATURE REVIEW

Globalization and Neoliberalism

Every nation-state, for better or worse, is now dependent on a worldwide economy. Globalization is often defined as the process of national economies becoming increasingly integrated into an international economy (Harvey, 2005). Jane Knight (1997) further defines globalization as the flow of technology, economy, knowledge, people, values, and ideas across borders. She goes on to add an important qualifier, stating that “globalization affects each country in a different way due to a nation’s individual history, traditions, culture and priorities” (p. 6). While globalization brings once distant peoples and cultures closer together, each nation still experiences the process in a unique way. Globalization does not necessarily lead to homogeneity.

Other scholars see globalization as an assault on traditional cultures and national sovereignty, whereby the very nature of citizenship and society are dramatically altered (Castells, 1997; Touraine, 1988). This rather pejorative understanding often characterizes globalization as an asymmetrical process, in which hegemonic institutional and financial organizations attempt to subvert national sovereignty and socio-economic traditions in an effort to gain greater access to foreign markets and natural resources.

Globalization corresponds with a number of economic processes described as post-industrialization (Bell, 1973), post-modernization (Lyotard, 1984), post-Fordism, the information society (Castells, 1996) and the knowledge economy (Drucker, 1969). Viewed in this broad

context, economic globalization is the result of worldwide economic restructuring, which involves the spread of commerce, science, technology, and culture around the globe – as well as a profound transformation in the international division of labor (Burbules & Torres, 2000; Giddens, 1990; Harvey, 1989). Most scholars attribute the trend of globalization to the increased efficiency of communication and technology, transportation innovations, and other related post-Fordist production strategies that have become the basis of a “network society” (Castells, 1996, 1997). This network of global commerce and communication is made possible by a particular economic ideology known as neoliberalism.

When considering the accelerated process of globalization in the second half of the twentieth century (Cooper, 2001), it is nearly impossible to divorce the concept from neoliberalism. As previously described in the theory chapter, neoliberalism is made up of political economic practices that advance entrepreneurial freedoms, free markets, and free trade, which characteristics are also embodied in the process of globalization and the downsizing of the American welfare state. Indeed, it is the neoliberal framework that has helped produce and maintain the current global economy.

But neoliberal theory and neoliberal practice are not one and the same. Neoliberalism touts free market principles as the great equalizer, but globalization has in fact not made the world flat and critics agree that the gap between the “haves” and the “have-nots” has remained wide. Globalization is indeed an asymmetrical process. In the U.S. higher education sector, the neoliberal market was expected to lower costs and it has not; tuition costs continue to rise. Neoliberalism predicts a rise in for-profits in countries where there is little state intervention, but with increasing tuition costs, only the economically advantaged can afford higher education, continuing to widen the gap.

Academic capitalism describes this uneven (and for the average citizen, unsuccessful) neoliberalization. Universities move towards free market principles, but they continue to be subsidized by the state. Tuition rises, so consumers pay, but research is heavily subsidized and corporations often benefit. Universities develop profit centers, but tuition costs remain high.

In a paradigm that prioritized the public good, tuition costs would be low and grant access to all. Great value would be placed on teaching, research, and public service. The state would play a role in helping students pay tuition or keeping tuition low, with concerns for the public good. Knowledge for its own sake and education for a democratic citizenry would be of utmost importance.

Globalization is functioning in a neoliberal way, by following the tenets of freely and easily traded goods and services. However, the reality of how these tenets are impacting the higher education sector reflects moves to the market as predicted by the theory of academic capitalism. The mix of public subsidy and private benefit will be further explored in the cases of this research.

Globalization, Trade, and Higher Education

“Globalization from above” as understood by Rhoads and Torres (2006) frames globalization within the context of neoliberal governing principles. They describe proponents of neoliberalism as

opening national borders for the purpose of increased commodity and capital exchange, the creation of multiple regional markets, the elevation of free markets over state-controlled markets and interventions, the proliferation of fast-paced economic and financial transactions, and presence of governing systems other than nation-states. (p. 8)

Rhoads and Torres' description of neoliberalism in relation to globalization complements Roberta Malee Bassett's (2006) research on the commodification of higher education and its subsequent economic exchange across borders. The increased commodity and capital exchange described above arguably includes the fifth largest service industry in the United States: higher education.

International interest in the trade of higher education carries high financial stakes. The global market worth of trade in education services was estimated at more than \$2 trillion in 2002, including public and private spending on all forms of education (Psacharopoulos & Patrinos, 2002). Furthermore, it has been estimated that there will be a global total of 4.9 million international students in the year 2025 (Blight, 1995). In the U.S. alone, international students contribute \$17.8 billion to the domestic economy, through expenditures on tuition and living expenses, according to the U.S. Department of Commerce (IIE, 2009). This is a significant number because 70% of all international students' primary funding comes from sources outside of the United States (Bassett, 2006). It is also important to note that the size and value of the international education market is very difficult to assess, at least until more comprehensive data collection can catch up to cross-border education provision. Yet these preliminary estimates do indicate the monetary value of higher education to both the U.S. and world economy.

Bassett's (2006) research ultimately determines that there is "more action" currently in bilateral and multilateral agreements, due to the ease of using these agreements as a tool for promoting free trade. Another key point made by Bassett (2006) and Ross (2008) is that trade regulations raise questions about how trade in higher education fits with traditional higher education values, such as government authority over its own higher education system. Other concerns are: imposition of outside higher education onto developing countries, quality

assurance concerns, working conditions of academics, coordination of oversight, and the increasingly grey area between public and private higher education. The arrival of foreign institutions of higher education – bringing with them different cultural norms and ideas of knowledge – could pose a serious threat to local systems.

In addition, issues of cross-border quality control and accreditation need further research. A 2004 report by the Organisation for Economic Co-operation and Development (OECD) claims that student visa requirements and policies regarding quality assurance, accreditation and recognition of qualification are much more important than the policies of the General Agreement on Trade in Services (GATS), for both consumers and countries. If national systems cannot or do not have authority over foreign providers of higher education, then the sovereignty of the regulatory environment is compromised. And if quality control cannot be executed as a form of oversight, the local higher education system has the potential to become disconnected, without direction. This is already the case in a number of developing countries where the private provision boom of higher education has faced little, if any, regulatory oversight. This study uses the case of Panama to further analyze these conditions, shaping developing higher education systems. Education has not been subject to international trade rules as a commodity until very recently. An analysis of how transnational actors and institutions convert education into a service sector commodity to be liberalized and regulated across borders is therefore relatively new territory for scholars (Knight, 2007).

Globalization and Internationalization

Globalization has numerous definitions and interpretations as discussed above, but so too does its counterpart: internationalization. Scholars have attempted to distinguish and clarify the differences between the two (Currie, 1998; Scott, 1998; Currie & Newson, 1998). Knight and De

Wit (1997) describe the internationalization of higher education as the process of integrating an international/intercultural dimension into the teaching, research, and service functions of the institution. In sum, most scholars seem to agree that globalization is the macro-level effect of neoliberal economic policies, while internationalization is the micro-level or institutional/organizational market response to this global phenomenon.

Indeed, internationalization in higher education is not a new phenomenon. Reviewing the history of internationalization, Altbach and Knight (2006) note that “universities have been international institutions from their medieval European origins, attracting students and faculty from many countries” (p. 34). Today the landscape of international higher education is similar in some ways, but dramatically different in others. There has been a long tradition of international student and faculty mobility across borders, which still exists today. That mobility, however, has extended beyond individuals and now includes institutional movement as well. Often this mobility occurs in the form of branch campuses, partnerships with local institutions, or specific degree programs, all of which are explained in more detail later on in this chapter.

Motivations for Internationalization

Internationalization has been a long-standing component of higher education, but with a new twist in the age of globalization. An analysis of the renewed motivations for institutions to internationalize might help explain this current trend. Altbach and Knight (2006) describe some of the motivations for internationalization as: profits, access provision and demand absorption, traditional internationalization, and developing-country internationalization. Aigner, Nelson, and Stimpfl (1992) suggest that the three major reasons for the internationalization of higher education are: 1) interest in international security, 2) maintenance of economic competitiveness, and 3) fostering human understanding across nations. Blumenthal et al (1996) state that

internationalization policies can have political, economic, educational, cultural or academic, scientific and technological motivations, while Knight and De Wit (1995) stress the political and economic rationales along with the educational and cultural rationales for internationalization.

A 2007 report by the American Council on Education (ACE) on branch campuses describes the motivations for such cross-border endeavors as a push-pull relationship. The push for institutions to enter transnational higher education is often connected to goals, such as pursuing and diversifying revenue sources, enhancing prestige, advancing internationalization, improving quality, and advancing a service mission. The pull of opportunities abroad include increased demand for higher education around the world, the appeal of acquiring a foreign education at home, favorable foreign government policies, and the rise of English-language instruction.

Developing countries host a significant number of international students annually, although they have a much smaller percentage of worldwide student flows than developed nations. Nonetheless, developing countries do seek and attract foreign students to their universities to improve the quality and cultural composition of the student body, gain prestige, and gain access to potential profits. Van der Wende (1997) sees internationalization as a means to an end for many countries seeking quality improvement and the restructuring and upgrading of their higher education systems and services. The OECD (2004) claims that the commercial provision of cross-border post-secondary education can offer developing nations greater building capacity and more negotiating power to dictate their own socio-economic conditions than if they only had access to domestic or development assistance resources (p. 15). One strategy for developing countries to attract foreign students and institutions is through the development of knowledge hubs, a phenomenon described later in this chapter.

Transnational Cross-Border Off-Shore Higher Education

There are a variety of terms to describe higher education operating abroad: cross-border, transnational, off-shore and borderless are just a few of them (ACE, 2007; Knight, 2006; UNESCO/Council of Europe, 2001; UNESCO/OECD, 2005; OBHE, 2004b; McBurnie & Ziguras, 2007). The demand for higher education is increasing around the globe. Knight (2007) attributes this increased demand to a variety of factors: changing demographics, a rising number of secondary school graduates, a movement to lifelong learning, and the growth of the knowledge enterprise. As demand abroad increases, supply cannot be met by traditional – public and private/not-for-profit – providers of higher education. As a result, new types of providers, such as for-profit providers, corporate universities, and IT and media companies have begun to capture this unmet demand. This diverse mix of higher education providers crossing borders is capturing new student markets and creating alternative types of cross-border program delivery such as branch campuses, franchise and twinning arrangements (Knight, 2007).

Scott (2000) and Armstrong (2007) both suggest that to be truly competitive in today's economic and educational environment, colleges and universities need to move beyond international models to more globalized models. Armstrong (2007) refers to the globalized model as setting up offshore degree granting branches and programs, often in partnership with local institutions. McBurnie and Ziguras (2007) also refer to this transnational education as the “offshoring” of higher education, most commonly achieved by outsourcing some aspects of education provision to a foreign partner.

Knight (2007) describes cross-border education as referring to the movement of education (students, researchers, professors, learning materials, programs, providers, knowledge) across national/regional jurisdictional or geographic borders. Universities have begun to view

this global landscape as an opportunity to relocate excess capacity from one country to another, exporting a portion of their operation and brand abroad to serve a market of students with limited access to certain types of education. Some scholars claim that the pace of off-shoring higher education has surged since September 11, 2001 (Ross, 2008). Others profess that these transnational transactions are evidence of the invisible hand of the market, the foundation of neoliberal principles. Tierney and Findlay (2009) describe these internationalization initiatives as moving beyond the “first wave of being mostly the movement of students across borders” to the second wave that “includes the movement of teachers and whole institutions into overseas markets, joint degree programs offered by institutions in different economies, and distance learning programs” (p. 5).

McBurnie and Ziguras (2007) claim that transnational education is leading the way for some of the most fundamental changes taking place in higher education today. As the rhetoric of globalization resounds in classrooms across the U.S., while colleges and universities continue their efforts to internationalize, Martin Carnoy’s (2002) claim is certainly timely: “if knowledge is fundamental to globalization, globalization should also have a profound impact on the transmission of knowledge.” If the knowledge economy is to propel the next wave of economic development, institutions of higher education should be at the forefront, reaching across borders to transform future leaders and thinkers. As Erich Bloch, former Director of the National Science Foundation, states:

The solution of virtually all the problems with which government is concerned: health, education, environment, energy, urban development, international relationships, economic competitiveness, and defense and national security, all depend on creating new knowledge – and hence upon the health of our universities. (1988)

Higher education is touted as the tool for economic development in the knowledge economy, and the international mobility of ideas and innovation is crucial to both the democratic and economic viability of that progress. The knowledge economy is characterized by an increasingly global market for certain types of knowledge, with increasing demand for a highly skilled workforce holding international portable qualifications (McBurnie & Ziguras, 2005).

It is not known what proportion of this demand will be met by student mobility, but it is clear that there will be an exponential growth in the movement of programs and institutions/providers crossing national borders (Knight, 2007; Larsen et al., 2002). It is estimated that the demand for cross-border education will increase from 1.8 million international students in 2000 to 7.2 million international students in 2025 (Bohm et al., 2002). Andrew Ross (2008) of NYU argues that the formidable projected growth in student enrollment internationally, combined with the worldwide expansion of technological capacity and the consolidation of English as a lingua franca, has resulted in a bonanza-style environment for investors in offshore education. Many educators would argue that GATS is responsible for these new developments. But free market proponents contend that the opposite is true, pointing out that one of the results of increased private for-profit education at the national and international levels is education being converted into a multi-billion dollar business and thus a profitable sector to be covered in trade agreements (Knight, 2006b).

The literatures on the internationalization of higher education and the impacts of economic globalization on higher education institutions mostly ignore the strategies adopted by universities attempting to be the protagonists of globalization rather than its victims (Currie et al., 2003; McBurnie & Ziguras, 2007). Most higher education research, unfortunately, has remained nation-state bound (Marginson & Rhoades, 2002). McBurnie and Ziguras (2007) focus

on the activities of specific institutions' endeavors across national borders and see globalization providing opportunities to institutions of higher education to become more interconnected and active in shaping their future (p. 7). Since the majority of cross-border flows are directed by institutions from the developed world entering into developing countries, the agency of developing countries to shape their futures thus becomes debatable. As Martin Carnoy (1974) famously argues, capitalist powers have used their class-based dominance over education systems to engage in "cultural imperialism" that could support their power and render subjugated populations docile.

Cross-border endeavors are being pursued across the entire spectrum of higher education, from for-profit sectors and online diploma mills to land-grant universities, community colleges, and elite liberal arts colleges. (OECD, 2004; Knight, 2007) However, Knight (2005) classifies cross-border education providers into two categories:

- 1) The traditional higher education institutions who are mainly oriented to teaching, research and service/commitment to society, and
- 2) The "new or alternative providers" who primarily focus on teaching and the delivery of education services

This overly simplistic divide in the types of cross-border providers is challenged by the case study examples I present from Panama.

The majority of transnational programs are tuition-funded, making them similar to for-profit higher education financing models driven by consumer demand (McBurnie & Ziguras, 2007). This type of high response model to student demand, mostly among the global middle class, makes these operations very transient in nature. Demand drives production, wherever and whenever it arises. These operations are also vulnerable to the perils that consumerism creates in

higher education, such as grade inflation, lowering of entry standards, and superficially attractive but ephemeral vocational qualifications (McBurnie & Ziguras, 2007).

There are various models of transnational higher education: distance education, partner-supported delivery, and branch campuses. Distance education can be entirely online or print-based distance education, and typically will not include face-to-face teaching. Partner-supported delivery commonly includes local partnerships with institutions of higher education. These partnerships usually pair the intellectual capital of the foreign institution, matched with the physical plant (library, computers, classroom space) and administrative support, with face-to-face instruction. These partnerships vary widely in their structure. Finally, branch campuses usually include “bricks and mortar” presence abroad, either fully or jointly owned by the degree-awarding institution. They typically recruit local students, and attempt to replicate the knowledge production and dissemination of the home institution. Though there are variations of all of the above, these three models compose the majority of transnational higher education and are represented in the case studies for this research in Panama.

Branch Campuses

U.S. colleges and universities are becoming increasingly mobile, setting up branch campuses and offering undergraduate and graduate degrees to students from other countries that may never set foot on the home campus of the institution (ACE, 2007). Indeed, students are increasingly obtaining foreign degrees without having to leave home. International outreach for U.S. institutions is moving beyond the recruitment of international students, study abroad programs, and partnerships with foreign scholars for academic and research cooperation. Institutions of higher education now have outposts abroad in an effort to reach untapped student demand while simultaneously increasing the institution’s global prestige.

It is difficult to accurately assess how many students are enrolled in transnational programs around the world or how many transnational branch campuses are in operation. The Observatory on Borderless Higher Education (OBHE), a research and consultancy group jointly established by the Association of Commonwealth Universities and Universities UK, attempts to collect this data, but recognizes that there are major problems with the process of collection. Their 2012 report showed that approximately 200 branch campuses existed around the world, with another 37 planned. This is a 23% increase over the 2009 report, with activity shifting away from the Gulf region and towards Asia, and British universities at the forefront of growth. The OBHE defined a branch campus as, an entity trading directly as a branch of the parent institution, recruiting primarily local students, and attempting to replicate breadth of function of the parent institution (i.e. research as well as teaching). The vast majority of branch campuses have been established since the mid-1990s and are concentrated in the Middle East and Southeast Asia, with potential growth in India, China and Central Asia (OBHE 2004b). ACE's 2007 report *Venturing Abroad: Delivering U.S. Degrees through Overseas Branch Campuses and Programs* describes the global "hot spots" for cross-border activity as China, India, and Singapore.

An independent operation is one type of cross-border delivery model, in which a provider offers its program individually, with no local support. These types of programs typically range in size, from a single degree program to a study center offering a few programs to a full-fledged branch campus abroad with classrooms, laboratories, and residential and recreational facilities (ACE, 2007). Though there is no single model for a branch campus, and some have partners and operate under a variety of funding arrangements, the OBHE nevertheless defines branch campuses as an off-shore operation, run independently or through a joint venture, and awarding students degrees from the home institution. The OBHE also attempts to differentiate between

types of branch campuses: 1) supported wholly by the home institution, 2) supported externally by a national or regional government or by private or other organizations in the host or home country, or 3) using facilities provided by a company or government that serve to attract foreign providers to the country. The U.S. Department of Education uses a broader definition, describing a branch campus as geographically apart from and independent of the main campus, not specifying whether the campus is in the United States or abroad (ACE, 2007). Florida State University's branch campus in Panama, recognized as the only branch campus in Latin America by the ACE (2007) report, provides a useful case study to evaluate these definitions.

For-Profits

Several large American corporations (i.e. Laureate Education [formerly Sylvan Learning Systems], Kaplan Higher Education [subsidiary of the Washington Post Company], Apollo Group [which owns University of Phoenix, Western International University], Career Education Corporation, and Whitney International University System), have begun acquiring for-profit universities and colleges outside the United States, a trend that has the potential to radically change the higher education landscape in many countries. These institutions do not necessarily have a home campus, but are multinational companies with a headquarters. McBurnie and Ziguas (2007) do not include these providers in their discussion of transnational education, since for-profits typically do not connect an education institution based in one country with students living in another. ACE (2007) describes this other model of higher education abroad as an acquisition/merger model, where a U.S. or other international provider purchases a local higher education institution. For-profit universities and U.S. corporations often use this strategy.

For-profit institutions are considered non-traditional providers of higher education in the U.S., but are nevertheless entering the market in an aggressive way. In the U.S., for-profits are

the fastest growing segment of higher education and will probably capture one tenth of total enrollment – about one third of the country’s private higher education (Levy, 2009). Much of this growth can be attributed to the now lifted ban on private higher education in many countries. In the U.S., for-profit colleges and universities have been extremely active in the reauthorization of the Higher Education Act, seeking to shape federal regulations governing institutional eligibility for aid, distance learning, and the standardization of credit transfer (Pusser, 2008).

However, not-for-profit and for-profit institutions are fundamentally different. While nonprofits seek to use political support to maximize a variety of public and private goods, lobbying by for-profit institutions has the ultimate goal of shaping legislation to maximize profits (Pusser, 2008). It is not always easy to identify for-profit institutions, as many legally operate under the guise of nonprofit institutions, but are in fact for-profit in practice (Levy, 2009). For example, in the realm of transnational higher education, universities that operate as public or not-for-profit in the U.S. partner with private entities abroad and act like for-profits on the other side of the border. Indeed, the OBHE has developed a Global Higher Education Index (GEI) of companies that offer education programs and services that are publicly traded on the stock exchange (Knight, 2007). The largest international for-profit chain is Laureate Education, Inc., with an extensive presence in Latin America and also in Europe (Levy, 2009). Whitney International University Systems is a more modest example. Interestingly, both corporations have institutions in Panama and are analyzed in chapters of this research study.

The growth of these for-profit institutions raises several concerns for stakeholders in higher education. As Levy (2009) points out:

Yet, an absolutely key variable with the for-profit sector lies between institutions of abysmal quality, with dubious intentions, and institutions seriously pursuing gratification of students' interest in practical study aimed at the labor market. (p. 13)

The line between quality and corruption can be very thin. Even institutions that seek to cater to students' interests often end up sacrificing quality to meet profit expectations. The majority of for-profit institutions offer degrees and certificates primarily in career-oriented fields, a reflection of student demand and interest. The most popular instructional programs across all institutions are in personal/culinary services, health professions, business, and computer sciences (Kinser, 2007). This vocational orientation, however, calls into question the traditional purpose of higher education. When the mission of an institution becomes controlled solely by student demand, some of the loftier traditions of higher education are sacrificed.

The for-profit model is also largely based on, particularly in the Panamanian case, the exclusive use of part-time faculty. Without full-time faculty members at these institutions, the focus becomes exclusively instruction, no research. The model is similar to that of community colleges, but with less pay and job security for instructors. Not all institutions need to emulate the research institution. Many for-profit institutions offer degree programs in the professional fields and target the untraditional student, similar to a 2-year college. However, the mission statements of many for-profits often reflect the mission statements of 4-year institutions.

The Panama case is an example of mission creep, but not institutional creep. Institutions all have similar missions in an attempt to remain competitive in the higher education market. As a result, the "products" that institutions are offering are not differentiated clearly to students. One potential explanation for this is the cultural bias that exists among Panamanians towards 2-year colleges. The higher education system of Panama lacks what the U.S. views as a formalized

community college or 2-year college system. Instead they have technical schools run by the labor division of the government. So if a university is not promoted as a 4-year college, it is not perceived as an institution of higher education in Panama.

The growth strategies for many for-profit institutions are tied directly to bottom lines. Investors in these firms expect consistent growth with good profit margins. Driven by tuition dollars, for-profit institution expansion thus demands an increasing enrollment (Kinser & Levy, 2005; Kinser 2007). According to Kevin Kinser (2007) the three essential strategies for enrolling more students are: 1) building enrollment in existing locations, 2) expanding current operations into new locations, and 3) acquiring competitor institutions. This study attempts to shed light on how these strategies are implemented in the market of student demand in Panama. The payoff for buying an existing campus is that enrollment growth is automatic. Students already enrolled at the purchased institution are immediately added to the new owner's bottom line. Thus, acquisition of an already existing institution with a recognized brand and student enrollment is much more cost-efficient than building a university from scratch. The for-profit cases analyzed in this research all participated in the merger/acquisition model.

In the case of Laureate, founded in 1979 and publicly traded in 1993, it began with zero enrollments and was up to 159,250 in 2004 after acquiring 44 existing campuses, adding 27 of those campuses between 2000 and 2004 (Kinser, 2007). However, this acquiring strategy is not free from problems. Kinser (2007) notes that the average student enrollment of for-profit campuses available for purchase in the United States is relatively low, meaning that the immediate benefits of acquisition are on the decline, as the available pool of independent campuses also shrinks. This explains, in part, why these educational corporations have begun to look overseas for new institutions. In short, the U.S. for-profit market is flooded with

competition and has subsequently become less profitable. Market-based for-profit higher education must operate on the periphery to maintain its core profits.

Partnerships

A study center or teaching site in a foreign country is another form of independent operation; although like a branch campus, it can also involve a partner (ACE, 2007). Study centers may be viewed as miniature branch campuses, without the physical infrastructure of a traditional branch campus. This model usually involves students in the host country taking courses from a U.S. institution at a leased site. The ACE definition of a study center or teaching site can easily be confused with another area of recent growth, dual and joint degrees; which are highly diverse and complex. These endeavors, however, have more in common with programs of academic cooperation than with entrepreneurial activities of institutions exporting degrees through study centers (ACE, 2007).

Partnerships are often advantageous for an institution engaging in transnational academic programs. Knight (2009) predicts that international joint-, double-, and combined-degree programs will likely rise in number and influence in the coming years. Working with a local partner can help institutions navigate the legal, cultural, and logistical customs of the host country. These partnerships can also lend credibility to the degree program offered, for both legal recognition and branding to potential students. A common partnership model is “twinning,” where the source institution typically provides the degree and the host institution provides the facilities and logistical support (Knight, 2006). In the context of this arrangement, students often spend the first two years of their program of study in the host country at a partner institution and then move to the source institution to complete the program (ACE, 2007).

Another partnering strategy uses “franchise” and “validation” arrangements. With a franchise model, the source institution authorizes a provider in another country to deliver its courses or programs. The source provider awards the credential or degree and retains control of the program’s content delivery, assessment, and quality assurance. Validation is another strategy in which the source institution validates or recognizes instruction delivered by a provider in another country and awards its credentials for that instruction (Knight, 2006). These arrangements are not without challenges. Different regulatory systems, academic calendars, credit systems, tuition and scholarship schemes, teaching languages and approaches, and examination requirements are only some of the difficulties facing participating institutions (Knight, 2009).

For this research, I will focus on a private university that provides opportunities for multiple foreign universities to franchise and validate their programs in Panama. The case I analyze, Quality Leadership University, in Panama is a more complex version of this model, as it does not offer any degrees from its institution, but solely operates as a broker and teaching space for foreign institutions.

Knowledge Hubs

In some instances, government incentives are being offered to attract high quality institutions/providers to set up a teaching site or full campus (Verbik & Jokivirta, 2005). This is especially true where “knowledge parks,” also called “technology zones” or “education cities,” are being developed to attract foreign companies and education/training providers (Knight, 2007). The flow of U.S. university programs and branch campuses moving abroad is strongly affected by this recent trend in the developing world to build “cities of knowledge” in an effort to create innovation and economic development. Also known as a knowledge cluster, the cities of

knowledge are local systems organized around universities, research institutions, and firms which intend to drive innovations and create new industries (Evers, 2008). The early work of Alfred Weber on industrial location and Alfred Marshall's work on regional economic development and "agglomerations" is helpful for understanding this phenomenon.

Agglomerations are geographically and economically distinct zones in which interlocking firms combine to perform many or all activities germane to a particular industry. Essentially, economies of agglomeration are supposed to provide increased benefits to firms in similar industries by being located near one another; more firms in related industries cluster together to lower costs of production and share information. In "Knowledge hubs and knowledge clusters: Designing a knowledge architecture for development," Evers (2008) demonstrates how knowledge hubs and clusters are still relevant even in the era of globalization.

Developing countries have promoted the concept of knowledge hubs in an effort to promote economic development. With the aspirations to become sites of the "the next Silicon Valley," high-tech development has become extremely important in the late twentieth century for developing countries. Replication of the technology successes that occurred in the U.S. and Asia, however, has been slow to develop in Latin America. O'Mara (2005) shows how high-tech regions are not simply accidental market creations, but rather "cities of knowledge" – planned communities of scientific production that were shaped and subsidized by the original venture capitalist, the Cold War defense complex. Komninos (2002) also writes about some regions in Europe, Japan, and the U.S. that displayed exceptional capacity to incubate and develop new knowledge and innovation, and he attributes three main theoretical paradigms/planning models: the industrial district, the learning region, and the digital/intelligent city.

In 2006, the Asian Development Bank (ADB) announced a program to develop knowledge hubs in selected developing countries throughout Asia and the Pacific region to support and strengthen research and disseminate new development concepts and technologies (ADB, 2005). The goals for these knowledge hubs included

to mainstream new concepts in innovation, science, technology, management development, and related fields for the region. They should also promote improved exchange of data, information, and knowledge; and increase the capabilities of institutions and organizations in the region. (ADB, 2005, p. 2)

This trend is also catching on in South Korea, Spain, Ireland, and in several countries in Latin America. Mexican officials, for example, began to look for alternative methods for accelerating economic growth after the signing of NAFTA did not produce expected development. The Governor of Nuevo León, Mexico, initiated the Monterrey International City of Knowledge Program (MICK) in November 2004. The program's strategic goal is to build a knowledge-based economy for the region based on innovation, using the talent and creativity of the region's more than four million citizens. One of the six basic strategies is to redesign the curricula of the education system of the state to emphasize five strategic technology areas: biotechnology, health sciences, nanotechnology, mechatronics, and information technology. They also hope to have linkages and alliances between companies and academic institutions.

Panama is also host to a City of Knowledge. In contrast to Mexico's plan of using local human resources to fuel national development, Panama's City of Knowledge aspires to be a knowledge hub for the entire Latin American region. The City of Knowledge was designed to be an international complex for education, research, and innovation by facilitating synergy between universities, scientific research centers, businesses, and international organizations. The facilities

are governed by a private, not-for-profit organization, The City of Knowledge Foundation, which was created in 1995. Panama's City of Knowledge will be analyzed in more depth in a later chapter.

Latin American Higher Education

To understand how U.S. universities crossing borders shape higher education in Latin America, it is important to analyze transnational higher education from the historical perspective of traditional Latin American institutions of higher education as well.

The 1918 Córdoba Reform, which laid out fundamental principles of autonomy and democratization, largely shaped the modern system of higher education in Argentina and subsequently spread to the rest of the region. The twentieth-century period of post-independence in Latin America allowed for the consolidation of the modern nation-state with universities as a major component designed to train professionals, secular elites, and civil servants (Bernasconi, 2008). The Reform set up freedoms for universities to define curriculum and manage budgets free of government interference. It also set up tuition-free education, academic freedom, and a universal mission for universities to help solve social, economic, and political problems. These tenets became influential at universities throughout the region.

Population growth and changing socio-economic conditions in the late 1960s and 1970s spurred further reform in Latin American higher education. Additional changes, influenced by the democratic principles of the 1918 Reform, included expansion and massification, a huge increase in private and non-university-sectors of higher education. The growth was certainly necessary, but it also resulted in rising quality concerns. Bernasconi (2008) explains:

The impact upon public universities of massification, unruly growth, deterioration of quality, politicization, and decreased influence over the elites—together with the external

shocks caused by the military dictatorships of the 1970s, the economic crisis of the 1980s, and the neoliberal turn of the political economy in the 1990s—provoked a crisis of identity and legitimacy in the public sector from which it has yet to recover. (p. 11)

These volatile changes, somewhat unique to Latin America, have contributed to the current higher education situation. Torres and Schugurensky (2002) explain that the current changes in Latin American higher education cannot be examined in isolation from larger political and economic transformations, which they conclude are related to globalization. They observe that while funding for public higher education has declined, Latin American universities have been pressured to relinquish a large portion of the institutional autonomy achieved in the 1918 Reform in order to accommodate market demands.

The U.S. higher education system has become a model for Latin American policy-makers (Altbach, 1987). In fact, efforts to model the Latin American university system after the American pattern can be traced to the Atcon Report of the 1960s, which is now revived in the educational policies of the World Bank and the IMF (Puiggrós, n.d.; Petras & Morely, 1990; Atcon, 1963). Torres and Schugurensky (2002) observe that:

The pressures to implement the “American model” are evident in the increasing blurring of the public-private distinction, the implementation of tuition fees in public universities, the public funding of private institutions, the partnerships between universities and business, and the new initiatives to create community colleges. (pp. 443-444)

While considering the recent impacts of globalization and the responding internationalization efforts of institutions, it is important to keep in mind the intimate relationship between Latin American and U.S. systems of higher education. U.S. hegemony in the region has not been

relegated simply to political and economic conditions. Indeed, higher education is very much a part of formal and informal U.S. power in Latin America.

Concerns about U.S. influence and quality control are compounded by the fact that educational expansion in Latin America accounted for the highest rate of educational growth in the world between 1960-1970, growing 258.3% (Torres, 1990). Torres and Schugurensky (2002) also identify significant growth in private higher education in Latin America from the 1950s to the 1990s; the private sector's share in total enrollment grew from 7% to almost 40%. Starting again in the 1990s, another big boom of private higher education swept over Latin America, as made evident by the case of Panama.

During this same period (1950s to 1990s), the role of the democratic university shifted away from an emphasis on relationships between the university and the state, toward relationships between the democratic university and the dominant model of industrialization in the region (Torres & Schugurensky 2002). Brunner (1988) states that this industrialization pattern, combined with a higher education system based on "soft" careers of uneven quality and oriented toward the integration of the masses, facilitated only limited development for scientific-technological careers (p. 15).

Today, Latin American public universities face budget cuts due to decreased state funding, and as a result have had to implement or raise minimal tuition and fees. This has been met with strong student opposition, who fight against what they perceive to be the de-facto privatization of public universities. As state funds are cut, universities are also forced to accept an increasing number of policies determined by the state. Privatization and government control constitute the trademark of university restructuring in Latin America (Torres & Schugurensky, 2002). As funding becomes increasingly conditional on accountability, financing is more

dependent upon performance evaluation conducted by the government with an eye toward market forces; this, of course, is not uncommon to higher education in other parts of the world.

Bernasconi (2008) summarizes the current situation facing Latin American higher education:

The region has been partaking in worldwide trends facing universities: the rising economic value of knowledge, the pressures for self-funding via tuition charges and sale of services, privatization, the demand upon researchers and teachers to work more closely with firms, the creation of schemes to provide more accountability, and the new system that critics call “academic capitalism” and advocates refer to as “capitalization of knowledge.” (p. 11)

In essence, the neoliberal policies supported by multilateral lending agencies are forcing universities to become more competitive and less focused on the previously dominant discourse of social transformation that characterized the traditional Latin American model. Bernasconi (2008) concludes, however, that with the rise of the U.S. model of the research university, the traditional Latin American university model will probably not disappear entirely. The ideological connection between the largest U.S. public universities and some elements of the Latin American model remain strong – such as participatory governance, low-rate tuition, and traditions of political awareness, social critique, and outreach to the underprivileged.

These factors, combined with U.S. geopolitical power, make U.S. models of higher education more influential than European-led initiatives. With the increasing demand and unmet supply of higher education in Latin America, U.S. and EU educational providers have attempted to mold developing systems to complement their own respective systems, allowing for these regions to capitalize on both students and institutions from abroad. Since this phenomenon is so geographically broad, I have selected the country of Panama as a Latin American case study,

which will allow me to outline my own understanding of the transnationalization of higher education and also provide empirical data for future studies. Before further exploring the cases I have chosen to analyze, however, I will offer a brief review of Panamanian higher education. Indeed, a background of the history of higher education in Panama is critical for comprehending how U.S. higher education providers influence the current state of Panama's education system.

There is a lack of empirical research regarding the implementation and impact of the various models of U.S. transnational higher education in the developing world. My research hopes to provide an important contribution to the existing literature by narrowing the analytical focus and offering specific examples and empirical data to connect many of the larger theoretical arguments discussed in this chapter.

Panama

U.S./Panama history. The history of higher education in Panama is somewhat unique compared to that of its counterparts in Latin America, primarily due to a close relationship with the U.S. Ties with the U.S. have been linked since the birth of the republic of Panama. The Republic of Panama was established when it was separated from Colombia, with protection from United States military forces in 1903. The signing of the Hay-Bunau-Varilla Treaty gave the U.S. occupation of a 16-kilometer-wide strip of territory in Panama from the Caribbean to Pacific Ocean, extending three nautical miles into the sea from each terminal, to construct, maintain, and operate an isthmian canal. The U.S. also gained the right to additional areas of land or water necessary for canal operations, and had the option of exercising eminent domain in Panama City.

The Canal Zone became a *de facto* U.S. colony, an area of legal privilege and country-club prosperity that stood in sharp and conspicuous contrast to local society. Outside the Zone,

Panama developed the characteristics that typified Central America as a whole: dependence on agricultural exports (especially bananas), reliance on the U.S. market, and domestic control by a tightly knit landed oligarchy. Washington had established a protectorate that would help promote, protect, and extend its commercial empire (Smith, 2000, p. 35).

Part of this research seeks to study the modern extension of the U.S. commercial empire in the form of higher education. If higher education is considered a commodity to be traded across borders, the U.S. market influence in Panama deserves further analysis.

Panama at a glance. The Republic of Panama is often called the Isthmus due to its geography, as it is a land bridge between North and South America. This strategic location coupled with the inter-oceanic canal has largely developed Panama's economy to the production of services for international trade. The transportation sector is the most important sector of Panama's economy. The Panama Canal is the main contributor to the Panamanian economy, particularly after it was transferred from U.S. to Panamanian control in 1999. The Panama Canal, in spite of the fiscal crises of 2008, exceeded the 2 billion dollar mark in total revenues for the first time (ACP, 2008). Moreover, 12% of the United States' sea-borne international trade passes through the Canal annually (Panama Pacifico). The Canal's capacity is set to double once the expansion project is completed in 2014. Panama is also experiencing a growth in tourism. Tocumen International Airport in Panama City is expanding to accommodate 40% more traffic (Panama Pacifico). Panama's location lends itself to being a hub for the region. Panama's City of Knowledge touts this very same rationale for acting as a base of knowledge networks in the Americas.

After 1990 and the removal of Manuel Noriega as military dictator, Panama's economy grew significantly and a democratic political system took hold. In recent years, Panama has had a

stable government with democratic elections, and military forces were abolished after 1990. As a result, foreign direct investment (FDI) has increased dramatically. Panama has no official restrictions on capital flows, does not differentiate between foreign and domestic investment, maintains bilateral investment treaties with the United States and a number of European countries, and has a well-developed and sophisticated financial services center (Svenson, 2009). U.S. firms are heavily invested in Panama compared to other Latin American countries, and the U.S. represents over a third of Panama's total FDI (U.S. Department of State). Panama is one of the fastest growing economies in Latin America, expanding 6.2% in 2010, with similar annual growth forecast through 2015 (Svenson, 2009). The United States and Panama signed a trade promotion agreement on June 28, 2007. Panama approved the Trade Promotion Agreement on July 11, 2007, and it was signed into law in the U.S. on October 21, 2011. Education was not a sector included in the agreement.

Panama's national Gross Domestic Product (GDP) real growth rate was 9.2% in 2008, the highest GDP per capita in Central America, and ranked 16th highest in the world (CIA World Factbook). However, over a third of the population still lives in poverty; the country's Gini index, which measures the degree of inequality in the distribution of family income in a country, is among the highest in the region. According to the CIA World Factbook, Panama ranks 12th with a Gini index of 56.1, based on 2003 data. The unemployment rate from 2007-2008 fluctuated between 5.6% and 6.4%, with the labor force comprised of a shortage of skilled labor, and an oversupply of unskilled labor (CIA World Factbook).

The population of the country is estimated at 3.36 million inhabitants divided into nine provinces and three indigenous territories. An estimated half of the country's population lives in Panama City and the metropolitan area, with roughly 2.2 million in urban areas generally.

Panamanian education. Education in Panama is compulsory for six years. Attendance is estimated at 95% for elementary school and 60% for high school. The traditional age for students in higher education is between 20-24 years old, and the total student population is estimated around 295,474 in 2009 and projected at 298,800 in 2010. The literacy rate is estimated at 92% overall, with 94% in urban communities and 62% in rural communities. These statistics demonstrate the great divide between urban and rural populations in Panama. Panama is a country of great contrasts; it possesses high indicators of human development, comparable to developed countries, but it also contains sectors of its population in critical conditions, similar to countries of extreme poverty (Bernal, 2001). As mentioned above, Panama has a need for skilled labor and a surplus of unskilled labor. This imbalance is largely attributed to challenges within the Panamanian education system. Interestingly, Panama's public expenditure on education as a percentage of total government expenditure from 2000-2007 is at 8.9%. This figure is high compared to other countries in the region (UNDP, 2008).

A United Nations Development Programme (UNDP) report from 2002 emphasizes tremendous inequalities in the Panamanian school system, particularly in regards to access and completion, reinforcing conditions of poverty and social inequality (p. 159). Furthermore, increased spending on secondary and tertiary education since 1980 has been met with criticism due to the cost to primary education, which is being ignored in terms of both spending and quality control (Svenson, 2009).

A report by the Programa de Promoción de la Reforma Educativa en América Latina y el Caribe (PREAL) and Consejo del Sector Privado para la Asistencia Educativa (COSPAE) in 2007 focuses on quality concerns in the education system. The results of the national exam indicated lower results and grave deficiencies in basic knowledge. In sum, the report determines

that financial resources are not being invested efficiently in education. Since higher education cannot be analyzed in a vacuum, it is important to note the challenges of the P-12 education system in Panama.

Panamanian Higher Education

Early ties to U.S. higher education. The Canal Zone housed its own education system, separate from the Panamanian system of education. Interestingly, the Canal Zone housed the first higher education institution in the Republic of Panama, the Panama Canal Junior College, founded in 1933 to offer higher education to the U.S. military and civilian staff of the Canal Zone. The University of Panama was established soon after in 1935, quite late in comparison with other countries in Latin America. Hence, U.S. and Panamanian higher education was inextricably linked since the beginning of the Republic.

The Panama Canal College was the longest standing presence of higher education in the Canal Zone. However Central Texas College, Florida State University, Nova Southeastern University, and the University of Oklahoma all had a presence in the Canal Zone at one point or another between 1933 and 1999. In fact, Florida State University still has a presence today in the form of a branch campus, which will be analyzed in a later chapter. Also, the City of Knowledge's physical plant is comprised of former administrative buildings of the Canal Zone. The vision for the City of Knowledge was to capitalize on former infrastructure from the reversion of 1999 to foster a knowledge cluster.

Higher education and the law. The Ministry of Education and the University of Panama are the two bodies that regulate entry into and maintain oversight over the Panamanian higher education system. The University of Panama was established in 1935 and was the only university in operation in the country, aside from U.S. universities operating in the Canal Zone. In 1941, the

Constitution created the Ministry of Education and in 1946, Law 46 of the Constitution formally instituted the sector of higher education.

The Ministry of Education was charged with oversight of the higher education sector; however, in 1963 the authority for curricular oversight of private universities was given to the University of Panama, largely in part because the first private and second Panamanian university would be established in 1965 with the opening of the Catholic University Santa Maria La Antigua (USMA). The government established Decree Law 16 on July 11, 1963, which authorized the University of Panama to supervise and control the private universities officially approved to operate in order to guarantee the degrees and titles which they award. Article 95 of the Republic's Constitution also authorizes the University of Panama the authority to regulate private universities in Panama. According to the Constitution of 1972, the University of Panama and the Ministry of Education are jointly responsible for authorizing and regulating universities; the Ministry is responsible for official university recognition and authorizing operation, and the University of Panama is responsible for curricular oversight.

The University of Panama and the USMA were the only two universities in the higher education system until the 1980s. Then, more universities began to enter the Panamanian higher education system and prompted Law 11 of June 8, 1981, which authorized the University of Panama the authority to approve the Control Regulations of Private Universities that operate in the country. By this time, the Technological University of Panama (UTP) was also established in 1981, which began as a department on the University of Panama campus and later grew to form its own university campus and separate university entity. Three other public universities were established in the 1990s: the Autonomous University of Chiriquí (UNACHI) in 1994, to serve the Province of Chiriquí in the interior of the country, the Specialized University of the Americas

(UDELAS) in 1997, which has a focus on the health and social sciences, and the International Maritime University of Panama (UMIP) in 2007, with a focus on maritime studies.

Beginning in the 1990s, Panama, along with many other countries during this time, witnessed an explosion of private higher education provision, both domestic and international in origin. The majority of these new entrants into the Panamanian higher education system were private, for-profit institutions. Law 34 of 1995 and Executive Decree 50 of 1999 broadened the concept of higher education to include all post-secondary education, university and non-university programs and also provide for a Modernization Plan (1999-2006) for higher education (UNESCO IESALC, 2003; Bernal, 2001).

During the time of this research, the Ministry of Education recognized a total of 36 universities operating in the country (MEDUCA, 2007), while the Public Registry lists over 90 legally registered universities currently operating in Panama (Public Registry, 2008). The inaccuracies between the Ministry of Education and the Public Registry point to the mismanagement of information and the failed processes for controlling and regulating the entrance of providers into Panama's system of higher education (Svenson, 2009). A lack of definitive legislation and regulation in this area caused significant lack of oversight over the years and is considered a major weakness of Panama's higher education system (IADB, 2003; Bernal, 2001).

Beginning in 2002, resolutions in Panamanian law point to an attempt to better control the sudden increase of providers of higher education in Panama. The University of Panama regulates the entrance of private universities, which incurs costs to the university, while also presenting an opportunity to generate revenue (see Appendix A). In addition to seeking approval for each program of study that would award degrees under the institution, universities would also

seek approval from the Ministry of Education to operate as an educational entity in Panama. Private universities would also register with the Public Registry, in most cases, as a for-profit institution. This regulatory system can be viewed as a mechanism to not only control and curtail the growth of private higher education and serve as a quality control mechanism, but also serve as a revenue-generating operation, which is the critique and complaint of many private universities in Panama.

In 1995, the Panamanian Council of Rectors (CRP) was created to coordinate the universities and develop a national accreditation organization. The objective of the organization is to ensure the improvement of quality, relevance, equity, and modernized management of the higher education institutions in order to achieve better administrative efficiency and efficacy. It could also be posited that the creation of the council was a response to the influx of private universities. Membership to the Council includes all five of the national universities, and fourteen of the private universities. The ten strategic objectives of the CRP cover topics such as: fostering national identity, creating regulatory law, inter-university cooperation, defense of university autonomy and academic freedoms, equity, quality improvement, keeping higher education relevant, ties to P-16 and the market and citizenry of Panama, promotion of research, strengthening institutional management, and the establishment of a national system of evaluation and accreditation of Panamanian higher education. This last objective has been on the forefront of recent legislation and policy making related to higher education in Panama.

However, not until November 2006, following discussions with and input from the Central American Higher Education Council (CSUCA), the Central American Accreditation Council (CCA) and the Ibero-American Network for Accreditation of Quality in Higher Education (RIACES), was the National Council for the Evaluation and Accreditation of

University Education of Panama (CONEAUPA) established (Svenson, 2009). Law 30 of July 20, 2006, created the National Council for University Evaluation and Accreditation for the Improvement of Higher Education Quality of Panama (CONEAUPA)¹. Through Law 30, CONEAUPA is established as the entity responsible for evaluating the quality of the universities for which respective guidelines are being drawn up that will give guidance to the university evaluation and accreditation processes. CONEAUPA is now in the process of establishing the administrative and operational activities necessary to initiate the evaluation of all Panamanian universities and colleges, both public and private (Tunnerman, 2006; WES, 2007; Svenson, 2009). These activities include both the institutional and programmatic review of higher education institutions. CONEAUPA has also joined the Higher Education Accreditation Network for Iberian-America (RIACES).

Discerning CONEAUPA's role in the regulation and oversight of the higher education is still unclear. When a university seeks approval to operate in the country legally, they must first go to the Ministry of Education (MEDUCA) to verify the steps they need to follow to become an officially recognized university in Panama. Then they submit their programs of study with the Technical Evaluation Commission (Comisión Técnica de Fiscalización, CTF). The university must have a minimum of four programs of study in order to be reviewed. Once these programs are reviewed, they return to MEDUCA to apply for recognition and permission to operate as a university in Panama. MEDUCA then passes their application to CONEAUPA, which then rubber stamps the application to go on to the CTF. The CTF then undergoes a process of visiting the physical plant of the university and conducting an on-site evaluation. The CTF writes a report

¹ Please see Appendix B for full translation of the law.

which is then sent to MEDUCA, and waits for the President of Panama to create a decree acknowledging the university. This decree is typically valid for up to six years.

CONEUAPA's role in this process appears to create another bureaucratic barrier that serves no influential purpose. However, the prescription of Law 30 delineates the process in this way, and restricts CONEAUPA to operate differently. The Executive Secretary claimed that they were finding their "role" with two cases that were currently petitioning for recognition at the time of research. When I asked if the process was transparent and whether universities were able to view their reports from the CTF, she acknowledged that they needed to work on this. CONEAUPA seems to be duplicating the role of the CTF. Law 30 will only be as effective as its interpretation and prescription in the process of regulating and monitoring the higher education system. Future resolutions that relate to the law will be vital to describing the purpose and process of CONEAUPA's role in higher education oversight.

Conclusion

Panama has been a strategic location for transportation, travelers, and trade since its inception. As a crossroads of the world, it attracts global enterprise and increasingly global higher education. Recent higher education legislation is attempting to harness the international and distance learning universities currently operating in the country and regulate entry of future providers of higher education. Yet, the market was and somewhat still is susceptible to the inflation of the private higher education market due to various factors. The 1927 law facilitating the creation of corporations, both national and international, created an opportunity for entry into the Panamanian market without many barriers. Second, the oversight by the Ministry of Education was not in sync with the Public Registry of commercial transactions and entities legally established in the country. Finally, the absence of an accreditation body to oversee the

quality of higher education institutions operating in the country led to the rapid growth of private institutions beginning in the 1990s without any oversight. These combined factors provided an environment for easy and rapid entry of private higher education institutions to Panama with little to no regulation.

As a result there is a proliferation of Panamanian higher education degrees that are of low quality and value. Panama is suffering from degree inflation, and as a result international providers of higher education have an opportunity to enter a market where demand for quality higher education is high, due to a lack of supply. Currently, the majority of the country's upper classes enroll in higher education institutions outside of the country. However, with the entrance of more international providers, particularly from the U.S., more students from high socioeconomic backgrounds are reconsidering immediate enrollment in foreign universities and enrolling in branch campuses or programs of international institutions to complete their first two years of higher education and then transferring to universities abroad to complete their degrees. However, this phenomenon is not producing "brain drain," with the majority of Panamanians that complete their studies abroad returning to Panama to work.

A study by Goethals Consulting released in 2009 analyzes the educational profile of professionals in both high and mid-level management positions in Panama to help determine the competitiveness of Panamanian human capital. The study determined that the Panamanian education system is with great deficiencies, due to their findings that suggest that the majority of high-level management positions in Panama are held by those with a Master's degree obtained abroad. The relation is 1 to 1 when looking exclusively at Panamanians. Including foreigners who hold these high-level management positions increases the relation 2 to 1. Comparing these findings to the results of the mid-level managers of the study, there is a sharp contrast, with the

majority of the mid-level managers, more than 80%, with Master's degrees from Panama. Goethals deduces that corporations only value a local advanced degree for mid-level management responsibilities, isolated to certain sectors of the corporations, while foreigners or locals with foreign advanced degrees are given responsibilities associated with the overall direction of the company. These findings demonstrate that local universities are offering advanced degrees that are not valued in the local labor market and not translating to upward mobility in the workforce. In essence, this study indicates a glass ceiling for Panamanians with local advanced degrees.

Interestingly, this is not the first acknowledgement of Panama's demand for foreign higher education. The City of Knowledge was established in 1998 by Executive Order 6, in the hopes of creating a center for knowledge exchange between national and foreign intellectuals. Today the former military base turned knowledge hub is a center with the potential of knowledge exchange for the country and the region. The City of Knowledge's Academic Department cooperates with educational institutions, professors, or academic workgroups from different countries. The City of Knowledge provides academic, administrative, and logistical support by providing facilities, mostly in need of serious remodeling and upgrades, for these potential partners. The City of Knowledge in Panama has had moderate success compared to other knowledge hubs around the world for various reasons. First, the infrastructure of the City of Knowledge is one of inheritance from the U.S. Canal Zone, which would seem advantageous. But the buildings were left unmaintained for a period of time, which in the tropical climate of Panama can cause considerable needs for repairs and upgrades, and translates to high start-up costs for foreign institutions to begin operation. Second, the City of Knowledge was initially subsidized by the Panamanian government, but is now financed by the City of Knowledge

Foundation. The primary source of income for this foundation is the revenue generated from the rent of their current physical plant to their academic, non-profit, and small business clients. With such a strong dependency on this stream of income, the possibility of the City of Knowledge to offer an attractive offer to foreign institutions is slim. Lastly, the potential pool of human capital, whether in the form of students, employees, or scientists, is quite limited. Though the vision of the City of Knowledge is to have a regional reach, it still very much caters to a local market suffering from degree inflation and a low quality education system. Enticing foreign academic institutions to consider investing in a risky financial endeavor like a branch campus to the City of Knowledge is met with challenges. There need to be multiple approaches to solving the higher education deficiencies of the Panamanian market. The local higher education system needs to establish a regulatory policy environment free of conflicts of interest and self-serving policies, the accreditation of higher education needs to be focused on rigorous standards that hold institutions accountable, and the City of Knowledge needs more financial subsidy to truly be able to attract international participation to the region effectively.

The case studies of U.S. institutions operating in Panama that follow demonstrate the variety of models and missions of these types of transnational higher education institutions. These institutions represent an opportunity for Panama, as well as a threat. Careful analysis of these cases will result in a set of recommendations and discussion of the Panamanian higher education system, the cross-border reality of higher education mobility in Panama, and the potential for knowledge hubs and their role in the local and regional economic and human development through innovation.

CHAPTER 3

THEORETICAL FRAMEWORK

Neoliberalism/Market Economics, the Public Good, and Academic Capitalism

The transnationalization of higher education can be viewed from a variety of perspectives. Some scholars claim that transnational education is evidence of the invisible hand of the market at work, efficiently allocating resources across borders. Transnational education is a means for developing countries to boost the capacity of their education systems by accessing the world's most advanced education programs, thereby accelerating the process of human capital building and therefore economic development. Critics, weary of the commercialization of higher education, tend to see the development of offshore education as a threat to the very existence of public education systems, which find themselves in competition with foreign intruders. These differing perspectives represent the neoliberal framework of free market economics and concerns with the public good purposes of higher education. These theoretical frames are best understood together on a continuum: neoliberalism on one extreme, representing total privatization and the embodiment of free market principles, and on the other end a philosophy of the public good.

In this study, the theory of academic capitalism will be used as the lens to analyze the more blurred reality between public and private good motivations along the continuum, as publicly subsidized institutions of higher education enact strategies that align more closely with free market principles. Academic capitalism is a theory that explains the ways the higher

education moves toward the market, and will be used to illustrate where the various Panamanian cases are with regard to the market.

Neoliberalism: History

Neoliberalism is a term frequently found in academia, seen on conference panels, heard in lectures, and the subject of prominent publications. It has become an established theoretical construct used to describe any number of contemporary phenomena, no matter the field. But how did we arrive at this universal mode of understanding and discourse? Reviewing the history of neoliberalism and its current state will help better understand its development and continuing influence.

Scholars agree that the inter-state tensions regarding communism, expansionism, fascism, and militarism between World War I and II first contributed to the neoliberal turn. David Harvey (2005) specifically pinpoints this shift, stating:

[Neoliberalism was...] driven by post World War II restructuring of state forms and international relations, designed to prevent a return to the catastrophic conditions that had so threatened the capitalist order in the great slump of the 1930s. (p. 9)

Decades before Harvey's work, social scientists Robert Dahl and Charles Lindbloom (1953) determined that both capitalism and communism in their raw forms had failed. They argued along with a number of prominent political and academic leaders that to promote peace, nation-states needed to construct the right blend of state, market, and democratic institutions to guarantee peace, inclusion, well-being, and stability. Development institutions, such as the World Bank and the International Monetary Fund (IMF), were established to aid this goal. In addition, free trade in goods was encouraged, under a system of fixed exchange rates anchored by the U.S. dollar's convertibility into gold at a fixed price (Harvey, 2005). The business cycle

was successfully controlled through the application of what came to be known as Keynesian fiscal and monetary policies. This blend of state, market, and democratic institutions lasted from about 1945-1970, sometimes referred to as *The Golden Age of Capitalism*.

Neoliberalism, which came later as a reaction to Keynesian economics, is often interpreted as a contemporary form of economic imperialism – but it is not just an external imposition. Such a view would ignore the historical role of the extra-Keynesian world as a proving ground for neoliberalism (Peck, 2004). Peck (2004) goes on to state that:

The initial rise of neoliberal economic discourses can in fact be traced to the *joint* and interrelated crises of Keynesianism and developmentalism, just as it was afforded further impetus by the crises of state socialism. In the 1970s and 1980s, though, the principal relays were North-South ones, as the intertwined crises of Keynesianism and developmentalism began to open up the space for what Babb (2001) characterizes as the ‘monoeconomics’ of neoliberalism. (p. 398)

In Latin America in the 1970s it was clear that the developmentalist paradigm had failed. Spiraling inflation and overvalued currencies had increased dependent borrowing from northern banks. The high-interest rate regime in the global North, propelled by the monetarist strategies of the administrations of U.S. President Ronald Reagan and British Prime Minister Margaret Thatcher in the 1980s, triggered a debt crisis in the global South as a range of countries were forced to default on variable-rate loans (Peck, 2004). This led to the rise of policy-based lending by multilateral institutions, such as the World Bank and the International Monetary Fund, and by the U.S. government.

The consequences of these policies in the 1980s are embodied in Milton Friedman’s best known book, *Free to Choose* (1990), in which he purports that personal freedoms have been

eroded by government regulations and agencies while personal prosperity has been undermined by government spending and economic controls. Friedman argues that markets and voluntary exchange organize activity and enable people to improve their lives. In the 1970s and 1980s, Friedman's economic development theory came to reshape North-South relations. The best example of this new North-South network was embodied by a group of Chilean economists known as "the Chicago boys," who followed the neoliberal theories of Friedman, then professor at the University of Chicago. The U.S. government funded the training of Chilean economists at the University of Chicago beginning in the 1950s as part of a Cold War program to counteract left-wing tendencies in Latin America (Harvey, 2005). Indeed, U.S. educational and aid programs were used to spread free market economics around the globe. These efforts, combined with the CIA-aided coup that deposed democratically elected President Salvador Allende, eventually led to free-market reforms taking hold in Chile, and other countries in Latin America and around the world by the mid- 1970s. The shift in policy to a free market without economic intervention and regulation by government except to regulate against force or fraud (and ideological opposition) laid the foundation for neoliberalism. During the 1980s, governments around the world turned even further to neoliberalism as both Britain under Thatcher and the U.S. under Reagan pushed their economic tenets with the power of international aid and military might.

Neoliberalism is indeed a transnational phenomenon (Peck, 2004), highlighted for Panama by the Reagan years and the presidency of George H. W. Bush. The Reagan administration argued that "trade, not aid" would fuel development in the region, achieved not through regulation or redistribution but by "free people" building "free trade" (Grandin, 2006). This view claimed that the market was both the end and the means of reform.

During the 1980s, President Reagan requested General Noriega of Panama to step down peacefully. Noriega had promoted himself to full general and *de facto* ruler in August 1983. The Panamanian legislature also declared Noriega “chief executive officer” of the government, formalizing a state of affairs that had existed for six years. But there was a long history between Noriega, the United States, and Panama. Since 1959, Noriega served as a U.S. intelligence asset on the CIA’s payroll. His main role was to advance U.S. interests in Central America, working to help sabotage the forces of the socialist government in Nicaragua (the Sandinistas) and in El Salvador (the FMLN). He also worked with the DEA to fight the war on drugs, even as he simultaneously worked with the drug dealers for his personal profit. With the head of state as a known drug-trafficker, Panamanian opposition leaders staged a second coup attempt against Noriega in 1989. Noriega, however, successfully fought off the coup and was able to stay in power. Pressure then mounted for President George H. W. Bush to take action. The U.S. military invasion into Panama began December 20, 1989, with the goal of removing Noriega from power. After bombings, innocent casualties, and fires that destroyed thousands of homes in Panama City, Noriega surrendered to U.S. forces on January 3, 1990.

Through the use of military force against a corrupt dictator, the U.S. was able to clear the way for neoliberal economic models in Panama. Privatizing state enterprises, flattening tax rates, liberalizing trade, and relaxing governmental regulation were the cornerstone economic policies of the time – the hardware of neoliberal restructuring (Moreton, 2006). By 1998, eight years after the U.S. invasion, the Interoceanic Region Authority claimed that “Panama is unmatched in Latin America for the zeal with which state enterprises are being sold off.” Reagan’s Bipartisan Commission on Central America stated:

What is now required is a firm commitment by the Central American countries to economic policies, including reforms in tax systems, to encourage private enterprise and individual initiative, to create favorable investment climates, to curb corruption where it exists, and to spur balanced trade. These can lay the foundation for sustained growth.

(Kissinger, 1984, p. 64)

The violence during the 1980s in El Salvador, Guatemala, Nicaragua, and to a lesser – though equally potent – degree in Panama, all with the involvement of the U.S, laid the groundwork for neoliberal economic policies. Moreton (2006) states that “on the mass graves of the eighties, Central America’s depoliticized economics of the nineties was built.”

After the withdrawal of the U.S. military in Panama in 1999, there were various visions for reuse of U.S. military bases on the Isthmus. The neoliberal vision generally dominated Panamanian policy and actions for the reverted areas, which included:

- Turning over properties to the private market for development and use; and
- Maximize revenues rather than promote more equal distribution of income.

(Lindsay-Poland, 2003, p. 178)

Neoliberalism: Current Interpretations

The ascendancy of neoliberalism and the associated discourses of new public management during the 1980s and 1990s produced a fundamental shift in the way universities and other institutions of higher education have defined and justified their institutional existence (Olssen and Peters, 2005). Though the term neoliberalism has been deployed in a monolithic manner, there are indeed different interpretations of its definition. Many writers refer to it as an economic and political orthodoxy marked by commitments to policies of free trade, privatization, deregulation, and welfare state retrenchment (MacEwan 1999; Peet & Hartwick 1999; Campbell

& Pedersen 2001; Brenner & Theodore 2002a; Peck & Tickell 2002; Harvey 2005). David Harvey (2005), one of the lead scholars in this area, specifically defines neoliberalism as

a theory of political economic practices that proposes that human well-being can best be advanced by liberating individual entrepreneurial freedoms and skills within an institutional framework characterized by strong private property rights, free markets, and free trade. The role of the state is to create and preserve an institutional framework appropriate to such practices. (p. 2)

State intervention always poses a threat to the individual's freedom to choose. This idea is a central tenet of neoliberalism, linking back to Milton Friedman's ideas in *Free to Choose*. It is important to note, however, that the State does not always create and preserve human well-being.

Other definitions of neoliberalism concentrate on the ethics and value of neoliberal speech as

a philosophy in which the existence and operation of a market are valued in themselves, separately from any previous relationship with the production of goods and services, and without any attempt to justify them in terms of their effect on the production of goods and services; and where the operation of a market or market-like structure is seen as an ethic in itself, capable of acting as a guide for all human action, and substituting for all previously existing ethical beliefs. (Treanor, 2005, p. 7)

Treanor's mention of ethics helps explain the "common sense" rhetoric of neoliberalism. As a hegemonic discourse, neoliberalism is widely accepted. There is an assumption in neoliberal thought that individual freedoms are guaranteed by freedom of the market and of trade, accepted as the U.S. government's stance toward the rest of the world.

Neoliberalism as a new economic orthodoxy regulates public policy at the state level and globally. In fact, the term globalization is synonymous with tenets of neoliberalism.

Globalization is often defined as the process of national economies becoming integrated into a “free trade” international economy. Indeed, the impetus for the neoliberal turn occurred when finance capital increasingly looked abroad for higher rates of return, followed by deindustrialization at home and moves to take production abroad became (Harvey, 2005).

Rising inequalities of different types – capital-cultural, economic, environmental, social, and political – between as well within nations are frequently cited as tangible indicators of the imprint of neoliberalization (Bourdieu, 1998). While neoliberalization may be about the restoration of economic power, it has not necessarily meant the restoration of economic power to all or even the majority of people. Neoliberal globalization could be interpreted as each capitalist class exercising their power and influence in various states simultaneously (Harvey, 2005). The elite class exercises immense influence over global affairs, more than any other class. The market, then, provides a vehicle for the consolidation of power.

And so began the momentous shift towards greater social inequality and the restoration of economic power to an international upper class. The restoration of power to an economic elite or upper class in the U.S. and elsewhere in the advanced capitalist countries drew heavily on surpluses extracted from the rest of the world through international flows and structural adjustment practices (Harvey, 2005). Bourdieu (1998) argues:

The...[neo-liberal] programme draws its social power from the political and economic power of those whose interests it expresses: stockholders, financial operators, industrialists, conservative or social democratic politicians. (p. 2)

However, the private sector is not alone in this shift. Outside the academy, the political activist Susan George (2001) argues that the omnipresent nature of neoliberalism has been accomplished through

a huge international network of foundations, institutes, research centers, publications, scholars, writers and public relations hacks to develop, package and push their ideas and doctrine relentlessly. (p. 9)

The IMF and the World Bank became centers for the propagation and enforcement of free market fundamentalism and neoliberal orthodoxy, as opposed to their founding principles: a blend of state and market forces. These international organizations are losing sight of their foundational public good interest to finance economic development to the poorest nations. As Harvey (2005) states, neoliberalism does not explicitly address issues such as the cutting of public expenditure on social services, the elimination of the concept of public goods, and the restructuring of the welfare state.

The most significant material change that underpins neoliberalism in the twenty-first century is the rise in the importance of knowledge as capital. Joseph Stiglitz, former Chief Economist of the World Bank, identifies the new global “knowledge economy” as one that differs from the traditional industrial economy in terms of the scarcity-defying characteristics of ideas (Olssen & Peters, 2005). He maintains that knowledge is different from other goods in that it shares many of the properties of a *global* public good, which implies a key role for governments in protecting intellectual property rights in a global economy marked by greater potential for monopolies than those of the industrial age (Stiglitz, 1999).

Though the power dynamics are asymmetrical, globalization has created benefits for many societies as well. Humans and non-humans make up the networks in and through which

neoliberalization is diffused, as new technologies make communication from one part of the world to another easier (Larner, 2003), opening up the space for both “progressive” and “regressive” pursuits in relation to neoliberalization. The challenge lies in the asymmetries of information in an economic model of a market that assumes perfect information (Stiglitz, 2002). The transformation of knowledge production and its legitimation are central to understanding neoliberal globalization and its effects on education policy. Knowledge is becoming the most important form of global capital (Burton-Jones, 1999). This study will examine whether U.S. transnational higher education is moving toward the market, specifically in a developing country like the Republic of Panama.

Neoliberalism and Higher Education

Critical analysis of the infiltration of neoliberal principles into higher education reveals certain strengths and weaknesses. Under a neoliberal framework, higher education is less susceptible to state oversight; creating more opportunities for entrepreneurial activity in the supply of education. Fewer proportions of universities’ budgets are coming from their respective state budgets (though the amount from the federal government has increased dramatically in the form of federal grants and contracts, and student financial aid and loans), leaving institutions to seek other sources of revenue with fewer strings attached. Some states are attempting to harness this entrepreneurial spirit of universities, yet the regulatory power of government is waning. Higher education has lost a great deal of support from the states, though some state subsidy is still important, for both financial and symbolic reasons.

Free markets also enable further collaboration across borders, particularly in research and student study abroad. The globe is seen as the marketplace for neoliberal higher education, and in response many U.S. universities have developed operations overseas, such as the cases of this

study in Panama. Prestige and its subsequent economic benefits are important as driving factors for this transnational collaboration. Universities seek to be recognized and admired around the world, which in turn aids with international student recruitment. Increased focus on the recruitment of international students, who pay a premium for their higher education in the U.S., contributes to the creation of a diversified revenue stream. Another driving force for global endeavors is to capture unmet student demand within other countries. As U.S. universities seek to capture greater proportions of the international demand for a U.S.-quality education, they not only recruit students to U.S. universities, but attempt to offer students specific degree programs or branch campuses in their home countries. The push for the internationalization of higher education, therefore, significantly benefits from the borderless tenets of neoliberalism. These transnational endeavors, however, follow different models depending on the provider, which is further explored in this study.

Higher education institutional efforts to tap other financial sources tend to translate to an increased emphasis on peripheral units on campus, such as: development offices, student services, and international education. The increased competition between universities in research, recruitment of students, tuition prices, and the arms race of student services (i.e., top of the line student health centers, fitness facilities, residence halls, bookstores, dining services, etc.) is fervent. The race for prestige in higher education tends to shift a university's focus to the peripheral activities mentioned above and away from the core functions of higher education's mission to teach, research, and serve. This has both positive and negative consequences on diverse stakeholders. Students benefit from an unparalleled and unprecedented environment of student amenities on campus, but perhaps they also suffer a decline in the quality of instruction

due to the increase in part-time and/or graduate student instructors. Moreover, faculty members see less full-time tenure-track positions available and increasing competition for these positions.

In addition, deregulation of markets can have negative consequences on academic quality in host countries. As national borders become more permeable for universities, new entrants into local markets can potentially be of lower quality. Without a state mechanism to control the amount of new providers of higher education and to regulate those approved, there is a high potential for low quality institutions to thrive. The proponents of neoliberalism argue that the market and its invisible hand will regulate quality and quantity. But in countries like Panama, where demand for higher education is very high and lower quality means faster time to degree completion, demand will continue to allow these providers to operate and expand.

The trend toward privatization of higher education and less state influence puts the public good in jeopardy. The cost of higher education becomes dictated by the market and its competitors, without state oversight. The privatization of higher education shifts the focus of student recruitment to the brightest and richest students, translating into a loss of social welfare and equal opportunity. In some cases, tuition becomes less affordable as the market dictates affordability for the elites and not the economically disadvantaged. Inexpensive tuition rates are sometimes associated with lower quality institutions that promote a quick time to degree. This bias in student recruitment leads to poor and unequal educational outcomes. Neoliberal policies thus ignore the fundamental tenets of democracy, specifically the right to fair and equal access to a higher education. Neoliberal academic approaches do not focus on social welfare, tending toward anti-unionism policies and negatively impacting issues like healthcare for students, for example. The interests of private property owners, businesses, multinational corporations, and financial capital are more often reflected in neoliberal models.

The teaching, research, and service missions of universities are greatly affected by neoliberal policy. Outreach and service activities of a university, for instance, are underfunded and not prioritized. The public responsibility to the citizenry of the state where the university is located is less important, as the neoliberal framework has a more global than local view. Research is highly prioritized, as the potential to bring external monies to the institution becomes a fundamental goal. As a result, faculty members are given more time to conduct and focus on research at the expense of time devoted to teaching. Entrepreneurial faculty are less focused on teaching and service because of the rewards that accrue to research. The neoliberal university encourages faculty to develop links with industry and business to seek private capital. These types of public-private alliances in higher education breed conflicts of interest. Slaughter and Rhoades (2004) point to an example in the University of California system when the revised 1997 patent policy noted an equity policy, specifying a form of market involvement other than licensing: the 1996 Policy on Accepting Equity When Licensing University Technology. Elaborated in 2002 in Bulletin G-44, the equity policy assumed that when faculty performed clinical trials for companies in which the university held equity, it was not a *prima facie* conflict of interest (p. 92). Policies such as these enable potential conflicts of interest, while claiming to deter them, alter the role of a faculty member, particularly at a research university.

The role of the faculty member is moving away from teaching and service and more towards research. Research has the potential to generate revenue for universities. Consequently, departments and colleges that are more likely to obtain external funding are favored within the institution. Professional programs and programs in the sciences and engineering are privileged over programs in the liberal arts and the humanities. The supply of contracts and grants for research with market applicability is increasing the demand on campuses for researchers,

favoring those with grant funding potential over professors with a good reputation for outstanding teaching and service to the community.

The future of higher education operating under the hegemonic discourse of neoliberal policies can at times seem inevitable. As neoliberalism is undoubtedly the framework under which many universities are operating around the world today, the state subsidy to higher education that remains, though small in many cases, must be recognized. Panama has examples of highly subsidized public institutions of higher education, but it has a greater number of for-profit institutions and growth continues to concentrate in the for-profit sector. However, the student population in public institutions is still comprise the nation's majority. The five state universities are operating in a higher education system with approximately one hundred private universities, the majority of which are for-profit versus not-for-profit institutions. Panama provides a variety of interesting higher education case studies both local and transnational.

Public Good Historical Debates

The term public good is often applied to many different institutions in our society. National defense, education, air, and water are, for instance, referred to as public goods. But confusion surrounds the meaning of a public good, particularly because some of the most often cited examples of public goods are not equally accessible to the public. For example, some education is private, and potable water is not always accessible to everyone.

The meaning of a public good has been debated throughout history. Plato describes “the form of the good” in the *Republic*. He states that the highest form of knowledge is the Form (or Idea) of the Good, from which things that are just gain their usefulness and value. Plato argues that humans have a duty to pursue the good, but no one can hope to do this successfully without philosophical reasoning.

Aristotle was critical of Plato's Forms of the Good, and argued a degree of materialism inherent in a "common good." He rejected Plato's idea that training in the sciences, metaphysics, or philosophical reasoning was a necessary prerequisite for a full understanding of our good. Aristotle's search for *the* good is a search for the *highest* good, and he assumes that the highest good, whatever it turns out to be, has three characteristics: it is desirable for itself, it is not desirable for the sake of some other good, and all other goods are desirable for its sake (Aristotle's Ethics, 2007).

Aristotle's rejection of Plato's idea that formal training was required for the pursuit of the common good would likely be rejected by most today. Plato's focus on the human duty to pursue the good still reverberates in today's arguments supporting public goods. However, the current debate centers more on which sector, public or private, best facilitates the human duty to pursue the public good.

Neoliberalism and the Public Good

Centuries later, Adam Smith argued for the possibility that self-interest, in the aggregate, could most efficiently provide the common good. Smith's invisible hand formed the foundation of contemporary neoliberal definitions of the public good as nothing more than the aggregate of private goods (Marginson, 1997). Marginson (1997) argues that contrary to certain misconceptions, Smith did not assert that all self-interested labor necessarily benefits society, or that all public goods are produced through self-interested labor. Smith's proposal is merely that in a free market, people usually tend to produce goods desired by their neighbors. Yet, the tragedy of the commons is an example where self-interest tends to bring unwanted results; multiple individuals, acting independently and in their own self-interest, are likely to destroy a shared and limited resource such as forests or water. Smith's contributions have led current

neoliberal proponents to redefine the concept of the public good and replace it with the idea of individual responsibility.

Academic capitalism further explains that the public good is in jeopardy, particularly in the higher education sector. The theory of academic capitalism demonstrates how universities are more closely integrated with market economic principles, and with interstitial organizations on their campuses, which link them to the new economy (Slaughter & Leslie, 1997; Slaughter & Rhoades, 2004). This shift from a public good focused organization to one more interested in profits is changing the very core of universities' philosophies. Activities traditionally on the margin of universities, such as technology transfer, are altering these institutions' core missions of teaching, research, and service.

The shift from public to private responsibility is happening at the macro/state-level as well. By the late 20th century, a dualism developed when it was clear that America needed a highly skilled workforce if it was to retain its preeminence in the global economy (Tierney, 2006). William G. Tierney (2006), a policy analyst and professor of higher education, argues that the assumption was that the individual should pay for the cost of education as long as the government facilitated a loan program. The assumption had less to do with education than with a shift in public thinking about government's role and what counted as a public good. There has been a shift in responsibility for higher education. Institutions have rapidly increased tuition and students and parents have taken on a significantly larger portion of the financing of higher education.

Access Concerns

With neoliberal policies infiltrating higher education, there is concern for the relative inability of market-based, consumer-driven systems to produce opportunities for universal access

or the redress of social inequalities (Pusser, 2002). Brian Pusser, professor of higher education, (2002) argues that:

A decline in access and affordability is also likely to reduce the production of public and private social and economic benefits from higher education. Reduced levels of overall college attainment will lead to decreased civic engagement, charitable giving, and community service. It predicts for increased rates of unemployment, incarceration, and public health costs. (p. 120)

The question of access has been embedded in debates about postsecondary education. Whether born poor or rich, people should have an equal opportunity to prosper and participate in the democratic sphere. Education is the means to enable success and participation. Tierney explains, “both K-12 education and postsecondary education were viewed as a public good - individuals not only had a claim on the public good, but by using a public good, the public benefitted as well” (Tierney, 2006, p. 17). A college degree is increasingly viewed as a private good that mostly benefits the individual. The view that a well-educated workforce creates more employment, more participation in the public sphere, and makes the country stronger is often pushed aside by more career- and market-oriented interests.

Market-oriented strategies, however, have also pushed institutions of higher education to increase access, but often at the expense of quality. The fundamental question that should drive concerns of equal opportunity for a higher education is: to what is access being offered? In Panama, access is not as debated as it is in the U.S. The lack of dialogue on this issue can be attributed to the fact that there are numerous open enrollment institutions that grant access to many students. The question that is not being asked is whether the opportunity is indeed equal for all students. An analysis of the elite class versus the working and lower classes of Panama

reveal that though access to a higher education is fairly accessible to all classes, access to a high quality higher education is restricted.

Pusser (2002) argues that nonprofit institutions have been centers of social and political efforts to achieve public integration and the equalization of access to education, and it is not at all clear that those goals can be realized through for-profit production. He claims that public goals for the creation of public goods have been most effectively realized through direct public production of those goods (Pusser, 2002).

Private institutions contribute to social stratification already occurring in institutions of higher education. Those who attend more prestigious institutions, public or private, will enjoy greater social benefits and increased personal status. Pusser (2002) believes this stratification could lead to a more polarized and problematic society.

Economic Definition

The concept of the public good is used by both economists and social scientists. Both disciplines, however, conceive of the public good in different but not dissimilar ways. Economist Randall G. Holcombe (1997) frames public good in economic terms:

[...] a good that, once produced, can be consumed by an additional consumer at no additional cost. A second characteristic is sometimes added, specifying that consumers cannot be excluded from consuming the public good once it is produced. Goods with these characteristics will be under produced in the private sector, or may not be produced at all, following the conventional wisdom, so economic efficiency requires that the government force people to contribute to the production of public goods, and then allow citizens to consume them. (p. 1)

Holcombe is concerned with collective-consumption or non-rival consumption goods, which do not apply to higher education. There are additional costs to government, the institution, and the student when providing additional students with higher education. This contradicts the first characteristic of the economic theory of public goods of collective-consumption. Furthermore, students can be and are excluded from consuming the public good. This exclusion can stem from socio-economic status, location, price, and a variety of other reasons.

Holcombe (1997) argues that simple observation of the real world suggests two problems with the application of public goods theory as a justification for government production. First, many public goods are successfully produced in the private sector, so government production is not necessary. Second, many of the goods that the government actually produces do not correspond to the economist's definition of public goods. As a result, the theory does a poor job of explaining the government's actual role in the economy. Holcombe questions public goods theory as a theory of public expenditure and why it is so firmly entrenched in the economic theory of the public sector.

Holcombe (1997) purports that public good theory fails as a theory of public expenditure because the government has ulterior motives for controlling certain public goods. He uses the example of education, which lowers costs to the government of inculcating its citizens to further the government's interests. He argues that public education gives the government more control over the educational system, and in turn, makes educators government employees. Public education socializes students into more compliant citizens, teaching a curriculum that portrays the government as an institution that furthers the public interest (Holcombe, 1997). As a result, patriotism can be viewed as a positive result of a government-run curriculum.

He adds that public goods theory is a product of a state-dominated higher education system, used to bolster the perception of the legitimacy of government action. The principles of economics suggest that people tend to act in order to further their own self-interests, and the model presented in his paper shows how self-interested behavior can explain the existence of government, and why government chooses to produce public goods such as national defense and education.

The economic theory of public goods, however, has significant shortcomings. High tuition costs can prohibit higher education from becoming a candidate of a non-rival consumption good. David Weerts' (2005) definition of higher education for the public good is anchored in the philosophy that a) public interests must shape and inform the work of the academy, and b) the work of the academy is best directed toward engaging, informing, and empowering citizens by providing people with the tools and knowledge to improve the quality of life in their local and global communities. He believes that, ultimately, higher education for the public good may best be defined and measured by the collective ability of colleges and universities to respond to key public agendas: improving economies, contributing to improved health and quality of life, and promoting the ideals of citizenship and democracy.

Education and the Market Model

Advocates of the market see market competition in higher education as contributing to increased efficiency, driven by wider consumer choice. Yet, Pusser (2002) argues that thirty years of consumer choice supported by the portability of financial aid has done little to contain costs or limit tuition prices in higher education, thus affecting access. Other scholars similarly argue that education within the parameters of a marketplace model simply does not work. For example, John McMurtry (1991) states that:

The defining principles of education and of the marketplace are fundamentally contradictory in: 1) their goals; 2) their motivations; 3) their methods; and 4) their standards of excellence. It follows, therefore, that to understand the one in terms of the principles of the other, as has increasingly occurred in the application of the market model to the public educational process, is absurd. (p. 216)

McMurtry points to the fact that neoliberalism has deeply penetrated the ethos of society. Today, free market principles are often referred to in a common sense manner when the application of this model to many aspects of society is simply illogical.

Pusser (2002) suggests that we pause before applying a market model to an arena where the following conditions prevail:

- 1) the product is sold in the vast majority of cases for considerably less than it costs to produce
- 2) some 90% of those seeking degrees are enrolled in nonprofit institutions
- 3) of those enrollments, over 75% are in institutions that are nonprofit and public
- 4) there are significant barriers to entry by new providers in many sectors
- 5) there are significant constraints on exit by the vast majority of providers (p. 112)

All of the above conditions indicate that education does not belong in a perfectly competitive market model. For instance, students could never pay the real costs associated with their education, which are subsidized by government contributions. At present, some 80% of those enrolled in degree-granting programs are enrolled in public colleges and universities (Goldin & Katz, 1998; Hansmann, 1999). This means that the public subsidy for these institutions disallows the conditions for a market model. The higher education system is also not like a market due the barriers to entry by new providers. State regulated systems of higher education have their

respective regulations for entry into the system. These accrediting bodies are the gatekeepers of higher education, granting institutions the right to be eligible recipients of federal subsidy in the form of student loans. Also, institutions of higher education are not able to cease operation easily. Alumni and donors often fight against negative market indicators to keep the tradition and culture of an institution in operation. Leslie and Johnson (1974) agree that the various market-related characteristics of higher education in no way approximate the sufficient conditions needed for the perfectly competitive market model.

Simon Marginson (1997) adds that under market production, there is little if any provision for production in the absence of demand, and the market producer is often indifferent to public goods. This is a key distinction between market production and public production. He also argues that public nonprofit production is the only vehicle for ensuring the production of education products and services not directly connected to for-profit production. For example, certain colleges on university campuses that are not very lucrative are cross-subsidized by other colleges where opportunities for grant money are more likely, and costs of instruction to students are lower. A music class of only a few students is far more expensive to provide than a lecture hall filled with hundreds of students. But these costs do not differ to the student, and cross-subsidy by departments is utilized.

Pusser (2002) lays out four primary characteristics of the consumption and production of higher education that make market models problematic:

- 1) Higher education is characterized by information asymmetries (difficult to assess), producers of higher education generally have more information about the product than do the consumers

- 2) Non-distribution constraint inherent in the nonprofit form protects the consumer from potential consequences of information asymmetry and other moral hazards, removes the possibility of profit serving as an incentive for producers to exploit their customers.

Higher education provides benefits to society beyond the gains to the individual student; the public has greatest control and influence over the production of social benefits through higher education

- 3) Both public and independent nonprofit institutions generate revenue from a variety of sources – the mix of subsidies allows nonprofit higher education in the U.S. to be offered at a price far below its production cost
- 4) Asymmetry problem, the perfectly informed customer of economic theory is nowhere to be seen (reputation and institutional history play a disproportionate role in consumer choice) (p. 112-114).

Pusser (2002) also discusses sub-competition levels: subsidy levels, selectivity, geography, mission, etc., and how these factors also contribute to problematic attribution of market models to education. Within all of these explanations of why higher education does not fit into a market model lies a defense for higher education as a public good. Powell and Clemens (1998) claim that significant advantages and public benefits can only be generated by nonprofit provision, itself seen as a public good.

Pusser (2002) and others express deep uncertainty as to whether market approaches could lead to effective transformations in higher education. But as already evidenced, such models are nevertheless very popular. Market initiatives are believed to produce greater choice, competition,

and an increase in public benefits from higher education. But these expectations might be the model that never was, or will be.

It is important to detail the market model as problematic for higher education. The rhetoric behind transnational higher education often utilizes neoliberal market principles to promote cross-border initiatives. As institutions debate the merits of operations abroad, the ideals of increased competition and consumer choice entice world-class universities to compete in foreign markets. When competition is weak, becoming a market leader seems like a viable option. It is not often debated whether the venture is in the interest of the public good of both the home and host populations.

The Public Good is Trust

Tierney (2006) suggests that trust and definitions of the public good go hand in hand, regardless of societal context. He claims that the core values of academe are built on trust, and that individuals within the institutions need to find the organization and one another trustworthy and that colleges and universities need to be seen as worthy of the public's trust.

While fiscal support for public higher education has declined, accountability measures have increased. Tierney (2006) suggests that the idea of education as a public good has lost support, while the public's trust in public education has weakened. His book on the public good focuses on trust and the ways in which it might be enhanced within and outside of postsecondary institutions.

The Shift from Public to Private Good

College education is traditionally viewed as a vehicle to increase participation in democracy by improving voting patterns and volunteerism. Participation in the civic life of community is commonly held as the practice of public good. Pusser (2002) contends that there are widely agreed upon outcomes of education that contribute to the public good: citizenship development, building common values, democratic participation for the national good, stimulating economic growth, the diffusion of technology, increases in social cohesion and use of knowledge for social purposes, i.e. public health, solar power, etc. Even though it is difficult to empirically measure the non-economic contributions of higher education, these outputs or outcomes of education are rarely disputed (Breneman, 2001).

The inputs or investments in education, however, are often contested. The recent assumption is that the role of the federal or state government should not be that of facilitator of such participation via education (Tierney, 2006). Even with the often cited examples of promoting the public good through public investments in higher education, such as the land grant college movement, expansion of the community college system after World War II, and rapid increase in science and technology after the launch of Sputnik (Pusser, 2002).

Higher education produces both collective (public) goods and private goods (Marginson, 1997; Bowen, 1977). The Institute for Higher Education Policy developed an effective framework for delineating the various forms of public and private goods generated by increased levels of higher education. The framework sorts the outputs of higher education into four categories: public economic benefits, private economic benefits, public social benefits, and private social benefits, as seen in Table 1 (IHEP, 1998) (as cited in Pusser, 2002, p. 118).

Table 1: Public and Private Social and Economic Benefits

Benefits	Public	Private
Economic	Greater levels of productivity, higher rates of consumer spending, increased tax revenues, enhanced workforce preparation, and decreased public expenditures for social services.	Higher rates of employment and wages, increased levels of savings, increased labor market mobility, and enhanced working conditions.
Social	Greater civic engagement, higher rates of voting, increased charitable giving and community involvement, and lower public health care costs. Bowen and Bok (1998) production of a diverse cohort of leaders. Bowen (1978) – contributions of university basic research and public service, the preservation of the cultural heritage of society, and the reduction of inequality as central public benefits.	Better health and greater longevity, increased leisure time, and personal status, as well as access to better information for personal decision making.

Pusser (2002) demonstrates the interaction between categories, such as the fact that although higher individual income is a private benefit, it also creates a public benefit through higher tax revenues. He also explains how higher levels of civic engagement, a public benefit, in turn generate private benefits, as it enables individuals to live in more collegial communities. The mix of public and private benefits from higher education parallels public and private funding. However, the balance is increasingly being tipped toward the private funding, personal responsibility side of higher education. Critics of this development, as a result, are calling for an increased attention of public benefits created through education.

Tierney (2006) posits that individuals have grown dissatisfied with public education and have three main critiques that suggest education need not be a public good as it has been defined over the last century:

First, insofar as the execution of the public good is inadequate, the citizenry have a right to look elsewhere. Second, a public good need not be defined and carried out in the same way for all individuals. Third, given that the contexts for the public good have changed, so too should the assumption that education needs to remain both “public” and a “good.” (Tierney, 2006, p. 180)

His argument boils down to the issue of trust and the lack thereof, between government and its constituents. As private providers potentially threaten the caliber of education provision, people will question the efficiency and efficacy of public expenditure on public education. This is exactly the case of Panama. There is little trust in the government of Panama, particularly among the elite class. This is due in part to corruption scandals, mismanagement of public funds, and a lack of transparency. This idea of the public good as trust works well to explain why the elite classes go abroad for their higher education. That said, the working and lower classes also mistrust the education system but do not have the financial resources to opt out like the elite classes. However, they often make their voices heard through fervent protests and strikes on campuses.

People also want choice, and issues of merit and need enter the fold of the debate. The decline in state support, the increasing use of tax credits as part of the federal support for higher education, and the tilt from need-based to merit-based aid (Breneman, 2001) in the U.S. will likely further the divide in college-going between those from higher and lower income strata. In Panama, the debate between need and merit-based aid is moot. There is very little merit-based aid available. The Science and Technology Secretary is initiating programs to increase merit-based aid, but it supports sending Panamanians abroad to study.

In the U.S., the portability of student aid began with the Serviceman's Readjustment Act (GI Bill), awarding aid to individuals rather than institutions. Later on, the Higher Education Act of 1965 created Guaranteed Student Loans and portable Pell grants. There is little empirical research to indicate, however, that the choice provided by public subsidies has increased efficiency and productivity or led to lower costs of production. Given the increasing shift away from public supply, it is useful to also consider the implications of that shift for the creation of public and private goods (Pusser, 2002).

Tierney posits that the extent and quality of a university's participation in the local community is an example that builds an organization's social capital, which in turn develops trust. Instead, many institutions, embedded in local communities, have created a dynamic that yields few opportunities for network building, working against the development of social capital and trust (Tierney, 2006). In these instances, the public grows increasingly distrustful of the organization that provides the public good. Legislatures seek to change curricula, set hiring standards, or dictate the distribution of expenditures. Accountability measures often receive minimal compliance from academe, while those in the organization try to capture funds from alternative sources to replace what has been lost.

To remain a public good, public institutions along with the state need to have shared commitments for future courses of action. Undoubtedly, this is easier said than done, but some states and public systems have made efforts in this regard. These efforts have built networks that have the potential for social capital formation, which in turn generates trust. This is particularly effective when institutions reflect the needs of society. These efforts have traditionally been projects of public service and outreach units on campuses, which have a history in agricultural

outreach. Though many universities could still serve agricultural outreach needs, the landscape of public service needs to adjust with the needs of society.

Indeed, public good implies public benefits; otherwise, there would be no reason for an investment of public funds in the undertaking. But as the public's perception of receipt of these public benefits dwindles, so does the financial support.

Recent Trends

Tuition is growing at a higher rate than inflation, and more students are dependent upon loans today than ever. Smaller proportions of state universities' budgets are coming from the state, and private universities face heightened challenges in fundraising and development, particularly within a period of economic recession.

Neoclassical economists argue that education is an investment in individual human capital and as such, an appropriate investment for the individual to finance (Pusser, 2002). The roots of these free market principles go back to Milton Friedman. Friedman focused on the private benefits of higher education, calling for a public retrenchment of funding. He argued, along with many others, for subsidies to go to individuals, not institutions, increasing competition through the system through the portability of financing instruments.

This perspective highlights the shift away from the public good ideal of education, which holds that everyone should have universal access to education and that government should provide these opportunities. Today, the focus and the future of education in much of the world seems to rest on the shoulders of the individual. Education is interpreted as a personal investment, and that the financial burden should belong to the individual due to the personal benefits of having an education. On the other hand, critics argue that there are many public benefits to an educated society, as demonstrated in the table above.

Academic Capitalism: Definition

The theory of academic capitalism was developed by three scholars: Larry Leslie, Gary Rhoades, and Sheila Slaughter. They published two books on the theory: *Academic Capitalism: Politics, Policies, and the Entrepreneurial University* (Slaughter & Leslie, 1997) and *Academic Capitalism and the New Economy: Markets, State, and Higher Education* (Slaughter & Rhoades, 2004). The first book focuses on globalization at the end of the twentieth century and its effects on academic labor in universities. A multi-case study of universities in Australia, Canada, the United States and the United Kingdom were used to examine public research universities. The second book further defines the theory of academic capitalism as it pertains to higher education institutions and its integration into the new global economy, particularly through the development of new circuits of knowledge, intermediating organizations, interstitial organizational emergence, expanded managerial capacity, and the way students are treated as consumers. The second book focuses exclusively on the United States and the new economy resulting from the neoliberal turn. Neoliberalism fundamentally promotes economic expansion, and academic capitalism demonstrates how higher education has become increasingly entrepreneurial in a post-industrial economy.

Academic capitalism, unlike neoliberalism, is not a macro-level theory of the state, nor is it a belief system that pervades life, akin to a philosophy of the public good. Yet the neoliberal framework and the public good are integral components of academic capitalism:

[...]the theory of academic capitalism sees groups of actors – faculty, students, administrators, and academic professionals -- as using a variety of state resources to create new circuits of knowledge that link higher education institutions to the new economy. (Slaughter & Rhoades, 2004, p. 1)

In other words, state subsidy intended for the public good is being invested to create alternative revenue streams for institutions of higher education. The public only arguably receives a good in the end.

Neoliberal Influences

In effect, academic capitalism demonstrates how free market principles of neoliberalism have infiltrated one of the most sacred institutions of the public good: education. Academic capitalism purports that higher education is less in the business of knowledge production for the greater good and more interested in knowledge production, educational services, and consumer goods to be marketed and sold in the marketplace (Slaughter & Rhoades, 2004). What distinguishes academic capitalism from neoliberalism, however, is that academic capitalism's key component is the public subsidies embedded in new revenue streams. Though there is a close connection to the market, the state plays an important role in subsidizing the emerging capitalist knowledge/learning regime. Slaughter and Rhoades (2004) use the theory of academic capitalism to explain the processes by which colleges and universities integrate with the new economy, shifting from a public good knowledge/learning regime to an academic capitalist one. The academic capitalist knowledge/learning regime can be evidenced with non-profit universities' involvement with private patrons, intellectual property, and new economy start-up companies. The new economy has changed the perception of "discovery" as valued for the public good, to value for its potential to lead to high-technology products for a knowledge economy.

Indeed, the neoliberal state focuses on enabling individuals to become economic actors, not on social welfare for the citizenry, moving resources away from social welfare functions towards production functions (Slaughter & Rhoades, 2004). The neoliberal state redefined government, privatization, deregulation, and how the state functions to promote the new

economy in global markets. Academic capitalism demonstrates how universities were not primary players in creating the neoliberal state, yet often endorsed initiatives like Bayh-Dole (1980) to profit from federally funded research performed by faculty. They also approved student loan programs, redefining students more as consumers than learners.

New Circuits of Knowledge

Slaughter and Rhoades (2004) show that these linkages to the new economy are both external and internal to the universities:

These actors also use state resources to enable interstitial organizations to emerge that bring the corporate sector inside the university, to develop new networks that intermediate between the private and public sector, expand managerial capacity to supervise new flows of external resources, investment in research infrastructure for the new economy, and investment in infrastructure to market institutions, products, and services to students. (p. 1)

The new economy treats advanced knowledge as raw material that can be owned and marketed as products or services. Universities act more and more like corporations, protecting knowledge through patents, copyrights, and trademarks and also protecting books, education programs and services. The emergence of interstitial organizations on campuses includes technology licensing offices, economic development offices, and trademark licensing offices. Academic capitalism illustrates how new boundaries move research closer to the market, allowing universities to act as industrial laboratories and subsidizing the cost of product development (Slaughter & Rhoades, 2004). The internationalization of campuses could also be seen as a boundary shift of the home campus closer to the global market. As universities attempt to send more students abroad and recruit more international students to their home campus, they are also seeking to increase global

prestige, which is a key factor in gaining high profile faculty with high profile grants and contracts that bring in external revenue streams to universities.

Copyright represents an area of market and market-like activities by institutions, faculty, and students that goes beyond patenting: it involves the commodification of higher education not just in techno-science fields in research universities but in virtually all fields and classrooms in all types of institutions (Slaughter & Rhoades, 2004). For example, online courses are commonly copyrighted. Distance education allows an expansion of the market, reaching student populations otherwise left untapped by higher education opportunities; particularly evidenced in the developing world. Many of the newer providers of higher education in Panama provide online components to their courses or completely virtual classrooms in distance education.

There are also copyright issues related to educational materials, courses, and programs delivered on campus in traditional classrooms but mediated in various ways by technology. Online platforms for courses provide opportunities for chat rooms, posting and sharing of information more freely, and forums for discussion topics. For example, courses that utilize WebCt and Blackboard link faculty to electronic platforms. These platforms attempt to standardize teaching across colleges and universities, creating new circuits of knowledge that are more accountable to administrators than disciplinary associations (Slaughter & Rhoades, 2004). Online supplements to the classroom create a space for new circuits of knowledge for universities.

The theory of academic capitalism focuses on networks – new circuits of knowledge, interstitial organizational emergence, networks that intermeditate between public and private sector, extended managerial capacity – that link institutions as well as faculty, administrators, academic professionals and students to the new economy. New

investment, marketing and consumption behaviors on the part of members of the university community also link them to the new economy. Together these mechanisms and behaviors constitute an academic capitalist knowledge/learning regime. (Slaughter & Rhoades, 2004, p. 15)

Faculty and New Professionals

Academic capitalism demonstrates how profit-oriented activities are now entrenched in higher education institutions. Universities develop capacity by hiring new types of professionals to market products created by faculty, and develop commercial products outside of conventional academic structures (Slaughter & Rhoades, 2004). Expanded managerial capacity is also directed toward restructuring faculty work in order to lower instructional costs. The increased capacities of managers engage the market, redrawing the boundaries between universities and the corporate sector. University managers act as venture capitalists, picking technologies they think would be lucrative in the new economy.

The changes in faculty policy under academic capitalism have led to the “casualization” of academic labor, transforming academia. Less full-time tenure-track jobs are accessible for faculty members and more adjunct and part-time instructor positions become available. The new economy relies on smaller numbers of educated workers, supplemented by larger numbers of part-time/contingent workers who labor for relatively short periods of time (the flexible work force) (Slaughter & Rhoades, 2004). Consequently, there are many more non-academic professors in administrative-type positions. Universities are part of this effort to develop a flexible work force. In academe, labor flexibility is attained by increasing the number of part-time/contingent faculty. On-line and distance education is often written by specialists and delivered by adjuncts. Advising, counseling, and mentoring are turned over to student

professional services, while full-time faculty are more concentrated on the upper division classrooms and research laboratories. Ironically, academic managers have increased middle management especially in information technologies.

Today's knowledge economy turns to the factories of knowledge production: colleges and universities. Academic capitalism explains how knowledge is thought of less as a public good, and more as a commodity to be capitalized on in profit-oriented activities. With the influence of neoliberal policies, public subsidies are used to leverage profit potential with university products in the knowledge economy. As a result, campuses are seeing changes in instruction as well as in research and administrative and trustee activities, and more attention is being paid to student consumption than student learning.

Students

Higher education is believed to be a public good, warranting heavy subsidy by the state. Yet skepticism surrounds university accountability, while lower proportions of their budgets now come from the state. And as universities become more entrepreneurial, viable financial resources include students. Academic capitalism reveals the shift in emphasis from serving student customers to leveraging resources from them.

In tracing the emergence of academic capitalism, Slaughter and Leslie (1997) point to the public policy commitment in the 1970s to making students consumers in the education marketplace. The Nixon administration developed a "high tuition- high aid policy through which government gave aid to students rather than institutions, thus making students consumers in the tertiary education marketplace" (Slaughter & Leslie, 1997, p.44).

Today, fiscal crises combined with rising tuition have created a climate that emphasizes the importance of new sources of external revenues. The greatest increase in shares of

institutional funds has come through raising tuition, which has heightened students' and parents' consumer consciousness about what they expect in terms of their educational experience and in terms of returns on investment in their human capital (Slaughter & Rhodes, 2004). Academic capitalism claims that these changed expectations reshape student identity from learner to consumer.

However, the theory of academic capitalism also moves beyond thinking of the student as consumer to considering the institution as marketer. Colleges and universities compete vigorously to market their institutions to high-ability students able to afford high tuition prices or assume high debt loads. A college education becomes another consumption item for students with a high socio-economic status. And in Panama, the elite class does not consider enrolling in the local market of higher education, but instead the global market, specifically the U.S. The majority of Panamanian elites are alumni of U.S. universities and maintain their power elite status by sending their sons and daughters to the same institutions. Thus, the political pressure to reform the local higher education system is weak due to the foreign options available to those with influence.

Institutions turn toward students as targets for the extraction of revenue, including but extending beyond tuition. Colleges and universities are initiating market practices and forming partnerships with businesses to exploit the commercial potential of students. As institutions adopt more of an economic, proprietary orientation to students, the consumption versus the educational dimensions of a college education become increasingly emphasized (Slaughter & Rhoades, 2004). Additionally, more money is devoted to non-instructional services, buildings, and personnel to make the institution a more attractive consumption item. This arms race among

universities may be distracting institutions from their main missions of research, teaching, and service.

As students from a lower socio-economic status struggle to gain access to the increasingly high price tags on higher education, many choose loans and credit card financing as a means to subsidize their education. However, there are consequences to assumption of high debt. Projected high financial returns in a future profession influence students' career choice, versus students' talents or passion. Often the potentially lucrative major fields of choice include professions linked to the new economy, such as business and communications. Slaughter and Rhoades (2004) claim that the hidden curricula include consumption capitalism, and as a result, campuses incorporate increased opportunities for consumption.

Although the student market for elite institutions in higher education has been transformed in the past fifty years into a nationally integrated market (Hoxby, 1997), most students continue to be largely restricted by location and price. Yet institutions are increasingly moving to national and international student markets because public colleges and universities can charge these students more. The increased significance of revenue considerations that comes with academic capitalism leads to a greater concentration of institutional energies and monies on students already privileged and served by higher education, with an increasingly lesser focus on those student populations that have historically been underserved.

Slaughter and Rhoades (2004) demonstrate how small companies provide a service of recruiting foreign nationals as undergraduates for American colleges with empty seats. In this market-driven academy, the authors argue that such arrangements benefit the enterprise, but the situation is ripe for institutional abuse through exploiting students who have imperfect knowledge of the U.S. higher education marketplace and of the value of different colleges, and

that it likely will increase inequities in patterns of access. This phenomenon is not just occurring at four-year colleges and universities; community colleges are increasingly recruiting international students and charging them more as well.

Three themes that this theory iterates in relation to students are: 1) marketing to students in ways that serve colleges' and universities' economic interests, 2) institutions moving to serve more privileged student markets, and 3) marketing the ways of consumer capitalism to captive student markets (Slaughter & Rhoades, 2004). They show how student identities are flexible, defined and redefined by institutional market behaviors. A key aspect of academic capitalism is that students are not viewed as empowered customers but more as targets for consumer markets and as captive markets being socialized into consumption-focused capitalism.

Globalization

Slaughter and Rhoades (2004) contend that the global dimensions of colleges and universities can occlude our view of the many mechanisms, organizations, networks, and market practices that connect higher education to the new economy in any one country. The new economy is defined by globalization, and because of its global nature the new economy disperses manufacturing of both products and services around the world; for example, knowledge as a raw material has to be transformed before it is valuable and services such as providing a higher education. Global competition has turned the U.S. toward high technology products and services, where it has a competitive advantage, at least in part because of its research universities.

Globalization has certainly infiltrated U.S. universities. Scholars traditionally have participated in international networks of knowledge. Yet, the growth of the Internet has intensified the global dimension of scholarship. As the cost of research has risen, federal policy has promoted international cooperation to reduce costs (Greenberg, 2001). Roughly half of all

graduate students in science and engineering are foreign nationals, constituting a global dimension within U.S. universities. University and corporate globalization processes tend to converge around markets for knowledge-intensive new economy products, a number of which are licensed to corporations by universities. Slaughter and Rhoades (2004) contend that generally, college and university involvement in entrepreneurial activity is portrayed as win-win, although there is much evidence to the contrary.

Universities are also engaging in globalization by creating a presence abroad, whether in the form of a branch campus, acquisition of universities already in operation abroad, or by exporting specific degree programs to other countries. This interaction across borders is the focus of this research. This study deeply examines the models of internationalization that U.S. universities are exporting abroad.

Though Panamanian higher education institutions do not experience much in the way of entrepreneurial research activity at its universities, they nevertheless promote the nation as a hub for innovative development. The City of Knowledge in Panama is based on the former military bases of Fort Clayton in the former Canal Zone. The project was initially funded by the government, and is now supported by a not-for-profit foundation. The early idea of public subsidy and the recruitment of both public and private sectors involved with research to create a hub of knowledge is in the vein of academic capitalism. The state does not entirely support such a venture, and some start-up capital, in this case public, was crucial to the launching of the project. The City of Knowledge project will be explored more in depth in the study, but is worth mentioning here to illustrate an example of academic capitalism in the research.

Conclusion

Academic capitalism is a theory that helps explain how institutions of higher education move along the continuum with neoliberalism on one extreme and a public good philosophy on the other. The theory is a lens to analyze the more blurred reality between public and private good motivations along the continuum, as publicly subsidized institutions of higher education enact strategies that align more closely with free market principles. The two regimes of public and private good co-exist uneasily in the U.S. cross-border higher education models explored in this study. The research reveals that a single institution can be engaged in both sets of behaviors.

The distinction between the public and private benefits of higher education is as blurred as the distinction between public and private institutions. Public trust in higher education is as important to public institutions as to private institutions. Public institutions rely on the trust of politicians brought to power by voters for partial support of their budgets, while private institutions also rely on the trust of the same government for research funding. Public trust is also relevant to private donors and students for both types of institutions. Even for-profit institutions receive significant direct support from the government through grants and loans for their students as well as indirect support by way of the ability of those institutions to make use of public facilities, such as libraries, for their students. The divide between nonprofit and for-profit structure and process in higher education is narrowing. Entrepreneurial commercial activities in nonprofit institutions, such as the provision of courses and degrees through continuing education, the growth of auxiliary enterprises, and the creation of partnerships with corporations and venture capitalists, are increasing in every sector of the nonprofit education arena (Pusser, 2000).

In higher education, the public-private distinction is becoming a false binary. No institution is entirely public or entirely private. No evidence exists that public institutions are

actually successful at increasing civic participation or creating social cohesion, or that they do so at greater rates than their for-profit counterparts (Tierney, 2006). Presumably, it is the education itself and not the public nature of the funding or organization that generates such benefits, in which case the distinction of institutions becomes problematic. Perhaps the most salient question is how higher education's contributions to the public good can be ensured if nonprofit public production gives way to a for-profit market (Pusser, 2002). The fundamental mission of for-profit market production is to create private benefits for the producers and their customers, while the core mission of nonprofit production has been to create both public and private benefits.

Although self-interest remains central to a democratic polity, so too does the notion that individuals have common bonds that enable them to support philosophical and economic public goods such as national defense, the environment, and postsecondary education. The debate over the public good needs to ask whose good is being considered, and in consequence, whose is left out (Tierney, 2006). The term is also a debate about what is public and what is good.

Institutions of higher education operate as entities of public good and private enterprise around the globe, sometimes overtly and other times covertly, sometimes in unison and other times at odds. Panama is used as a case study to show how the public and private distinctions of higher education are blurred, most evident in the transnational higher education institutions operating in the country. The cases chosen are all U.S.-based transnational models due to Panama's historical ties with the U.S. The neoliberal influences, the resulting academic capitalism, and the ever-present rhetoric of the public good are present in all of these cases. These frameworks will allow me to situate these transnational institutions along a continuum of public and private, which will demonstrate the blurred public-private distinction and how crossing borders alters this distinction even further.

CHAPTER 4

METHODOLOGY

This study used a grounded theory method to assess U.S. cross-border higher education models in Panama. The purpose of the design was to include systematic yet flexible guidelines for collecting and analyzing data to construct theories grounded in the data themselves (Charmaz, 2006). The grounded theory method allowed for flexibility during the initial phase of the research, revealing new models of cross-border higher education unknown prior to arriving on-site. These new models were helpful in defining the selection of cases for the research design.

After determining the various models of cross border higher education in Panama, case study design (Yin, 2002) was utilized. The general case study design is appropriate as a research design when “a how or why question is being asked about a contemporary set of events over which the investigator has little or no control” (Yin, 2002, p.9). The revelatory case (Yin, 2002) is utilized when the researcher has access to a situation that was previously inaccessible to scientific observation and through which the descriptive information produced will be used to bring forth new insights. This study is the first of its kind to assess U.S. cross-border higher education models in Panama. The research seeks to analyze access, quality and outcomes of U.S. public, private, and for-profit higher education endeavors in Panama City, Panama.

The literature suggests that the transnational education phenomena can be viewed from various perspectives (McBurnie & Ziguras, 2007). Olssen and Peters (2005) use a neoliberal framework and claim that transnational education is evidence of the invisible hand of the market at work, efficiently allocating resources across borders. Critics such as Alderman (2001) defend

public good ideals and are wary of the commercialization of higher education and tend to see the development of offshore education as a threat to the very existence of national public education systems that are forced into competition with foreign intruders. Others argue (Scholz, 2003) that transnational education is a means for developing countries to boost the capacity of their education systems by accessing the world's most advanced education systems, thereby accelerating the process of human capital building and therefore economic development.

These perspectives represent very different ideals of higher education: neoliberalism, which emphasizes the centrality of global markets, and the public good, which sees the state as key to maintaining public higher education in order to ensure the social and economic welfare of the citizenry of the nation. My cross-border models will be evaluated using the theory of academic capitalism (Slaughter & Leslie, 1997; Slaughter & Rhodes, 2004), which looks at the processes by which universities move away from public good models toward neoliberal market models, to see in what direction the various models represented in the cases are moving. I will focus on three main areas: access (cost, admissions requirements, and socio-economic status (SES) of students), perceptions of the quality of programs offered (part-time to full-time faculty ratios, classroom observations, faculty and student interviews and focus groups), and perceptions of likely outcomes and benefits from degree attainment. These three areas with an understanding of how students, faculty, and administrators see these areas will provide insight in the several cross-border models: whom they are serving, the quality of the education offered, and what outcomes these U.S. degrees provide graduates. If a cross-border model is moving to the neoliberal market, we would expect high cost for high SES students, who would get high-paying jobs, perhaps internationally. If a cross-border model is moving to the public good, we would

expect access for a more differentiated student body who would major in a number of fields, many concerned with social welfare, and remain in Panama.

Panama is chosen as the site for this research for a number of reasons. First, most cross-border higher education activity in world is occurring in the Middle East and Asia. These regions have provided significant incentives to U.S. higher education institutions to export their degree programs and/or create branch campuses abroad. Very little research has been conducted on cross-border cases in Latin America. Second, I am fluent in Spanish and I was able to utilize my second language skills during my research when necessary. Third, Panama has a long history of at least one U.S. institution of higher education in operation. The U.S. occupied Panama in 1903 with the signing of the Hay-Bunau-Varilla Treaty, and the Department of Defense contracted with Florida State University in 1957 to offer courses and degree programs to U.S. military personnel and their dependents. In 1998, Panama began the City of Knowledge project. This knowledge hub development model had received considerable press in the Middle East, but little attention has been given to the knowledge hub in Panama. All these factors made Panama a good site for this research on U.S. cross-border higher education models.

Data Collection Strategies

This study uses qualitative methodologies of research. I used interviews as the main method of data collection, supplemented by document analysis and observation. I followed Patton's (2002) design for semi-structured interviews with an interview guide and flexibility to probe. Conversational interviewing also occurred depending on the participant's response during the interview. All interviews are recorded, transcribed (and in some cases also translated from Spanish), and coded for thematic analysis.

Grounded theory drove the data collection constructed from document analysis, classroom observations, interviews, and focus groups, as indicated in Table 2.

Table 2: Summary of Classroom Observation, Interview and Focus Group Data Collection

Data Collection	FSU-Panama & City of Knowledge	Quality Leadership University	For-profit Universities (ULACIT, UIP, UDI)	TOTAL
Classroom Observation	10	10	ULACIT – 21 UIP – 33 UDI – 11	85
Focus group	1	3	ULACIT – 0 UIP – 0 UDI – 1	5
Interview	28	14	ULACIT – 13 UIP – 12 UDI – 7	74

The multiple information sources allow for triangulation of data and compensates for possible deficiencies in one or another data collection strategies (Yin, 2002). Triangulation of data also allows for increased reliability of the data. The document analysis and classroom observations provide general descriptive data on the cross-border models studied. The in-depth interviews and focus groups provide qualitative data on perceptions about the U.S. degree programs operating in Panama and the implications for graduates. I analyzed administrators' and students' perceptions of access, quality, and outcomes, as well as documents that spoke to the goals and objectives of U.S. degree program operations in Panama.

I used induction as my analytic approach. For the inductive analysis I focused on three main areas of inquiry regarding the different models of U.S. cross-border higher education in

Panama: access, quality, and outcomes. However, other themes emerged from the interviews related to competition, identity, and culture.

Grounded theory is inductive and theory evolves as the data are collected and explored; it may be neither possible nor advisable to establish the precise sample size beforehand. Strauss and Corbin (1998) stress that several forms of sampling are appropriate at various stages of the study. The trick is to choose participants who can contribute to an evolving theory, participants whose main credential is experiential relevance. Other representatives of the grounded theory recommend beginning with perhaps five or six participants who have been selected because they seem to have the phenomenon of interest in common, a process called homogeneous sampling (Glaser & Strauss, 1967). Participants who are different from the initial sample are added only if they represent some quality that emerges as significant for understanding (and perhaps generalizing) the phenomenon under study.

Data Collection

I am an alumna of Florida State University (FSU) and International Programs, but I did not personally know any of my interviewees. I am an insider because I know how FSU's International Programs are operated from the perspective of a former participant. However, I am an outsider because I knew nothing of how FSU operates its branch campus in Panama or how it perceives this operation. I was an outsider for the City of Knowledge, the for-profit institutions, and Quality Leadership University; I knew nothing about these operations prior to conducting my research. They emerged as distinct models of cross-border education delivery in Panama. The motivations for my research are embedded in my belief that higher education is crucial for economic development in Latin America, and I wanted to conduct research to examine how these models of higher education contribute to Latin America, specifically Panama.

The research began with document analysis, an interview with each of two administrators, and an interview with an undergraduate student at the main campus of FSU in Tallahassee, Florida during the fall of 2007. FSU's branch campus had long been in operation in Panama and was the first case identified for this study. The research conducted in Tallahassee provided an in-depth look at what administrators perceived to be the motivations of the branch campus operations in Panama from the view of the main campus in the U.S.

The administrators were selected because they were in the International Programs office and interacted most frequently with the Panama branch campus. The undergraduate student was a past participant in study abroad at the Panamanian branch campus and was recommended by the International Programs office. Each interview lasted between 30-55 minutes and was audio recorded. These participants were chosen purposefully to help provide a perspective on my research questions.

After this initial research was conducted in Tallahassee, the research proposal was written during the spring of 2008. I originally proposed studying the branch campus of FSU-Panama, the MBA program of Florida International University, and three for-profit institutions owned by U.S. companies or investment groups (Universidad Interamericana de Panama (UIP), Universidad Latinoamericana de Ciencia y Tecnologia (ULACIT), and Universidad del Istmo (UDI)). The FSU-Panama case and the three for-profit cases remained cases throughout the research. The City of Knowledge was also identified as a model I wanted to research prior to arrival and remained as a subject of inquiry. However, the MBA program of Florida International University revealed a new model of cross-border higher education, unknown prior to arrival on-site to conduct research. This MBA program was one of a number of U.S. degree programs operating in the case of Quality Leadership University.

I arrived at Panama City, Panama in August of 2008. I began with three interviews at the City of Knowledge with administrators in the academic department of the administration, and later interviewed another high-level administrator at the foundation. After speaking with these key administrators in the academic department, I realized that the presence of U.S. university degree programs was minimal, with the exception of FSU. One other U.S. university with a presence in the City of Knowledge is the University of South Florida (USF). I interviewed administrators of the USF office. USF does not offer degree programs locally and mainly serves as an office to facilitate study abroad and research opportunities for USF students.

I then focused my research on FSU-Panama. I had already conducted some interviews at the main campus in Tallahassee and was given the contact information for the administration of the branch campus by the International Programs office. I reached out to the administration of FSU-Panama and they facilitated my contact with other administrators at the branch campus to conduct classroom observations. For FSU-Panama and all other cases, I observed a minimum of 10 classes. I employed intentional sample selection criteria by choosing courses in a variety of disciplines with the intention of getting a more diverse sample. During the week of September 15, 2008, I observed 10 different classes, listed below in Table 3.

I also conducted a focus group with 10 FSU-Panama students. I provided donuts. I sent out a call for participants through the FSU email listserv with the assistance of administrators and approached various students in the halls and after classes to solicit their participation in the focus group. The group was comprised of a mix of students: Panamanian, Colombian, Venezuelan and U.S. study abroad students. I also conducted individual interviews with eight FSU-Panama students, lasting between 20-50 minutes. I asked these students if they were interested in speaking with me further after an informal conversation in the hall, student lounge,

Table 3: FSU-Panama Classroom Observations

Date	Title	Instructor	Time	Days	Requirements	Room
Mon., Sept. 15	Biological Science	M.	10:30-11:45am	MW	LS5/CS/ES	203
Mon., Sept. 15	Economics of Development	R.	4:00-5:15pm	MW	IA/LA/SS	201
Mon., Sept. 15	History of the Caribbean	Y.	5:30-6:45pm	MW	X/IA/LA/SS	201
Tues., Sept. 16	Special Topics: Urbanization Issues in Panama	A.	9:00-10:15am	TR	ES/GEO/SS	203
Tues., Sept. 16	Freshman Reading, Writing and Research	K.	10:30-11:45am	TR	LS2	202
Tues., Sept. 16	General Psychology	D.	1:00-2:15pm	TR	LS3/PSY Minor	201
Tues., Sept. 16	Environmental Issues in Geology	E.	2:30-3:45pm	TR	LS5/W/ES	204
Tues., Sept. 16	Religious Ethics and Moral Problems	N.	4:00-5:15pm	TR	LS4/W/X/IA	203
Wed., Sept. 17	College Algebra	O.	9:00-10:15am	MW	LS1	307
Mon., Sept. 22	Politics of Developing Areas	T.	1:00-2:15pm	MW	X/IA/LA/SS	201

or after class. The following week I conducted 10 faculty interviews, each lasting between 40-60 minutes. I used a semi-structured interview guide, but allowed for conversational interviewing when possible. I used intentional sample selection criteria. After observing the classes the week prior, I approached the professors after class, thanking them for allowing me to observe and asking if they would be interested in participating in an interview. I also interviewed high-level administrators at FSU-Panama.

I spent time in the Roberto Chiari library, the library of the Panama Canal Authority, which houses a collection from the Canal Zone period. There I researched the history of FSU Panama and other institutions of higher education, namely the Panama Canal College and its origin. I requested and received enrollment figures from FSU-Panama, but the library was unable to provide graduation rate information.

During my interviews at FSU-Panama, students repeatedly mentioned the institution Quality Leadership University (QLU). A few of them were taking courses at both institutions, though some complained that the transfer of credit was not a simple process. After speaking with participants about the institution and conducting some research on the web, I discovered that QLU would be an interesting case for study and fit within the parameters of my selection for case study institutions.

QLU acts as third party partner for U.S. universities to franchise their degree programs abroad to students locally. Since the time of research, QLU has also partnered with universities in other countries besides the U.S. The U.S. universities still meet their accreditation standards by sending faculty from the main campus to teach in intensive modules during the summer and by contracting local adjunct professors to teach during the semester programs. All professors must adhere to the syllabi provided by the respective departments on the main campus of the U.S. university. The QLU model was an unforeseen case study for this research until arrival in Panama.

At QLU I spoke with the owner and rector. He agreed to submit the institution as a case in my research and facilitated the course schedule so I could begin with classroom observations. During the week of September 29 and the following Monday, October 6, I conducted 10

classroom observations of the undergraduate courses, listed in Table 4 below. I also briefly observed a course in the FIU MBA program, not listed below.

The administration at QLU sent out an email to their student list requesting participation in my focus group. I conducted three separate focus groups: one with four Florida International University (FIU) MBA graduate students on September 20, one with 11 undergraduate students in either the University of Louisville or Towson University undergraduate degree programs on October 1, and one with three graduate students in the Master's in Engineering Management with the University of Louisville on October 11. I provided pizza for all of the focus groups. I also conducted two separate individual interviews with students.

Table 4: QLU Classroom Observations

Date Observed	Title	Instructor	Time
Mon., Sept. 29	COSC 111	M.	8:00-9:45am
Mon., Sept. 29	POLS 319	Z.	10:00-11:45am
Tues., Sept. 30	MATH 111	H.	8:00-9:45am
Tues., Sept. 30	ENGL 102	A.	10:00-11:45am
Wed., Oct. 1	PSYC 201	D.	8:00-9:45am
Wed., Oct. 1	ECON 202	J.	10:00-11:45am
Thurs., Oct. 2	LEGL 225	O.	8:00-9:45am
Thurs., Oct. 2	ACCT 201	N.	10:00-11:45am
Mon., Oct. 6	MNGT 381	G.	8:00-9:45am
Mon., Oct. 6	MNGT 441	F.	10:00-11:45am

During the month of October I also conducted nine faculty interviews. I approached professors after conducting classroom observations, inviting them to participate in an interview. Six of the interviews were with local adjunct faculty members, some of which also taught as adjunct faculty at FSU-Panama. One interview was by phone with a faculty member at the University of Louisville, and another interview was with a U.S. professor from the University of Louisville in Panama at the time. I also interviewed a former administrator in the international programs office at the University of Louisville by phone, and high-level administrators locally at QLU.

There are numerous national holidays throughout November in Panama, and I reserved the majority of that month to conduct document analysis. I visited the Contraloría General de la República de Panamá, the Biblioteca Nacional de Panamá, the library at the Smithsonian Tropical Research Institute (STRI), and the Roberto Chiari library of the Panama Canal Authority. The research conducted at the Contraloría focused on statistics kept by the government related to enrollment numbers and graduation rates of universities. The data is dependent on what the universities submit, and most of the information was incomplete. At the National Library, STRI, and the Chiari library, I researched in the archives for information related to past U.S. institutions of higher education operating in Panama and/or in the Canal Zone.

At the end of November I began research with the for-profit institutions. I began with the two Laureate universities: the ULACIT and the UIP. I received approval from Noemí Castillo, the rector for both universities owned by Laureate to conduct the research. She facilitated the class schedule information for both the ULACIT and the UIP so I could conduct my classroom observations. I observed a greater number of classes at each of these universities due to the larger

size of their academic offerings and enrollment. Josselson and Lieblich (2003) agree that saturation, the stopping of data collection when the results start to become redundant, is the key determinant of sample size. They caution, however, that real saturation never occurs because each new respondent has something unique to contribute to the study. Because of their size, these for-profit institutions required more classroom observations before reaching a saturation point. During the weeks of November 24 through December 13, I observed 21 classes at the ULACIT, listed below in Table 5.

Table 5: ULACIT Classroom Observations

Date Observed	Title	Degree Program	Instructor	Time	Room
Wed., Nov. 26	Negotiation and Conflict	Global Business	U.	8:00- 10:15am	223
Wed., Nov. 26	Macroeconomia	Bachelor's in Business Admin.	E.	10:30am- 12:45pm	107
Thurs., Nov. 27	Contabilidad Basica I	Bachelor's in Business Admin.	P.	8:00- 10:15am	108
Thurs., Nov. 27	Pensamieto Critico	Bachelor's in Business Admin.	C.	10:30am- 12:45pm	108
Fri., Nov. 28	Historia de Panama	Bachelor's in Business Admin.	O.	8:00- 10:15am	107
Fri., Nov. 28	Metodo de Investigacion	Bachelor's in Business Admin.	Z.	10:30am- 12:45pm	107
Fri., Nov. 28	Fisica I	Ciencia	Y.	6:00- 8:00pm	214
Tues., Dec. 2	Matematica Financiera I	Bachelor's in Business Admin.	G.	8:00- 10:15am	107
Tues., Dec. 2	Desarrollo Sostenible	Bachelor's in Business Admin.	D.	10:30am- 12:45pm	107
Tues., Dec. 2	Tecnicas de interiores	Diseño	H.	8:10- 10:10pm	123
Wed., Dec. 3	Circuitos Lógicos	Informatica	S.	6:00- 8:00pm	117

Wed., Dec. 3	Teleinform. Aplic. I	Informatica	B.	8:10- 10:10pm	218
Thurs., Dec. 4	Admin. y Planea. De la cal	Industria	Y.	6:00- 8:00pm	203
Thurs., Dec. 4	Lab de ciencias de los materiales	Industria	M.	8:10- 10:10pm	LBCM
Fri., Dec. 5	Gestion de Empresas del T	Ingenieria	G.	6:00- 8:00pm	125
Tues., Dec. 9	Sistemas de Informacion Gerencial	Postgrado en Administracion Estrategica	X.	8:00- 10:00pm	237
Wed., Dec. 10	Estrategia de Mercadeo	MBA enfasis en Mercadeo	R.	6:00- 8:00pm	235
Wed., Dec. 10	Teoria y Politica Organizacional	Postgrado en Administracion Estrategica	Q.	8:10- 10:10pm	237
Thurs., Dec. 11	Semiario de Ciencia y Tecnologia	Maestria en Gestion Ambiental	I.	6:00- 8:00pm	
Thurs., Dec. 11	Sistemas Financieros y Mercados de Capital	MBA con enfasis en Mercadeo	T.	8:10- 10:10pm	
Sat., Dec. 13	Resolucion de conflictos Internacionales	Maestria en Mediacion, Negociacion, y Arbitraje	C.	10:00am- 1:00pm	

It was more challenging to recruit students for focus groups at the ULACIT. The administration was not willing to send an email out to students. The student body at these institutions was much larger than at FSU-Panama and QLU. I was able to conduct two individual interviews with students and have informal conversations with students after class, in the hallways, and in the cafeteria. Students were more difficult to interview due to the lack of assistance from the university to promote the focus group and due to the large proportion of the student body that works and spends little extra time on campus. It was also more challenging to secure interviews with professors. I approached professors after classroom observations to invite participation in an interview, but few were interested. Although I attempted to interview 13 professors, I was able to conduct interviews only with seven. Professors seemed to be in a hurry to teach their next class, which was not always held at the same university. I interviewed four university administrators: the rector and several deans of departments.

At the UIP I conducted 32 classroom observations from the week of January 26 through February 20, 2009, at both the undergraduate and graduate campuses of the UIP, given below in Tables 6 and 7:

Table 6: UIP Undergraduate Classroom Observations

Date Observed	Code	Course Name	Degree Program	Instructor	Time	Room
Wed., Jan. 28	LPS 502	Neuroanatomia Humana	Psicologia	F.	10:30am- 12:45pm	204
Wed., Jan. 28	LCS 301	Intro. a la Comunicacion	Comm., Mercadeo, y Diseno	Z.	5:30- 7:45pm	16 TD
Wed., Jan. 28	SSD1	Intro. a Sistemas de Computadores	Sistemas Computacionales	B.	8:00- 10:15pm	302
Thurs., Jan. 29	LCS 305	Redaccion para Medios de Comm. I	Comm., Mercadeo, y Diseno	R.	8:00- 10:15am	201
Thurs., Jan. 29	AMC 101	Matematica Basica	Negocios - Maritima y Portuaria	D.	10:30am- 12:45pm	104
Thurs., Jan. 29	LPS 503	Psicologia General I	Psicologia	L.	5:30- 7:45pm	13 TD
Thurs., Jan. 29	IQU 001	Quimica General	Ingenierias	S.	8:00- 10:15pm	206
Fri., Jan. 30	AMC 105	Comunicacion Escrita	various	R.	8:00- 10:15am	204
Fri., Jan. 30	LEP 409	Principios de Publicidad	Comm., Mercadeo, y Diseno	E.	10:30am- 12:45pm	205
Fri., Jan. 30	AMC 124	Informatica para la Admon.	various	V.	5:30- 7:45pm	LC-2
Mon., Feb. 2	PDA 013	Admon. de Medios Digitales	Sistemas Computacionales	L.	8:00- 10:15am	LC-4

Mon., Feb. 2	LSC 010	Logica de Programmacion	Sistemas Comp. - Ingenierias	B.	10:30- 12:45pm	102
Mon., Feb. 2	IBI 101	Calculo Dif. E Integral I	Ingenierias	R.	5:30- 7:45pm	104
Mon., Feb. 2	LSG 001	Sistemas y Metodos	Sistemas	B.	8:00- 10:15pm	502 TB
Tues., Feb. 3	LAMP 101	Teoria y Operacion de Buques	Maritima y Portuaria	C.	8:00- 10:15am	104
Tues., Feb. 3	AMC 140	Raices y Trad. del Hombre Panameno	Ingenierias	S.	10:30am- 12:45pm	101
Tues., Feb. 3	AMC 103	Administracion General I	various	P.	5:30- 7:45pm	305 TB
Tues., Feb. 3	ITR 001	Elem. Basicos de Tec. Int.	Ingenierias	W.	8:00- 10:15pm	202 TB
Wed., Feb. 4	IBI 103	Fisica I	Ingenierias	L.	8:00- 10:15am	101
Wed., Feb. 4	AMC 119	Estadistica I	Sistemas Computacionales	M.	10:30am- 12:45pm	206
Wed., Feb. 4	AMC 102	Contabilidad I	Negocios	C.	5:30- 7:45pm	206
Wed., Feb. 4	LPS 501	Bases Biologica de la Cond. Humana I	Psicologia	P.	8:00- 10:15pm	701
Thurs., Feb. 12	AMC 125	Matematica Financiera I	Negocios	D.	10:30am- 12:45pm	705

Table 7: UIP Graduate Classroom Observations

Date Observed	Code	Course Name	Degree Program	Instructor	Time	Room
Wed., Feb. 11	MSI 1012	Administracion de Seguridad Informatica	Master's in Gerencia de Sistemas	U.	6:00- 9:00pm	2
Thurs., Feb. 12	MGE 2401	Ingenieria Empresarial	MBA con enfasis en Gerencia Estrategica	A.	6:00- 9:00pm	7
Sat., Feb. 14	MRH 4409	Sistemas de compensacion salarial	MBA con enfasis en Recursos Humanos	H.	7:00- 10:00pm	22
Sat., Feb. 14	EDU 016	Aprendizaje	Master's in Education with esp. en Psicopedagogia	G.	10:00am- 1:00pm	1
Sat., Feb. 14	MAC 9301	Direccion Estrategica	MBA	K.	2:00- 5:00pm	4
Mon., Feb. 16	MAC 9101	Induccion General	MBA	L.	6:00- 9:00pm	21
Tues., Feb. 17	MDP 005	Medios Probatorios	Master's in Derecho Procesal	Z.	6:00- 9:00pm	11
Wed., Feb. 18	MAD 3005	Resolucion Alternativa de Conflictos	Master's in Law (all 3 programs)	Y.	6:00- 9:00pm	4
Thurs., Feb. 19	MGP 100	Gerencia de Proyectos	Master's in Gerencia de Proyectos	V.	6:00- 9:00pm	26
Fri., Feb. 20	MCC 1002	Contabilidad Gerencial	Master's in Accounting with esp. in Gestion Tributaria y Fiscal	L.	6:00- 9:00pm	7

It was also challenging to recruit students for focus groups at the UIP. Again, students were more difficult to interview for the same reasons as at the ULACIT. I was able to conduct three individual interviews with students and have informal conversations with students after class, in the hallways, and in the cafeteria. I was able to interview eight professors from the UIP. I interviewed three university administrators, all of whom were deans of various academic departments.

During the week of March 16, I continued my research with the for-profit institutions and began research with the Universidad del Istmo (UDI). I observed 11 classes at UDI, shown in Table 7. It was also challenging to recruit students for interviews at the UDI. I was able to conduct one focus group with five students, at the end of a class observation. They were encouraged by the professor. I was able to interview eight professors from the UDI. I interviewed three university administrators; one of them was the rector. This concluded my classroom observations, student focus groups, and interviews with professors and administrators.

I was given the opportunity to have desk space at the Instituto de Estudios Nacionales (IDEN) at the University of Panama (UP). During my time there, I was able to have informal conversations with UP faculty members and students. I conducted interviews with one faculty member and two high-level administrators, one in the office of Extension that approves the operation of other universities in the country, the other in the office of Research.

I also conducted interviews with high-level administrators at organizations and institutions in Panama that worked with higher education. The Consejo del Sector Privado para la Asistencia Educativa (COSPAE) is a not-for-profit organization that represents the private sector in the education sector. I wanted to learn about the private sector interests with regards to education initiatives in Panama. The Secretaria Nacional de Ciencia, Tecnología e Innovación

Table 8: UDI Classroom Observations

Date Observed	Course Name	Degree Program	Instructor	Time	Room
Mon., Mar. 16	Informacion de Sistemas Gerenciales	Post-grado Alta Direccion	R.	6:00-9:00pm	118
Wed., Mar. 18	Operaciones Portuaria	Bachelor's in Maritime Sciences	M.	5:30-7:45pm	107
Wed., Mar. 18	Derecho	Bachelor's in Law and Political Science	B.	7:45-10:00pm	115
Thurs., Mar. 19	Etica Empresarial	Bachelor's in Administration	I.	10:15am-12:30pm	118
Wed., Apr. 1	Programmacion	Bachelor's in Engineering	O.	5:30-7:45pm	Lab 1
Wed., Apr. 1	Locucion y Expresion Oral	Bachelor's in Communications	Y.	7:45-10:00pm	207
Thurs., Apr. 2	Introduccion al Turismo	Bachelor's in Tourism	F.	5:30-7:45pm	112
Thurs., Apr. 2	Fisica II	Bachelor's in Engineering	S.	7:45-10:00pm	209
Fri., Apr. 3	Historia de Panama	general req.	G.	8:00-10:15am	107
Fri., Apr. 3	Metodologia de la Investigacion	general req.	B.	10:15am-12:30pm	105
Tues., Apr. 21	Introduction to Economics	Bachelor's in Administration	A.	6:30-8:00pm	GL room

(SENACYT) is an autonomous government institution charged with strengthening the development of science, technology, and innovation in Panama to increase productivity, competitiveness, and modernization in the private sector, government, and higher education. With little research being conducted at local universities, I wanted to learn about the projects and challenges for SENACYT. The Consejo Nacional de Evaluación y Acreditación Universitaria de Panamá (CONEAUPA) is the result of Law 30, which designated this accreditation body over higher education in Panama. At the time of research, they were determining how the body would actually enact accreditation standards and policies. The Consejo de Rectores is an association of rectors from select universities in Panama with the objective of ensuring that the higher education system graduates professionals who are entrepreneurial, innovative, and working for the collective good. The Ministry of Education is charged with oversight and coordination of the country's education system. I was interested to learn more about the role they play in higher education matters in the country. All of these interviews were to help give me context to the system of higher education in Panama.

The document analysis included review of legislative and regulatory documents, public registry records, newspaper articles, websites, and other mass media communication. These documents included statistics from 1990-2008 on demographics, GDP per capita, average salaries relative to degree of education, university enrollment and what data was available on graduates.

The three main themes of access, quality and outcomes, surfaced due to the wording of my protocol, and other themes emerged in the analysis of each case related to competition, identity, and culture. I adapted my analytic approach from Charmaz's (2006) guidelines for coding, beginning with a line-by-line coding to gain a general thematic analysis. I then engaged

in the constant comparative method (Glaser & Strauss, 1967) to establish analytic distinctions and thus make comparisons at each level of analytic work. This method helped me develop preliminary findings to my research questions, while focused or axial coding is necessary for a larger amount of data (Charmaz, 2006). I then used deductive coding for my research, involving theories of market economics, academic capitalism, and philosophies of the public good to inform my research. Overall, this analytic method allowed me to approach the data in a very pragmatic way. The induction allowed me to seek themes in the data, particularly those that were not part of my interview protocol.

A potential limitation of the study is the decision to conduct the research as predominantly qualitative case studies where the findings are not generalizable. Descriptive statistics providing data regarding enrollment and graduation rates would serve as a nice complement to the research. However, the institutions studied either had very poor record-keeping of enrollment and graduation rate data, or they simply were not willing to share it. I included what I was able to obtain from the universities and the national government data office. There were also gaps in public records, particularly related to statistics. Due to the fact that this area of research is under-studied, a case study served as a tool to provide a richness of description and breadth not captured by alternate methodologies (Yin, 2002). The research presented in this study will hopefully impact future studies related to cross-border higher education around the globe.

Bias is also a potential limitation of the study. The interpretation and analysis of all documents, observations, and interviews were filtered through my own personal bias. As a researcher born, raised and educated in the U.S. higher education system, my tendency was to compare U.S. norms with Panamanian norms. This is somewhat relevant, since the institutions of

study have origin in the U.S., but they do operate in a local environment unlike the U.S., with a local student population. In addition, the interview responses were filtered through the bias of the interviewee. While these biases cannot be eliminated, they are notable and acknowledged.

CHAPTER 5

A BRANCH CAMPUS IN PANAMA

Branch Campus Model

Branch campuses serve as points of access for students who would otherwise not have the opportunity to study at the main campus of an institution of higher education. It is estimated that 79% of students attend college in their home state, most within a few hours' drive of home (Fonseca & Bird, 2007). Many of these students are bound to particular localities because of financial constraints, family responsibilities, personal characteristics, cultural practices, lifestyle choices, or a combination of these factors. These are the types of students who benefit the most from educational opportunities within a 30-minute commuting range. Indeed, the explosion in college attendance by nontraditional students and the growth of branch campuses in the United States and abroad are intimately tied (Fonseca & Bird, 2007).

The distributed system of branches of four-year degree public universities is similar to the model used around the United States for community colleges. Two-year college systems have successfully brought associate degree educational opportunities into closer proximity for place-bound students, while branch campuses fulfill their own role in this expansion of opportunity, delivering the final two years of a four-year degree and subsequently increasing overall college enrollment.

The branch campus tends to uphold the same standards of quality as the main campus, such as overseeing the development of curriculum and hiring permanent faculty members. Likewise, there is also a permanent physical plant of the branch campus. There are, however,

also important differences between the main and branch campus. Branch campus faculty typically have a higher teaching load and less opportunity to conduct original research. This often leads to challenges for the main campus when needing to review promotion and tenure cases for branch campus faculty. The branch campus also typically has open or less rigorous admission policies, while the main campus likely has more selective admission. This sometimes leads to the perception of variable quality between the main and branch campus. The official outcome, however, is the same for graduates of both campuses, the same degree from the same institution.

Over the last several decades, U.S. universities have increased their efforts to develop branch campuses in their own states to reach underserved student populations. The branch campus model, however, is not limited by regional or national boundaries. The growth of U.S. branch campuses is also occurring internationally. U.S. education outposts are appearing across the globe as an emerging internationalization practice, specifically in the Middle East, Asia, and Latin America. Heralded as important contributors to internationalization efforts by both governmental and nongovernmental organizations, overseas campuses have increased in number, size, and prestige over the past decade (Verbik, 2007; Green, Kinser & Eckel, 2008). Florida State University (FSU), for instance, has a regional branch campus in Panama City, Florida. At the same time, it also has an international branch campus in Panama City, the Republic of Panama.

This chapter will explore the cross-border branch campus model with Florida State University - Panama (FSU-Panama) as a case study. As documented in the American Council on Education (ACE) 2007 report, the motivations for cross-border branch campuses are push/pull relationships. This chapter will explore these motivations defined by ACE to pinpoint the

specific push/pull factors related to the history and development of FSU in Panama. The factors that push institutions into the transnational higher education market are often linked to goals such as pursuing and diversifying revenue sources, enhancing prestige, advancing internationalization, and advancing a service mission. The opportunities that pull these same universities abroad include increased foreign demand for higher education, the appeal of acquiring a U.S. education while still at home, favorable foreign government policies, and the increased demand for English-language instruction and employment opportunities around the world. The case of FSU-Panama specifically demonstrates the push/pull factors that lead U.S. universities to develop branch campuses abroad. In the case of Panama, FSU was pushed to expand into the region by its quest for internationalization and its mission to serve. Likewise, FSU was pulled to the country by a local population hoping to receive a U.S. degree without having to leave their homes on the Isthmus.

The data used for this chapter include documents, classroom observations, and interviews with faculty, administrators, and students from FSU-Panama's campus. Additional themes explored in the FSU-Panama case include access, quality, and outcomes. It is often difficult, for example, for middle- and lower-income Panamanians to gain access to this U.S. branch campus because of financial constraints and the language barrier. Program quality, however, compares favorably to that of the main campus, ensured by its separate Southern Association of Colleges and Schools (SACS) accreditation review. Moreover, Panamanian students who do get the opportunity to attend FSU's branch campus save exponentially on expenses associated with leaving their home country to study and enjoy smaller class sizes for their liberal studies requirements. The majority of students in Panama are also able to take advantage of the 2+2 scholarship program, which enables them to transfer to the main campus at an in-state tuition rate

if they maintain a 3.0 grade point average during their first two years at the branch campus. This creates a pipeline of international students to the main campus in Tallahassee during the third and fourth years, when enrollments often are lower at the main campus. Panamanian graduates typically return to their home country for work but frequently go back to the U.S. for graduate studies.

History

To properly understand FSU's role in Panama, a brief review of the historical context that brought FSU to the region is necessary. FSU began operation in the Canal Zone first, in various locales, and then later in Panama during the U.S. military withdrawal from the country, again in various locales until its present location within the City of Knowledge. The military withdrawal created an opportunity structure for private for-profit and non-profit entities to operate in the relatively weak state of Panama. At the time, the City of Knowledge idea was just becoming formalized and had not yet begun full operation in Clayton, but FSU-Panama was affiliated.

The Isthmus of Panama has a unique and often troubled history due to the extensive presence of the U.S. military since 1903. The U.S. government controlled an important strip of Panama's territory for almost a century. The U.S. Panama Canal Zone was a territory right in the middle of the Republic of Panama, consisting of the Panama Canal and an area extending 5 miles on each side and 50 miles long, though excluding the terminal cities of Panama City and Colón. Formally established on November 18, 1903 with the signing of the Hay-Bunau-Varilla Treaty, the "Zone," as it was often called, was exclusively controlled by the U.S. government, which had built the canal and financed its construction between 1903 and 1914. The U.S. government intended to use the Zone to defend and operate the Canal to support its growing commercial and military interests between the Atlantic and Pacific Oceans.

The Treaty also coincided with and guaranteed Panama's independence from Colombia; previously Panama was a state within the Colombian Republic. In November 1903, U.S. naval warships were positioned off the coast of Panama to support the Panamanian independence movement. However, after decades of U.S.-Panamanian disputes over the U.S. presence on the Isthmus, the Torrijos-Carter Treaties were signed in 1977, guaranteeing Panama control of the trans-oceanic canal and the Canal Zone after 1999, and establishing the neutrality of the canal under joint U.S.-Panamanian control from 1979-1999. The period between 1979 and 1999 would slowly prepare the Panamanians to manage the Canal and its infrastructure, a process known as the reversion.

Panama Canal College. There was no university on the Isthmus at the time that the Canal Zone Junior College was established. During the Spanish colonial period, a Jesuit university operated in Panama City: Universidad de San Francisco Javier. However, it only operated for a short time, from its founding in 1749 to the expulsion of the Jesuits by royal order from Panama in 1767. The next institution of higher learning was the College of Istmo, founded in 1824 and closed in 1903 as Panamanians gained their independence from Colombia. Not until 1935 was the University of Panama established.

The Canal Zone was used for military purposes and for the civilian administration of the Canal. Long-term U.S. American civilian residents called "Zonians" made up the core of the zone's population. The civilian count varied over the course of the 20th century, but was upwards of 40,000 during the construction of the Canal. After years of petitioning for access to a higher education by Zonians (Wilson, White, Smith, & Latimer, 1980), Governor Schley of the Panama Canal Zone established the Canal Zone Junior College in 1933. The primary mission of the Canal Zone Junior College was to provide general and liberal arts courses that could then be

transferred to colleges and universities in the U.S. In this sense, the Canal Zone Junior College operated like a U.S. community college, but in an overseas U.S. neocolonial instance.

A junior college in the Zone gave residents an opportunity to curb college costs and to complete an associate's degree without having to leave their families. The initial educational philosophy stated by the Canal Zone Junior College also had a focus on engineering to help fulfill the operational needs of the Canal. The first faculty members were graduates of prestigious universities such as Yale, Harvard, Columbia, and Stanford. In 1934, the Junior College was recognized by the American Association of Junior Colleges, and in 1941, the College was formally accredited by the Middle States Association of Colleges and Secondary Schools (MSACSS).

Leadership in the Canal Zone also recognized a demand to complete more than just two years of a higher education in the Zone. Zonians and Panamanians alike were seeking the opportunity to complete four years of a U.S. higher education in the Canal Zone. The Department of Defense sent out a call to institutions of higher education in the U.S. to operate degree programs in the Panama Canal Zone. Florida State University and Central Texas College began operation in the Canal Zone in the late 1950s, parallel to operation of the Canal Zone Junior College. Other U.S. universities would later operate in the Zone as well, such as the University of Oklahoma and Nova Southeastern University.

While the Junior College was primarily established for Zonians, it also opened its doors to Panamanians and citizens of neighboring countries with the hope of fostering intercultural tolerance among the student body. In 1954, the Canal Zone authorities implemented the Latin American school system. In this same year, the first black student, a Panamanian woman of West Indian descent named Consuelo Blake, enrolled in the Junior College.

In 1955, MSACSS re-accredited the Junior College. Enrollment grew from 188 students in 1955 to 1,324 in 1966, 25% of which were Panamanians (Wilson et al., 1980). Also during this time, Dean Charles L. Latimer extended the hours of courses to 9:30 p.m. to increase opportunities for part-time students, often adult members of the community. In 1955, part-time enrollment was at 38 students and climbed to 835 students by 1966.

In 1963, students, alumni, and residents of the Canal Zone and Panama alike began to request third-year courses. In response, the Canal Zone's Governor Fleming signed a plan that changed the name of the Junior College to the Canal Zone College. Also at this time, the academic credits from the College were accepted by Florida State University. The College established a new campus in La Boca to remove itself from Balboa High School, and avoid the perception that the College was merely two more years of high school. After an unsatisfactory accreditation visit from the MSACSS in 1965 due to issues of autonomy and governance, the College made improvements and received its reaccreditation in 1967.

As part of the gradual transfer of control of the Canal Zone after the Torrijos-Carter treaties, the College was transferred to the Department of Defense Dependents School System (as the only junior college in that system worldwide) on October 1, 1979, and renamed the Panama Canal College (PCC). PCC was reaccredited by the MSACCS in both 1979 and again in 1983. More than 5,000 students graduated from the College during its 66-year existence as a Canal Zone entity. A notable graduate, Demetrio B. Lakas, served as President of the Republic of Panama from 1969-1979. In his address at the 45th commencement exercises of the College, he expressed gratitude that Panamanians were able to enroll in a U.S. institution of higher education, often with the help of scholarships. He praised the College as an institution that

fostered goodwill between the two countries and provided opportunities to Panamanians in workforce development.

With the signing of the Torrijos-Carter Treaties in 1977, Panamanian leaders were left with the challenge of capitalizing on the infrastructure that would remain from the reverted military bases, while also creating a new identity and productive use for these areas. Numerous proposals regarding the future of the Panama Canal College and the reverted areas were sent from international non-governmental organizations, the Panamanian and U.S. government, and both U.S. and Panamanian leaders.

In 1990, the New England Board of Higher Education (NEBHE) sent a team to Panama to prepare its report on establishing the University of Central America and Panama (UCAP). In 1992, the NEBHE team delivered its report for the establishment of the University of the Americas (UA). In 1993, the Panamanian National Assembly created the Interoceanic Regional Authority (ARI) by adopting Law Number 5. By June of 1994, ARI recognized the Private Sector Council for Educational Assistance (COSPAE), a non-governmental organization charged with representing the private sectors interests related to education, as the organization with the adequate proposal to manage the Panama Canal College.

In 1994, well-known Panamanian businessman Fernando Eleta Almarán proposed the creation of a Socratic Square, a center for knowledge exchange, turning what was then the Panama Canal College into the University of the Americas (Ciudad del Saber website). At that time, the Foreign Affairs Minister, Gabriel Lewis Galindo, had already contemplated transforming the U.S. military bases for the purpose of a City of Knowledge. President Pérez-Balladares authorized organization of the City of Knowledge Foundation, and in December of 1994, presented the idea at the Summit of the Americas held in Miami. His proposal included a

list of learning centers to operate independently of each other in The City of Knowledge: Latin-American Center for Asian Studies, International Center for High Technology in the Computer Sciences, International Training Center, Center for Maritime and Port Studies and Research, Center for Tropical Studies, International Center for Health Services, and the University of the Americas.

The vision was to transfer the Panama Canal College to the City of Knowledge as a private not-for-profit institution, serving as a full service U.S.-style community college with traditional transfer students, certificate/degree technical education, continuing education, and contract education. A series of publications were released by different organizations about the City of Knowledge and higher education's role in the project. In 1996, a UNESCO document was published, "The City of Knowledge: A possible utopia." The Academy for Educational Development's proposal for the establishment of the InterAmerican College of Panama (ICP) and the InterAmerican University Consortium of Panama (IUCP) also became public. The idea was also supported by a feasibility study funded by the United States Agency for International Development (USAID), with the involvement of the Interoceanic Authority of the Region (ARI), City of Knowledge Foundation, and the Panama Canal Commission. The challenges identified were lack of knowledge among Panamanians about the institution, the challenge of the community college concept in Panama, and the higher tuition rate. At the time of the feasibility study in 1997, approximately 1,500 Panamanian students a year studied in the U.S. of the approximately 8,356 students that graduated from Panamanian high schools annually.

In 1998 the American Department of Defense (DoD) ended operation of the Panama Canal College. It is unclear why the PCC was not transferred to the City of Knowledge, but considering that the PCC was established for Zonians and the reversion was ending in 1999, it is

possible that the DoD would not allow it to continue in the absence of a significant U.S. military presence. The proposal to transfer the College to the City of Knowledge failed, and Florida State University was granted use of the facilities at La Boca through transfer via USAID. The next section will discuss the FSU-Panama branch campus model, followed by a section that will explore the City of Knowledge model in depth.

Florida State University - Panama

Despite the changes implemented by Governor Fleming in 1964, the Panama Canal College continued to function mainly as a community college with a two-year degree program. The DoD sent out a call to U.S. universities for provision of higher education in the Zone. Louisiana State University was the original grantee of the bid, but since they were not desegregated at the time, and the U.S. military was, the bid went to the runner-up, Florida State University. The objective was to establish a program of undergraduate courses for transfer credit, under contract to the U.S. armed forces but open to Panamanians and also with Panamanians on its faculty and staff.

In 1957, FSU began to operate in Panama. By 1964, there were three permanent faculty members in addition to a number of adjunct members. Finally, in 1968 the program was converted into a degree-granting branch of the university in accord with standards established by the Southern Association of College and Schools (SACS). The most important of these standards assured that the instruction offered in Panama was equal in quality to that offered on the main campus in Tallahassee, Florida. The branch campus was required to have one half of its courses taught by members of a permanent faculty with academic rank at the parent institution, which was necessary for degrees to be conferred by the main campus (Leonard, 1999). In 1974, 1984, and 1994, SACS examiners visited the Panama branch as part of its general review of FSU's

branch campus system. They reaffirmed the branch's accreditation and certified that the Panama branch adhered to the standards of the main campus.

This history of accreditation became the basis of the University's successful petition to operate in Panama after the departure of the U.S. government in 1999. It was also the basis on which the university, with the support of the U.S. Embassy in Panama and the American Chamber of Commerce, lobbied successfully for the use of facilities in La Boca which formerly belonged to the Panama Canal College; as a dependency of the State of Florida, the branch campus could not purchase assets outside the state (Leonard, 1999). The vision to transfer the Panama Canal College to the City of Knowledge as the University of the Americas was unsuccessful, leaving the facilities at La Boca vacant. Also vacant was the role of a U.S. institution serving the purpose of a community college in Panama. Though FSU offered four-year degrees, many students completed only their first two years of their higher education before transferring to the main campus or another university in the U.S.

In the early 1990s, prior to the move to the campus at La Boca, FSU served as many as 1,100 students, mostly U.S. servicemen and women in their late twenties who received government support for tuition from the GI Bill, but also dependents of military personnel. Courses were mainly held at night between 5 and 10:30 p.m. and the campus was located in Albrook, a U.S. air force base on the Pacific side near the Canal. Panamanians also took advantage of the FSU branch campus. Some notable students included Mireya Elisa Moscoso Rodriguez, President of Panama from 1999 to 2004, and other cabinet members of the Panamanian government. Though outnumbered by U.S. students, Panamanians gained access to a U.S. higher education without leaving their home country. The FSU branch campus that exists

in Panama today developed from this rather complicated history of U.S. imperial power, which culminated in Panama's successful effort to establish a sovereign and productive republic.

In 1996, FSU opened an office in Corozal in the Zone, due to the DoD's decision to distinguish between lower and upper division courses. The lower division courses would be provided by Central Texas College, which had been operating in the Zone since 1980, and FSU would provide the upper division courses. Nova Southeastern University also began operating in 1982 and the University of Oklahoma in 1984 to offer U.S. graduate degrees in Panama. The University of Oklahoma offered a Master's in Educational Psychology and another in Business Administration, while Nova Southeastern University offered a TESOL Master's degree.

Despite the DoD's decision, FSU did not want to discontinue offering lower division courses in Panama completely, and decided to offer them outside of the Zone. The Rector of FSU-Panama at the time, Dr. Quiroz, had good relations with the Chinese-Panamanian Cultural Center in El Dorado, and FSU was able to rent space on the third floor in the evenings. The Panamanians who enrolled at FSU-Panama were non-traditional adult students, typically active in the work force. Few traditional-age students enrolled in this program.

Dr. Quiroz retired in 1996 and the new Rector, Dr. Frederick Jenks, was based in Tallahassee, Florida. There were eight permanent faculty members and 25 adjunct faculty members at this time. The campus was active in research and teaching. However, the military population was declining at this time as the withdrawal of U.S. military forces was under way. An increasing proportion of the student population was comprised of international students residing in Panama whose parents worked in international banking (Panama has over one hundred), the free-trade zone in Colón, or were employed by the Panama Canal. The student demographic was shifting as a result.

After control of the Panama Canal transferred to the Republic of Panama in 1999 and the U.S. military withdrew, uncertainty surrounded the future of the branch campus. FSU-Panama had to choose whether it would also withdraw from Panama or continue its operation for a local and regional student population. While ridding themselves of U.S. military control on the Isthmus, Panama's leaders still had an interest in developing U.S. educational opportunities in the region. As a result, FSU chose to continue its degree programs in Panama and legally created a Panamanian private university called FSU-Panama. In June of 2000, members of the permanent faculty ceased to be employees of Florida State University and became employees of FSU-Panama. The same professors with the same qualifications were teaching the same courses to the same students, but the structure that governed their relations with the university had dramatically changed shape. The contract between FSU and FSU-Panama stated that whenever possible FSU-Panama will follow procedures currently at the main campus in Tallahassee. Yet at the same time, no rules or guidelines for tenure and promotion would exist at FSU-Panama.

The branch campus would primarily serve Panamanians and other students from neighboring countries, such as Colombia and Venezuela. Dr. Jenks, director of college programs at FSU, including the Panama branch, had persuaded Panamanian education officials to allow FSU to lease the campus of the Panama Canal College in La Boca. FSU-Panama also successfully petitioned to operate in Panama as an affiliate of the City of Knowledge. With the educational space that the close of the Panama Canal College left behind, U.S. promoters, such as Dr. Jenks, and Panamanian educators envisioned an expanded role for FSU's Panama branch.

The student population decreased to about 300 students in 1999, and then stabilized to around 600 students annually from 2000-2006. The student demographic also changed drastically in 1999. The enrollment was no longer primarily adult students. The new student

body, made up of mostly Panamanian residents and some international students, was younger than previous cohorts. Most of the students were now recent high school graduates. Also, students from the main campus began to attend the branch campus for a study abroad experience. The academic calendar changed due to the end of the military contract and returned to the semester system of the university. In addition, the majority of the classes changed from night to daytime hours, with the goal of attracting more traditional age students to the institution.

Dr. Jenks retired in 2000, allowing for an administrative restructuring in Tallahassee of the branch campus. The administration of the branch moved from Jenks' office of College Programs to the International Programs office. Also at this time, a new rector with an Ivy League pedigree, Jeremy Brown, was hired, and Carlos Langoni was appointed the Vice-Rector of Academic Affairs. One innovation that Brown explored was the possibility of a Teachers Institute to offer "diplomados" or certificates to Panamanians, which at the same time would also allow FSU administrators to gauge interest in an associate's degree in education. There was, however, little demand among Panamanians for a teaching certificate from the U.S., aside from a handful of instructors who were teaching or hoped to work at one of the few U.S. or English-based international schools in Panama City. Requirements for teachers to teach in the Panamanian school system were entirely different, thus making the certificate somewhat irrelevant. Overall, Brown was unable to make significant changes to the operation of FSU-Panama and resigned amidst scandal in 2003. Carlos Langoni was then appointed as the interim rector until 2004. After a successful interim term, he was appointed Rector, the position he currently holds today.

In 2007, discussions began with the City of Knowledge to move beyond mere association and to move the physical plant of FSU-Panama to the grounds of the City of Knowledge, which

is a massive complex that was formerly U.S. Army base Fort Clayton. Purchase of the former Panama Canal College campus in La Boca was unsuccessful and FSU needed a new home. The deal to purchase the land with favorable conditions from the government fell through with a change in administration. The Panamanian government had plans to establish a maritime university, absorbed from the Nautical School of Panama, founded in 1958, where it would train cadets to become merchant marines ships' officers. FSU-Panama also explored the possibility of purchasing other land in Panama and building their own campus, but the project proved too costly.

Eventually, FSU-Panama was pushed off of the La Boca campus due to their postponed move to the City of Knowledge and the remodeling of their new building was delayed. The agreement with the maritime university was past due and they were temporarily housed on the first floor of building 238 in the City of Knowledge. FSU-Panama permanently relocated to their current building, 227, in the City of Knowledge in 2009. Tenants of the City of Knowledge can only lease the buildings and cannot purchase them. In addition, tenants must absorb all costs associated with renovating the space they lease. This lack of an incentive structure is discussed further in the City of Knowledge section below.

Mission. The mission of an institution defines its identity and purpose. When reviewing FSU-Panama's history, it is clear that FSU in Panama has had multiple identities. The institution was originally established to serve the U.S. civilian and military population in the Panama Canal Zone, while also being open to Panamanians. Later it served students both inside and outside of the Zone according to the distinction between upper and lower division course offerings. Then the institution decided to continue operation in Panama after the withdrawal of the U.S. armed forces. Given the many identities that FSU-Panama has had throughout its history, a new and

clear mission statement would help guide the institution into the future. Nonetheless, there is no current mission statement for the branch campus. One, however, is currently under revision as part of the overall revision of the Faculty Handbook.

This branch campus is now more than just a branch campus. It is also a private university recognized by the Ministry of Education and overseen by Panamanian law. In order for graduates from the branch campus to have their degree recognized by local employers, the branch needed to be recognized by the Panamanian government as a private university. Yet it is also a study abroad program for students from the U.S. In addition, the branch campus unofficially operates as a regional hub for Latin American students who hope to eventually study in the continental U.S. or as a point of access to a U.S. higher education in Latin America. One FSU professor commented that he was frustrated because the better students tended not to stay around for very long; they would take courses for a few semesters at FSU-Panama and then transfer to another university based in the U.S. The professor felt that FSU-Panama operated in practice more like a community college, and thought if the administration was more honest about this focus, FSU-Panama could offer a better educational experience. The many facets of FSU-Panama coupled with the lack of a clearly stated mission have led to the construction of multiple and sometimes contradictory identities for the campus.

These tensions within FSU-Panama become most obvious in the crossroads of the Panamanian regulatory environment. In June of 2006, Law 30 created the National System of Evaluation and Accreditation for the Improvement of Quality in Higher Education (CONEAUPA) in the Republic. Prior to passage of this law, private universities operating in Panama had to submit their programs of study for review to the National University of Panama at a significant cost. Through Law 30, CONEAUPA has taken over the role of evaluating the

quality of universities operating in Panama. New guidelines are currently being drawn up that will give better guidance to the university evaluation and accreditation processes. These activities include both the institutional and programmatic review of higher education institutions.

The key tension in this legislation for FSU-Panama is that these accreditation reviews are required to operate in Panama. Through the U.S. system, FSU-Panama's accreditation efforts were voluntary. Though the logistical details of this legislation are still in the process of definition, the anticipated consequences for FSU-Panama could be troubling. If CONEAUPA determines that FSU-Panama needs to make certain adjustments to their curriculum as a private university in Panama, FSU-Panama could be put in a difficult position. As a formal branch campus, it is also bound to the oversight and regulation of the main campus in Tallahassee and their SACS accreditation. FSU-Panama cannot make curricular changes that conflict with main campus protocol or their current accreditation. At the same time, CONEAUPA will not recognize other types of accreditation such as SACS in lieu of their new, national accreditation processes. Thus, the many masters to which FSU-Panama has to answer include FSU's main campus, SACS, and CONEAUPA, creating further tension on top of its already multiplying identities.

Another source of tension for the operation of FSU-Panama concerns the recognition of foreign degrees, or "convalidación," in Panama. When graduates of non-Panamanian universities seek employment in Panama, certain professions legally need to have their degree recognized by the University of Panama. This process involves having individual transcripts and syllabi of coursework evaluated by the University of Panama to compare to their own curriculum. When the coursework being evaluated does not match certain requirements by the University of Panama for the same degree, students have to enroll in courses at the University of Panama or

the Technological University of Panama to fulfill the degree requirements. This system was created to position the national university as a gatekeeper for degree requirements and validation of foreign degree curriculum, according to national standards and priorities. Yet students who graduate from highly globally ranked foreign institutions are frustrated with the sometimes arcane requirements imposed by the University of Panama. Students also question whether this antiquated system of quality control has evolved into a profit scheme by the university.

The system of degree recognition is codified by law, and is based on coursework rather than knowledge. In many countries, professional associations have standardized exams that determine eligibility to work as a professional in the country, such as medical boards and bar exams. Panama has no comparable system. There are also outdated laws that state that only Panamanians can practice certain professions, and must be graduates from the University of Panama. For example, the professions of a librarian and a psychologist have these restrictions.

These laws are certainly outdated and ironic in light of a recent report released by the Goethals Consulting Firm in 2008. The report determined that 80% of managers in Panama were either foreign-born or had foreign degrees. These statistics indicate that there is a glass ceiling for Panamanians with degrees from local institutions.

Themes

The main themes explored in each of these case studies are access, quality, and outcomes. In the review of neoliberalism, academic capitalism, and theories of the public good, the themes of access, quality, and outcomes serve as indicators on a continuum with free market models and privatization on one end and public goods on the other. As mentioned previously, the neoliberal influences and the rhetoric of public good are present in all of these cases, as is academic capitalism with evidence of public subsidy and entrepreneurialism.

Access. An analysis of the types of students an institution serves can indicate whether the institution is more on the private or public good end of the continuum. The public good rhetoric claims that no qualified student should have to forgo college because of the costs. An ideal public good model university grants access to underserved populations. A university more on the private good end of the continuum would be very costly, only catering to elite students. An analysis of the admission requirements of FSU-Panama will provide an indicator of access to the institution.

FSU-Panama is a private not-for-profit institution. It does not have investors, does not pay dividends, and does not respond to economic groups. What money is generated at the institution is invested back into the institution. One administrator described the philosophy as covering costs and generating a little extra for future expansion. Money is also set aside for the 2+2 scholarships. Essentially, the student's money generated from tuition is put in a savings account for their later potential transfer to the main campus.

The admissions process to the branch campus does not differ greatly from admission to the main campus. For admission into FSU-Panama, students must provide transcripts from their high school, a copy of their high school diploma, fill out an application form with a \$30 application fee, a TOEFL score minimum of 550, and a minimum score of 1100 on the SAT or 24 on the ACT.

Tuition at FSU-Panama is approximately \$8,750. Tuition on the main campus is approximately \$3,988 for in-state students and \$18,432 for out-of-state students. Enrolling at FSU-Panama represents a huge cost-savings for students, particularly when considering average room and board costs in Florida are \$13,390. In comparison, the average cost of tuition at the University of Panama at the time of this study was \$35.

Most students applying to FSU-Panama attend a bilingual high school with average costs of \$500 a month. The percentage of the population that attends these schools is very small; exact figures were not available. Tuition at FSU-Panama is considerably more expensive. With the average national income in 2000 at \$2,098 a month (UNDP, 2002), FSU-Panama is clearly only an option for the elite or upper-middle class.

IFARHU (Instituto para la Formacion y Aprovechamiento de Recursos Humanos), the Panamanian institution responsible for giving student loans and scholarships, does offer assistance for Panamanians. IFARHU administers loans to Panamanians to study either in the country or abroad. These loans typically cover tuition, books and materials, room and board, transportation, and food, all for the length of the degree program. In 2010, IFARHU administered 670 loans for bachelor's degree, 238 loans for master's degrees, and 9 loans for doctoral degrees. They also administered 139 loans for technical degrees, 54 for courses, and 31 loans for post-graduate degrees. Of the loans distributed in 2010, 80% were awarded for domestic study and 20% were awarded for study outside of Panama. In 2011, 73% were given for domestic study and 27% were awarded for study outside of Panama (IFARHU 2012).

Considering the average Panamanian income in comparison with the admission requirements at FSU-Panama, it is evident that there are considerable access barriers. All the same, FSU-Panama has some students enrolled from the middle classes. An FSU-Panama professor stated that "Parents from the middle class have to make significant sacrifices to send their children here because salaries here in Panama are much lower than those in the U.S. The majority of these students respond very well." Though they are a much smaller proportion of the enrollment, middle class students tend to be viewed by professors as committed and hard-working.

FSU-Panama does attempt to promote access for financially challenged students. Some students have partial scholarships. During one of the student focus groups conducted, however, students mentioned that they did not have much financial aid for Panamanians who genuinely wanted to study at FSU-Panama. They did acknowledge the assistance available from IFARHU, but they felt that the options were limited and the process was cumbersome and bureaucratic. FSU-Panama also offers a 2+2 scholarship program for students enrolled to transfer to the main campus in Tallahassee, Florida. Students must maintain a 3.0 grade point average and complete 60 hours of coursework at FSU-Panama to be eligible. The scholarship provides an in-state tuition rate for a student's third and fourth years at the main campus.

Students must be bilingual in Spanish and English to be admitted to the university. All courses are conducted in English with the exception of language courses. A minimum TOEFL score of 550 determines the fluency of the applicant. Due to the sustained presence of U.S. military personnel and civilians on the bases for so many years, there is a misperception that Panamanians are mostly bilingual. Though there is abundant rhetoric in the school system to have English as a mandatory second language for students, the reality is much different. The public schools are underfunded and the ability to employ bilingual teachers is nearly impossible. Panama still employs multi-grade schools in the rural areas and the urban schools have more pressing concerns, such as the viability of the physical plants. In essence, the only high school graduates prepared to take the TOEFL exam are from bilingual private schools. These schools are private schools too expensive for the overwhelming majority of Panamanians. There is a bilingual population in Panama, but they are mostly former Zonians and their dependents, or the elite.

The SAT and ACT exams are standardized exams created with U.S. students in mind. Panamanians are at a fundamental disadvantage when taking these exams. Acknowledging this, FSU-Panama negotiated a back-door policy with the admission office in Tallahassee. A student may enroll for two years with only a TOEFL score and high school transcripts and a diploma. If by the end of the two years the student has good grades, continuing at FSU is based on the grades earned during those two years, their high school transcripts, and their TOEFL score. This policy provides an opportunity for those students who are especially challenged with the SAT or ACT exams.

The applicant pool for a U.S. higher education is only a small fraction of the entire Panamanian population. The country is home to just over 3 million inhabitants, over half of which reside in the Panama City-Colón metropolitan corridor. Of the college-ready students living in this area, only a very small percentage of them are prepared to enroll in a U.S. university with a curriculum in English. Under current conditions in the Republic, FSU-Panama could not continue operation with only a Panamanian student body. As a result, FSU-Panama also recruits students from other parts of Latin America. Students from Colombia and Venezuela are the largest student groups at FSU-Panama other than those from Panama and the U.S. The recruitment effort is targeted at bilingual schools with a curriculum in English, not just English classes for students.

The curriculum in English is not the only access barrier to FSU-Panama for the average Panamanian; the cost of tuition is also a significant obstacle. Students who normally attend private schools have a higher socio-economic status due to the high tuition costs. Students at FSU-Panama are often called “yeyes,” a slang term in Panama for preppy, often light-skinned, rich kids. One FSU-Panama professor claims that “The student population is not very diverse. It

is targeting a specific socio-economic status.” Another FSU-Panama professor explains that “Students come from [the wealthy neighborhoods of] Costa del Este, Punta Patilla, or Punta Pacifica. Students that attend are the ones wealthy enough... For Panama, it is an expensive university.”

In the student lounge it is not uncommon to observe students working on brand-new Mac laptop computers and talking on their cell phones about activities such as boating and horseback riding lessons. Clearly, the university is not available to the average Panamanian, particularly in comparison with the costs of public institutions. Tuition costs at the University of Panama, for example, average fewer than \$40 per semester. The university is severely underfunded, most obviously reflected in the poor maintenance of the physical plant.

Quality. Assessing quality in higher education is the most revered and contested method of determining the value of an institution. Numerous factors can produce indicators of quality, which is a measure interpreted in various ways. Through interviews with faculty members, students, and administrators, I attempt to triangulate perceptions of quality at FSU-Panama. Observations of 10 different classes across different disciplines and of the common areas of the university (e.g. student lounge, library) also provide insight into the quality of the institution.

FSU-Panama grants undergraduate degrees in six different programs: Computer Science, Environmental Studies, Geography, Latin American and Caribbean Studies, International Affairs, and an Interdisciplinary Program in Social Science. In addition, students may complete the Liberal Studies requirements for all the majors at FSU, including those programs leading to professional careers, such as engineering, medicine, and law. Students may also be awarded an Associate of Arts Certificate as well as complete the prerequisite coursework for admission into the College of Business or the College of Engineering.

FSU-Panama has twelve permanent full-time faculty members with their doctoral degrees from the United States or Europe (see Appendix F). There are also 8-12 adjunct professors employed during a given semester. All of the professors employed by FSU-Panama are reviewed by the corresponding academic college or department at the main campus, according to similar criteria established for hiring professors at the main campus. After the main campus vets the academic preparation of the professor, they also approve the syllabus for each of their courses. This strict oversight ensures that the academic quality of the branch campus is similar to the main campus.

During my interviews with students, they spoke highly of the majority of their professors, describing them as dynamic, knowledgeable, passionate, brilliant, and able to answer any question about the subject. Students felt that teachers really wanted to teach and were not distracted by research agendas. Student focus groups generally agreed that professors were very prepared for class. One professor was noted for his innovative use of technology in the classroom, particularly in the laboratory. There were some complaints of Panamanian adjunct professors' level of English proficiency, and U.S. students noticed that local Panamanian teachers had a teaching style different from what they were accustomed to. Students from the U.S., however, liked that they did not have graduate student instructors and were impressed by the qualifications of many of their professors.

Classroom observations sought to identify whether professors were professor-centered or student-centered in their teaching methodology, whether students appeared to be bored in class or attentive and challenged, and the amount of work that was required of them in and outside of classroom. The majority of the professors utilized a student-centered methodology in their instruction. Professors often reviewed topics by asking students to recall the previous lesson.

During most of the class observations, professors asked students to give presentations, asked questions of students, and asked them to explain concepts. Students were put in groups for the writing course and peer evaluations were utilized. The professor was rarely viewed as the sole source of knowledge and students were encouraged to actively engage during class, both with the professor and other students. Two professors commented that they did not require rote memorization and they did not simply spoon-feed students the textbook.

At least three professors spoke about their research on teaching methodologies and assessment of certain methodologies used in their classrooms. Though the expectation for research is low, professors do conduct some research in their discipline. Many take it upon themselves to research and improve their teaching. One professor explained to me his connection with textbook publishers and thus his ability to get the latest editions of lab workbooks. He commented that when faculty from the main campus visited the branch campus, they were surprised to see he was working with books that hadn't even gone to market. This is another example of professors' dedication to the students and to their teaching.

Since classes were often small, from 4-20 students, professors had the opportunity to intimately interact with students. Many professors utilized technology and visual aids in assisting their instruction. Blackboard is the online platform of FSU, and many professors used it to moderate discussion forums, show video clips, and post outlines for class lectures.

The majority of students appeared to be engaged in their classes, diligently paying attention and taking notes. Naturally, there was the occasional student sleeping or playing with a cell phone. It was common for students not to have textbooks with them or on their desks. Homework was typically assigned at the end of every class or there was discussion of a final project. Students were expected to be prepared for class, completing reading assignments outside

of class. Students were often late to class – sometimes up to 30 minutes late – which is a cultural norm in Panama.

The types of students enrolled at FSU-Panama can also serve as an indication of institutional quality. During interviews with professors, there was a diversity of opinions related to the overall quality of the student body. One professor mentioned that the quality of the students had increased, specifically referring to one or two International Programme students and two or three students from elsewhere in Latin America in class that semester. This comment inadvertently speaks to the opinion of the local Panamanian student body, holding them in low esteem. Another professor was not pleased with the quality of the students, claiming that the best ones always transferred after a few semesters. Other professors felt that the student body was quite diverse, some struggling significantly with writing and others having writing proficiency. Another professor nostalgically compared the academic preparation of the students to the students of the Canal Zone days. This professor claimed that students today were not as academically prepared as students in the past, particularly in the area of mathematics. Many Panamanian private schools give students the choice to discontinue their study of math after the second year. This often leads to students being unprepared for college algebra. This professor also stated that students' attitudes have changed, and they are not as self-motivated and more immature.

The students in the focus groups also felt that the professors had to spoon-feed students because some students would not meet professors halfway. Another theme from the student focus groups was that FSU-Panama was perceived as more challenging than other Panamanian institutions. Some students claimed to have friends that left the institution because it was too demanding. Overall, students claimed a friendly environment with a close-knit community.

Students at FSU-Panama have resources available to them that other private schools in Panama often do not. The FSU-Panama Library provides an atmosphere for reading, conducting research, and studying. It houses the largest English language collection in the Republic of Panama, with a collection of approximately 50,000 volumes and access to all of the online resources of the main campus, including 280 databases, 100,000 e-books, and 19,000 e-journals. It also has direct access to materials from the main FSU campus libraries through Inter Library Loan services.

Outcomes. It is difficult to determine graduation rates for an institution like FSU-Panama due to the high number of students that transfer. Speaking with several Panamanians about their observations, I observed an overwhelming agreement that the majority of Panamanian alumni from FSU return home. There seems to be a low rate, if any, of brain drain. Since the majority of Panamanians that attend either FSU-Panama or the main campus of FSU in Tallahassee are from families that are of a higher socio-economic status, there is often great incentive for these students to return home after graduation. Many of these graduates' families are well-networked, and finding job opportunities with a U.S. degree in Panama is not difficult. The cost of living is also more affordable in Panama, providing another incentive for graduates to return home. Many Panamanians commented that FSU alumni are the largest group of alumni from a U.S. university in Panama.

The student focus groups at FSU-Panama revealed that many students chose to attend because they were thinking about their future and career placement. The students agreed that if a graduate from FSU-Panama and the University of Panama were applying for the same job, that the graduate from FSU-Panama would be the preferred candidate for the position. As stated above, according to a study by the Panamanian firm Goethals Consulting Corporation, 80% of

management-level positions in Panama are held by foreigners or by Panamanians with foreign degrees. This statistic enforces the opinion of the student focus groups at FSU-Panama, which claims a higher likelihood of success for students with a degree from FSU-Panama versus a Panamanian institution of higher education.

Other Themes

Competition. FSU-Panama has two main competitors: direct enrollment in foreign universities abroad and Quality Leadership University (QLU), another private institution in Panama that hosts degree programs from the U.S. QLU will be discussed in a later chapter. It is essentially the only other private institution where students can complete a U.S. degree without having to leave Panama's borders. QLU focuses on select degree programs, specifically differentiated from FSU-Panama by their business program. Coincidentally, many QLU students enroll at FSU-Panama to fulfill their courses in math and science because they are not offered at QLU. FSU-Panama has a more comprehensive offering in different disciplines when compared to QLU.

The other competitor to FSU-Panama is the alternative to enroll directly at a foreign university abroad. There are great savings in enrolling in FSU-Panama instead of a university abroad, as tuition at FSU-Panama is well below out-of-state tuition at most U.S. universities. The pool of potential students that could attend FSU-Panama is a small percentage of the college-ready population in Panama. They have to be bilingual and of a socio-economic status that can afford the tuition of a foreign university. Many wealthy Panamanians directly enroll in a foreign university without even contemplating staying in Panama for their higher education. There is an exception for students that are going to practice medicine, law, or architecture due to the laws that require graduation from a state university to practice in these professions in Panama.

Two professors at FSU-Panama commented that the market share of private universities in Panama grew greatly in the last decade and increased competition for their institution. Another professor described the phenomenon of universities being created overnight based on a marketing strategy that promotes the ease of degree attainment. Students can go to these schools for less time and obtain their degrees. The FSU professors I talked with thought that these universities are attractive for students who do not understand or pay much attention to quality. They discussed how the State system is a disaster, with the exception of the Technological University of Panama (UTP), which is improving, and how the private sector of higher education has a lot of demand. But the local private universities are not seen as competing with FSU-Panama. Another professor commented that the State system did a good job in educating medical doctors and engineers, but the bureaucracy and politics that surround the university often affect its performance in other fields. Another professor also commented that this is the reverse case in Costa Rica, where the State universities are more highly regarded and the private universities are worse. In Panama, it seems that both the public and private universities are performing below expectations, but the international institutions of higher education have a good reputation. Panama is a country that has had international influence since it became a Republic, and the trend to look beyond the borders of the country for quality provision of higher education is therefore not surprising.

Identity. FSU-Panama, however, still has room to improve; most significantly, it needs to overcome its current identity crisis. The lack of a mission statement contributes to this confusion. Professors find themselves expected to meet the demands of a liberal arts college or research university, but are often met with the realities of a community college. FSU-Panama is a branch campus of a U.S. university, a private Panamanian university, a study abroad site for U.S.

students, and at the same time aspires to be a Latin American regional hub for U.S. higher education.

Professors expressed the desire to offer more four-year degree programs at the branch campus. Specifically there was consensus around the aspiration to offer a four-year degree in business. There is currently high demand for this degree in Panama, but the business school in Tallahassee is not interested in offering their business degree at the branch campus due to concerns that doing so will lower the program's prestige. The competition, Quality Leadership University, is also attracting part of FSU-Panama's market share of potential students with their offer of a business degree. A tension exists at FSU-Panama between two identities: as a branch campus and as a Panamanian-serving private institution responding to student demand.

Professors often expressed the challenge of being under the thumb of the main campus, and wanting more autonomy to make decisions and have more freedom. The idea of opening more four-year degree programs runs counter to the idea of the institution as a branch campus with the purpose of funneling students to the main campus.

The faculty also expressed the desire to offer online courses and get the word out about FSU-Panama to the local community. Professors expressed an interest in conducting more outreach in the community and research that would have direct benefits to the local population. These goals are associated with the mission of a Panamanian-serving institution. Professors cannot help but feel an allegiance to the community in which they live. Research institutions often share this mission of outreach and research. Professors additionally mentioned aspirations of upgrading the library, offering graduate degrees, and a system of promotion and tenure. One professor specifically complained about the 4-4-4 teaching load, no expectation of research, no

tenure system, and equal increases in pay across the faculty. These professors are looking to research university models when voicing concerns of this nature.

Conclusion

This chapter has explored the themes of access, quality, and outcomes as indicators of public versus private good at the FSU-Panama branch campus. A model public good institution is highly accessible to students, has modest entrance requirements, low tuition rates, low amounts of financial aid, and provides opportunities for upward mobility for all students. The institution should be of superior quality with recognized accreditation status, have a high position in reputable rankings, have a large number of potential fields of study for students, and be of high quality across academic disciplines. Students should receive positive outcomes from their higher education with high graduation rates and high success rates for seeking admission into graduate school or job placement. This public good institution model can also be referred to as the model that never was. Though many institutions approximate this model, it is rare that an institution entirely encapsulates this description.

A branch campus is, in theory, intended to serve as a point of access for students who would otherwise not be able to attend the main campus. FSU-Panama is indeed a point of access for students, giving them the opportunity to access a U.S. higher education in Latin America at a cost far lower than out-of-state tuition, which is what they would pay if they went straight to a main campus in the U.S. Costs are relative, but the cost to attend the University of Panama is a mere \$35 a semester – practically free – and the average income of Panamanians is much lower than the average income of those in the U.S. The branch campus provides access to a type of higher education otherwise unavailable to students from Panama and the region. However, it is not providing access to the general population of Panama or other countries in Latin America.

Local universities are serving that purpose for these students. Access in this international case is quite different from the common analysis of access to higher education.

The main barrier for average Panamanian and other Latin American students is proficiency in English. In Latin America, proficiency in English is strongly linked with socio-economic status and in Panama, not unlike many countries in Latin America, there is extreme social stratification. There is a small percentage of Spanish-descended elites who control the majority of the country's wealth and are the small minority who can afford bilingual private education.

The Gini coefficient is a measure of statistical dispersion commonly used as a measure of inequality of income or wealth. While developed European nations and Canada tend to have Gini indices between 24 and 36, the United States' and Mexico's Gini indices are both above 40, indicating greater inequality. The Gini index for the entire world has been estimated by various parties to be between 56 and 66. For Panama in 2006, it was 54.9 (World Bank 2010). Critics of the Gini coefficient claim it can be misleading when used to make political comparisons between large and small countries. Though the Gini coefficient measures inequality of income, it does not measure inequality of opportunity. It is commonly used, however, as a measure to determine inequality of wealth. Critics of the Gini coefficient claim it can be misleading when used to make political comparisons between large and small countries. Though the Gini coefficient measures inequality of income, it does not measure inequality of opportunity. It is commonly used, however, as a measure to determine inequality of wealth. There is little FSU-Panama can do to respond to inequality of wealth and concomitant inequality of access by Panamanians to its programs. Due to the nature of FSU-Panama as a branch campus and its accreditation by the Southern Association of Colleges and Schools (SACS), the institution does not have the

flexibility to alter the language of instruction of the curriculum or deeply discount the price to increase accessibility. However, program quality compares favorably to that of the main campus, ensured by its separate SACS accreditation review and close oversight of the main campus. In addition, the small class sizes and low professor to student ratio ensures an individualized education that is much more difficult to achieve at the main campus with a student population of over 40,000. Panamanian graduates typically return to their home country for work but frequently go back to the U.S. for graduate studies. The quality of the education these students receive prepares them for employment and graduate study opportunities in both their native countries and abroad.

The website for the main campus states that “Florida State University is a comprehensive, national graduate research university that puts research into action for the benefit of our students and society” (FSU). It is a public university, created by and for the people of the State of Florida. FSU-Panama, the branch campus, is a private not-for-profit institution initially established to serve the men and women of the U.S. armed forces, their dependents, and civilians living in the Panama Canal Zone. The institution now serves the people of Panama, the people of the region, and U.S. students studying abroad. This branch campus and FSU’s mission in Panama has evolved considerably since 1957. It has served many types of students in both military and civilian environments, and now incorporated into the City of Knowledge is poised to serve as a regional hub of innovation and development. As the institution settles into its new home on the City of Knowledge’s campus and continues to strive for its public good agenda, it is met by the challenges of low enrollment and high costs. Some professors expressed that the decline in enrollment put the institution in survival mode, while others suggested that it might be too costly for FSU-Panama to terminate operation, due to the local labor laws and the severance

pay due to employees if they are laid off. A mission statement, a 10- and 20-year strategic vision for the institution, and bold leadership are necessary to bring FSU-Panama into a new era of operation. Such a path will expand access to a U.S. higher education to Latin Americans, provide high quality instruction and resources for its students, and serve as hosts to U.S. students studying abroad.

The City of Knowledge. The commodification of education as a good to be traded and sold across borders has grown rapidly in recent decades. This phenomenon has been exacerbated by the popularity of knowledge hub creation, which is a strategy for capacity building and competitiveness in developing countries. This is a notable trend in Asia, the Middle East, and now in Latin America. The City of Knowledge in Panama is an interesting case given the three models of cross-border higher education explored during this research: branch campus, merger/acquisition, and franchise models.

A developing country's motivation for creating and promoting a regional education or knowledge hub generally revolves around the objectives of 1) building or strengthening a knowledge- and service-based economy, 2) educating and training skilled labor for the domestic and regional marketplace, 3) attracting foreign direct investment, and ultimately 4) increasing domestic and regional economic competitiveness (Knight, 2010). Typically, the international participation is set up to operate in a North-South direction, with the foreign institution coming from an industrialized country into a developing country.

The City of Knowledge (CoK) in Panama aims to import industrialized countries' university education and research capacity to educate and train skilled labor. The CoK seeks these foreign institutions with the hope that this will create an engine for national and regional economic development and competitiveness. Though entities may be merely associated with the

CoK and not necessarily located within its confines (the former Fort Clayton US military base), the majority of associated entities are located within this area or hub.

I lived in Clayton during the first six months of my research. During that time I met people who worked and lived in Clayton, many of whom were associated with the CoK in some way. I often ate at the cafes and restaurants in the CoK and conducted observations. I interviewed three high-level administrators in the academic department and the Executive Director of the City of Knowledge Foundation. I also interviewed some administrators of academic degree programs in the CoK. I conducted document analysis of CoK brochures and promotional materials, legal documents, archival records from the Chiari library and the CoK website.

The City of Knowledge Foundation was legally granted power to manage the project by Executive Order number 6 of 1998, whereby the state provided for the assignment of a portion of the former Fort Clayton to this venture. Champions of the idea to create the foundation sought to avoid dependency on the government and establish continuity for foundation administration. This step was crucial for convincing Panamanians that the CoK was not a public entity but rather an autonomous and therefore less corruptible operation. The City of Knowledge Foundation is a nonprofit organization authorized by the Panamanian Government to manage the space and the project.

The original focus of the CoK was to accommodate international centers of higher education and specialized studies, open to students and professors of all nations, particularly those from Latin America and the Caribbean. Law 6 of 1998 declared that the CoK Foundation would keep the public interest in mind while developing and promoting the establishment of 1) research centers and innovation in the fields of science, technology, humanities and cultural

studies, 2) knowledge transfer for productive uses (technology parks), and 3) study, research and training programs, maintaining quality in each activity. The CoK was also to create higher education programs and training centers of high quality, and to establish links to international organizations that could facilitate academic or research opportunities in the CoK. The Foundation was also charged with obtaining economic support and financial self-sufficiency.

Initially, the CoK was successful in incorporating the existing branch campus of Florida State University (FSU), established in Panama's Canal Zone in 1957. The FSU branch campus was already experimenting with models outside of the Canal Zone during the reversion and the CoK seemed like a logical association. The branch campus was associated with the CoK, but located outside of the hub until 2009, when it moved into the CoK hub. The CoK has also attracted other international universities over time, though many of these are not permanent programs and cater mainly to North American campus study abroad programs (see Appendix 1).

The CoK vision later shifted from concentrating primarily on education and research to including outreach, with a proposal of the United Nations following the inception of the Foundation. The proposal sought to locate a UN agency in Panama. Panama's political and economic stability and the relative unrest in neighboring countries made it an attractive site for a UN hub in Latin America and the Caribbean. In 2001, the United Nations Development Programme (UNDP), the UN's flagship coordination agency, established regional offices in the CoK and was quickly followed by the United Nations Children's Fund (UNICEF), the United Nations Environment Programme (UNEP), World Food Programme (WFP), the Office for the Coordination of Humanitarian Affairs (OCHA) and others.

The UN activity also propelled the creation of similar hubs in the CoK of the regional offices of many other international organizations, among them International Red Cross,

Organization of American States (OAS), World Wildlife Fund (WWF), and Plan International. The International Organizations and Cooperation Department is now the CoK's busiest office. The UN and other international organizations currently occupy the highest percentage of physical space in the CoK campus, account for most of the activity there, and perhaps most importantly, provide for the CoK's financial sustainability.

A recent UN report estimates the collective endeavors of this UN base contribute approximately \$30 million annually to the Panamanian economy. This implies that the UN has effectively replaced a large part of the U.S. contribution to the economy that ceased with the reversion of the Canal Zone and the closure of the U.S. military bases at the end of 1999. And the UN and other international organizations are poised to continue this growth over the coming years. The only serious drawback to their work, as commented upon by a number of UN agency heads, is the lack of a high-level university partner. In other parts of the world, UN hubs work closely with local and regional higher education entities on research and project collaboration, but similar partnerships have not developed in Panama.

Similar to an institution of higher education, the main areas of focus for the CoK include teaching, research and service/outreach, with service and outreach being operationalized through the international and non-governmental organizations. Dissimilar to an institution of higher education, the focus on service and outreach is far more active at the CoK than any of its other areas, due to the UN/international organization involvement. This has provided the CoK with consistent real-estate leasing income and has contributed heavily to the Foundation's financial sustainability. The research and teaching components of the CoK are much less active.

During its early years, CoK administrators visited numerous U.S. universities in an effort to recruit them to Panama, but these universities were reluctant to invest. Public U.S. universities

are accountable to their taxpayers, and reaching beyond borders to develop branch campuses or research centers is often difficult to justify to their constituents. And private U.S. universities are accountable to their boards for financial sustainability – something that could be threatened by investments in developing countries. The CoK then reverted to a strategy of inviting U.S. universities to operate study abroad programs in Panama and today the majority of its U.S. university relationships reflect this decision. Among such universities are St. Louis University, Iowa State, Texas A&M, Cornell, Villanova, UVA, Tulane, and the University of Miami.

Initially, the CoK Foundation received some public funding (\$600,000 a year for eight years), but this government financing came to an end in 2006. The Foundation is now financed by rent, services provided, and special projects. Certain financing also comes from the European Union and the International Development Bank. The limited resources present a challenge to funding projects and overall sustainability. The Foundation must be innovative, creating synergies with entrepreneurial sectors to ensure long-term success.

The entire concept of the CoK confirms the desire to import research from abroad, yet very little research is produced in Panama locally and the majority of higher education institutions are lacking in resources and quality. Seeking foreign universities to set up satellite research centers in Panama and having the CoK establish its own research centers feeds into the current plan to utilize an internationalization model to bring the best from abroad. The Foundation believes that important synergy can attract institutions without the offer of money. However, experience appears to indicate that mere facilitation of local networking is not enough if significant sums of money are not involved, including funds or discounts from the CoK or the Panamanian government. The pattern of failed projects proves this: University of California - Davis, Texas A&M, and Ohio State University were initially interested in programs related to

agricultural sciences in Panama but are no longer present. Southern Methodist University's one-time promotion of various engineering Master's programs no longer available provides further testimony to this fact. Cornell University failed because it did not have the resources to establish a permanent base and the CoK could not contribute money to the project. To date, only a Georgia Tech project involving a Master's in logistics is moving forward, though not through the City of Knowledge, and that is because the Panamanian government is investing considerable funding.

A number of factors present obstacles for potential U.S. university partners: the high cost and lack of substantial incentives to partner with the CoK in Panama, the lack of turn-key physical infrastructure such as classrooms, the shortage of labs and residence facilities, and insufficiently prepared professionals for faculty posts and students to enroll in these imported programs. Nonetheless, the CoK does have a set of attractive features with which to lure higher education provision from abroad. There is a considerable amount of land and facilities in need of renovation that could be offered free of charge, at least initially, to interested institutions. The geographic location of Panama is convenient to the U.S. and Latin America. Additionally, cultural differences with the U.S. are not as great as those between the U.S. and other regions of the world, in part because of the countries' shared history. Panama is also a transportation hub, promoting easy travel, and the biodiversity of Panama is ideal for scientific research.

Many universities are drawn to these resources that Panama has to offer, but the realities of financial risk and lack of additional incentives remain daunting. Added to this is the fact that foreign institution tuition is not comparable to that of local institutions. Thus, while it is not the intention of the CoK to discriminate, the reality is that only students from Panamanian middle

and upper classes can afford to enroll in CoK institutions unless there is some mechanism available to subsidize tuition costs or to grant scholarships.

In the case of Panama's CoK, it is hard to define a principal role for the international university at present. There is only one multi-departmental four-year degree institution at present: FSU-Panama. And this campus does not offer graduate level education. The rest are focused either on a single discipline or program – ADEN Business School, Tecnológico de Monterrey, International Law and Business Institute (INIDEM) and Instituto de Estudios Superiores de Administración (IESA) for business, Isthmus for architecture, the Panama International Hotel School for hospitality and the University of Memphis and the Swiss School for tourism – or on study-abroad programs for U.S. based students, as is the case with McGill, the University of South Florida (USF), St. Louis and the School for International Training (SIT). Most of these are focused on teaching and operate relatively independently of both the CoK and each other. There is little ongoing research at any of the institutions and little guiding strategy for the recruitment and promotion of international universities.

Early proposals for Panama's CoK included a prominent institution of higher education at the core, with training and research centers incorporated as complements. The focus has now shifted to research centers, graduate programs, and technology transfer offices for universities. However, creating research centers without creating training and learning centers is likely to cause a gap in the pipeline to innovation. The current debate in Panamanian higher education is centered on quality assurance, the explosion of unregulated institutions, and the degree inflation that is occurring as a result. To assume that the importation of graduate degree programs and research centers will boost innovation is an overestimation of student and faculty preparedness. It

is also a lofty ambition considering the limited funds and facilities with which the CoK currently works.

A gap exists between the internationalization model of the knowledge hub and the local context. The original ideas related to the CoK in Panama used an already existing institution of higher education, the Panama Canal College, as the core to educate local and foreign students in order to build human capital in Panama and the region. The role of the university was once a core component of Panama's knowledge hub, whereas now research, technology transfer, and innovation is the new mission of the Academic department of the CoK, but little is in place with which to develop this mission.

More focus on training and education are vital to the success of the knowledge hub, particularly if the CoK hopes to recruit foreign students and create a brain gain for the country. A policy similar to that pursued by Qatar of offering scholarships to international students could help Panama recruit students from the region and give them incentives to stay and work in research and innovation after graduation. Because the CoK in Panama is dependent on the leasing of its space and facilities for financial support, the Foundation's ability to offer attractive incentives to potential foreign partners is limited. Thus, some form of innovative incentive structure is vital for recruiting foreign institutions.

Ironically, institutions outside of the CoK are successfully partnering with foreign universities abroad. The Smithsonian Tropical Research Institute (STRI) has been partnering with Yale and McGill University for years with academic exchanges. Also, Quality Leadership University (QLU) has been conducting its own form of "hubbing" with universities from abroad. This private university, registered and based in Panama and recognized by the University of Panama for its degree programs, hosts a range of U.S. degree programs from the University of

Louisville, Towson University, and Florida International University, among others, at less than U.S. market prices. QLU also provides classrooms, student services, adjunct faculty, and infrastructure for U.S. universities to franchise their degree programs abroad. Students receive a degree from the foreign university while completing their coursework at QLU.

This model is strikingly similar to the sort of program the CoK in Panama seeks to implement. Some would argue that QLU is having greater success than the CoK in providing foreign degree programs locally. QLU is recruiting students and providing foreign degrees within Panama's borders, proving that this model can be successful. They provide an incentive structure for foreign degree programs: a central location downtown that is convenient for students, a building equipped with smart classrooms, an administrative staff to facilitate the hiring of adjunct faculty and the needs of visiting faculty, and recruitment for their programs. The City of Knowledge provides a hub where the potential for dynamic exchange between Non-governmental Organizations (NGOs) and academic and research institutions could converge. However, the majority of the presence in the City of Knowledge currently is NGOs, with little representation by academic and research institutions. The cost of renovating the buildings in Clayton is expensive and there is only a leasing option. The location of the hub is outside of the city and transportation to and from Clayton is inconvenient.

The City of Knowledge model is another example of public subsidy mixed with entrepreneurial activity. The government donated use of the reverted area of the former Fort Clayton base, including buildings and recreational areas, to the CoK Foundation. Additionally, it funded the project at \$600,000 a year for eight years until 2006. The Foundation is now financed by rent, services provided, and special projects. Certain financing also comes from the European Union and the International Development Bank, but the Foundation has to exhibit

entrepreneurial-type activities to remain fiscally afloat. The cost of renovating the buildings is passed on to the tenant leasing the space, and the rent is considered expensive compared with local norms. Due to the relatively higher costs to lease, there have been some corporate offices that have entered the CoK that can more easily afford these costs (e.g., Copa Airlines has a training center with a flight simulator) and also some businesses to provide services to the area, such as banks, restaurants, laundry mats, and nurseries.

The CoK recently built new dormitories for rental as another revenue stream possibility. This could potentially be rented by study abroad programs in the CoK, conference participants at the CoK, and others. There is also housing that the CoK is able to rent. It is intended to be reserved for people affiliated with the CoK, but with the pressure to bring in income, this is not always the case and sometimes people not affiliated with the CoK are renting these residential properties. The CoK is also organizing conferences and utilizing the conference center as a potential revenue-generating enterprise while also fulfilling the mission to bring learning opportunities to the area. Generally, the CoK is utilizing the property management capabilities of the CoK as a revenue source.

To be successful over the long term, the CoK Foundation needs to serve the local context as well as the region. The Foundation has created some partnerships with local universities, but they have been few. There are challenges in working with local higher education institutions due to the current debates on quality and regulation. However, the change of focus away from undergraduate education in the CoK to graduate education is a missed opportunity. The inclusion of more training programs and undergraduate education holds the potential to build the human capital required for graduate level work. Linking these programs with local institutions of higher education could ensure sustainability and help to improve local institution quality as well.

The challenges for Panama's CoK remain considerable: 1) financial resources to facilitate the creation of incentives for foreign institutions to establish a presence locally, 2) the promotion of education and training to prepare local and foreign students for research, 3) linkages with local higher education institutions to foster a culture of technology transfer and work to develop graduate programs of high quality, and 4) creation of policies to keep graduates in Panama to increase human capital development locally and regionally.

However, the CoK has positive opportunities in its environment. Panama has a centralized geographic position, a sophisticated global air-sea transportation hub, a dollarized economy, and a high level of development in its capital city to further promote Panama as a desirable knowledge hub location. The country has also had success with hub building in the past, beyond the construction of its Canal. Panama's international banking sector is the second largest in the world, its Canal Free Zone is the largest re-export hub in Latin America and the Caribbean, and its Copa airline is one of the largest aviation companies in the region and the most profitable. Panama is also developing the Howard Panama Pacifico project, a former U.S. military base being converted into a hub of world-class business, logistics, and commerce by London & Regional Properties, one of the biggest private property companies in Europe. Panama has a future in the CoK if the administration of its policies and practices can look to other global models to develop successfully.

CHAPTER 6

A FRANCHISE MODEL IN PANAMA

Franchise/Partnership Model

Establishing a branch campus abroad is not a desirable strategy for most universities, due to the time required to build enrollment and the resulting delayed increase in profits. For-profit universities often use the corporate growth strategy of buying an existing campus abroad to quickly boost enrollment and expand current operations into new locations. But another model of foreign expansion, with less overhead costs and risk associated with the potential to expand enrollment, is the partnership model.

The partnership model abroad analyzed for this study is a franchise model. In a franchise model, the source institution authorizes a provider in another country to deliver its courses or programs. The source provider awards the credential or degree and retains control of the program's content delivery, assessment, and quality assurance (Knight, 2006). For this research, I will focus on a private university that provides opportunities for multiple foreign universities to "franchise" their programs in Panama.

This chapter will focus on Quality Leadership University (QLU), a private for-profit university in Panama that operates as a franchise third-party host for degree programs from non-profit universities in the U.S. at less than U.S. market prices for out-of-state students. QLU provides classroom space, student services, student recruitment, adjunct faculty recruitment, and provides administrative support on site for visiting faculty. QLU receives 50% of tuition monies and the non-profit U.S. universities receive 50%.

At the time of research in 2009, QLU was partnered with the University of Louisville, Towson University, Florida International University, State University of New York – Empire State College, and Notre Dame of Maryland University. Each university partnered with QLU to offer specific degree programs. Each degree program offered by a U.S. university was unique to the overall academic offer and not in competition with other degree programs offered at QLU. Students who enroll in these U.S. degree programs through QLU receive a degree from the U.S. university while completing their coursework at QLU in Panama. At the time of research, this institution did not award any QLU degrees but acted as a partner to primarily U.S. universities to offer their degree programs to local students.

The case of this franchise-like model in Panama will demonstrate how universities in the U.S. are gaining a foreign presence while boosting enrollment, without the associated financial investment and risks of establishing a branch campus or acquiring a foreign university. This case will also unveil how the Panamanian regulatory environment facilitates this type of model. It is important to note that there is disagreement among participants as to exactly what the QLU model is: a franchise, a branch campus or something different.

The data collection included documents, classroom observations, and interviews with faculty, administrators and students on the QLU campus. There were an estimated five to seven full-time administrators and two to three additional part-time staff. All local faculty members were adjunct instructors and an estimate was not obtainable. Exact enrollment numbers for all degree programs was not obtainable. I estimate enrollment at approximately 200-250 undergraduates and 100-150 graduate students across the different programs. I conducted ten classroom observations of undergraduate courses and one graduate level course. I conducted three student focus groups and two individual student interviews. I interviewed nine faculty

members, a combination of local faculty and visiting faculty from the U.S., two QLU administrators, and one administrator from a U.S. university partner with QLU.

Specific themes explored at Quality Leadership University include access, quality, and outcomes. Access to this institution is relatively selective, due to the requirements for admission (including the TOEFL exam and high GPA requirements) and the comparatively high tuition costs for local students. The quality of this institution is high, particularly when compared with Panamanian peers. However, when compared with U.S. peers, U.S. faculty research participants claimed that quality is not exactly comparable. The university mainly operates with part-time faculty locally and visiting full-time faculty from the partner universities. Students have access to the virtual libraries of their corresponding U.S. degree partner university. Quality Leadership University is recognized as a degree-granting private institution in Panama and has had franchise degree programs vetted by the University of Panama as QLU degrees. In terms of outcomes, graduation rates were difficult to obtain, as was job placement success for graduates. But participants cited repeatedly that the majority of students graduate, transfer on to other US universities, and/or have success in the job market.

Quality Leadership University

History. The history of Quality Leadership University is intricately tied with the University of Louisville (UofL) and Oscar Leon, an alumnus of UofL and founder of QLU. His idea for QLU began when he won a Fulbright scholarship to Guatemala to study higher education administration. Since then, he had a vision to create a university. He received a Bachelor's in Business Administration and later a Master's in Higher Education Administration, both from the University of Louisville. He married a Panamanian in the U.S. and later moved to

Panama and worked as a dean at the Nova Southeastern University satellite operation on the U.S. military base.

Meanwhile, in the mid-1990s the University of Louisville was under the leadership of a new president, Dr. John W. Shumaker. He had a key interest in international studies, more so than previous administrators, and he brought Dr. Henry Enck with him from Central Connecticut University. Dr. Enck immediately began approaching the academic departments at UofL about taking their degree programs overseas. One UofL faculty member commented that, “Dr. Shumaker wanted to branch out overseas and Dr. Enck made it work for the University of Louisville.”

Dr. Enck chose Panama as one of his target destinations for UofL overseas for several reasons. First, it seemed to be the most advanced developing economy in Central America, with lots of potential. Panama’s long relationship with the U.S. and ties to the U.S. currency were also attractive. Second, Panama has a lot of professionals who graduated from American universities, which provides a good pool of potential graduate students for the University of Louisville. “[Panama had] a lot of educated young professionals that knew that an American degree would have an effect on their career advancement,” commented a UofL faculty member.

Back in Panama, Oscar Leon began his entrepreneurial endeavors by establishing a consulting company. The company grew over seven to eight years and then he focused on the founding of a university in 1997, which began operations with the University of Louisville in 1998². UofL also had political ties that facilitated the connection to Panama. The U.S. Ambassador from Panama met the U.S. Congressman from the 1st district of Kentucky, who had been a roommate at Notre Dame with UofL engineering professor Dr. William Biles.

² Also during this time the City of Knowledge (CoK) project was developing. The concept was similar to Leon’s vision for QLU: attracting different universities to Panama. Leon looked into the possibility of installing his operations in the CoK, but decided to remain centrally in the city to have more access to students.

But President Shumaker's vision for branching out did not mean establishing branch campuses. One UofL administrator stated that he was against the idea of calling UofL's presence in Panama a branch campus. Branch campus is a faulty term because that means you've established a satellite campus, you're in charge of the bricks and mortar, the employment of the support staff, and the operation. The easiest thing to find abroad was physical facilities. We never wanted to spend a dime on physical facilities; we didn't even want to own a light bulb. The reason is because it's unnecessary and a huge expense, liability issues, then comply with local social welfare requirements...these two things made us never want to establish what I would consider a branch campus abroad. We established overseas program sites, in collaboration with local partners that provided that administrative support and operational support as well. We would agree on the schedule of classes, we would send a professor over to teach in the facility for the local collaborator who pays for utilities, rent, provides administration support staff, cell phones while on-site, airport pick-up and return, would evaluate the hotel and so on. On contracts, we controlled the academic program 100%.

The international institute at the UofL controlled all the logistics – guides, airport pick-up, etc. – with the local partner. “We made it very easy for faculty,” commented a UofL administrator.

The first academic program was the Master's in Training and Development in Human Resources. Then Leon entered into contracts in which 100% of academic control resided with the university partner, and QLU (then registered as the University of Louisville – Panamá) was responsible for recruiting the students. Panama began as an initial recruiting center for UofL in 1998. The first program had 35 students. The next five cohorts graduated more than 110 students in that area. Leon began offering programs with UofL such as Engineering Management, which

began with 75 to 80 interested students and a class of 57 for the first intake. They were overwhelmed, so they began another intake six months later. For a while they had 105 students in Panama simultaneously. “It’s never been that good since,” stated a UofL administrator. The U.S. occupation was ending and many of the U.S. armed forces were leaving Panama. At the time of research in 2009, almost 10 years later, they were at their 11th intake and had graduated over 300 students in the program, and were in the process of interviewing 23 students for intake number 12.

Dr. Enck was no longer with UofL at the time of research. His international institute had been abolished and he had been terminated two years prior. One UofL faculty member, still very upset about Enck’s termination, stated that Dr. Enck ran the MBA program in Panama (and one in Germany). He claimed that the dean of the business school decided to withdraw from Panama because he was not getting enough money based on their budget and instigated the termination of Dr. Enck with cooperation from the dean in the school of engineering. UofL faculty members claimed that the program was highly successful and highly regarded nationally and internationally, bringing prestige to UofL. Current professors who teach in the programs were upset because Dr. Enck previously handled all of the recruiting of students, and now they have been given that additional responsibility.

The conclusion of the UofL MBA program specifically forced Oscar Leon to look to other international partnerships; QLU offered seven MBA program cohorts with UofL, with over 30 students graduating from this program³. The MBA program provided a large source of income to QLU. One UofL faculty member commented that “Oscar has enough income from the MBA program to meet his needs there, but the cash flow wasn’t meeting the needs of the

³ They continued with a Master’s in Psychology and Counseling (two cohorts) and a Master’s in International Relations

business school here.” Though motivations of internationalization and prestige are more idyllic rationales for overseas ventures, the financial factors often provide a greater influence in the decision to go and/or to stay.

Leon found a new MBA partner in Florida International University and was launching the first cohort during the time of research. Other university partnerships were also being negotiated at the time. He also had plans to expand and had recently purchased the property next door to the current location.

Mission. The mission of an institution defines its identity and purpose. The mission of Quality Leadership University states: “To educate at the highest academic level better leaders and professionals that contribute actively to the development of the region.” The mission of QLU is clearly focused on the education of students in relation to the labor market. There is no discussion of access, research or innovation, but quality and outcomes are valued. Students are not described as generators of knowledge but as workers in the professional world. This is not a surprise when looking at the history of QLU’s development. Initial agreements were with the University of Louisville’s business school for both undergraduate and graduate degrees. The first two years of undergraduate education are available at QLU, but primarily designed with business school prerequisites in mind. If students want to go into another school or department at a U.S. university, they have to complete more prerequisites.

The vision of Quality Leadership University states: “Be the most important higher education organization in the development of professional talent and leadership for companies and organizations in the region.” Again, the focus is on the labor market. A QLU administrator stated:

Our vision is to become the leading university in the promotion and development of more and the best leaders and professionals in Latin America, through bringing programs of the highest academic quality to Panama. So if there are budgetary situations or they can't travel to the U.S. or can't get visas, they can complete their program here in Panama.

This perception of the vision is closely linked to the written vision statement of creating leaders and professionals for Latin America. However, this administrator's interpretation of the vision also prioritizes access. This administrator argues that these imported degree programs give Panamanians access to an education they would otherwise perhaps not be able to access due to potential visa or financial restrictions.

The themes of the mission and vision fit in with the overall branding of the university as well. Even its name echoes the ethos of the Total Quality Management era of the late eighties and early nineties that strove to continuously improve the quality of products and processes. Leadership was touted as a popular mantra in that era for the path to business success. Posters line the walls of the building with leadership quotes and phrases. There is also a list of values displayed in the lobby that states:

Leadership as a way of life

Quality in everything we do

The highest academic transformative education

Respect for diversity

Passion for service

The stated mission, vision, title of the institution, and campus culture create the brand of QLU that harkens to a professional school for business students. Though the university offers programs in other fields of study, the brand and the vast majority of courses offered are in

business. This is in agreement with the institution's inclination to develop professionals for the work force.

When speaking with professors, a few of them also perceived the mission of the university as closely tied to work force development. One professor described the mission as forming high quality human capital with knowledge about businesses. One administrator described the mission as being "to educate top leaders of the country. That is our focus. To teach our students so they help to change the country." Both of these perspectives share a focus on the impact the graduates will have on the business and political sector of the country. This is not a surprise given that an analysis of the fields of study offered yields a heavy representation in the professional schools of business, engineering, and teacher education. This focus follows local market trends, as one administrator referred to Panama as having "MBAitis": an overabundance of MBA programs and people seeking those degrees.

A different local professor commented that the mission of QLU "is to get the community to believe in this institution and to trust it, because this is new....this is something really new here in Panama. The biggest mission right now is to build credibility." This model is not only new for Panama but also for international higher education around the world. Bringing select degree programs from various international universities is innovative, particularly when done through a host institution like QLU that is owned and operated by locals and that has navigated the regulatory framework locally to receive local accreditation of the degree programs.

Students, however, have a different perception on QLU's mission. They feel that the mission of QLU is to offer a U.S. education, but at a more affordable cost than in the U.S. The student focus is more on the reputation of the degree program and the affordability, rather than on the output. The output of these programs is the graduates' knowledge they obtain and their

potential ability to be leaders and enact change in business and/or politics locally, perhaps in ways that local institutions do not. The perceived mission and vision is interpreted differently by professors and students, while the written statements are in agreement that student degrees and labor market success are priorities, for students as well as professors.

Themes

The main themes explored in each of these case studies are access, quality, and outcomes. In the review of neoliberalism, academic capitalism, and theories of the public good, the themes of access, quality, and outcomes serve as indicators on a continuum with free market models and privatization on one end and public goods on the other. As mentioned previously, the neoliberal influences, the resulting academic capitalism, and the rhetoric of public good are present in all of these cases.

Access. An analysis of access to an institution of higher education will better inform where on the continuum of public versus private good the institution lies. Access can be determined by the cost of attendance, requirements for admission, and the location of the institution. The model of Quality Leadership University is unique due to the variation in tuition and admission requirements for each degree program versus institution-wide policies. The location of QLU is centrally located in downtown Panama City.

Tuition and financial assistance. The average tuition costs for programs offered at Quality Leadership University are far above the average tuition costs of local institutions of higher education in Panama. One student commented that “prices are higher compared to the others.” A professor was in agreement stating that “QLU is expensive for the average Panamanian.” This high price tag on imported higher education makes it less accessible, particularly when compared to Panamanian options. The University of Louisville and Towson

University programs each cost \$205 per credit at the time of research. The Towson University program was 122 credits making the second two years of the bachelor's in business program \$25,010. The Master's in Engineering Management from the University of Louisville was \$12,000 in 2005 and the MBA program was \$15,000 previously. The new MBA program with Florida International University cost \$19,500. And the Master's in TESOL from the College of Notre Dame of Maryland was \$8,750. Compared to the tuition at the University of Panama of \$35 a semester, the prices at QLU are considerably more expensive. These prices are comparable to tuition at FSU-Panama, though slightly more affordable at QLU, but much more expensive still than local private universities, such as the for-profit universities discussed in the next chapter.

Given the smaller proportion of Panamanians in a financial position to be able to afford these programs, the target market is small. One student stated that "only students who go to really good private schools [i.e., attend QLU], which are few...it's a small market for people to be able to take classes in English." This small percentage of Panamanians that attend these reputable private high schools with an English curriculum typically go directly abroad for their higher education. The vast majority of the students enrolled at QLU graduated from the same group of elite high schools where many of their peers went directly to college in the U.S.

It was observable from the school parking lots and the student conversations that the majority of students came from higher socio-economic backgrounds. Many students observed had laptops, cell phones, and luxury cars in the parking lot. QLU is targeting students from a relatively high socio-economic background, but perhaps not so high that they would go directly to the U.S. or abroad for the higher education studies. One student commented that "people who can't afford to go abroad for four years now have this option [of programs at QLU]."

Factors other than money can also play a role in the decision to choose a foreign degree offered locally rather than abroad (i.e. parents' preference to keep the child at home, student fear of moving away, etc.). QLU is now another option for parents who would normally consider sending their child abroad for college right away. Their student can complete two years of an undergraduate degree, for example, and then go to the U.S. to complete their degree.

With the recent growth in Panama, many businesses are also opening branches or relocating their regional headquarters to Panama City. Some of these senior executives are looking for higher education opportunities for their children locally. QLU is also catering to this market. A Venezuelan student commented that all foreign students receive 25% off of their tuition costs at QLU. This discount is an incentive for foreign students to choose these outpost programs rather than going to the main campus abroad.

Students and professors alike also commented on the financial assistance available from the government through IFARHU (Instituto para la Formacion y Aprovechamiento de Recursos Humanos), the Panamanian institution responsible for giving student loans. . One student commented that "there are options if you get the financing. The average Panamanian middle class person could afford it." Another student commented that, "they have IFARHU in Panama and [students] can get the money. People have to prove the conditions, and they don't deny people the money." Students seemed positive about the ability to receive money from IFARHU to fund the more expensive programs offered through QLU. However, the students who made these comments were not receiving assistance from IFARHU themselves. Others who did receive funding from IFARHU complained about the bureaucracy. One professor who had used IFARHU assistance in the past commented that "to be able to attend a university like this, you

either have to pay a lot out of pocket or get a loan through IFARHU; which is quite a lengthy and complicated process from my experience.”

Scholarships are also available to students. A professor mentioned that foreign countries offer scholarships for study in their home countries and students pay them back after graduation. Students are also offered scholarships to participate in the programs through QLU. While observing a class, an announcement was made by an administrator that there was a scholarship contest for those who began in 2008. They needed to write an essay, have above a 3.0 GPA and participate in an interview. There are financial aid possibilities for students who want to pursue more costly higher education options, but with such a big disparity in price between local and international programs, the vast majority of students are still priced out of QLU's program options.

One local faculty member at QLU commented that, “compared to local universities, we may be more pricey, but compared to main campus prices, we're extremely affordable.” This view was more widely held among graduate than undergraduate students at QLU. When speaking with students enrolled in graduate programs, their perspective was more focused on the value for the money:

When a student sees that a university is serious and sees that the academic quality is high, very high, the same academic level as the United States; that 80-90% comes from the U.S. and that the education that they receive is at another level, then the student is willing to make an investment that could be five times higher than studying in a different private university. For example, one of my coworkers asked me for authorization to pay for their Master's in Business, and the Master's is going to cost \$2,800, studying at a private university here in Panama. Those \$2,800 make up a sixth of the cost of our MBA in

Panama, although it is valued at much more, because ours is valued at \$19,500. That same MBA at FIU in the U.S. is worth \$40,000. Although it is offered at half price, it is still six times more than the cost of a local MBA.

Students at the graduate level are more cost-conscious and place value on the relative discount they receive for completing the degree in country, not to mention the savings on the relatively higher cost of living abroad compared to Panama.

Tuition costs for programs at QLU are much higher than the average tuition costs in Panama, but discounted compared to the costs at the main campuses of these universities. One UofL administrator commented that

We never charge tuition abroad. We have program fees. Our program fee was as low as it could have been. We never sought to make a profit. We sought a surplus of revenue over expenditures surely...We did cost plus. It would be a violation of our higher ed non-profit status. The surplus was reinvested in the program or in the overseas opportunities...Surplus for operating, rolling surplus.

US institutions partnering with QLU are making surpluses used in profitable ways, but perhaps are not exporting degree programs as a profit-making venture as private good models would predict.

Panamanians who could typically afford to attend college abroad are the target market overall for these programs. However, students are receiving a U.S. higher education at a discount compared to out-of-state rates that these students would have to pay normally, and not having to leave their home country. The programs are not accessible for the average Panamanians, but are more accessible than attending these degree programs abroad.

English proficiency. In addition to tuition costs, the English proficiency requirement also hinders access to the programs offered at QLU. One faculty member mentioned that having a “curriculum all in English excludes some people.” Due to the U.S. occupation in Panama for almost 100 years, there is a commonly held belief that many Panamanians are bilingual as a result of this U.S. presence. However, the K-12 system in Panama overall is suffering from a crisis. The Second Regional Comparative and Explanatory Study (SERCE, 2008) conducted by UNESCO gives insight into the learning acquired by Latin American and Caribbean Third and Sixth Grade Primary Students in the areas of Mathematics, Language (Reading and Writing) and Natural Science during their school trajectory. Panama exhibits mean scores lower than the regional average in almost every category evaluated. In addition, schools are underfunded, teacher preparation is lacking, and identifying instructors of English is a challenge. This leaves many high school graduates poorly prepared in their English language skills, regardless of the English curriculum in schools.

Given the low levels of English proficiency for students in the Panamanian school system, the likelihood is low of passing the TOEFL exam and scoring high enough to be accepted into the programs offered by QLU. This admission requirement is yet another hindrance to making these programs accessible to Panamanians. As previously mentioned, the majority of students are recruited from the elite bilingual high schools that typically receive their English instruction from foreign high school teachers who are native speakers of English.

Oscar Leon mentioned he would like to explore the possibility of offering an MBA from a U.S. university in Spanish, because so many people cannot qualify for the TOEFL requirement of 550, the average score being only 500. His vision is that if students could take courses in Spanish, there would be time to teach them some advanced courses in English so they can

graduate bilingual. This option is likely more viable with the current MBA partnership with FIU. Many of the faculty members at FIU, particularly in the business school, are bilingual in both English and Spanish. This model would be innovative in its attempt to meet the local population where they are in their English proficiency, offering a curriculum that would improve their English proficiency, and graduating bilingual business professionals with a graduate degree. Though access to these programs would still be somewhat limited for the majority of the population, this design would make the program more accessible than previously.

Location. The campus of QLU is located in the downtown central sector of Panama City, close to the banking district. This location is accessible for most students, particularly for students that work; their offices are likely located in proximity to this campus. The City of Knowledge and FSU's branch campus are located in the outskirts of the city. Not far in distance, but when the traffic of Panama City is factored in, the time to travel to and from the area of the former Canal Zone can be much more time-consuming than commuting to a campus that is located in the central area of downtown.

Taxi cab drivers are sometimes reluctant to take passengers to the City of Knowledge. The perception remains with most Panamanians that the location is too far away. The buses that go to the City of Knowledge also run with less frequency. This makes the alternative of attending QLU versus FSU more convenient for many students, of course considering that location is only one of many factors that influence a student's decision in college choice.

Quality. Common indicators of quality for an institution of higher education are: the overall organization and governance of the institution, the preparation and teaching of the professors and the preparation and performance of students. Though this is not a comprehensive assessment of quality for the institution, these indicators will give an indication of quality,

particularly in comparison with the other cases in this study. Perceptions of quality are important and if students believe they are getting a degree that is worth the investment, these perceptions are likely what make the model work. Buying the brand may be more important than any empirical measure of quality.

This study seeks to determine whether institutions are more on the public good or private good end of the continuum of analysis. A public good institution should boast high quality without compromise. An ideal public good model university is accredited, highly ranked, offers a variety of academic disciplines, maintains high quality for all students and all qualified students could attend. A university more concerned with market position may be average quality, accredited to remain competitive, but ranking would not be important and fields of study offered would meet student demand by preparing them for the job market in professional fields. An analysis of quality indicators at QLU will provide insight as to whether market goals or quality are more important. However, this private and public distinction should not lead to the assumption that they are mutually exclusive.

The data collection for this case study included interviews with QLU and visiting faculty members, both undergraduate and graduate students, and administrators. Observations of 10 different classes across different disciplines and the common areas of the university, such as the student lounge and the library, also provided insight into the quality of the institution. I conducted three different focus groups with students: one with undergraduate students in both the UofL and Towson University program, one with MBA students enrolled in the FIU program, and one with engineering management graduate students enrolled in the UofL program. I interviewed nine faculty members visiting from the UofL and local adjunct faculty for the UofL

and Towson University programs, two local administrators of QLU, and one former US administrator at UofL.

Impressions of quality. When the topic of quality was discussed with research participants, there was a theme that QLU offered a higher quality option than local higher education alternatives. One local professor, who completed her graduate studies in the U.S., commented that

Education in Panama as a whole is very accessible. It is very cheap and accessible. The problem we have is the quality. Some schools are great, the law and medical school at the UP are very good. Hearsay, there are some schools that have a lack of quality. Not everybody can afford quality universities.

Public higher education in Panama is practically free, with a nominal tuition rate at the time of research of \$35 per semester for the national university. Tuition for international degree programs at QLU is expensive comparatively, making it less accessible. But generally, there is a consensus that the quality is higher for QLU degrees. Local higher education institutions have a reputation for being low quality among research participants, with the few exceptions commonly noted for the University of Panama medical and law schools. Participants believe that QLU is higher quality than most alternatives in the local higher education market.

Many of the professors I spoke with felt that Panama needed high quality higher education, but it was not necessarily in high demand because for most Panamanians high quality degree programs are cost prohibitive. A professor commented that “demand may not be as equal as the need, because of the funding necessary to be able to carry out education like this.” Again, the majority of students are priced out of these international degree programs. The need that the professor above refers to is the need for high quality higher education institutions in Panama.

A study conducted by Goethals Consulting (2009), a local consulting firm in Panama, states that 80% of high-level manager positions in Panama are held by those with a Master's degree obtained abroad or by foreigners, in comparison with mid-level manager positions, with more than 80% of Master's degrees obtained in Panama. Goethals deduces that corporations only value a local advanced degree for mid-level management responsibilities, isolated to certain sectors of the corporations, while foreigners or locals with foreign advanced degrees are given responsibilities associated with the overall direction of the company. In essence, this study indicates a glass ceiling for Panamanians with local instead of foreign advanced degrees.

Students do not seem bothered by the fact that the foreign degree programs surpass the quality of the local options. They are accustomed to the idea of importing products to Panama. One student commented that "everything we get here in Panama is imported: what we consume, what we use every day and even education...this university." The commodification of knowledge as a product to be exported and imported is an idea many Panamanians are comfortable with as their reality. A focus group of QLU undergraduate students commented that "you get what you pay for and you pay more for better quality." They were all in agreement that the perception is if you study outside of the country, you are getting a better education and that is the preference of employers. One local professor commented that:

In Panama, the perception is that you are going to have a quality of instruction or know how, somehow because of the association with the main branch, and it will automatically transfer. In the end, that's my perception that all satellite campuses should have a higher quality because of the association with the main campus. Not all of them do, but they all should.

Both faculty and students were in agreement that there were benefits to having the foreign degree programs in Panama and that imported degree programs and high quality were synonymous overall.

Some students confirmed that QLU gives them an opportunity to have an education from different countries and universities without having to leave the country. But not all students shared this opinion and some stated that they thought Louisville is in Panama to gain prestige; others commented that Louisville has a presence in Panama to make money. One student stated:

Foreign universities come here because they thought they would make a profit. There is a lot of money here. Others say that the foreign universities come because they see potential and knowledge. They are selling you a product that is good, but it's a business and they aren't going to sell a good product for free. They say it's good for both sides.

It's good for business and people in Latin America.

Whether students felt the motivations for importing foreign degrees was money, prestige, or to fill the demand of a niche market of students, they all agreed that it was a high quality alternative.

Students locally and administrators from the US all agreed on the high quality these foreign degree programs offered to students locally. Graduate students were overwhelmingly in agreement that the foreign degrees offered through QLU were of high quality. An MBA student stated that "Bringing FIU can boost the image for QLU. You can call the library and it's like you are a student there." An undergraduate at QLU commented that "it's one of the best options here in Panama." Another undergraduate student stated that "The professors you get are very experienced, in the workplace and in the classroom. It is a very valuable experience. The projects you get to develop are very interesting. It's hands-on learning. You're making your own

knowledge from your work. One US administrator commented that “We ended up having a star reputation in Panama. Our class sizes were increasing and our rejection rates of students who applied to the program increased because we got better and better students.”

The MBA students did have some negative comments about the QLU administration versus the FIU academic program. One graduate student commented that “QLU is in charge of them. It is a business. It is not being well-managed.” Another graduate student was in agreement, stating, “I’ve had a great experience with FIU, not with QLU. QLU is the administrative side and not great. Not well-managed.” These business graduate students were particularly critical of the administration of QLU. It was clear to them that QLU was the business partner of their academic program and separate from the academic component of their program delivered by FIU.

When speaking with other professors and administrators from the main campus of the US universities regarding the quality, they admitted variation between the main campus quality and the outpost operation, though nominal. Given the nature of a cross-border program, achieving identical quality is, not surprisingly, a challenge. The accelerated model facilitates the ability of professors from the main campus to travel to the program abroad and teach in an intensive format, allowing a shorter absence from the main campus. Sacrifices in quality are common in the switch to an accelerated model, but the local students value the instruction from main campus professors. The compromise in quality of instruction from the main campus is still meeting a demand for an increase in the quality of instruction at the satellite location.

The model. The very idea of a franchise model in higher education, particularly in the higher education literature, often calls into question the academic integrity of an institution. The term “franchise” conjures up ideas of for-profit fast-food chains, not universities. Administrators and professors, both locally and abroad, disagreed about the term due to its stigma. One U.S.

professor used the term “franchisee” to describe QLU, but then disregarded it, commenting that, “I characterized that [QLU model] as a franchisee, but there is not a franchisee, I just use that so you would understand it. But there is no franchisee associated with that [QLU] at all, it’s just similar to a franchisee.” The hesitation to call their program operation in Panama a franchise was sensitive.

By comparison, local administrators named the model a franchise without hesitation. The model is still new and the stigma of naming the model a franchise is delicate among university faculty and administrators in academe, where the nomenclature of business is negatively perceived, though in this case useful to describe the operation.

The term of “branch campus” was discussed with some participants and most of them agreed that the QLU model was not to be considered a branch campus either. One UofL professor was asked to describe QLU, and he stated:

I will say Quality Leadership University is a training system, a training unit, a training institute. Without [foreign] universities, they can only offer continuing education type of training. They have to have the involvement of universities to offer the degree programs and I don’t think they can. I do not think they would qualify as a degree granting institution on their own...It takes a whole lot of infrastructure and the faculty and all that to manage that, so Quality Leadership University is a miss “know how,” but I think what they are is a well-qualified partner for the University of Louisville. But they are not a university...it is not a branch campus.

Quality Leadership University is indeed registered as a private university in Panama, though at the time of research did not grant any of its own degrees, calling into question also the term “university.” QLU navigated the regulatory environment in Panama to be registered as private

university while not offering any degrees of its own, but the degree programs of its partner “franchisor” universities. The franchise model facilitates a local partner for foreign universities to expand their operations abroad and in the case of QLU, supporting the franchise model is crucial to the mission of the institution. Though there are aspirations for QLU degree programs, the bulk of their operation consists of hosting degree programs from foreign universities.

Interestingly, the University of Louisville’s website refers to the operation in Panama as a branch campus: “Students may earn up to 6 credit hours, taking courses in Spanish language, Communication (taught in English), Political Science (taught in English), and Panamanian Culture (taught in English) at the Quality Leadership University, UofL’s branch campus in Panama City.” Also, the QLU website lists “University of Louisville – Panamá” immediately following the QLU title, almost like a subtitle. This could be for purposes of brand recognition. The original operation was registered with the government of Panama as the University of Louisville – Panamá and the building is built in the style of a building on campus at the University of Louisville and has a sign on the building with the home University’s name. In Panama, the average person does not recognize the name Quality Leadership University, but they identify it commonly as “Louisville.”

Some local professors did feel as though the QLU model represented a branch campus. Considering the main building was built to look like a building on the campus of the University of Louisville, this perception should not be dismissed. One local professor commented that:

It’s pretty much what you would get on the main campus with some local flavor like any other satellite campus who would try to fit the needs of the community...They’re getting pretty much what they would get on the main campus as far as education, they’ll get that

university experience. I think I pretty much follow what the course would be. So I think it would be, not a program, but a branch campus; a satellite campus.

Though participants disagreed on terming the model a franchise or a branch campus, they were all in agreement that the curriculum was controlled by the main campus and almost identical in content to the main campus.

U.S. universities are looking for ways to internationalize and grow enrollment for the programs, and the franchise model provides a framework in which the academics are controlled by the main campus but the logistics are handled by a third party. One professor from the main campus of the University of Louisville commented that:

I think it is an excellent model for international programs. Because you know, our universities are real good in doing academics, as it should be, but we are not real good business people I don't think, as a general saying. So I think if you have an entrepreneur operation that is backed with good people and they provide a good facility to deliver your academic program in, and they are successful in recruiting quality students, I think it is a very good way to deliver a high quality international program.

The faculty members from the main campus supported the idea of keeping control of the academics and outsourcing the student recruitment and on-site logistics. One US administrator thought the administrators at QLU were very helpful on confirming local guest speakers for courses taught by visiting US faculty and valued QLU's in-country experience and networks with the local business community. QLU often has a relationship with these local companies created by recruiting efforts for potential students.

Curriculum. The curriculum for these various degree programs in Panama are under oversight by the main campus. Professors from the main campus of the UofL and Towson

University programs often teach in the summer, and for the graduate programs professors from the main campus of UofL and FIU teach in intensive modules throughout the semester. These visits by professor, as well as by administrators from the main campus, help monitor curriculum oversight. Slight adjustments are made for the local context (e.g., locally relevant case studies), but overall the degree programs still need to meet the U.S. accreditation requirements. A QLU administrator described the curriculum as “relevant to the local flavor and academically defensible.”

An occasional adjustment made to the curriculum locally is the language of instruction. This same QLU administrator stated that sometimes English was not needed in the classroom, but that academe is not quick to respond to technological change. As a result, his classrooms are equipped with rooms in the back where interpreters can simultaneously interpret the class for students who elect to wear headphones. This local adjustment makes the curriculum more accessible for local students who are admitted into the program conditionally because they did not have a high enough TOEFL score, but all students do have to pass the TOEFL in order to receive their degree.

The number of core courses varies in the curriculum, but they all must be offered. There is, however, a limited selection of elective courses for students. Students both at the undergraduate and graduate level complained of the limited selection of electives offered. A QLU administrator described this limitation on elective options due to the increase in instructional costs. It is in the interest of QLU to keep the classes at capacity and the course options limited to increase cost efficiencies. Though the degree programs are from non-profit universities, QLU is a for-profit institution with business sense and bottom-line influence on curricular decisions.

Class sizes ranged from 25 to 50 students for the undergraduate classes. Students who are enrolled at the main campuses in the U.S. experience larger average class sizes than they would in this program located in Panama. Undergraduate students described their program at QLU as small, as small as a high school program. The curriculum is essentially prescribed. All the same, students expressed that they liked the classes and agreed that they were able to accomplish most of their goals.

The undergraduate students have multiple classes concurrently during the semester, but then move to a condensed modular format in the summer to accommodate visiting professors from the US. Some students complained that this format was very rushed, but admitted that professors did their best. They preferred taking courses during the long semester to leave time for make-ups and learn the information over a longer period of time. Other students preferred the intense summer sessions, claiming they were more focused and less concerned with other classes simultaneously.

MBA students progress in a cohort and mostly have a prescribed curriculum. The class sizes depend on the enrollment each semester (see appendices). If students miss a module, they have to wait an entire year to make up the course. Each module is four weeks in length, with three weeks of class meetings. One class might be Thursday or Friday and then all day Saturday. Students have one week off between modules, but they still attend class on weekends. They also get both Panamanian and American holidays, which further compresses the academic calendar. One UofL professor shared his concerns with the executive format, stating:

I had some serious misgivings about the executive format. To be frank, I still do. There is no way that the students here can do the quality of work as a student in fifteen weeks like the University of Louisville and that bothers me and bothers my colleagues as well. But

it's been a source of degrees for us. The department does not create a lot of degrees other than Panama, so the department that does not create a lot of degrees finds itself vulnerable and thanks to Panama we are not...In Panama they average thirty degrees a year, and that's pretty much made any scrutiny in the programs with Louisville unnecessary.

The executive format is necessary to recruit students with full-time jobs. It also facilitates the travel of main campus professors abroad for shorter durations. The concerns this professor shares are also shared by faculty and administrators alike for domestic programs as well.

The off-shoring of a degree program that is suffering from low enrollment domestically is an entrepreneurial initiative by this department, one that UofL has been employing for years. This department previously offered the program to the U.S. military in Fort Knox prior to offering it in Panama. The impetus for off-shoring degree programs in order to stabilize the enrollment and provide job security for these faculty members aligns this model with a private good framework and suggests that the quality in the U.S. is not high; otherwise, it would have more students.

Also, quality is at risk with the engineering program, which is offered over 15 months abroad but only 24 months domestically. The UofL professor expressed concerns with the length of time of the program, confessing it a weakness of the curriculum. One professor spoke about the executive format in Panama stating, "Here it is consolidated in half the time and there again is the diminution of the quality of the program. So there is the two week format and all part of the 15 months are detriments to the quality." He has encouraged QLU administration to lengthen the program to two years, but is being met with resistance. He stated, "I have been holding my breath that they will go under scrutiny screenings from SACS, and needless to say I know what

their weaknesses are. It is just a question of whether SACS recognizes those weaknesses and brings it to them.” The main campus explored a three-week intensive option with QLU, but was also met with resistance. QLU is charged with recruitment and the intensive model assists with recruiting efforts, making the academic offer more marketable.

The MBA model classes were six weeks long: two weeks over the internet, two weeks in Panama lecturing, and two more weeks for group projects. The program was approximately 18 months long. It was a set curriculum with no electives. Class sizes ranged from 35 to 50 students. The intensive nature was sometimes a challenge for graduate students. One of them commented that

Sometimes it gets hectic with the homework and projects and keeping up with the pace is very difficult with the U.S. classes. It presses you to give it more and I don't complain about the module format. It is hurried in the module format, they would like a little more time. It is very condensed. Teachers are rushing through the last slides at the end of class. Very accelerated.

The intensive modules were almost a necessary evil to make the program viable, since it was a challenge for both professors and students to cover all of the necessary material in such a short amount of time.

The intensive short-duration degree programs abroad meet the demands of faculty needs for short absences from the main campus and of graduate student needs for a schedule that facilitates their usual full-time employment. However, when the entrepreneurial motivations meet the academic integrity of the curriculum, there are often compromises to the quality of the academics.

The business programs at QLU have received periodic site visits from both the Graduate Management Admission Council (GAMC) and the Association to Advance Collegiate Schools of Business (AACSB). One U.S. administrator stated that

When they [evaluators] are here, they look at the international programs under a microscope. They look at the curriculum offering, they get the CV of every professor or our professors and the local people we recruit. And it is just that: the curriculum is the same and even the ones that are not the same or is the same course modified to incorporate the culturally specific information, but you know they have to be fine. They are critical to making sure that our international programs are operating to their standards. They are particularly interested in the quality of the faculty that we recruit to teach locally.

These cross-border programs are held to the same standards as the programs on the main campus and receive visits from U.S. accrediting bodies, as in the examples cited above. Though adjustments are made onsite to the structure of the courses, (i.e., modular versus semester-long format) local cases are used in class versus U.S. case studies.

Professors. Both the undergraduate and graduate students enrolled in degree programs at QLU receive approximately half of their instruction from locally contracted professors and the other half from main campus professors of the academic program. The majority of US professors who teach in these programs are on twelve-month tenured appointments, according to interview participants, while the majority of locally contracted professors are adjuncts at numerous universities in Panama City and often hold professional jobs. The locally contracted professors are reviewed by the main campus and must meet certain criteria to be eligible to teach in the program and comply with the U.S. accreditation requirements of the degree program.

The owner of QLU was a Fulbright recipient and often utilizes the Fulbright network in Panama to identify local professors. Since often these Fulbright alumni have U.S. degrees, they are typically qualified to teach in these degree programs. However, the qualifications and research achievements of the locally contracted professors overall are not as high as the U.S. professors from the main campus.

Some local professors did express a desire to have more professional development with the main campus and aspire for faculty exchanges. One local professor commented that “we have very little interaction with the main campus, mostly with the administration.” Other professors were indifferent to the little interaction they had with the main campus. Overall, the relationship of the main campus with the local professors is minimal beyond approving their qualifications and prescribing the curriculum.

Students expressed their enjoyment of having instruction from the main campus professors, affirming that it is one of the main appeals of enrolling in a foreign-based academic degree program. However, these U.S. professors mostly, if not exclusively, teach in intensive modules during the summer session, making their time with the students in Panama limited. Local students hoped to build relationships with these professors, but one of the challenges for the main campus is that after so many intakes, these professors want to go elsewhere abroad to teach.

The undergraduate students made distinct observations between the local and U.S. professors that teach in the summer. The U.S. professors were highly favored over the local professors. Some students stated that the teachers from abroad were on another level. Students noted the differences in teaching styles, claiming that Latin American professors were more like tutors and U.S. professors tried to teach them to analyze problems and develop skills. They

claimed that in Panama, professors did not want to be their mentors, whereas U.S. professors gave a more complete class and took seriously the student evaluations. In Panama, no serious action is taken from student evaluations according to these students. They stated that most professors in local universities are in their positions because they have held them for many years and local universities are very bureaucratic and slow to change.

The franchise model inherently implies that the academic outposts abide by the main campus rules and regulations, specifically the academic standards necessary to meet accreditation requirements. A few local professors complained about the amount of restrictions and prescriptions for the curriculum. They expressed a desire for more academic freedom in the classroom. One professor explained that some terms do not translate directly, so sometimes she says the terms in Spanish even though she is not supposed to speak in Spanish. She also mentioned that she always has to give the Panamanian context and to differentiate laws between the U.S. and Panama. Another professor stated that

I take seriously what I do here; it represents Towson and its mirror. If I don't follow their curriculum (not word for word, obviously I like some latitude, all the professors do), but what they're trying to do at the core I take very seriously. What's offered here represents the school. I wouldn't be embarrassed to say this is what I do.

A U.S. professor commented that for the graduate level programs, they typically hire local professors to teach the human resources, law, tax, and accounting courses, as the local laws differ from U.S. laws. Franchise models assume the replication of the main campus curriculum, but the local reality can create tension for professors wanting to incorporate their own creativity and local context into their course.

The main campus also found challenges to hiring local professors to teach the main campus curriculum. A UofL administrator stated, “I think the challenge was, and it is more than a normal challenge of, how do you train international faculty that are not used to doing these kinds of things, to make sure they are doing it?” The QLU administration is charged with overseeing the local execution of the main campus curriculum, but without surprise the idea of having a carbon copy of the curriculum abroad is not realistic. During my observations, the majority of professors stuck to the prescribed curriculum of the main campus generally, but each professor added their local flavor.

When speaking with local professors, they felt that the quality of the institution was very high. One professor commented that other private universities compromise quality in the classroom, encouraging professors to accommodate students and lower the rigor in order to keep enrollment numbers up. At QLU she felt that they encourage her to keep the quality high. The main challenges professors discussed related to students. Numerous professors complained about disciplinary issues with undergraduate students, which was observable in the classroom. It was common to observe students protesting their grades with the professor or negotiating their exam date. In one class, the professor walked over to a male student not paying attention in the back of the classroom while on his laptop and put down his screen. The student complained and later left the class with his laptop. Students leave the class often during the lectures, sometimes meeting friends in the hallway and not returning to class at all. When a professor announced my presence for observation of a class she stated, “maybe this will help you behave.”

Professors periodically scolded undergraduate students for talking. A professor had to bang on his podium multiple times, shouting repeatedly “Escuchan!” (“Listen!”). He had to ask students to put away their cell phones and to stop talking. Another professor moved a student to

sit at the front of the classroom asking, “Why? Why do I have to treat you like a baby? And say ‘shut up, shut up, shut up.’ I don’t want you sitting there for the rest of the semester. Where is your book?” The student later left the classroom and did not return.

Students. In the classroom, it was observable that professors faced challenges with student discipline at the undergraduate level. One professor, who also taught at FSU-Panama, specifically described the student body at QLU as difficult to engage. She stated that they did not have respect for their professors and thought it was an issue of power. Another local professor described the undergraduate student body as smart, having all come from good schools. This same professor also described the student body as difficult, because they come from wealthy, powerful parents and they think they can do whatever they want. This sense of student entitlement makes for a challenging classroom environment.

The majority of the students at QLU attended the same group of elite high schools and still live at home. The other students are mainly from other countries, predominantly Colombia and Venezuela, or foreign-born to parents who have relocated to Panama for work. Overall, the student body is affluent. Very few undergraduate students have ever worked. In one class, a professor took a poll and only five students out of 35 had ever been employed. A different professor gave examples from his middle/working class background during a lecture, but the students could not relate. The majority of students have a socio-economic background that allows them to not work if they so choose.

Some professors also faced challenges with getting both the undergraduate and graduate students to communicate in the target language of English. Students’ conversations with each other were almost entirely in Spanish. The professors are instructed to give their lectures in English, but the bilingual environment can make this challenging.

Culture. Culture is a factor in research that cannot be ignored. One professor stated that “Culture is the bedrock of society and if you don’t take that into account you will have a lot of problems.” The observations and interviews conducted during this research could lead to determinations about quality that are not necessarily incorrect, but embedded in cultural norms and difficult to tease out as strictly quality concerns.

The Spanish language is undoubtedly a part of the culture in Panama and permeates the classroom environment at QLU. It is heard in the halls, in side conversations in the classroom among students, and interjected in lectures by professors. At times, Spanish is used due to challenges with English proficiency, but largely the curriculum is taught in English with only some terms expressed in Spanish. The use of Spanish and its relation to quality is peripheral. Transporting a U.S. academic degree program to another country will indisputably be influenced by the local culture, yet without necessarily impacting quality.

There was an observable more relaxed attitude in the classroom in comparison with U.S. cultural norms. It was very common for students – and often times professors – to arrive to the classroom late. Professors never arrived more than 10 or 15 minutes late, but often students would arrive 30 or 45 minutes late. One local professor commented that “College people in Panama tend to be more relaxed here. We take for granted rules you are supposed to have in a college.” At first glance, the relaxed nature in regards to punctuality seems to be a dismissal of the rules, but the cultural norm of time being flexible permeates society in Panama and most of Latin America.

It is important to take into account these cultural norms when observing classes, particularly when a relaxed attitude towards time could be interpreted to influence quality. One local professor commented on the big difference regarding local rules: “People don’t always

show up on time; don't be so strict in the classes. Compared to my experience in American universities, it's a little bit more lax." Some professors are stricter, closing the door at the start time and passing around an attendance sheet. These professors also tend to be more critical of the cultural norm of tardiness and attendance.

Professors from the U.S. also differentiated this concept of time and discipline as major differences between the local and visiting professors; as one U.S. professor observed, "A difference between the American professors and the Panamanian professors: working on time, discipline. It's not a knock on them; it's just the cultural differences." A local professor agreed, commenting that, "The biggest problem we have in this country is a lack of discipline. We don't take things seriously and think everything is a joke." This local professor had studied in the U.S. and had a basis for comparison. I found that most local professors that had studied outside the country were even more impatient with the local attitudes toward punctuality.

The majority of the U.S. professors I spoke with were quite sensitive to the cultural differences. One U.S. professor stated that an important goal of his was "striking a good balance with the culture. Not being so gringo that I'm imposing, but finding within their culture that discipline is important if you're going to work in international business." The challenge for faculty is to be sensitive and aware of the local cultural norms while exposing students to U.S. and international cultural norms in higher education, since they are receiving a U.S. degree.

Other professors felt the cultural norm of tardiness was not as concerning as the local norms related to attendance and cheating. One local professor commented that

As a whole, people are educated. Lots of people have Master's degrees. But the problem is the quality. We have to be more strict with the students about attendance and cheating.

We need to get more discipline. We don't have that. People in Colombia are very disciplined and it is very strict. It's part of the culture.

This professor recognized that the concerns related to attendance and cheating had a relationship with the cultural norms. Another observable cultural norm was the culture of copying. Students were rarely seen with original textbooks, either making photocopies of the textbooks or simply copying each other's homework. The quote "no copy paste" was often heard in classroom observations, referring to plagiarism and students' tendency to copy information found on the Internet and paste it into a document as their own work. These concerns are not exclusive to Panamanian students, particularly when compared to students in the U.S., but they were noticeably more prevalent.

Outcomes. The goal for any business model is a profit margin; no business would succeed without it. QLU is a for-profit company with education as its business. The objective is to partner with foreign universities to offer their degree programs in Panama. According to a QLU administrator, each contract is different between QLU and foreign universities.

Interestingly, he stated that the business is split evenly:

The foreign universities take 50% and we take the other 50%. The universities pay for half of the costs and take half of the revenue, and we take half of the tuition and pay for half of the costs.

A U.S. administrator confirmed the distribution. He stated that, "the money is split 50/50 with QLU and they need 25 students to make ends meet. And the last two intakes have been around 20, 21, 23." This U.S. administrator went on to state that:

So, for us, it has been a financial squeeze. I do not know for Oscar [Leon]'s side whether it has been as much as a financial struggle as for us. But when we get the numbers above

30, it is a cash cow and we won't worry about having a cash flow as much as we are right now.

One of the U.S. administrators commented that they pay their faculty \$8,000 per course, regardless of their salary at the home campus.

The U.S. universities are non-profit institutions with an IRS designation. The organization does not have shareholders who receive profits. Non-profits can and do make profits, sometimes large ones. The profits are not shared with shareholders and should be reinvested in the mission related work of the organization. However, non-profits can provide members with very large salaries, perks and benefits. Non-profits can also use for-profit benefits to shore out failing parts of their organization; universities use some cash cow programs like those in the business school to give money to programs in the sciences. Even non-profits have business models that drive the institution.

Though the statements above make the incentive for the off-shore program seem entirely financial, one U.S. faculty member countered that idea, stating, "For us the motivation was never the money; the motivation was initial degrees." He shared how his department of engineering accredited six degrees, averaging one per year between APAC visits in 1994 and 2000. He added that they were lucky they did not lose their accreditation. Instead, they received a slap on the wrist and were told that the department needed to turn out more degrees. Accordingly, they went abroad to seek enrollment and partnered with QLU, which has yielded results.

On the contrary, a U.S. administrator stated that the MBA program at QLU made a substantial amount of money; they charged around \$12,000 per student for the program when it started, and the last class's tuition was approximately \$13,000. This is still about half of the cost of the executive MBA at the home campus, which was approximately \$25,000-\$30,000.

Though QLU is for-profit and the universities are not-for-profit, they both have fiscal incentives for success. In addition, the universities are looking for increased enrollments to fulfill accreditation requirements, while QLU is looking to provide quality higher education opportunities to local students. Profits will always be a factor to making any entrepreneurial activity viable, including those related to education. The question still on the minds of many is: to whom is the education being provided, and what kind of education is it? The sections on access and quality attempted to address these questions. The outcomes include the financial success of the institution, but also the success rate of graduates in the job market.

Though there are no statistics kept by the universities or QLU to track the graduates of these programs, the research participants were able to speak anecdotally about job placement for the graduates from QLU's sponsored degree programs. One U.S. administrator commented that some of the engineering graduate students were getting hired during the program. A QLU administrator stated that the graduation rate for the master's degree was at 95%.

For the undergraduates, a U.S. administrator commented that approximately 95% finish their degree, either at QLU or after transferring to another US university, while a QLU administrator estimated the graduation rate to be below 95% for undergraduates, without giving an exact estimate. Another U.S. administrator commented that approximately one third of QLU students went to U.S. universities after their first two years in Panama.

Other local professors commented that a significant proportion of the undergraduate students would go on to work for their families. One professor commented specifically on the nepotism that pervades Panamanian society:

Panama, because it's so small, people know who is who. The elite, do they really need that undergrad? Do they really need that experience? Many have a job waiting for them.

Panama has that singularity; more here than a lot of places, the SES is very embedded. Local hires might not have social standing to tap into SES. Certain last names matter here. Social network is huge. Less anonymity here.

Panama City is a large city of over one million inhabitants. However, the elite social class is small and identified by membership in a select few social clubs and children's attendance at a select few high schools. Surnames are prestige markers, and they appear often in the captions of newspaper photos from social events. This is an important factor to consider when choosing to offer higher education degrees in a culture where social mobility plays by certain rules that do not always consider education a key factor.

Others students who do not have family ties to the elite will work for international companies such as Colgate, Johnson & Johnson, or Dell. Few will go on to start their own business. According to a local professor, "There is not really entrepreneurship in Panama and the largest employer is still the government." This same professor works with the students to host a job fair at QLU. The MBA students generally make much more money compared to other MBA program graduates of local programs, according to a QLU administrator.

Conclusion

Quality Leadership University is an innovative partnership model in cross-border higher education. Traditionally, U.S. universities that seek international partners abroad to offer their degree programs have looked to peer institutions of higher education. Often these partnerships involve a twinning program where the degrees are jointly offered, or the two universities reach an agreement to waive tuition and fees for students under an exchange agreement. QLU, however, is more akin to a third-party provider. Though QLU is registered in Panama as a private university and aspires to offer its own degree programs, at the time of research the only

academic degree programs offered were under the QLU umbrella and had complete oversight by the main campus of the U.S. university. Many would argue that this is a franchise model in international higher education.

There was disagreement among research participants on the appropriate term to be used for the QLU model; some preferred franchise, others branch campus. The commercial implications with the term “franchise” made many of the US academics and university administrators uncomfortable, while local professors and administrators seemed more comfortable with the term. The sensitivity around this corporate term highlights the current criticisms of higher education and its tendencies towards neoliberal principles.

Given the budgetary pressures placed on U.S. universities, the push to become entrepreneurial is evident. Academe was founded on the principles of the advancement of knowledge, curiosity driven research, and learning for the life of the mind. Institutional activities that indicate revenue streams as a priority call into question the very core mission of higher education. Academic capitalism provides a theory that describes the phenomenon of increasing attention paid by universities and faculty members to market potentials for research. But research is not the only revenue-generating activity a university can undertake; outsourcing is another, and the most cost-effective model is the franchise. Though not all of the degree programs were making great profits for the U.S. universities, some were considered “cash cows,” such as the UofL MBA program. This language is not of the public good and represents the lexicon of a market-minded institution. Another motivation for U.S. universities off-shoring their degree programs is increased enrollment in programs that are suffering low enrollment and in danger of being canceled or losing accreditation. Again, the private good and its concern for supply and demand is prioritized over the public good.

Analysis of the mission of a university is an indicator of where on the continuum of public versus private good an institution lies. The mission of Quality Leadership University clearly focuses on developing professionals and future leaders. With the high representation of business and management degrees and with the owner of the university as an entrepreneur himself, this mission is not surprising. The institution is profit-driven. That fact coupled with the mission lends indication that the public good may be compromised as a result. However, the motivations for the creation of QLU are seemingly well-intentioned for the public good and the degree programs franchised under the QLU name are providing access to local Panamanians and students from the region a unique opportunity to complete U.S. degree programs locally. The mix of private and public good motivations is evident throughout this case.

The question remains: which public for what good? Panamanians and students from the region are gaining access to U.S. degree programs in Panama without having to leave the country. But the majority segment of the population gaining access to these degrees locally also likely has access to these degrees abroad. These students generally come from more affluent families who could afford to send these students directly to the U.S. for higher education. The question for undergraduates is whether access is to a U.S. degree program otherwise inaccessible or to an option that is simply more cost-effective and caters to parents' preferences to not send their children abroad for higher education.

For graduate students, their socio-economic status is less evident in the data and by observation. The access that QLU provides could be more meaningful for them, as they seem to come from high-middle and middle class backgrounds. For these graduate students, the access QLU provides is considerably greater. The majority of students have full-time jobs and/or families, making the sacrifice to study abroad to earn a foreign degree more challenging.

All students, both undergraduate and graduate, must have proficiency in English and the ability to pay tuition prices much higher than local averages, making these degree programs less accessible to the majority of the local population. The bureaucracy related to accessing financial aid from the state creates barriers of access to enroll in foreign degree programs offered at QLU. In addition, the English programs in Panamanian schools suffer great deficiencies. In the end, the programs at QLU largely market to the same students who could leave directly to study abroad. The percentage of the population with access to these degree programs is minimal. All the same, the access that QLU provides is to U.S. degree programs locally, which is innovative.

Oscar Leon, the founder and owner of QLU, plays by the rules, but as an entrepreneur he has creatively navigated the regulatory frameworks in the U.S. and locally. Some might argue that the motivation is profit, while others could debate that his motivations are well-intentioned to create access to U.S. degree programs locally. QLU is registered as a private university in Panama and the U.S. degree programs are vetted as QLU degrees. This is advantageous for Panamanians because their higher education degrees must be officially recognized by the state in order to be eligible to work for the state. Otherwise, students must submit their degree programs, including previous course syllabi and transcripts, for review to have them authorized for equivalency with the public university. So having these foreign degree programs recognized as QLU degree programs assists students, and in turn makes the programs more marketable.

The curriculum is complex and contradictory, and various claims are made for it. QLU also hires a percentage of local professors to teach in the program, according to U.S. accreditation guidelines. The construction of the curriculum, with local professors during the semester and U.S. professors for intensive summer modules, allows the degree program to be

viable in Panama. Otherwise, it would not be possible to offer the degree programs and have U.S. professors teach for an entire semester.

The incorporation of English interpreters for students who struggle with English proficiency is another innovative tactic that follows U.S. accreditation guidelines. Some students are even admitted conditionally if their TOEFL scores are not high enough and then work on their English concurrently with their graduate courses. These students are formally admitted after they begin their coursework and once they pass the TOEFL. All of these examples point to Leon's entrepreneurial savvy. At the time of research, he was also hoping to identify some partners in the Spanish-speaking world with which to offer some degree programs in Spanish and in turn increase access to students. Access also means higher enrollment, which is fundamental to the financial success of the university.

A franchise model implies that the product or degree program is overseen by the main provider and therefore quality concerns should be minimal. Yet variation in quality between the main and overseas operation was admitted by U.S. faculty members. Also, the curriculum design locally is adjusted to make the program viable: few elective options for students, summer intensive modules for undergraduate students, and an intensive executive format for graduate students.

QLU is a lean operation and the courses offered are in compliance with U.S. accreditation without offering extra courses or assistance. It is in the interest of QLU to keep the classes at capacity and the course options limited to increase cost efficiencies. In comparison, the FSU branch campus has a wider breadth of courses, full-time faculty and extra assistance, such as a math center. One student was taking classes both at FSU and QLU, though she commented that she was having challenges getting the grades to transfer: "I like over there [FSU] because you

have a library and a math center. Professors there are more available to students. Here professors teach you and then they leave.” FSU has a staff of full-time faculty members, while QLU depends entirely on adjunct professors or visiting professors from the U.S.

The branch campus operates similarly to the main campus, having extracurricular support, while the franchise model is more cost-effective. The franchise model is an innovative model in cross-border higher education and likely more viable and sustainable, particularly when compared with the branch campus model or the acquisition/merger model. It allows for access to foreign degree programs locally, the monitoring of quality by the main campus and by home country regulations, and a foreign degree without the expenses associated with moving abroad, making students more marketable in the local job market. Yet the model is not without problems.

Students know what they are paying for and do not mind. They acquire the prestige, the right degree, and are buying their position in society and are quite happy with the deal. The QLU model is a business model. UofL and Towson University export their full-time faculty down to Panama for the summer to be more productive for the university than they would be at home. It is a business model keeping a mid-level U.S. university afloat and keeping the Panamanian elite happy. The only potential negative effect of this business model is that it reinforces the existing elite system, essentially neglecting most of the local population.

These cross-border models in Panama are providing access to foreign degree programs and also a springboard to enroll directly in foreign institutions. Many students at QLU enroll for the first year or two and then apply directly to universities in the U.S. Though some models are more cost-effective than others, and providers of these opportunities are motivated by revenue-generating potential, they provide access to an opportunity for a U.S. curriculum or degree otherwise impossible without leaving the country. This idea is also the mission of the City of

Knowledge (CoK) in Panama: recruit foreign universities to offer their degree programs in Panama.

CHAPTER 7

U.S. FOR-PROFIT HIGHER EDUCATION IN PANAMA

For-Profit Acquisition/Merger Model

The for-profit higher education model abroad analyzed for this study is an acquisition/merger model, in which a U.S. or other international provider purchases a local higher education institution (ACE, 2007). For-profit universities often use this corporate growth strategy to quickly boost enrollment and expand current operations into new locations. The main payoff for buying an existing campus is that the enrollment growth is automatic and students currently enrolled at that location are added immediately to the company's bottom line (Kinser, 2007). The alternative of establishing a branch campus is a less desirable strategy due to the time required to build enrollment and the resulting delayed increase in profits. Due to the limited potential for U.S. corporations to acquire/merge with other institutions in the U.S., corporate growth strategies rely on foreign expansion.

This chapter will focus on two U.S. for-profit higher education corporations that have acquired/merged with local institutions in Panama as part of their foreign growth strategy. These institutions do not necessarily have a home campus, but are multinational companies with a headquarters. Laureate Education, Inc., acquired two universities in Panama City, Panama: The Interamerican University of Panama (Universidad Interamericana de Panamá [UIP]) and the Latin American University of Science and Technology (Universidad Latinoamericana de Ciencia y Tecnología [ULACIT]). The Whitney International University System merged with the University of the Isthmus (Universidad del Istmo [UDI]), which has ties to the Politécnico

Grancolombiano in Colombia. The cases of these two for-profit companies in Panama will demonstrate the particular push for foreign expansion by U.S.-owned for-profit companies and the Panamanian regulatory environment that has enabled their success.

The data collection included documents, classroom observations, and interviews with faculty, administrators, and students on campus. Specific themes explored in the three universities (ULACIT, UIP, and UDI) include access, quality, and outcomes. Access to these institutions is high, with policies similar to open enrollment admission. Tuition is affordable for the average Panamanian and the curriculum is in Spanish. The quality of these institutions is highly variable, above all when compared with U.S. peers. The curriculum is largely focused on the professional fields, particularly business, hospitality, communication, law and engineering. The case study institutions in this research are recognized as degree-granting institutions in Panama and have had degree programs vetted by the University of Panama. The universities mainly operate with part-time faculty and libraries that are mostly comprised of virtual volumes, contributing to keeping costs down. Graduation rates were difficult to obtain, as was job placement success for graduates.

Laureate Education, Inc.

History of Laureate Education, Inc. Laureate Education, Inc., was founded in 1979 and its initial public offering traded in 1993. The Laureate International Universities division was founded in 1998, and in 1999 had one institution with an enrollment of 6,100. It began with zero enrollments and was up to 159,250 in 2004 after acquiring 44 existing campuses, adding 27 of those campuses between 2000 and 2004 (Kinser, 2007). Notably, since 2000, Laureate has doubled in value and grown by 75% (Kinser, 2007). Laureate evolved out of Sylvan Learning Systems, a publicly traded company until its founder, Douglas L. Becker, took Laureate private

in 2007 in a \$3.82 billion buyout and has been steering the company's education business abroad (Sentementes, 2010).

The company's focus towards foreign expansion is not surprising. The average size of U.S.-based independently owned for-profit campuses – the primary target for acquisitions – is approximately 260 students (Kinser, 2007). From 2000 to 2004, Laureate averaged 3,314 students in enrollment for each new campus acquired (Kinser, 2007). Given these numbers, an acquiring strategy that looks for students, it seems, would do best in a market of global expansion. Laureate stands out among other for-profits for focusing its acquisitions on well-established foreign universities. As a result, Laureate Education, Inc., is the largest international for-profit chain with an extensive presence in Latin America and also in Europe (Levy, 2009). It has grown to include more than 50 institutions of higher education in 24 countries, with an enrollment of more than 550,000 students.

The growth strategy of Laureate institutions is intricately tied to the network of universities. The corporation promotes expansion of bilingual, study abroad, and dual-degree programs, as well as sharing curricula across institutions. Exemplar curricula are syndicated to meet growing demand in other parts of the network. However, the promotional materials of Laureate claim a respect to the unique history, culture, and community of all its institutions.

The rector of both Laureate universities in Panama stated that Laureate did not want the amount of investors and the financial growth of the company to appear so raw and only as a business, but as an education business: not just a business oriented toward receiving dividends on its investment, but also toward repairing a population, providing for a world-wide middle class, a class of professionals with the best competencies, abilities, and technology required to be successful in the world.

Laureate's stated focus is on career-oriented degrees delivered with an international perspective as a tool to help students achieve a return on their education investment in the global marketplace. Throughout the network, institutions offer undergraduate, master's, and doctoral degree programs in career fields that include engineering, education, business, medicine, law, architecture, health sciences, hospitality, culinary arts, and information technology. These degrees are offered on campuses and online through distance learning. The educational philosophy of Laureate is committed to create academic programs that are: international, technological, career-oriented, and outcome-oriented (Laureate).

Laureate's promotional materials assert that their mission is to expand access to higher education so that countries may grow and prosper. There is also mention of a service-agenda, which includes outreach projects in the local communities where they operate and donations by the foundation to non-profit organizations. Each Laureate university has its own academic advisory board, comprised of academic and professional experts with the goal to ensure career-relevant education for all its students. Of recent notable interest is a collaborative project with the Clinton Global Initiative to offer over 1,000 scholarships for teachers to complete advanced degrees, in honor of former U.S. Secretary of Education under the Clinton administration, Richard W. Riley. In 2010, former President Bill Clinton accepted the position of honorary chancellor. Laureate International Universities will likely benefit from the prominence that Clinton still enjoys throughout most of the world (Sentementes, 2010).

Laureate's acquisitions in Panama. Two of Laureate's acquisitions above were in Panama: The UIP and ULACIT. The UIP was established in Panama in 1992 and acquired by Laureate 11 years later in 2003. However, the Interamerican University has its roots in Costa Rica, established there in 1986. From 1986-1989, many Panamanians went to Costa Rica for

their higher education. As a result, the University gained interest in expanding a branch to Panama during the Noriega years, particularly due to the low number of private universities in Panama. Panama became democratic in 1991, and the Interamerican University established a branch campus in Panama a few years later in 1994. The Costa Rican owner was William Salom, whose brother Gustavo Salom previously worked at the Interamerican University of Costa Rica and then moved to the Interamerican University of Panama, where he is currently the Dean of Graduate Studies.

The physical plant of the Interamerican University for both its undergraduate and graduate degree programs is in different locations within Panama City. The undergraduate degree programs are offered at a campus located in the El Cangrejo neighborhood of the city, across the street from the University of Panama. The campus consists of two buildings referred to as Tower A and Tower B. The graduate degree programs are offered at a different location on the 26th floor of the Ocean Business Plaza building in the banking district of the city. This division of physical location also symbolizes a division in the administration of these two programs, undergraduate and graduate.

The bachelor's degrees offered at the Interamerican University of Panama are divided into five different departments or schools: Administration, Hospitality, Communication, Humanities, and Engineering. Within each of these departments, the degree programs offered are listed in the appendix. For Master's degrees, the majority are offered in Business, with others in Law, Education, and Information Systems. All of the degree programs at the UIP focus on professional schools and career-oriented education.

Enrollment at the UIP is approximately 4,578 students, with approximately 516 professors. I was not able to obtain historical enrollment numbers for the UIP, but I was able to

obtain graduation rates since its inception, 12 years prior to the time of research (listed in Appendix J), which indicate a steady upward growth. The UIP graduated 404 undergraduate students and 571 graduate students in 2008. The UIP also offers a “post-graduate” degree that is comparable to half of a Master’s degree. I did not include that data as many students continue on to receive their Master’s degrees in these programs.

The ULACIT also has roots in Costa Rica. Since the 1940s, the ULACIT in Costa Rica offered degrees specialized in Business Administration, Law, Journalism, Tourism, and the Social Sciences (Castro Arenas, 1991). The Montero family, namely Vilma Montero Garita, expanded to Panama and began the operation of ULACIT in Panama under resolution Number 3 of May 7, 1991, the same year Panama became democratic. The operation was headed by the Montero family daughter, Maureen Villalobos Montero. The focus for ULACIT in Panama began with environmental conservation; it signed agreements with the Asociación Nacional para la Conservación de la Naturaleza and Fundación Natura and created an International Center for Environmental Management and Tourism in Gamboa. The university offered 16 bachelor degree programs: Panama’s first in Commercial Engineering, two post-graduate programs and two doctoral programs. In 2003, the university shifted authority to the Panamanian Association for Promotion of Higher Education (APROES) under Ministry of Education resolution 32 of March 25, 2003. In October of 2004, Laureate Education, Inc., acquired ULACIT Panama, one year after acquiring the UIP.

During the following years, Laureate would take measures to bring both the ULACIT and the UIP under a more unified administration. In October of 2008, the current rector assumed her position over both the ULACIT and the UIP as Corporate Rector. Likewise, many of the senior level positions for both universities were merged as a result of the shared Laureate brand. Degree

programs were also combined to avoid duplicate programs under the same corporation. ULACIT had a history of a strong law program; as a result, UIP's law program was transferred to ULACIT. UIP had a strong psychology program; subsequently, ULACIT's psychology program was transferred to UIP. Currently, ULACIT is investing heavily in the health sciences, with considerable funds funneled towards the medical school.

ULACIT offers bachelor's and master's degree programs. The bachelor's degrees offered at the ULACIT are divided into seven different departments or schools: Engineering, Law and Political Science, Design, Communication and Marketing, Health Sciences⁴, Administrative Sciences, and Hospitality and Tourism. Within each of these departments, the degree programs offered are listed in the appendix. For Master's degrees, the majority are offered in Business, with others in Law, Education, Environmental Management, Logistics, Dentistry and Orthodontics. All of the degree programs focus on professional schools and career-oriented education.

I was unable to obtain enrollment data or graduation rates from the ULACIT. Their enrollment data is also absent from the national statistics on university enrollments. It is likely that this data is not recorded at the institutional level. However, it is interesting to note that this data is kept for the UIP, particularly because they are both under the same administration.

The ULACIT and the UIP were just beginning to utilize the advantages of the Laureate network during the time of data collection. The network offers resources for both administration and instruction, with best practices resources and video conferences selected from a library of Laureate lectures. The institutions were also beginning to explore programs in the Laureate network to promote student mobility. The rector explained the network as an internationalization resource with the potential to strengthen their programs. Students can attend various universities

⁴ The university does not have a teaching hospital next to the campus.

within the network for the same tuition costs and have their credits recognized by their home university. The rector stressed that in order for the university to benefit from its alliance with the Laureate network, both students and professors must take advantage of internationalization opportunities afforded by the network.

The rector also commented that Laureate provided a code of ethics, a culture of discipline, and a culture of work that was new for the universities. Laureate instituted a system of evaluation that obligated productivity in her view. The Laureate network also encouraged a decentralization of departments and fiscal and managerial autonomy. She described each department like a business; each is responsible for generating its own interest and maintaining its own permanency. The departments have to determine how to preserve their student numbers and defend any drop in enrollment. The rector welcomed this organizational restructuring, claiming it fostered a less bureaucratic environment common to institutions in Latin America.

Whitney International University Systems

History. Whitney International University Systems (Whitney) was founded in 2006 by entrepreneur Randy Best at age 63. A successful entrepreneur, Best owned more than 100 companies in his career and raised over \$50 million to begin this project (Benton, 2006). Best Associates is a merchant banking firm headquartered in Dallas which self-reportedly pursues global business opportunities that have positive social implications such as education (Whitney presentation). The Whitney International University System is a global network of post-secondary institutions with the mission of providing universal access to relevant higher education at the highest quality and lowest cost throughout the developing world. It is a for-profit institution using distance learning technologies across national borders. Best Associates sets a low price point and builds a teaching-learning system to achieve it. It is expanding rapidly, both

by acquiring universities in other countries and creating joint ventures with existing universities (Daniel et al., 2007).

Best Associates formed a team of educators and business professionals to guide the venture, including: former U.S. Secretary of Education Dr. Rod Paige, former Education Advisor to the White House Dr. Reid Lyon, former President of the University of Maryland - University College Dr. Gerald Heeger, former Director of Higher Education of the Kingdom of Morocco Dr. Mokhtar Annaki, and Dr. Ron Perkinson, the former Principal Education Specialist at the International Finance Corporation of the World Bank Group. These individuals not only bring expertise to the business, but also implicate some political associations as well.

Whitney claims to be the first global university focused on students in developing countries. It began expansion in Latin America, and has established university alliances and partnerships in Argentina, Brazil, Chile, Colombia, Panama, and previously Mexico. Whitney is also in the process of establishing additional university partnerships in Morocco, Jordan, Saudi Arabia, India, and Indonesia, all of which would dramatically boost enrollment growth. Whitney has developed a low cost, technology-based distributed delivery system that permits exponential growth with practically no limitations on enrollments. Whitney's delivery model is distance learning, which blends the remote-classroom and asynchronous approaches and is called the Whitney Blended Distance Learning Model. Lectures from professors originate from Whitney's higher education partners and are broadcast to remote classrooms by satellite or computer. These lectures are supported by professors who interact individually with relatively small groups of students online. Unlike conventional remote-classroom teaching, this model is scalable because of the network of supporting professors, an essential feature for achieving a low price point (Daniel et al., 2007). Another cost-saving principle is the use of existing facilities, study centers

and tele-centers. Whitney implements its mass access delivery system in specific partnership with local universities in countries around the world. These partner universities are postsecondary institutions in which Whitney has invested or with whom Whitney is forming an alliance, using the university partners' accreditation and degree granting authority. The joint venture is a private entity, has its own regulations and management, and is under the direct control of neither Whitney nor the university partner. Establishing site partners enables rapid enrollment growth while keeping student acquisition costs low.

Whitney personnel facilitate the program launch, train the trainers and the main joint venture staff, and provide ongoing support and oversight. Professors teach live courses from the main studio. Generally these professors are university partner faculty working for the joint venture on a contractual basis. Supporting professors support each student online and by phone. A proctor or a facilitator manages the physical classroom and the computer laboratories, and assists the students in a face-to-face environment.

The Whitney business model is scalable, based on expanding the capacity of affiliated institutions of higher education through distance learning. Each institution can leverage its brand, academic programs, and infrastructure and add students at a low incremental cost, which provides pricing flexibility and allows for affordable tuition. Whitney targets lower socioeconomic markets, with lower income students who are mostly full-time workers. As a result, class schedules are designed to fulfill the needs of working adults with many classes being scheduled in the evenings and on weekends. This delivery system vastly expands access and reduces costs.

Whitney has estimated annual sales of \$620,000 (Hoovers), with a combined student enrollment of 63,000 (Amzak website). Compared to giants like Laureate, which was recently

bought out for \$3.82 billion, Whitney is a smaller player among the for-profit cross-border ventures. However, their Blended Distance Learning Model has the potential to achieve economies of scale and gain a greater market share over time. Also of note, as of December 31, 2008, Whitney International University System Ltd. operates as a subsidiary of Contran Corporation.

Acquisitions in Panama. Whitney International University System is a partner with the Universidad del Istmo (UDI) in Panama. UDI was founded in Panama in 1987 by the owners of the Politécnico Grancolombiano in Bogotá, Colombia. The owners felt that the highly regarded reputation of higher education in Colombia and the small number of higher education institutions in Panama at the time made entry into the Panamanian market a good opportunity for growth. At that time the only higher education institutions in Panama, aside from operations in the Canal Zone, were the University of Panama, the University of Santa Maria La Antigua, and two other small private universities: Instituto Superior de Administración y Tecnología and Universidad Interamericana de Educación a Distancia de Panama. UDI mainly focused on professional degrees in the area of business administration and marketing communications.

The 1990s then gave way to an explosion of private provision of higher education in Panama and many countries throughout the world. Competition increased rapidly in private higher education for a relatively small market in Panama. Private universities became engaged in a price war in order to entice student demand, and quality at many institutions academic suffered as a result. The rector of UDI commented that it was very complicated to work exclusively in terms of price because they brought an education system from Colombia that highly valued academic quality. UDI suffered a period of financial stress, but its investors, a family from

Colombia, supported them through this time. Many competitors left the market, but the University survived this intense period of competition.

In 2005, UDI signed an agreement with Whitney International University Systems (WIUS). The rector of UDI referred to WIUS as a U.S. university, but WIUS is more a corporation allied with, often in terms of ownership, a network of universities implementing its distance learning model. It appears that WIUS buys a majority share in the university, but the previous investors still participate in the management and curriculum oversight of the university. WIUS exports the virtual platform technology and they keep the university administrators involved in the process of adapting the platform to the local culture and market.

UDI was just beginning to integrate the WIUS system into their university during this data collection in 2009. The rector discussed the relationship with WIUS as an alliance that has generated a global corporate image to create administrative strategic alliances. At the time, they had over 40,000 students in the alliance with hopes to grow the alliance even more robustly. The rector compared the chain of universities to the Laureate chain, which he defined as the most recognized.

The network of universities operating on the same virtual platform allows for more exchanges of students, programs, and the potential for collaborative degree programs. The result of the network is a system in which deficiencies in one university and can be supplemented by strengths of another. For developing countries, these network alliances help pool resources from a larger pool in order to boost capacity. The rector shared a future vision for this network to provide recorded continuing education courses specifically in sales, services, coaching, management, marketing, and advertising. He sees these products as having the greatest possibility of growth.

UDI does not plan to eliminate its offering of traditional higher education programs outside of the Global Learning platform. They believe there will always be a niche market for degree programs that cater to traditional students who want to physically attend the campus for their courses. They also conduct seminars of continuing education for local businesses.

There is a strong relationship between UDI and the corporate world. UDI places high value on deans from the corporate sector, with the belief that they indicate prestige and professionalism due to their recognition in the market. The administration views deans as the most important positions for the university. Directors advise students, but deans oversee the academics of the institution. Photos of the deans appear in a significant amount of the marketing materials for the University.

UDI offers technical, Bachelor's, Master's, post-graduate and doctoral degrees. The technical degrees specialize in call centers, airline services, and the English language. The bachelor's degrees offered at UDI are related to business administration, tourism, communications, and engineering. The specific degrees are listed in the appendix. For post-graduate, Master's and doctoral degrees, the majority are offered in business, with others in law, education, and logistics. All of the degree programs focus on professional schools and career-oriented education.

Enrollment at the University of the Isthmus (UDI) is approximately 2,500 students. Enrollment numbers by degree and campus location are listed in Appendix M. I was not able to obtain graduation rates for the UDI after 1999.

Mission

The mission of an institution defines its identity and purpose. The three institutions reviewed above are all owned by U.S. for-profit corporations. The missions of both Laureate

universities are identical, and the mission of the Whitney-allied university, UDI, varies only slightly. The English translation of the mission statement for the Laureate-owned universities, UIP and ULACIT, is:

We are a university that offers programs recognized for their academic quality, via a unique and different experience in the classroom; we form leaders with competencies for a globalized world, an entrepreneurial spirit, knowledge of the latest technologies, solid in values and with social responsibility, that contributes to the development of an inclusive and progressive society; we offer quality services, supported by world class human talent, in a work environment that promotes continuous improvement and development.

The mission of the Laureate universities focuses on the academic quality of the institution while making references to outcomes for graduates. Access is not a priority explicitly mentioned in their mission, but there is a focus on quality and outcomes. Academic quality is the first mission mentioned, and quality is used again to describe its services. Outcomes are prioritized with descriptions of skills graduates should possess such as “competencies for a globalized world,” “an entrepreneurial spirit,” and “knowledge of the latest technologies,” all appealing to a future employer. The focus on social responsibility in the mission is also interesting to note for small private universities that are not necessarily focused on outreach and extension like the public national university. The social responsibility is more on the student level with projects that involve community outreach, demonstrated in the *Here for Good* campaign. When professors and administrators are asked about the mission of the university anecdotally, the responses are quite different. One professor described the mission of ULACIT as focused on an academic solution in less time, with a focus on incorporating students into the workforce. He mentioned

that there was not a focus on research because they do not see the practical applications of doing research. Other professors described the mission as focusing on rapid growth and new degrees, while still others described the mission as mere marketing and no real vision for quality.

The mission statement of the University of the Isthmus (UDI) focuses more directly on the professional education it provides. Its mission statement is:

To integrally educate professionals required by the productive sectors and society, promote and generate research, scientific, technological and cultural knowledge, and realize extension actions, service and cultural diffusion in the community, within a framework of quality and civic and moral values to contribute to the social development of the country.

The mission of UDI is similar to the Laureate institutions with its focus on educating students for the workplace and mention of extension services tied to social development. UDI specifically cites the promotion and generation of research, which is somewhat surprising for the almost exclusive focus on professional degrees and use of part-time faculty members with little to no research agendas. The scope of extension and outreach by all three of these universities is rather limited as well, particularly when compared to the national universities, but receive mention in their mission statements.

Administrators at these institutions described their mission in similar ways for both of the for-profit companies. They described the mission as “educating world class professionals.” The vision was described as “being competitive, producing graduates that can compete in the labor market with high standards.” There is a strong tie to the labor market for these institutions, framed in an international context.

Themes

The main themes explored in each of these case studies are access, quality and outcomes. In the review of neoliberalism, academic capitalism, and theories of the public good, the themes of access, quality, and outcomes serve as indicators on a continuum with free market models and privatization on one end and public goods on the other. As mentioned previously, the neoliberal influences, the resulting academic capitalism, and the rhetoric of public good are present in all of these cases.

Access. An analysis of the types of students an institution serves can indicate whether the institution is more on the private or public good end of the continuum. The public good rhetoric claims that no qualified student should have to forgo college because of the costs. Thus, a model public good university grants access to underserved populations with affordable tuition rates. A university more on the private good end of the continuum would be very costly, catering primarily to elite students. An analysis of the tuition costs and the admission requirements of the three universities owned by U.S. for-profit companies (UIP, ULACIT, and UDI) will provide indicators of access to the institution. Other factors considered that facilitate or inhibit access are: location, virtual education, the language of the curriculum, and the academic calendar.

Tuition. All three of the universities explored in this chapter are for-profit institutions owned or majority owned by U.S. companies. Laureate Education, Inc. was a publicly-traded corporation until recently returning ownership to private investors; Whitney International University Systems is held by private investors at Best Associates. Though the U.S. corporate ownership of these universities appears to be far-removed when on-site at these campuses, the administration and governance of these institutions is of a for-profit nature.

Administrators of the institutions claimed that the profits were used for reinvestment back in the institutions: infrastructure, expenses, personnel, materials, technology upgrades, and labs. They defended the for-profit nature of the institution, stating that the investors are not taking money from the students, but rather the students are paying for a service. The literature on higher education shows tuition is often much less than the true cost to educate that student. But U.S. investors would not be so eager to enter the business of higher education and acquire institutions abroad if it was not a lucrative venture.

The for-profit nature of these institutions could lead to the assumption that high tuition rates subsequently line the pockets of investors, but in reality these institutions are not able to charge exorbitantly high prices. University administrators stressed that they have to keep a balance between what it all costs and what students can pay. The privileged elite minority of Panama would be the only socio-economic sector able to afford high-priced tuition. Moreover, these elite students are looking almost exclusively to universities abroad for their higher education, namely in the U.S., and rarely consider domestic options. The smaller, though growing, middle-class of Panama and the lower-middle class are the target markets for these institutions. Costs have to be accessible in order for these institutions to generate high enrollment. As one university administrator commented, "If we are too expensive, we will lose students, if we are too cheap, we lose quality. There needs to be a balance."

Tuition is relatively affordable for the middle-class at these for-profits, though not as economical as the public university at approximately 35 dollars per semester. Nonetheless, the tuition price is sensitive to market demand. Students discussed conducting price comparisons among private institutions and often cited price as their key deciding factor in college choice. Many students work full-time in order to pay for their cost of attendance. These price-sensitive

students often work for companies, some of which help them pay their tuition, later requiring them to repay it. The universities also offer payment plan options for students, many of which allow them to pay as they go. In addition, these institutions offer scholarship/discount programs. The rector of UDI stated that the majority of the students receive a 25-30% discount, while a select few receive the 50% scholarship, which is very competitive. Laureate has agreements with some companies to provide scholarships for their employees so these students can receive a discount for their higher education.

The tuition costs are considered a little high by students, but many are willing to make the financial sacrifice in order to speed up their time to degree. One graduate student quoted his salary as a lawyer at \$800/month and his tuition to be \$350-400/month for three courses plus books. For undergraduates at these institutions, the average tuition costs are approximately \$500 a semester or \$150 per course. The cultural norm in Panama of living at home until married or old enough to financially support oneself facilitates students' ability to bear these expenses. Nonetheless, the tuition is considered a substantial financial sacrifice given the low wages in Panama.

One repercussion of the relatively higher priced tuition at these private institutions is the sense of entitlement among students. Students tend to think that professors need to be flexible and accommodating since they are paying relatively higher tuition. The consumer mentality of paying a premium and expecting good customer service in return can be observed in the classrooms. Professors, in turn, feel the need to cater to students demands and be more lenient in their grading and the amount of work they request of students. These concessions not only affect the quality of the instruction but begin to broach ethical boundaries as well.

Admission. Admission at these three institutions is essentially open. Students are required to provide their high school diploma, their high school transcript, and a photocopy of their national identification or, if not a citizen, their passport. This open admission policy provides great access to these institutions for students. But the adverse effect of an open admission process is the quality of the student body.

It is not uncommon in Panama to read in the newspaper about problems ailing the K-12 education system, including underfunding, poor teacher training, and defunct infrastructure. An open admissions policy affects the quality of the institution by potentially producing a student body that is academically underprepared for higher education. Many faculty members commented on the need for remedial courses to level out the academic preparation of the students. They often referred to the University of Panama's entrance exam and remedial courses as a better model. Students who attend these private institutions often did not pass the entrance exam at the national university, which effectively makes these colleges a second-tier option for most students.

The three case study institutions in this research had very similar student populations as a result of their open admission policies. According to administrators at the universities, approximately 40% of students attended class during the day. Daytime students typically did not work and lived with their parents, who paid for their tuition. Faculty members often commented that the students in their daytime classes were more difficult and less dedicated to their studies. They also tend to be from a higher socio-economic status than their counterparts in the evening classes. The remaining 60% of students attend class in the evenings. These night-time students typically work during the day, pay for their own tuition, and were reviewed by faculty members overall as more responsible, serious, and punctual students. These student profiles are broad

generalizations, with exceptional cases, but arose as a recurring theme in the interviews and classroom observations.

Curriculum. A curriculum taught in Spanish is another key factor in making these for-profit institutions accessible to the Panamanian population. Though these for-profits are owned by U.S. companies, the curriculum remains in the local language of Spanish. Many students and even faculty do not realize that these universities are foreign-owned. When the acquisitions/mergers take place, a large part of the day-to-day operations of the institutions goes unchanged. The changes that take place due to the acquisition/merger are often gradual and have more to do with internal governance, fiscal allocations, and the incorporation of technology into the curriculum.

Virtual education. Virtual education is another key avenue for increasing access to higher education for students. The rector of UDI credited the expansive growth in the WIUS alliance with what he termed a star product, Global Learning. The internet platform works with the development of television production in conjunction with academics. He stated that the education system of Latin America does not provide access to the majority of the population and that education needs to be more about access and less about exclusivity. The rector argued that a service industry country like Panama will never rise to the next level without an education. The Global Learning model, he expressed, takes into account people who have to work to put food on the table. They can go to class every day in a traditional way, with technological support. The student is going to attend a university that has a physical presence, courses in their major, and the possibility to visit the university or an internet café to complete the lessons and homework. And in order to avoid fraud, the final exam is administered in person. UDI began the Global Learning project in August of 2008 and in the spring of 2009 had 1,300 students enrolled – almost 50% of

their non-Global Learning enrollment. The rector credits this success to the product's good price: half of the regular tuition costs at the University.

Academic calendar. These for-profit institutions also operate on quarter systems. This system allows students to be able to move through more of their courses in a more condensed and intensive format compared to the semester system. This model has become popular in Panama, and other institutions, both public and private, have moved towards this model in order to stay competitive in the higher education marketplace. The quarter system is attractive to working students who want to complete their degree quickly and the working class student is largely the target market for these for-profit institutions.

Location. Location is another characteristic of these for-profit case studies that makes them accessible for students. UDI has six branch campuses in other provinces within Panama where there is demand for higher education. All three institutions (UIP, ULACIT and UDI) have a central location downtown in the capital city, in close proximity to working students. Often students attend class in the evening right after work still dressed in their work clothes and eat dinner in the school cafeteria. Distance is very important for the working student. These downtown locations are very convenient compared with the location of the City of Knowledge and the FSU branch campus, which is a 20-minute cab ride away and could be up to an hour commute during rush hour. The location of these institutions provides increased access to these institutions, and also presents increased market share.

Stability. The overwhelming absence of student protests and strikes is another allure of these private institutions for students. Strikes can often lead to delayed coursework and graduation. This detail is especially important for students who are working and need to move through their coursework as efficiently as possible. The quarter systems and lack of protests are

not necessarily characteristics that make the institutions accessible for students, but it does make the degree more accessible once students are enrolled in the universities. These factors do have an influence on students at the point of college choice.

Quality. There is no standard measure of quality for higher education, but there are multiple approaches to determine indicators of quality. Document analysis, classroom observations across various disciplines, interviews, and focus groups with faculty members and students were all conducted in order to approach the tenuous topic of determining quality in higher education. Research was conducted at both Laureate universities: ULACIT and UIP. At the ULACIT, I observed 21 different classes, both undergraduate and graduate. I conducted interviews with seven faculty members, four key administrators and two student focus groups. At the UIP, I observed 23 undergraduate courses and 10 graduate courses. I conducted three student interviews and one student focus group. I interviewed eight faculty members and three key administrators. At the UDI, I observed 11 different classes, also both undergraduate and graduate. I interviewed four different faculty members, three key administrators and conducted one student focus group.

Analysis of the professors' preparation and teaching, the students, and the overall organization and governance served as indicators of quality and aided in the determination of the institutions as more on the private or public good end of the framework used for analysis. Professors were analyzed according to their academic preparation, their method of instruction, behavior in the classroom, responsibilities, compensation and their complaints about students. Analysis of students was conducted according to their demographic, their academic preparation and reasons for choosing these institutions, their behavior in the classroom and manifestations of their work ethic. The overall curriculum and institution was analyzed according to the academic

calendar, the organization and governance of the institution and the use of technology. Finally, there was an analysis conducted on the culture. Many interviews alluded to cultural norms as contributors to concerns regarding quality.

A model public good institution should be high quality: accredited, highly ranked, having a variety of academic disciplines and equality within the institution. A university more on the private good end of the continuum would be of average quality, accredited to remain competitive, but ranking would not be important, and fields of study offered would meet student demand by preparing them for the job market in professional fields. An analysis of quality indicators at these three for-profit institutions owned by Laureate and Whitney will provide insight into their placement on the public-private continuum. It should be noted that this private/public distinction is not intended to create a false dichotomy between public good and private bad.

Professors. All three for-profit institutions rely almost solely on part-time adjunct faculty; the only full-time faculty members at these institutions were administrators. The compensation for faculty is relatively low. A few professors, representing each institution, stated during their interviews that they do not do the work for the money. The salary between the three institutions was very comparable. Professors were paid approximately \$450 per course of eight students enrolled or more, and \$300 if the course had less than eight students enrolled. Professors commonly described their compensation in an hourly wage, \$10/hour for undergraduate courses and \$20/hour for graduate level courses. If the course had lower enrollment, it met for less contact hours – either less time every week or for fewer weeks. Some professors quoted making approximately double that amount at the public university, or \$750-\$850 per course. The universities do not continually contract the professors because of labor laws. With continual

contracts, faculty would be considered full-time employees, which entitles them to more benefits and makes it extremely difficult and expensive to terminate them.

Interestingly, many professors give classes at both the public and private universities. One professor commented that he gives the same class at the public university as he does at the UIP, but that at the public university he can go deeper into the material and they have a lab. At the UIP he takes two days out of class to do a lab by his own accord, though it is not a requirement. Another professor and former dean of the ULACIT expressed that if these universities do not offer incentives to professors, they will lose quality. Before the ULACIT was acquired by Laureate, he claims they paid \$60/hour for instruction. The expression of wages as hourly is problematic because professors prepare for and also grade outside of class; an hourly wage does not truly capture all of the work professors do. Consequently, many of the professors seemed to keep their work outside of class to a minimum.

One Laureate senior administrator claimed that one out of every five professors holds a doctoral degree. However, it was rare to find someone with a doctoral degree during my data collection. The majority of the professors do not have their doctoral degree, and only some have their Master's degree. Those that do have their Master's degree typically have it in *docencia superior*, or higher education pedagogy; often times the course they were teaching was not in their field of expertise. Some professors were previously high school teachers who received a *post-grado* in *docencia superior* and are now teaching in higher education. The institutions stated that they required a minimum of a *post-grado* in *docencia superior* for their hires. A few professors complained about having to pay for a Master's in *docencia*, claiming that it should be free since they are employees. Only some have their Master's degree, despite it being a

university requirement. At the time, there was a 30% discount to continue with a Master's in *docencia superior* after the *post-grado*.

The majority of the professors had very limited knowledge about Laureate. The professors commented that there was no orientation for them prior to teaching and that meetings with all of the professors were rarely, if ever, conducted. Often the only feedback they receive is from the student's evaluations. The overall administration of the programs is coordinated by the dean and rarely involves professors. Each professor is largely autonomous due to their part-time status and often has other responsibilities outside the institution related to their careers, or they teach at numerous institutions. These other responsibilities often pull the professor's focus away from class. It was common to observe professors take phone calls during class, arrive late, dismiss class early, and reschedule or sometimes cancel class meetings due to conflicts in their schedule.

Both Laureate and the students highly value the professional experience of the professors. One dean commented that they want professionals teaching, because traditional professors talk too much about theory and then run out of time for application in a 15-week course, leaving students poorly prepared for careers. At UDI all of the deans are also professionals, and their marketing campaigns focus on the deans' positions as an asset. Many administrators at all three universities commented that they think private universities give more practical experience to students in Panama because they are taught by professionals working in the field. Comparisons were made to professors at the national university, stating that those professors hadn't worked in the field for over 30 years and so their teaching was outdated.

In the classroom, the professors at all three universities often demonstrated minimal preparation for the class and assignments. The syllabus for the course was often not distributed to

students, who were invited to make a copy of the professor's master copy if they desired. Almost all course materials were left at the copy center. It was common for professors to evoke the rhetoric of student-centered learning but often the professor remained the emitter of knowledge nonetheless. At times it seemed as though the rhetoric of "professor as facilitator of knowledge" was taken to an extreme. Professors often assigned student group presentation to review the chapters, leaving little responsibilities on the professor. It was not uncommon to view PowerPoint presentations by professors that were either borrowed from the internet or their place of employment. Wikipedia was also cited as a source in various classes across institutions. Another common occurrence was a lecture, even dictation of terms, with very little student engagement. Lectures would also be filled with anecdotal experiences from their workplace and subjective advice. There were only a few exceptions in which professors engaged the students and visibly put in great effort to their lesson plans.

In the interviews with professors, a common theme was the pressure they felt to be flexible and accommodating with students. The classroom observations supported this inclination. Professors commonly granted extensions on homework, allowed students to do homework in groups, gave open book/note exams and take-home exams, spoke slowly for students to take notes, often repeating themselves, and gave great flexibility to students with the schedule, often moving deadlines at the request of students and giving them flexibility in regards to their work schedules. Professors commonly did not hold students accountable, allowing them to complete homework in class if they did not complete it at home.

The workload required of students was usually light. Even so, professors regularly reviewed reading assignments since students rarely read and were unable to answer questions. Professors found themselves having to review basic information such as punctuation, how to

write a conclusion, and stress that plagiarism is not acceptable. Numerous professors referred to their frustration with the “copy/paste culture”; students were frequently copying information from the Internet for their class presentations and writing assignments. It was difficult for professors to get students to conduct analysis. Students had the tendency to simply summarize.

Professors regularly had to discipline students as well. This was more common to observe during the daytime classes, but was also a problem in the evening classes at all three universities. Students would express resistance to additional work, such as utilizing the online platform, reading before class, and completing homework assignments. One professor assigned a self-help book in his class in an effort to get students to read. He claimed he had never done this before, but he noticed that his students didn't read and thought this type of book might be more interesting for them. Many professors complained about the difficulty in getting students to read.

The pressure to cater to students was overwhelmingly apparent in both the interview and classroom observations. One ULACIT professor commented that “You can't be rigorous in private universities. In ULACIT I have the freedom to be strict, but when students don't do well, the alarm goes off.” There is a pressure to pass students. If students fail, the professor feels responsibility. Maintaining enrollment is a priority for these for-profit institutions. One UIP professor mentioned that after a student missed three classes, the university called the student and asked her to try it again. In order to grow and to compensate for students dropping out, these for-profit institutions have to continually increase enrollment. The pressure to grow has led to the questioning of the enrollment practices. For-profits in the U.S. have been known to go after student populations that weren't going to succeed in school (College, Inc. 2010). The focus on enrollment is on quantity instead of quality, leaving professors with academically underprepared students in their classrooms. Not surprisingly, students also perceive the quality of the professors

as very uneven, the faculty being almost exclusively adjuncts and having minimal requirements on their qualifications to teach.

Students. The types of students enrolled at these for-profit institutions can also serve as an indication of the institutional quality. During interviews with professors, the majority of them agreed that the open admission policy at the university was negatively affecting the quality of the student body, a problem compounded by the K-12 deficiencies in Panama. As mentioned above, the student body is quite diverse. The daytime students tend to be younger, just out of high school, unemployed, and their tuition paid for by their family. Professors also tend to have greater disciplinary issues with these students. The nighttime students tend to be older, work during the day, pay for their tuition themselves if their company does not assist them, and be more serious about their studies. Some students even commute from the interior rural areas for graduate programs, particularly when classes are held on Saturdays.

Students mentioned various reasons for wanting to attend these institutions instead of the public universities. The reputation of these institutions promises a quicker time to degree, less rigor, smaller class sizes, and a flexible schedule that allows them to take classes at night and on the weekends, and often only once a week. One student discussed that he heard that the UTP (Technological University of Panama), a public university, was far more rigorous and better prepares students but that it also takes more time. The public universities also have a more competitive admissions process. This student needed to work immediately because of his family's economic situation, and the private schools were quicker and easier for him, although he did admit that the UTP was cheaper. Indeed, the most common reason for a student dropping out of one of the private universities is lack of money.

Students also discussed the private universities as more current and up to date. The for-profit universities were upgrading their physical plants, use of technology in the classroom and degree options. The public system was viewed as somewhat dated, with a deteriorating physical plant, older tenured faculty, and lack of technological resources. The professors at the private institutions, having professional careers and experience, also attracted students. They saw these professors as potential connections to future employment opportunities.

Students rarely mentioned the U.S. for-profit companies of Laureate or Whitney as draws to enroll in the university. The only students who were influenced by the brand recognition of these for-profit names were foreign students, mainly those from Colombia. The Colombian students were attracted to higher education in Panama because they could earn their degree for less money and in only three years, compared with a time to degree of four or five years in Colombia. Very few students, only 30-40 per year, take advantage of the exchanges within the Laureate network.

Students commonly presented academic challenges with basic math, critical analysis, and writing. Some professors mentioned that the intellectual capacity of students at the private universities was a little lower. "They just don't want to think deeply," commented one professor from the UIP. Professors mentioned their frustration with students that did not allow the rest of the class to move forward, attributing their unpreparedness to their high school formation. Students would often interrupt professors to have them repeat themselves or slow down when lecturing about specific terms. The classroom observations demonstrated the lack of work ethic in students. At times I witnessed students divide the homework amongst them, but more often students did not complete assignments. Student engagement was lacking overall in these observations, with the occasional exceptions. Students complained regularly when assignments

were given, and night students in particular complained that they were tired from working all day and didn't have time outside of class to read. Overall there was a general sense of a lack of commitment by students. These students were described by their professors as less focused with less time to do their homework. One UDI faculty member commented that for students, "the degree is just a means to an end...job, work, money."

Organization and governance. The academic calendar is organized into a quarter system at these for-profit institutions. These condensed semesters allow students to earn more academic credits in less time. The students claim it is more practical, considering their work schedules, particularly with class meetings only once a week, most for three-hour sessions – a long time for undergraduate students to spend focused in the classroom. As a result, professors have to give students multiple breaks. Students are often distracted, leaving class periodically, messaging on their cell phones, or napping.

Some classes met even less frequently than scheduled. One professor complained that they only had 10 classes that semester due to the fall national holidays. Other professors are requested to have a further reduced quarter due to the low enrollment in the class. Though the shortened calendar is convenient for the working student, there was also a substantial amount of course cancellations. The time to degree at these for-profit institutions differs substantially from the time their public counterparts. For example, the engineering program at the UTP is five years, whereas at the ULACIT it is 3.5 years. The potential loss of contact hours in class in an already truncated quarter and the shorter time to degree all threaten the quality of the academics.

Technology is touted as another great facilitator of a shorter time to degree for the non-traditional student at these for-profit institutions. These students have the ability to view class lectures online at a convenient time, view online resources via the virtual library, and chat with

their peers and professors on the virtual platforms from a remote location. Technology is also a focus inside the physical classroom. All three of these for-profit institutions had a good number of smart classrooms with overhead projectors, computers, and wipe boards. The Laureate universities were just beginning to utilize the online platform and the Whitney Global Learning System when I conducted my research. Many of the administrators and professors were just beginning to learn how to utilize the technology in their classrooms. A theme across these for-profit institutions is that they all equate use of technology with quality.

The library at each of these for-profits institutions is primarily virtual. It is mainly comprised of subscriptions to online journals and databases, and there is only a limited physical library on campus. The majority of the volumes are bound copies of the Master's theses from alumni. There is also very little use of books in the classroom. These institutions do not have bookstores. The students have to go to the University of Panama or the Technological University of Panama or the University of Santa Maria La Antigua to purchase their books. However, most students just make copies from a packet at the copy center or copy each other's copies from a book. People pay little to no concern to copyright in Panama.

The two Laureate universities were beginning to utilize the advantages of the Laureate network and technology during my data collection. They were piloting the use of video conferences with professors from other universities in the network, building a library of recorded lectures from the network and lectures from professors around the world for faculty development called World Class Professors. Most professors felt that Laureate was having a positive impact on the universities and focusing on quality and efficiency while encouraging professors to become more professional in their teaching and use of technology. For example, Laureate

requests course plans from professors each semester. Overall, professors commented that they felt Laureate helped them to raise their standards.

Laureate operates on a benchmarking method with continuous improvement strategies. Administrators claim they have an improvement process for every area of the university. They had also instituted a self-evaluation process called the EFQM, the European model for quality assurance measures. It had been in operation for approximately six months during my data collection. Professors described the evaluations as obligating improvements and that deans are looking at them seriously. As a result, the universities decided not to renew some contracts of professors. Many students do not rate professors highly, so professors find incentives to be more flexible and accommodating to students in order to get better evaluations, a phenomenon further threatening quality instruction.

The two Laureate institutions are exploring other advantages of the Laureate network, such as promoting student mobility. The rector explained the overall network as an internationalization resource that strengthens their programs. Students can attend various universities for the same tuition costs as their home university and have their credits recognized by their home university. However, for the university to benefit from its alliance with the network, both students and professors must take advantage of potential internationalization efforts; at the time of research, very few students were participating in student mobility within the network.

These for-profit universities were described by study participants as institutions of continuous innovation, particularly with the creation of new degree programs. Each faculty functions like a business because they have to generate their own interest, and maintain their own permanency. They have to figure out how to maintain their students and are required to explain a

drop in enrollment. One professor stated that they needed 500 students in the Master's program to have sound finances. Every department is aware of their financial health. Previously, professors could not post final grades until students paid. But professors protested, claiming that accounting was not part of their job. The university also received pressure from students, and the university changed the policy.

Consequently, marketing degree programs is a high priority and their degree programs are very visible in the public eye in newspaper ads, television commercials, and billboards. One administrator from UIP stated that "everything is a business. The market dictates what we offer. Over 50% of our offering is MBAs. Everyone wants administrators and accountants; it is a generic career." The tension between business and education is apparent. One UIP administrator commented that

Business and education is a proven model in other countries. They don't conflict. But I always feel that the academy should come first. Quality brings students, brings business. Laureate is a business, UIP is an academic institution. The business has to have quality in the academic institution in order to succeed.

Laureate introduced new organizational structures that are much less bureaucratic than previous systems according to participants in the study. However, there has been an increase in the number of administrators, with a director for each department. This allows students to approach the directors for advising, since the majority of professors are part-time and less accessible. One administrator stated that the transition since Laureate's acquisition of the institution has been a slow one.

Another professor commented that for the private institutions, at the Master's and Doctoral level, there is no coordinated program of study to speak of; each professor teaches what

they want. He thought this was bad for education in Panama. He discussed his hope for more transparency, accreditation of professors, free education to employees, better pay for more experienced professors, and updated lesson plans for the courses. There is now a five-year revision for class lesson plans that previously did not exist.

The institutions were also described as instituting a code of ethics, a culture of discipline, and a culture of work according to objectives. Participants noticed an increased focus on marketing, including public lectures that bring students and the community to the university. As a result, Laureate has increased enrollment dramatically since its acquisition of the universities.

Outcomes. I was only able to obtain the graduation rates from the Interamerican University of Panama (UIP) from 1996-2008. Even with this data, it is difficult to conduct an analysis of these graduation rates without enrollment numbers for comparison. It is clear, however, that the professional schools that make up the majority of the university are producing the largest concentration of graduates. Not surprisingly, the areas of business and hospitality produced the largest numbers, though engineering was a growing area of study producing graduates.

Qualitative analysis shows that there is a high dropout rate at these for-profit institutions. The main reasons cited were opportunity costs and real costs. Students' decisions to dropout were typically due to financial means. They either could not sacrifice time from their jobs to study or they could not afford the tuition. Cost was the main barrier to access and to continuation in the degree programs of these for-profit institutions.

The student focus groups at these institutions revealed that many students were gaining employment after graduation, but not necessarily in their field of study or at entry-level positions. Again, citing the study by the Goethals Consulting Corporation, 80% of management

level positions in Panama are held by Panamanians with foreign degrees, or by foreigners. Though the for-profit institutions studied for this research are foreign-owned or majority foreign-owned, these institutions are considered local institutions in the Panamanian context. Therefore, there is still a higher likelihood of success for students with a degree from a foreign institution versus one of these for-profit institutions of higher education.

Other Themes

The cultural norms of the Panamanian culture and of the researcher play a role in the data deemed significant during observation, document analysis, and interview. Some of the observed cultural norms could be interpreted as an influence on the quality of these institutions.

Books. As mentioned above, there were little to no textbooks observed in the classrooms or around the campuses. Numerous participants stated that this phenomenon could be attributed to the Panamanian culture. One professor commented that in high school, it is common for parents to think that students do not need books. Stressing this mentality as generational, she claimed that when she went to school, she rolled a suitcase full of books⁵. However, she did state that private schools do use books. Overall, she spoke fervently about the loss of a culture of books in Panama, and as a result,

students don't know how to use tables of content or indexes. When you mix the public and private school students together, the students adapt to the worse habits. If they buy books, they think it is for a grade, not to really use it. Things are worse now with the Internet and the copy and paste culture.

Though there are reading campaigns in Panama, they are isolated. Generally, people read bestsellers and self-help books.

⁵ She blamed Omar Torrijos (PRD – Partido Revolucionario Democrático) for his influence on the disregard for books. Omar Torrijos was the *de facto* leader of Panama from 1968 to 1981. He was considered a leftist dictator, but opposed communism.

Research. Participants also spoke about the Panamanian culture of disregard for research. One UIP participant attributed the abundance of adjunct faculty to this cultural shift, “because research isn’t valued and as a result not conducted.” He associated this disinterest in research with the lack of a culture of reading. He also discussed how students dislike algebra and logarithms. When he mentions math in class, students complain and think it is impractical. He thought this was dangerous because students were only looking for practical information, and algebra is necessary to conduct research. “They are not focused on the research side of things,” he stated. The lack of research in Panama was a theme that was prevalent in the data collection.

Convenience. Participants described the culture of speed and flexibility as particular to Panama. Professors commented that students want things to be quick and easy and that private universities are supporting this recent cultural phenomenon. Private universities are providing a quicker time to degree, a class schedule that accommodates working students, and more flexibility in the classroom with deadlines and workloads. Professors feel pressured to make the classroom experience quick and easy for students in order to receive favorable evaluations, which increase the likelihood of their contract being renewed. Though participants expressed that they felt this was a Panamanian trend, this has also been observed as a trend with this generation of students outside of Panama as well.

Entitlement. Participants generally stated that currently, there is not a culture of working one’s way up in Panama. For example, one dean from the UIP was approached by the private sector requesting student interns. This dean expressed having a difficult time gaining Panamanian student interest. On the other hand, he was able to identify Colombian students who would have started as a janitor if necessary. He explained this cultural norm as the rationale why Panamanians lose their jobs to foreigners: “It is not in their culture to start from the bottom and

work their way up.” The concept of working for the experience instead of the money is not common in Panama. Students were generally observed to have a sense of entitlement. They often had excuses for tardiness, absences, and not having completed homework. They commonly debated with the professors for more leniencies on deadlines and grading.

Time. The concept of time in Panama is culturally distinct and different from the United States. There are comparably more national holidays in Panama, which leads to more designated days off at the university. Students miss a lot of class before and after holidays as well. For example, the days leading up to and after Carnival result in low class attendance.

In addition to holidays, the everyday challenges of the city lead to absences in the classroom. The rainy season in Panama is from approximately May to December. Students often use the rain as an excuse for tardiness or poor class attendance. The traffic in Panama City is also a challenging factor to class attendance, one which students also use as an excuse; there is a poorly organized public transportation system of buses and taxis in the city.

The culture of tardiness is also commonplace. Students were typically tardy for the majority of classroom observations I conducted. Professors attribute this behavior to Panamanian culture. But when I asked one professor if this was the case for his classes at the public UTP, he responded that it was not. He claimed that students genuinely wanted to learn there, while at the ULACIT they simply wanted to pass the class. So, while the observations at these for-profit institutions imply a cultural norm of tardiness, this seems to vary by institution type.

Conclusion

Though this chapter focused on two distinct U.S. for-profit companies (Laureate and Whitney) that owned or majority-owned institutions in Panama, the findings and themes were similar for all three universities.

The formal mission statements of these institutions reveal their struggle for identity. They state their observable pragmatic focus on forming leaders, providing services, and educating professionals required by the productive sectors and society. But the mission statements also echo the traditional four-year university charges of research and service. These for-profit institutions are anything but traditional. They are meeting the demand for higher education by helping non-traditional students via non-traditional methods. This attention to supply and demand is a market influence indicator.

The mission statements speak of contribution to the development of an inclusive and progressive society, as well as social development of the country via extension actions and service. In addition, they mention a focus on generating research and scientific knowledge, but observations, interviews, and document analysis of these three institutions revealed little to no research or service conducted by these institutions. Research is an expensive endeavor for universities and the cost-benefit analysis involves risk. Research requires full-time professors with higher salaries and benefits, a lighter teaching load, investment in start-up costs for research or sabbaticals, and a possibility that they will be awarded funding or that their research will be recognized in highly acclaimed academic journals or lead to a potential spin-off. Service is also a very expensive enterprise for universities with little return on investment aside from promotional benefits. The fact that these for-profit corporations engage in little research or service points to the private good they are protecting and to the market model influence on the operation of their universities.

The identity crisis these institutions are facing is clearly reflected in their mission statements and in their student body. These institutions have two student body identities: those that attend the universities during the day and those that attend in the evening. The daytime

students are typically recent high school graduates, attending the university full-time and having their families pay for tuition. These for-profit institutions are largely serving the non-traditional student who is older, attends class at night and/or on the weekends, and is working full-time to pay for their tuition. The primary focus for these students is a quick time to degree, not research or extracurricular activities. Again, this reflects a response to market demand and not philosophies of the public good that research and service impact.

Upon first review, this mismatch of stated mission and reality seems deceptive. However, the statements reflect the reality of operation within a higher education system of traditional institutions that concurrently regulate their counterparts. The University of Panama, along with the other public institutions, plays judge, jury, and executioner. The regulatory environment of the Panamanian system of higher education has not kept pace with the reality of new entrants into the market. Requirements to operate in the system reflect the traditional university model and these institutions' mission statements reflect their need to conform and navigate the regulatory environment.

These for-profits began their operations as private universities under ownership from their neighboring countries of Costa Rica (Laureate) and Colombia (Whitney). The initial models were not very different from traditional universities and they mainly catered to students from middle to upper-middle class families who attended school full-time and did not work. Soon after these institutions were acquired or majority-owned by a U.S. firm, the focus of these universities shifted towards meeting the demand of a population that was largely untapped: the non-traditional working student. Meeting previously unmet demand has the greatest potential for enrollment growth and profits.

Access to an institution of higher education is traditionally measured by the entrance requirements, the tuition costs, and the location. However, access for the student body of these for-profit institutions is also measured by the times classes are offered, the time to degree, and the flexibility of the institution, both with respect to payment plans and classroom attendance and assignments. Research is not a priority for these students; they want practical knowledge to bring to their experience in the job market. Though these institutions' tuition costs are not as accessible, the working student finds it more accessible due to the night and weekend course schedule, payment plan options, and flexibility from professors in the classroom.

Quality suffers in the classroom when the student has limited time to devote to their studies and a full-time job that demands much of their attention. Professors feel inclined to be flexible with students due to all of the demands placed on students, the influence of student reviews on their prospective contract renewal, and the tuition they are paying relative to the public system. Quality is not the focus for students or professors. Students tend to see the classes as a means to an end and professors want to keep students happy with the course.

These for-profit institutions are becoming savvier with technology as a result of this niche market of student demand. The online platforms at all three institutions demonstrate efforts to increase student enrollment, keep course attendance accessible and flexible for students, and cut down on operating costs; after all, these are for-profit companies and online education is incredibly profitable. It allows institutions to tap into a larger market of students with greater efficiencies.

These institutions also spend a lot of money on marketing and rely on salespeople. The increase in administrators has led to the questioning of enrollment practices at for-profit institutions due to high-pressure sales tactics. Enrollment can take priority over quality. The

early 1990s saw a number of for-profit schools in the U.S. receiving negative press from lawsuits in the industry. Critics worry that low costs, convenience, and ease of completing the degree become values in themselves and overshadow quality, which can only be accomplished slowly over time (Maggio et al., 2010).

In the U.S., traditional colleges raise capital from wealthy alumni and other donors, while for-profit schools sell shares to investors. The main driver of increased profit shares is increased enrollment. These U.S. for-profits are moving across borders from saturated markets and taking advantage of increased opportunity abroad. They are investing in failing schools where the demand is great and the supply is low. For-profits offer a range of degrees but focus largely on career training in the growth sectors of nursing, business management, IT, and education. Community colleges in the U.S. have been filling this niche, but in Panama and many other countries, this demand for higher education is largely being unmet. With a public system that is large and slow to change, these nimble for-profits can adapt to student demand with the efficiency models of a business. Though these institutions are serving unmet demand, they should be careful to not also provide a disservice to their graduates and focus on quality alongside quantity.

These for-profits are clearly treating education as a commodity and are on the far end of the continuum between market models and public good models of higher education. They are selling a product, the degree, through aggressive marketing regardless of quality concerns. These corporations have investors and the reported earnings are large. Reuter's reports that Laureate's earnings in 2007 were at \$3.82 billion – a clear indication of its success (Oran, Roumeliotis & Ananthalakshmi, 2012). In 2012, the corporation made plans to go public, but their high debt load forced them to postpone. The International Finance Corporation (IFC), a World Bank

Group, loaned Laureate \$40 million to help build two new campuses of a university they own in Peru, and a similar loan to expand capacity of Laureate universities in Panama is pending final approval. In 2013, Laureate received a \$150 million equity investment by the IFC, which is Laureate's largest investment to date and the largest investment in education on the part of the IFC.

The investment by the World Bank represents the mix of public and private good represented by cross-border models of higher education. The World Bank is making a social investment, but it is not purely altruism and is still an investment that anticipates returns (Redden, 2013). The cross-border model that makes these profits possible is one with low-cost faculty, little face-to-face time with students, syndicated lectures across institutions in the network, and a low-cost program overall. It is difficult to determine outcomes, but research indicates that graduates from these degree programs are not afforded upward mobility, but instead are ensured a glass ceiling with a degree from a Panamanian university (Goethals, 2009). The public is gaining access to a higher education through these low-cost models developed by for-profit universities, but the private profits of the organization depend on compromises to quality.

CHAPTER 8

CONCLUSION

Panama has long been a crossroads for trade and travel, and in recent years cross-border higher education has emerged as a new entrant into the market. Massification of higher education around the world is clearly evident in the case of Panama. During the 1990s, private higher education entrants exploded onto the market, with over 90 private universities on record at the time of research. Among these entrants were institutions with origins abroad. International corporations and not-for-profit institutions were entering the Panamanian higher education sector, quietly navigating the legal and regulatory framework.

The 1990s were a time of great transition for Panama. The reversion of the Canal Zone areas had begun and operation of the Canal itself was soon to be handed over to Panama. All eyes were looking to the future use of these former Canal Zone areas and ways to capitalize their newfound domestic authority. Political leaders at the time did not want to lose the benefits of cross-border higher education institutions to Panama, such as FSU-Panama, and created the City of Knowledge. The City of Knowledge development project was originally conceived as a hub for these cross-border higher education initiatives, alongside research projects and small business. The idea was to create synergy among these institutions to propel Panama forward in development of innovative technologies and cutting edge research, with growing opportunities to enhance local human capital. However, the City of Knowledge hub was not necessary to attract cross-border higher education activity to Panama.

After ten years in operation, the City of Knowledge (CoK) is not attracting the cross-border higher education activity that it was originally charged with implementing. Compared with other knowledge hub initiatives around the world and local models such as Quality Leadership University, the CoK is not keeping pace with the recruitment of foreign degree programs and training opportunities as originally envisioned. Cross-border higher education is active in Panama, although it operates under different models. This research study explores the cases of some of these cross-border models of the branch campus, franchise, and merger/acquisition models, and their placement along a continuum of neoliberalism to the public good.

The theoretical framework of this study utilizes a continuum with neoliberalism on one extreme, representing total privatization and the embodiment of free market principles; on the other end of the continuum is a philosophy of the public good, in which education is free or low-cost and tied to public service and the professions historically (although perhaps not presently), as well as basic science developed without commercial intent. Academic capitalism is the process whereby universities shift from a public good regime to a marketized regime via commercialization and privatization of higher education with public subsidy. The shift is usually one of degree, and institutions can be closer to a privatized, marketized, neoliberal model or to a public good model. This study looks at where on the continuum different models of U.S. cross-border higher education are located in Panama. Several case studies were positioned along this continuum in an attempt to use the theories for explanatory power, while also acknowledging the limitations of each theory and implemented practice.

For-Profits

Under a neoliberal framework higher education is less susceptible to state oversight, creating more opportunities for entrepreneurial activity in the supply of education. The globe is seen as the marketplace for neoliberal higher education, and in response, many U.S. universities have developed operations overseas, as demonstrated in these cases of Panama. Prestige and its subsequent economic benefits is important as one of the driving factors for this transnational collaboration. Universities seek to be recognized and admired around the world, which in turn contributes to international student recruitment. More focus on the recruitment of international students, who pay a premium for their higher education in the U.S., contributes to the creation of a diversified revenue stream. Another driving force for global endeavors is to capture unmet student demand within other countries.

Of the three case studies explored during this research, it appears that the merger/acquisition model falls most closely on the continuum towards the neoliberal end. Laureate Education, Inc., (Laureate) and Whitney International University Systems (Whitney) acquired or merged with existing institutions of higher education in Panama. Laureate purchased the Interamerican University of Panama (Universidad Interamericana de Panamá [UIP]) and the Latin American University of Science and Technology (Universidad Latinoamericana de Ciencia y Tecnología [ULACIT]). Laureate brought both the UIP and the ULACIT under a unified administration and shared Laureate brand. Whitney merged with the University of the Isthmus (Universidad del Istmo [UDI]), buying a majority share of the university.

Laureate instituted administrative changes that more closely align with the neoliberal model. Laureate implemented a system of evaluation that obligated productivity. It also encouraged a decentralization of departments and fiscal and managerial autonomy. The rector

described the university as a business because it is responsible for generating its own interest and maintaining its own permanency. The departments have to determine how to preserve their student numbers and defend any drop in enrollment. All of these adjustments to the university operation point to the greater efficiency models fostered by free market principles.

Whitney partnered with UDI in Panama in 2005. The motivation for the Colombian owners to partner with U.S.-owned Whitney was to implement its distance learning model, a virtual platform technology. The rector discussed the relationship with Whitney as an alliance that has generated a global corporate image to create administrative strategic alliances.

The operation of the Whitney network of universities on the same virtual platform allows for more exchanges of students, programs, and the potential for collaborative degree programs. The result of the network is a system in which deficiencies in one university and can be supplemented by strengths of another. For developing countries, these network alliances help by offering resources from a larger pool in order to boost capacity. The rector shares a future vision for this network to provide recorded continuing education courses, specifically in sales, services, coaching, management, marketing, and advertising. He sees these products as having the greatest possibility of growth.

The most fundamental factor for the growth of these merger/acquisition models and U.S. for-profit institutions is the online platforms. They are utilized to increase enrollments, keep course attendance accessible and flexible for students, and cut down on operating costs. It allows institutions to tap into a larger market of students with greater efficiencies. It could be argued that these models are also creating access, albeit access to a curriculum that has sacrificed quality for efficiencies. These for-profit institutions have already completed the transition to the neoliberal model.

FSU-Panama

Under a philosophy of the public good, an institution should be accessible (free or low-cost) to students, maintain high quality standards, and prepare students to have success in a wide variety of potential jobs or in application to graduate school. The focus of the institution should be on these goals and not on pursuits of financial gain or to focus only on fields close to the market. Support for higher education would come from the state, and the need for entrepreneurial activity by the institution would be limited or unnecessary. Although a pure public good institution may never have existed, some institutions more closely approximate public good ideals than neoliberal ones.

The branch campus of FSU-Panama most closely aligns with the philosophies of the public good in comparison with the cases studied during this research. FSU began its Panama operation in response to a U.S. Department of Defense (DoD) call for an institution of higher education in the Canal Zone in the 1950s. Though the response was not completely altruistic, the motivations to expand abroad preceded the era of substantial declines in both U.S. state appropriations for universities and in the motivation to look to markets abroad for increased revenue streams. FSU responded to the DoD call, knowing that it was an opportunity to grow enrollment and potential prestige for the university, which is not entirely philanthropic.

During the withdrawal of the U.S. military in the 1990s, FSU-Panama decided to continue operating in Panama. They had built brand recognition and an enrollment of local Panamanians during their almost 40 years of operation in the Canal Zone. FSU-Panama's eventual affiliation with the CoK and its later decision to move to the site of the knowledge hub was not a strategic step in the decision to remain in Panama. CoK affiliation was not necessary to the livelihood of the FSU-Panama operation and the incentives were few, other than some

modest tax incentives. In fact, the move to the CoK property in 2009 required a substantial investment on the part of FSU and consequently resulted in increased oversight from the CoK related to their lease.

The FSU-Panama branch has implemented efforts to make their education accessible, within limits, from the main campus. The tuition rate is less than out-of-state tuition on the main campus and a 2+2 scholarship program assists students in transferring to the main campus after two years and a 3.0 GPA at the branch campus. Granted, there are benefits to having Panamanians transfer to the main campus, such as increasing student diversity and increasing enrollment during the third and fourth year of the curriculum, when the university typically experiences declines. But access is not open and students are still required to have enough English proficiency to pass the TOEFL and are asked to pay tuition rates that are much higher than the Panamanian national average. The branch campus mainly caters to upper-middle class and elite students of Panama and the region. FSU-Panama is under the oversight of the main campus and the curriculum is held to the same standards of accreditation, keeping quality a priority. The branch campus maintains a core of full-time faculty vetted by the main campus department related to their field of teaching and research, a physical library, and resource centers for students in math and writing. The full-time faculty, resource centers, library, and scholarship programs are all indicators of public good philosophies present in the FSU-Panama operation.

QLU

The franchise model of Quality Leadership University (QLU) falls closer to the neoliberal end of the continuum, but it is a complex model. QLU is an innovative partnership model in cross-border higher education operating as a third party provider. QLU is registered in Panama as a private university and at the time of research the academic degree programs offered

at QLU had complete oversight by the main campus of a U.S. university. Many would argue that this is a franchise model in international higher education.

The sensitivity around the corporate term “franchise” highlights the current criticisms of higher education and its tendencies towards neoliberal principles. Academic capitalism highlights the process whereby state subsidy intended for the public good of the local citizenry is instead invested to create alternative revenue streams for institutions of higher education. Institutional activities that indicate revenue streams as a priority call into question the very core mission of higher education.

Academic capitalism provides a theory that describes the process through which universities and faculty increase attention to market potentials in order to compete in various markets or quasi-markets, thereby increasing revenue streams. The QLU model of U.S. universities franchising degree programs abroad and capturing new markets in search of revenue are examples of activity that moves universities closer to the marketized, neoliberal end of the continuum. Though not all of the degree programs were making great profits for the U.S. universities, some were considered cash cows (e.g., the MBA program).

Another motivation for U.S. universities aside from increased revenues is increased enrollment in programs that are suffering low enrollment and in danger of being canceled or losing accreditation. Faculty members are looking to the market to protect their financial interests and their job security. If a degree program is in jeopardy of being terminated, it could potentially impact the livelihood of a professor. The QLU model demonstrates an example of professors becoming more entrepreneurial and looking out for personal interests and not necessarily for the public good.

Panamanians and students from the region are gaining access to U.S. degree programs in Panama without having to leave the country. But the majority segment of the population gaining access to these degrees locally also likely has access to these degrees abroad. These students generally come from more affluent families who could afford to send these students directly to the U.S. for higher education. So the question for undergraduates is whether access is to a U.S. degree program otherwise inaccessible or to an option that is simply more cost-effective and caters to parents' preferences to not send their children abroad for undergraduate education.

The importance of socio-economic status (SES) to access graduate school programs at QLU is less evident in the data. The SES of graduate students is high-middle to middle class backgrounds. For these graduate students, the access QLU provides is considerably greater. The majority of students have full-time jobs and/or families, making the sacrifice to study abroad to earn a foreign degree more challenging.

All students, both undergraduate and graduate, must have proficiency in English and the ability to pay tuition prices much higher than local averages, so these degree programs are less accessible to the majority of the local population. The bureaucracy related to accessing financial aid from the state creates barriers of access to enroll in foreign degree programs offered at QLU. In addition, the English programs in Panamanian schools suffer great deficiencies in imparting language skills to prospective applicants. In the end, the programs at QLU largely market to the same students who could leave directly to study abroad. The percentage of the population with access to these degree programs is minimal. All the same, QLU is innovative in providing access to U.S. degree programs locally.

Oscar Leon, the founder and owner of QLU, is an entrepreneur who has creatively navigated the regulatory frameworks in the U.S. and locally. Some might argue that the

motivation is profit, while others would make the case that his motivations are well-intentioned towards the public good and that he seeks to create access to U.S. degree programs locally. QLU is registered as a private university in Panama and the U.S. degree programs are vetted as QLU degrees. This is advantageous for Panamanians because their higher education degrees must be officially recognized by the state in order to be eligible to work for the state. The recognition of these foreign degree programs assists students and in turn makes the programs more marketable.

A franchise model implies that the product or degree program is overseen by the main provider and therefore quality concerns should be minimal. Yet variation in quality between the main and overseas operations was admitted by U.S. faculty members. Also, the curriculum design is adjusted to make the program locally viable. These adjustments result in few elective options, summer intensive modules for undergraduate students, and an intensive executive format for graduate students. Intensive short-duration degree programs abroad meet the demands of faculty for short absences from the main campus and of graduate students for a schedule that facilitates their full-time employment. When these entrepreneurial motivations meet the academic integrity of the curriculum, there are often compromises to the quality of the academics.

QLU is a lean operation, offering a limited set of courses in compliance with U.S. accreditation without offering extra courses or assistance. It is in the interest of QLU to keep the classes at capacity and the course options limited in order to increase cost efficiencies. QLU depends entirely on adjunct professors or visiting professors from the U.S. The franchise model is more cost-effective and compromises some quality.

The franchise model is an innovative model in cross-border higher education and likely more viable and sustainable, particularly when compared with the branch campus model or the

acquisition/merger model. It allows for access to foreign degree programs locally, monitoring of quality by the main campus and home country regulations, and for students to graduate with a foreign degree without the expenses associated with moving abroad, which makes them more competitive in the local job market. Yet the model is not without problems, and the quality of the education behind these degrees is not equivalent to the main campus.

Implications and Recommendations

For-profits. The three cross-border models represented within these case studies all represent movement towards neoliberal market-guided principles in many ways. It is not apparent in all of the models that the degree programs have U.S. ownership, particularly the merger/acquisition model. The merger/acquisitions models of Laureate and Whitney are owned or majority-owned by U.S. corporations. Their influence on the higher education institutions of UIP, ULACIT, and UDI are not overt. Many students did not know that a U.S. corporation had any involvement in their higher education, and when they found out, it did not seem important to them. In the end, they still receive the degree given by the university in which they enroll locally. However, these U.S. corporations are significantly influencing the curriculum of these universities. The introduction of the strict use of adjunct faculty, no office hours, and virtual platforms and libraries all create economic efficiencies for operation allowing for increased enrollment and profits.

The research on cross-border models of higher education has largely been focused on the Middle East and Asia. The knowledge hubs and branch campuses have been more rampant in these areas compared to the region of Latin America. But U.S. corporations are arguably influencing the higher education market of Latin America in much more profound ways and impacting a far greater proportion of the local population through the merger/acquisitions

models, going largely unnoticed. Laureate owns 11 institutions in the Asia Pacific and four institutions in North Africa and the Middle East; those totals combined are only one half of the 30 institutions Laureate owns in Latin America.

The enrollment at these for-profit universities is far greater than the enrollment at the branch campus or franchise models. The market-minded shifts that are occurring at these for-profits once they are acquired by a Laureate or a Whitney impact the higher education sector in a country much more significantly. Access to these institutions is typically open, with minimum enrollment requirements, and payment plans assist those who would typically be priced out. The market influence in higher education sectors in Latin America is far greater-reaching than other parts of the world. More research and media coverage is needed on these for-profit universities in Latin America and their impact on the higher education sector locally. The low-cost models that capitalize on technology increasingly utilized by for-profit universities are here to stay and more research is needed on their impact to higher education systems abroad and learning outcomes.

Branch campuses. FSU-Panama is providing access outside its borders to U.S. degree programs and also serving as a springboard to enrolling directly at the main campus or other U.S. institutions. Many students enroll for the first year or two and then apply directly to universities in the U.S. Tuition costs are below out-of-state rates and FSU provides scholarships to encourage students to complete their degree on the main campus. The proportion of the population that is eligible for enrollment, due to English proficiency requirements and tuition costs, is largely the same proportion of the population that would otherwise go abroad directly for their higher education. The branch campus may be capturing more of the upper-middle class due to the financial incentives, but the population of Panama is so divided socio-economically that the impact of increasing access is marginal at best.

The branch campus has not been able to increase its overall enrollment to numbers that would compensate for the large investment in renovating a building in the City of Knowledge, all the while being able to sustain market rate rent that will go into effect in 2018. The target market is a niche market with little potential for substantial growth. The bricks and mortar investment in the branch campus operation is substantial, particularly coupled with the City of Knowledge's leasing fees as the livelihood for their operation. The high-cost model of full-time faculty members, a physical library and laboratories increase the quality of the operation, particularly in comparison with the other models presented in this study, but they also increase costs. With regard to financial viability, branch campus operations are high risk with minimal return, and as a result we will see less of this model in the cross-border higher education landscape.

Franchise. The cross-border model of QLU also provides access to foreign degree programs and is a springboard to enrolling directly in foreign institutions. This model is a more innovative approach to cross-border higher education due to the low overhead costs to universities and the in-country partnership of a local institution that can help navigate the regulatory framework for operation, contacts to local professors, and companies for recruitment of potential students. Students do not receive the same quality of instruction and academic resources as they would on the main campus. They are limited to only virtual library resources, and receive instruction from U.S. professors in intensive modules. But students have access to a foreign degree otherwise unobtainable unless they leave the country. And in a job market that highly values foreign degrees for upward mobility, this opportunity is valuable for students who can access it financially and meet the English proficiency requirements. The greatest benefit appears to be for executive graduate degree programs for working students.

Knowledge hub. The City of Knowledge in Panama has a mission similar to QLU to recruit foreign universities to offer their degree programs in Panama. Panama's government leaders and intellectuals fashioned the proposal for the City of Knowledge. When the model was presented, it was unpopular with local Panamanian universities, as they were not factored into the plan. The idea was to recruit foreign universities to Panama to create better opportunities for students locally. This threatened the local universities and put them on the defensive. This new model placed new entrants into the market but outside of the control of the state university system. The state universities do not play a role in either the review of the degree programs nor the decision as to which programs would be approved and which would be denied entry, a role they currently play with new institutions in Panama. Furthermore, the idea that innovation could not reside in local institutions but only in imported alternatives implied that the local institutions were obsolete.

In all the interviews and focus groups conducted, there was little mention of focusing improvements on the local higher education institutions or looking for ways to partner with local universities. There was a general complacency among participants about the local universities' quality. The new law (Ley 30) authorizing accreditation for all universities in Panama was the only evidence of local action to improve the higher education market. Most participants were either skeptical or negative about the potential for the new accreditation system to make improvements. Participants seemed resigned to the fact that increasing the number of high quality higher education opportunities would need to be done by importing alternatives – a familiar strategy for Panama. The Science and Technology Secretary (SENACYT) is currently initiating programs to increase merit-based aid, but they support sending Panamanians abroad to study, further denigrating trust in local institutions.

The City of Knowledge should focus less on the importation of foreign universities and degree programs and look to partner with local institutions. They could likely garner funding from the government for initiatives focused locally, and rely less on leasing revenues to support operational costs. The CoK could capitalize on the international NGOs and research initiatives proposed by government agencies like SENACYT and look for synergy between the private and public sectors for innovative projects and research. The CoK projects should look to increase economic development by looking at the biggest producers of human capital in the country currently, local institutions.

Panamanian regulatory system. The increase in providers of higher education challenged the regulation of quality. The Panamanian regulatory framework is centralized and designed for a small higher education sector. The state universities authorize the operation of private universities, provided that the curriculum is based on the curriculum of the state institution itself, which serves as the benchmark and the gatekeeper for new entrants. This regulatory framework did not and cannot keep pace with the rapidly changing environment of Panama's higher education sector. Moreover, not all new entrants have a curriculum that maps onto the academic offerings of state institutions, which are slow to change and threatened by these new providers of higher education. The public registries of Panama and of the state university system both have records of universities approved to operate in the country, but the records do not match, evidence that the regulatory system has not been able to keep pace with entrants into the market. The regulatory environment is intrinsically fraught with conflicts of interest, as the state university approves the operation of competitor private university degree programs and decides the price for submission to the review process.

To deal with the conflict of interests arising from state institutions being regulators of new entrants to Panamanian higher education, the Consejo Nacional de Evaluación y Acreditación Universitaria de Panamá (CONEAUPA) was created in 2006 as a national university accreditation system to address quality concerns. This accreditation organization was created as a reactionary measure, following the explosion of new providers. At the time of research, the protocols and processes for this organization to function in Panama were still being defined. The challenge mainly lies in its ability to make retroactive determinations about institutions that are already in operation.

Importing foreign degree programs can provide market alternatives in higher education for a local market. Exporting local degree programs or acquiring institutions abroad can provide student market alternatives for higher education institutions. The trade across borders of higher education is evidence of entrepreneurial activity guided by free market principles and by institutions created and publicly subsidized for the public good. The landscape of the cross-border higher education sector in Panama could benefit from more attention to the U.S. companies that are quietly acquiring local private universities and making market-oriented changes to their operation. Institutions should utilize the innovative potential of the City of Knowledge operation to work with local institutions, organizations, and companies to create innovative projects that benefit local institutions of higher education and the local community. There will always be a sector of the population from higher socio-economic backgrounds that will choose foreign degree programs, either directly abroad, in the form of a branch campus or franchise. But these models are only perpetuating class divisions. If institutions in the U.S. want to extend their reach, the franchise model is less risky and potentially can produce the same results as a branch campus.

The cross-border higher education models in Panama researched during this study demonstrate the many factors involved in the conception of these initiatives, the access they provide to students, the quality of the academic offer, and the estimated outcomes. Each model has advantages and disadvantages for different stakeholders involved in the operation of the degree programs. But what each model has in common is the goal to reach new student markets otherwise unobtainable from the main campus.

Development models such as Panama's City of Knowledge have the potential to encourage increased cross-border activity related to higher education and research with attractive incentive structures. But this research shows that knowledge hubs are not required to foster cross-border exchanges. Innovative private models like Quality Leadership University move beyond the more traditional models of cross-border higher education, such as the branch campus of FSU-Panama, and are more innovative than the merger/acquisition corporate models of Laureate and Whitney. QLU has achieved a greater amount of foreign university partners and degree programs than the City of Knowledge model due to its entrepreneurial spirit. Though the model is not without flaws and does not provide wide access to local students or even the same quality as its foreign university partners, it does successfully provide opportunities for both U.S. universities and local students to trade higher education across borders.

This research had some data limitations. The institutions studied did not have institutional research offices that kept statistics on student applications, enrollment data, or graduation rates. It was therefore difficult to crosscheck claims made during the classroom observations, interviews, and focus groups. The national data sets were also limited in their collection of data from the institutions. This type of data would help support the qualitative claims made in the research.

Future research on cross-border higher education should look at similar cases in other countries. This type of descriptive qualitative research is valuable to gain insight into the unique circumstances that enable these cross-border models to come into existence. The more research that can paint a more complete picture of the scope and breadth of cross-border activity, the more we can learn from the successes and failures of these transnational enterprises.

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APPENDIX A

RESOLUTIONS GOVERNING THE UNIVERSITY OF PANAMA

Resolution Number 12-02 SGP of May 22, 2002, affirms that the private universities that submit themselves to review by the University of Panama are obligated to assume the associated administrative costs set by the University of Panama. This resolution approved the costs for review according to the academic program of the private university, which should be reviewed periodically. Resolution Number 9-04 SGP of April 21, 2004, affirms that the Vice-Rector for Extension at the University of Panama will designate a commission to revise and update the rate for review services, adjusting them to the national socio-economic reality. The resolution lists the following as rates for study, evaluation and approval by the Vice-Rector for Extension at the University of Panama.

Table 9: University of Panama Rates

Courses, Seminars and Diplomas	Cost
Courses and Seminars for Professional Development (up to 4 months in duration or the equivalent in hours)	B/.200.00
Courses and Seminars for Professional Development (from 4.1 months in duration up to 12 months or the equivalent in hours)	B/.300.00
Diplomas without credit	B/.500.00
Diplomas with credit	B/.700.00
Academic Programs for Pre-University, Undergraduate, Professorship	Cost
Technical Field of Study	B/.2,500.00
Bachelor's Degree	B/.3,000.00
Professorship	B/.2,000.00

Post-graduate Programs	Cost
Specialization (post-graduate degree)	B/. 2,000.00
Master's Degree	B/.3,600.00
Doctoral Degree	B/.3,900.00
Post-Doctoral Degree	B/.3,900.00

The costs listed above do not include transportation of reviewers to locations outside of the Province of Panama.

The laws and resolutions regarding the approval process by the University of Panama include some of the following. Resolution Number 104-04 SGP of September 29, 2004, acknowledges that some private universities are not submitting their programs of study for review to the Vice-Rector of Extension of the University of Panama for review. This resolution, detailed in Appendix B, asserts the University of Panama's power as the authority that controls which private universities can operate in the country and the curricular compliance they must execute in order to maintain their legal status. Universities that do not comply can be shut down. Resolution Number 126-04 of November 17, 2004, asserts the details of the approval process for private universities' curriculum with the University of Panama. This resolution also provides guidelines for the compensation of evaluators, who are professors of the University of Panama from the respective field of study of the curriculum under review. Both of these resolutions seem to be in response to the review process by the University of Panama, and perhaps addressing details and parameters that were otherwise not addressed during the original legislation.

APPENDIX B

RESOLUTION NUMBER 104-04

The laws and resolutions regarding the approval process by the University of Panama include some of the following. Resolution Number 104-04 SGP of September 29, 2004, acknowledges that some private universities are not submitting their programs of study for review to the Vice-Rector of Extension of the University of Panama for review. The resolution determines in

- Article 1 that private institutions of higher education legally established in the country, can only enroll students and begin programs of study after their plans of study have been reviewed and approved by the Academic Council of the University of Panama. Also, if the institutions wish to open branch campuses in other regions of the country, they must first seek approval from the University of Panama.
- Article 2 gives the University of Panama the right to suspend the program of study in question until it is approved by the Academic Council.
- Article 3 states that the approved programs must include the resolution number of their approval on all marketing and promotional materials to the public.
- Article 4 states that all students enrolling in programs of study at the pre-university, university, or post-graduate level, are entitled to receive information regarding the conditions and requirements of the degree program.
- Article 5 states that all private universities should visibly display the approved degree programs with their corresponding resolution number.

- Article 6 states that any student enrolled in a degree program of a private university has the right to ask for a photocopy of the resolution number for their respective degree program.
- Article 7 forbids any private university to grant titles, diplomas, or degrees if the programs of study have not been approved by the University of Panama.
- Article 8 states that each program of study should specify which location the program will be offered. If the university decides to offer the program in another location, it must seek written approval from the Vice-Rector of Extension at the University of Panama.
- Article 9 states that the degree titles granted by the university must match the degree titles that are approved by the University of Panama.
- Article 10 details the required contents on a degree that a private university grants, including the type of paper on which it should be printed; parchment paper.
- Article 11 states that the faculty at the private universities should give students a course syllabus at the beginning of the class that gives a general description of the course, general objectives, content, methodology, evaluation criteria, and bibliographic references.
- Article 12 states the private universities may not make any changes to the program of study without the authorization of the University of Panama.
- Article 13 states that the programs of study of the private universities cannot be suspended or terminated to the detriment of the students. The Vice-Rector of Extension must receive at least three months notice, with a contingency plan protecting students' interests from the university prior to any changes.

- Article 14 states that any programs of study offered private universities in a different location than the original approval states, must be resubmitted for review.
- Article 15 asserts that the resolution will go into effect at the moment of approval by the Academic Council.

Resolution Number 126-04 of November 17, 2004, was instated in light of previous legislation such as Decree Law 16 of July 11, 1963, which affirms in:

- Article 1 that it is the responsibility of the University of Panama to review the programs of study offered by private universities in order to determine whether they meet the minimum degree requirements of the diverse professional careers of the University of Panama. It also states that it is in the public's interest to make the paperwork process that involves evaluation and approval of undergraduate and post-graduate degrees of private universities, quick and simple. It also warns that the university professors participating in the research, evaluation and approval of the programs of study of the private universities, is considered part of extension service expected of professors at the University of Panama. It also claims that it is in the best interest of the University of Panama to systematize, and give direction and coherence to the criteria and procedures of evaluation and approval of programs of study offered by private universities legally established in the country. The resolution determines in:
 - Article 1 that the approval of private universities by the University of Panama should include the following aspects: 1) the programs of study for undergraduate and post-graduate degree programs, 2) the academic and administrative structures that affect the development of the post-graduate degree programs which are supervised, 3) the existence

and conditions of the physical plant, including academic space, and 4) the selection criteria for professors.

- Article 2 states that private universities legally established in the country, will present to the University of Panama their programs of study for degree programs at the pre-university, undergraduate and post-graduate level, for evaluation and approval, in order to determine that they satisfy the minimum requirements of study, which the University of Panama requires.
- Article 3 states that all programs of study will be prepared in an organized coherent fashion by a specialist with experience related to the material, submitted to the Office of Private University and Higher Education Center Relations (DRUP).
- Article 4 states that the evaluation of the plans and programs of study of the private universities have as a purpose to guarantee academic quality, promote relevance and efficacy of the educational offerings of the country, protect the public interest and reach compatibility with higher education studies in the country.
- Article 5 states that the educational offering of the private universities will be formally presented to the Vice-Rector of Extension by the rector o legal representative. This curricular proposals will be drafted in the following order and will include the following components: A) A diagnostic of the demand for the academic program or field of study and B) the curricular structure including: general information, description of the degree program, justification for the program based on the diagnostic, objectives of the degree program, enrollment requirements, requirements for staying enrolled, graduation requirements, profile of the graduate of the program, profile of the professors for the program, knowledge competencies, course plan, and detailed course syllabi. Also, if a

course is dictated in a language other than Spanish, a copy will be provided in Spanish and in the language of instruction.

- Article 6 states that the program of study should include the required years or periods to complete the academic program with detailed information that includes the corresponding course offering during the academic calendar.
- Article 7 states that for the case of undergraduate programs the academic plan should include two areas of training: general and professional.
- Article 8 states that the professors from the private universities should meet the minimum academic requirements established for the professors at the University of Panama. A bachelor's degree is required as a minimum qualification. Professors who teach at the graduate level should have a graduate degree as in the corresponding field as a minimum requirement.
- Article 9 states that the private universities must turn in the curricular design of the academic program, along with the professors who will be teaching in the program.
- Article 10 states that the private universities legally established in the country can grant titles and degrees, after evaluation and approval of their degree programs; technical degree must have between 90 and 120 credits, bachelor's degrees must have a minimum of 140 credits, and engineering, architecture, medicine, and veterinary medicine must have 210 credits.
- Article 11 states that the title of Professor of Secondary School would be granted after the bachelor's degree. To obtain this title, the program of study should contain no less than 50 credits, including teaching practice.

- Article 12 states that postgraduate studies are the highest academic level that universities offer; comprising of specialized courses, specialized programs, master's and doctoral degrees. Private universities must develop General Regulations of Postgraduate Study in accordance with the minimum requirements of the University of Panama.
- Article 13 states that specialized postgraduate courses will grant credits according to the nature and depth of the subject of study, and can consist of one or various subjects; granting between 22 and 24 credits. Master's degree programs can be professional or academic. Academic master's degrees will be oriented towards research and will include a research project or thesis, granting a minimum of 30 to 35 credits. A professional Master's degree program will focus on knowledge and a high quality professional preparation with 36 to 40 credits. In order to graduate, the student must pass an exam. Doctoral programs have the objective of training professionals in a determined area of knowledge, capable of original contributions to their field. The plan of study should include a minimum of 60 credits, some of which can be from the Master's degree program.
- Article 14 recognizes the legally recognized liberty and academic autonomy of private universities to organize, direct, plan their programs of study and denominate their programs of study according to their mission, vision, and values of their institutional projects and national and international development trends. Nevertheless, these institutions will ensure their programs of study comply with the minimum requirements of the University of Panama.
- Article 15 states that the task of evaluating the programs of study will be realized by University of Panama professors, whom during this exercise shall abide by the principle

of strict legality and, in consequence, their actions will be subject to parameters and technical rules – curricular, established by the Regulation Rules, the evaluation of programs of study form for private universities.

- Article 16 states that the programs of study will be examined by one or two examiners in the area of specialty.
- Article 17 states that the professors that serve as evaluators of programs of study of private universities will be designated to serve this public function by the Deans of the Faculty and by the Vice-Rector of Extension. The designated persons will execute this function with responsibility, efficiency, and in conjunction with the legal norms and rules.
- Article 18 states that once the evaluators and coordinators of the programs of study from the private universities are designated, they shall act in coordination with the officials from the DRUP.
- Article 19 states that the people designated as evaluators of programs of study of private universities are responsible to the Dean and their academic unit and the Vice-Rector of Extension to comply with the exercise and assignments of the duty.
- Article 20 states that university professors, preferably full-time, must have experience in their field and knowledge of curriculum. In order to avoid conflicts of interest, those designated as evaluators of programs of study of the private universities cannot have any ties to the institutions that it is offering the degree program in examination.
- Article 21 states that when the University of Panama does not have professors specialized in the area of the program of study to be evaluated, the Vice-Rector of Extension can

solicit support of experts from other state universities and specialized organizations of higher education.

- Article 22 states that the University of Panama will inform the private universities, in no longer than 100 calendar days, if the institution's program of study submitted for consideration was approved or disapproved. The professors serving as evaluators will have two months to complete the report with their observations, conclusions and recommendations according to the Regulation Rules.
- Article 23 states that once the program of study of the private university is reviewed, the evaluators fill in an evaluation form according to the established technical curricular criteria, they will sign it with the coordinator of the evaluation and return it to the DRUP for presentation to the Evaluation Commission.
- Article 24 states that when a program of study is approved it will be graded with an A, which indicates that the program of study meets the minimum requirements required by the University of Panama. These approved programs of study will then pass immediately to the Commission of Evaluation for consideration and recommendation to the Academic Council.
- Article 25 states that when a program of study meets **some** of the minimum requirements that the University of Panama requires, it will be graded with a B. In this case, the evaluators will detail the aspects of the program of study that do not meet the requirements in their report; which should be substantiated. In this situation, the institution proposing the program of study will include the observations of the evaluators and in an addendum. Once the DRUP receives this document it will be sent to the evaluators to determine whether the program has made the necessary adjustments to

comply with the minimum requirements of the University of Panama. If the evaluators deem the requirements met, they will grade the evaluation with an A and recommend approval. If the proposal is not graded with an A, a meeting may be called to review the evaluations and facilitate approval of the program of study.

- Article 26 states that when a program of study is considered deficient in its presentation and content and does not comply with the minimum requirements of the University of Panama it will be graded with a C, which indicates that the program of study should be re-proposed by the institution. After receiving a revised proposal in the form of an addendum, the evaluators will review the revision to determine if it meets the minimum requirements and it will give its approval.
- Article 27 states that as an educational institution that advocates academic excellence, the University of Panama requires that programs of study of private universities in the country are updated every 4 years in accord with advances in science, technology, productive systems and services, and social and labor changes in society.
- Article 28 states that when a program of study from a private university has been previously approved by the Academic Council and it is being submitted to be updated, the procedure of evaluation will be flexible and expedited.
- Article 29 states that professors completing an evaluation for a program of study submitted to be updated will be take no more than one month.
- Article 30 states that the programs of study will be approved by the Academic Council for a specific branch, to be specified in the resolution. If a university would like to offer an identical program of study at another branch campus, it must seek authorization from the Vice Rector for Extension.

- Article 31 states that all requests for authorization to offer a certain program of study at a new branch campus, must be accompanied by an executive summary of the curricular proposal that supports and define the academic offer and include a current diagnostic of the demand for the program of study in the region proposed to be offered.
- Article 32 states that all programs of study of private universities, officially approved by the Academic Council, should be accepted by all of the academic units of the University of Panama, without prejudice of the modality of study.
- Article 33 states that private universities can only grant degrees for the programs of study that have been approved by the University of Panama. In the case where degrees exist without this approval, the approving institution will not recognize them.
- Article 34 states that the work completed by the evaluators of the programs of study of the private universities is considered as part of the support to extension of the University of Panama. Nonetheless, the institution will pay a stipend of 50 balboas established by the Administration Council, for each program of study approved by the Academic Council.
- Article 35 states that for scoring purposes, the work of evaluators of programs of study of private universities, will be computed as stated in Chapter Five of the University Statues.
- Article 36 states that this Resolution partially repeals Resolution Number 8-97-SGP of May 14, 1997 and Accord Number 17 of the Meeting Number 5-00 of the Academic Council of February 2, 2000.
- Article 37 states that this resolution will begin to take affect at the point of approval by the Academic Council.

Law 30 of July 20, 2006, created the National System of Evaluation and Accreditation for the Improvement of Higher Education Quality of Panama (CONEAUPA). The National Assembly decrees Chapter I, Field of Application and Definitions.

- Article 1 states that the rules established in this Law should be applied to the institutions of higher education created or authorized by law or decree. All universities that operate in the Republic of Panama should be authorized by the State.
- Article 2 states that for the effects of the present Law, the following terms are defined as follows:
 1. *Accreditation*. Certification issued by the National Council for University Evaluation and Accreditation of Panama (CONEAUPA), prior analysis of program self-evaluation processes, institutional self-evaluation and evaluation by external reviewers, to publicly attest to the quality of their programs and the university in general.
 2. *Program or field of study self evaluation*. Process by which the university and its members assume the responsibility of evaluation and analyzing the achievements as well as the critical aspects of a specific program for the purpose of formulating improvement plans based on their own educational process and quality criteria and indicators approved by the National Council for University Evaluation and Accreditation of Panama.
 3. *Institutional self-evaluation*. Process by which each university assumes the responsibility of evaluating the institution as a whole, in order to prepare a final report that includes all the achievements and critical aspects of its operation, for the purpose of formulating improvement plans, based on their mission, vision, and

institutional objectives, as well as quality criteria and indicators approved by the National Council for University Evaluation and Accreditation of Panama.

4. *Higher education.* Permanent education process that takes place once secondary education is completed and encompasses different types of non university and postsecondary higher education.
5. *External evaluation.* Verification process that will be carried out by a group of independent specialists, called academic reviewers, based on the content of the institutional or program self-evaluation report, improvement plan and internal operating conditions of the institution or programs, which concludes with the final report.
6. *University.* Higher education institution, created by law or authorized by executive decree, whose mission is to generate, disseminate and apply knowledge through teaching, research, extension and production, as well as develop competent, enterprising, and innovative professionals, who will be citizens committed to the national identity and the human and sustainable development of the country.
7. *National university.* Public law legal entity, created in accordance with constitutional regulations.
8. *Private university.* Private law legal entity, of public interest, authorized by the State through the Executive Branch.

The National Assembly decrees Chapter II, National Evaluation and Accreditation System of Quality Improvement for University Higher Education.

- Article 3 creates the National Evaluation and Accreditation System of Quality Improvement for University Higher Education, which is constituted by:
 1. The Ministry of Education
 2. The National Council for University Evaluation and Accreditation of Panama.
 3. The Technical Oversight Commission.
 4. National and private universities authorized by executive decree.
 5. The Panama Board of Rectors, as a consultancy entity.
 6. The National Education Council, as a consultancy entity.
- Article 4 states that The National Evaluation and Accreditation System of Quality Improvement for University Higher Education will be based on the following principles:
 1. Unconditional respect for institutional autonomy.
 2. Constant improvement of academic quality.
 3. Recognition of institutional university diversity and their different modalities of teaching.
- Article 5 states that The National Evaluation and Accreditation System of Quality Improvement for University Higher Education has the following fundamental objectives:
 1. Develop and foster a culture of evaluation that guarantees quality university higher education.
 2. Promote the continuous improvement of the performance and quality of university institutions and their programs.
 3. Instill faith, before Panamanian society, in the quality of their university institutions and the programs that they developed, through accreditation.

4. Contribute to the improvement of the quality of higher education universities, through the process of regulation and the necessary requirements for the creation and function of universities.
 5. Promote articulation between the different modalities of the higher education system.
- Article 6 states that the National System of Evaluation and Accreditation of Quality Improvement for University Higher Education will be financed by:
 1. The allocations that the Panamanian State assigns through the Ministry of Education.
 2. The contributions made by any public or private institution for the intended purpose that this Law provides.
 3. The income received for the evaluation and accreditation services or other general services that the National Council for University Evaluation and Accreditation of Panama formally authorize.
 4. An annual contribution that will be made by private universities the amount of which will be established by the National Council for University Evaluation and Accreditation of Panama.

Through the Ministry of Education, the State will incorporate in each one of their annual budgets the necessary support to guarantee the financial and economic sustainability of the National Evaluation and Accreditation System for the Quality Improvement of University Higher Education.

- Article 7 states that to obtain the objectives in Article 5 of the current Law, the National Evaluation and Accreditation System for the Quality Improvement of University Higher

Education will develop the following complementary processes to which only the universities will be subject:

1. Self evaluation of programs and fields of study.
2. Institutional self evaluation.
3. External evaluation by academic peers.
4. Accreditation.

Private universities must have a favorable report by the Technical Oversight Commission, as a prerequisite to join in the processes indicated in this article.

- Article 8 states that the institutional and program self evaluation must be permanent processes, transparent and participatory, with the intervention of all the statements of the institution or the program, taking into consideration the social context in which the institutional project develops, their characteristics and different ways, whether they are in person or distance, in their semi-virtual or virtual modality.
- Article 9 states that the institutional and program self evaluation complement the external evaluation of independent academic peer reviewers organized by the National Council for University Evaluation and Accreditation of Panama, and cover the teaching, research, extension and institutional management.
- Article 10 states that the accreditation certification issued by the National Council for University Evaluation and Accreditation of Panama will be valid for six years, and at the conclusion of that period, the university needs to go through the process of evaluation and accreditation again. The denial of the accreditation certification will be unappealable.
- Article 11 states that when this current Law becomes valid, the national and private universities authorized by executive decree, will be incorporated into the National

Evaluation and Accreditation System for Quality Improvement of University Higher Education, for which they must have internal entities for evaluation that will assure compliance with said process.

The universities established after the current Law is validated will be incorporated into said System once the six year period of provisional authorization of operation is met.

- Article 12 states that the internal systems of quality control in existence at the official and private universities have to be compatible with the principles, objectives and strategies of the National Evaluation and Accreditation System for Quality Improvement of University Higher Education established in this Law.

The National Assembly decrees Chapter III, National Council for University Evaluation and Accreditation of Panama.

- Article 13 states that the National Council of University Evaluation and Accreditation of Panama is created, identified with the acronym CONEAUPA, as an entity for evaluation and accreditation, rector of the National Evaluation and Accreditation System for Quality Improvement of University Higher Education; independent and decentralized, with financial, administrative and regulatory autonomy, with its own assets and legal status, representative of the different actors associated with the development of higher education in the country, and establish the necessary coordination with the Technical Oversight Commission and the Ministry of Education.
- Article 14 states that the National Council for University Evaluation and Accreditation of Panama will have the following functions:
 1. Promote, organize and manage the National Evaluation and Accreditation System for Quality Improvement of University Higher Education.

2. Develop policies to strengthen the National Evaluation and Accreditation system for Quality Improvement of University Higher Education.
3. Formulate the general conceptual and methodological guidelines for the National Evaluation and Accreditation System for the Improvement of University Higher Education.
4. Approve the regulatory projects which develop the provisions established in the current Law.
5. Approve their annual operating plan and corresponding budget.
6. Offer technical consulting to the universities in the institutional and program self-evaluation process, as well as ensuring compliance with the institutional improvement plan.
7. Organize and coordinate the external evaluation phase by independent academic peer reviewers as indicated by this Law.
8. Publicly issue the accreditation certificates of the programs and institutions that comply with the established quality standards.
9. Prepare the technical reports on the consistency and viability of the institutional project, based on the Technical Oversight Commission's reports, required by the Ministry of Education to grant provisional and final authorization for the creation of new universities or the cancellation of authorization for those that do not comply with the established requirements.
10. Carry out evaluation, accreditation and quality management training programs of university higher education, targeted to the entities responsible for said processes.

11. Promote and establish cooperation partnerships with recognized evaluation and accreditation agencies as well as with national and international cooperation agencies.
 12. Appoint, through an open competition, the Executive Secretary of the National Council for University Evaluation and Accreditation of Panama, for a period of three years, renewable only once, as well as annually evaluate his/her performance in order to determine dismissal or permanence in the post.
 13. Request of the Technical Oversight Commission the corresponding favorable report, to incorporate private universities into the evaluation and accreditation processes.
 14. Perform any other functions not contemplated in the current Law.
- Article 15 states that to comply with the established policies, objectives and strategies of the National Evaluation and Accreditation System of Quality Improvement for University Higher Education, the National Council for University Evaluation and Accreditation of Panama will have a functional administrative structure, as well as the Technical Oversight Commission of Evaluation and Accreditation, the Commission of Administration and Finance and the technical commissions ad hoc.
Each university will have a technical unit charged with the processes of self-evaluation.
The Executive will regulate this matter.
 - Article 16 states that the National Council for University Evaluation and Accreditation of Panama is made up of eleven members *ad honorem*, who represent the different sectors linked with the development and transformation of university higher education in the country:

1. The Minister of Education or a representative, who will preside.
2. The Minister of Economy and Finance or a representative.
3. The National Secretary of Science and Technology and Innovation or a representative.
4. The President of the National Assembly Commission of Education, Culture and Sports or a representative.
5. The President of the Federal Association of Professionals of Panama or a representative.
6. Three members of the national universities or their representatives.
7. Two members of the private universities or their representatives.
8. One member of the National Council of Education.

The members of the national universities, private universities and the National Council of Education will be designated for a period of five years without rights to be reelected.

- Article 17 states that the National Council of University Evaluation and Accreditation of Panama will have an Executive Secretary who will comply with the following functions:
 1. Execute the policies, programs and the accords adopted by the Council, to comply with the proposed objectives.
 2. To present an annual operating plan to the National Council of University Evaluation and Accreditation of Panama, with a corresponding budget for discussion and approval.
 3. To present the regulatory proposals to the National Council of University Evaluation and Accreditation of Panama, for their approval.

4. Supervise and ensure compliance of the policies, objectives and programs of the National Council of University Evaluation and Accreditation of Panama, and present an annual report of their management.
 5. Organize a National System of Information for University Higher Education in the country.
 6. Propose evaluation, accreditation and quality management training program plans for university higher education, targeted to the personnel committed to this process.
 7. Present to the National Council of University Evaluation and Accreditation of Panama the reports that require the Executive Branch compliance with all established in the current Law.
 8. Manage the incorporation of the National Council of University Evaluation and Accreditation of Panama to international networks and agencies of accreditation, to achieve collaboration and mutual cooperation.
 9. Attend all of the National Council of University Evaluation and Accreditation of Panama meetings, only with the right of voice, and act as Executive Secretary of the Council.
 10. Present a proposal of classification of degrees, grades and credits, as well as organize the obligatory national register of these and any other certifications of higher education.
 11. Perform any other function not assigned in this present Law.
- Article 18 states that the National Council of University Evaluation and Accreditation of Panama appoint through open competition, the Executive Secretary of such Council, for a

period of three years, renewable only once, who will have to perform the following requirements:

1. Be Panamanian.
 2. Have a Master's degree as minimum education.
 3. Have experience in academic and administrative management in university higher education.
 4. Have proven management experience.
 5. Have training and/or experience in the area of evaluation and accreditation of institutions and programs of university education.
 6. Not to have been charged or convicted of a crime or illegal offense against the Public Administration and demonstrated in their public and private life, honesty and ethical responsibility.
- Article 19 states that the Executive Secretary can be removed from his/her duties by agreement of the members of the National Council of University Evaluation and Accreditation of Panama, by absolute majority, with previous evaluation of their performance and compliance with the functions established by the present Law.
 - Article 20 states that the National Council of University Evaluation and Accreditation of Panama will form the following technical advisory committees:
 1. The Technical Commission of Evaluation and Accreditation.
 2. The Technical Commission of Administration and Finance.
 3. The Technical Commissions of ad hoc.
 - Article 21 states that the Technical Commission of Evaluation and Accreditation will have the following functions:

1. Develop and propose a document which contains the general guidelines of the National Evaluation and Accreditation System for Quality Improvement of University Higher Education.
 2. Develop and validate the guides on self-evaluation of programs and institutions.
 3. Develop the guide for the final report on the self-evaluation of programs and institutions.
 4. Develop the guide for the external visit by academic peer reviewers.
 5. Develop the guide for the final report on the external evaluation.
 6. Collaborate with the internal units on the evaluation of different universities, responsible with performing self-evaluation of programs and/or the institution.
 7. Systematize and remit the obtained processes and results of the previous phases of accreditation, with the purpose that the National Council of University Evaluation and Accreditation of Panama can award the final accreditation.
 8. Develop instruments that allow tracking of the institutional improvement plans.
 9. Perform any other function not contemplated in the current Law.
- Article 22 states that the Technical Commission of Administration and Finance will have the following functions:
 1. Develop policies, strategies and programs for an efficient and effective administration of human resources, physical and financial, of the National System of Evaluation and Accreditation of Quality Improvement for University Higher Education.
 2. Safeguard the heritage of the National System of Evaluation and Accreditation of Quality Improvement for University Higher Education.

3. Develop the annual budget project of the National System of Evaluation and Accreditation of Quality Improvement for University Higher Education.
 4. Approve the special regulations of administrative order.
- Article 23 states that the ad hoc technical commissions will have the function to perform the external evaluation, study the report on self evaluation, and visits in situ, and also produce the final report of the external evaluation and submit opinions.
 - Article 24 states that the Ministry of Education will establish, with the National Council of University Evaluation and Accreditation of Panama, the necessary coordination with the non-university and postsecondary higher education institutions, authorized by the State, to ensure compliance with the quality evaluation and accreditation policies, with the purpose of achieving the articulation of the education system of the country as a whole.
 - Article 25 states that the quality evaluation and accreditation of the national and private universities authorized by the Executive Branch, established before the enforcement of the Law, will be mandatory.
 - Article 26 states that the universities established after the announcement of the current Law, will voluntarily submit themselves to the process of evaluation and accreditation, during the provisional authorization period to function. After this initial organizational and entrenchment period, these processes will be mandatory.

The National Assembly decrees Chapter IV, Technical Oversight Commission and Establishment and Operation of the Universities.

- Article 27 states that the Technical Oversight Commission is created as an entity through which the University of Panama, in coordination with the rest of the national universities,

oversees the operation of the private universities, in order to guarantee quality and relevant teaching, as well as recognize the titles and degrees they issue.

- Article 28 states that it is recognized in the Republic of Panama the right to establish, organize, and operate universities subject to the provisions of the current Law and other legal rules on the subject.
- Article 29 states that universities have the mission to generate, disseminate and apply knowledge through teaching, research, extension and production, as well as develop competent, enterprising, and innovative professionals, and citizens committed to national identity and human and sustainable development of the country.
- Article 30 states that for the creation of national universities, the Executive should consider the following at the moment of establishing the project:
 1. That the educational proposal comply with the requirements specified in Article 32 of the current Law.
 2. Have a feasibility study that justifies the need, importance and impact of the establishment of the university on society.
 3. Have the corresponding budget forecast to support the base of the feasibility study that endorses the project presented.
- Article 31 states that the State will have the main responsibility to offer and sustain the official character of the university higher education, as a public good. This will not prevent national universities from generating their own cost accounting.
- Article 32 states that private universities should request of the Executive Branch, through the Ministry of Education, the necessary authorization for their establishment and operation. For that purpose, they will present an educational proposal that should include:

1. A formal request, through a formal petition, that will include the project of a social agreement, through which the responsible legal person will provide the service rendered to the respective university.
 2. An institutional project, for a short and medium period of time, with the vision, mission, institutional values and strategic objectives.
 3. Project of statute and/or university regulations.
 4. Academic offer, with a minimum of four programs of study, in different areas of knowledge, preferably at the levels of undergraduate and graduate, and subsequently the programs of study of bachelor, master and doctoral degrees, that will correspond to the demands of the economic and social development priorities of the country.
 5. Programs of study and academic programs with all the basic curriculum components properly approved by the Technical Oversight Commission.
 6. Training profiles of the professors and their academic authorities.
 7. Verifiable evidence of physical infrastructure and proper technology to comply with their mission and objectives, as well as their letter of intent to lease property or certification of the property appropriate for the purpose of the institutional objectives.
 8. The budget and economic study that includes the projected financial funding for the next five years, to assure adequate operation and sustainability.
- Article 33 states that the Executive Branch, through the Ministry of Education, will grant universities the provisional operation authorization, for a period of six years, previous a favorable technical report from the National Council for University Evaluation and

Accreditation of Panama, based on a favorable report from the Technical Oversight Commission.

- Article 34 states that during the period of provisional operation authorization, the Ministry of Education in coordination with the National Council for University Evaluation and Accreditation of Panama, will support itself in the Technical Oversight Commission and will take supervision and follow-up actions, to verify compliance with the requisites under which the respective university is authorized to operate. Any modification on the statutes, programs of study, and creation of new programs of study, will require authorization from the Ministry of Education with previous authorization by the National Council for University Evaluation and Accreditation of Panama and the Technical Oversight Commission.
- Article 35 states after the six years of provisional operation is completed, the university can request definitive authorization from the Executive Branch, through the Ministry of Education, granted by executive decree.
- Article 36 states that those that do not comply with the requirements established by the current Law, will allow the Ministry of Education, based on the reports by the Technical Oversight Commission and the National Council for University Evaluation and Accreditation of Panama, to apply sanctions according to the regulations, that will apply from temporary suspension to the cancellation of the operational authorization. This disposition will also apply to universities that have been given definitive authorization by the Ministry of Education.
- Article 37 states that universities affected by the measures mentioned above, can request reconsideration of the decision before the Ministry of Education.

- Article 38 states that universities and or programs can be created in specialized fields of knowledge, at the level of master and doctoral degrees, previously favorably approved by the National Council for University Evaluation and Accreditation of Panama, following the established procedures by the current Law.
- Article 39 states the Ministry of Education, in coordination with the National Council for University Evaluation and Accreditation of Panama and the Technical Oversight Commission, will establish the necessary regulations for the creation and operation of distance universities and other institutions of higher education whose modalities are semi-virtual and/or virtual.
- Article 40 states that when an authorized university by the State ceases operation, they should officially notify the Executive Branch and submit all of the student, faculty, and program of study records to the Ministry of Education.
- Article 41 states that the universities authorized by the Panamanian State that form part of educational corporations with an international character, should inform the Ministry of Education.
- Article 42 states that the international and distance learning universities, with in-person, semi-virtual, or virtual modalities of learning that offer professional development courses and programs at the graduate or post-graduate level, should have the necessary authorization from the Ministry of Education, prior to a favorable report from the National Council for University Evaluation and Accreditation of Panama, according to the procedures established by the current Law.
- Article 43 states that for compliance with the public and social utility functions of the private universities, accredited by the National Council of University Evaluation and

Accreditation of Panama, the State will offer them postal and telegraphic exemption, as an economic subsidy, that will consist on the exemption of fiscal taxation, like taxes on the importation of equipment and educational materials, and others, for use by the corresponding institution.

- Article 44 states that the State can create an incentive system for the management and realization of research, for the universities and institutions of education properly accredited by the National Council for University Evaluation and Accreditation of Panama, as well as for experimental projects and innovations to benefit the development of the country, subject to evaluation mechanisms.
- Article 45 states that each private university must annually grant a minimum of two full scholarships, one for undergraduate study and the other for the graduate study, for students with high academic scores and low income, through a public call organized by the Executive Branch, through the Ministry of Education. The Executive Branch will regulate this matter.

The National Assembly decrees Chapter V, Final Provisions.

- Article 46 states that the students who graduate from the non-university and postsecondary centers of higher education, may access the university through the process determined by the principles of these regulations.
- Article 47 states that the Executive Branch will regulate the current Law during a period that will not exceed six months.
- Article 48 states that this Law repeals the Law Decree 16 of July 11 of 1963, and any other disposition that opposes it.
- Article 49 states that the current Law will begin to govern from its enactment.

APPENDIX C

CITY OF KNOWLEDGE AFFILIATE UNIVERSITIES

Table 10: The Republic of Panama City of Knowledge Affiliate Universities, 2012

Partner Institution	Program Description
ADEN Business School – Universidad de Alta Dirección	<ul style="list-style-type: none"> • Master’s degrees in business from Aden Business School’s Universidad de Alta Dirección, a multinational with various centers in Latin America, Europe and Asia • Executive training and corporate consulting services
Florida State University (FSU)	<ul style="list-style-type: none"> • Bachelor’s degrees from FSU (Tallahassee, Florida) in Computer Science, International Relations, Latin American Studies and Social Studies • International professors • Study abroad program for FSU Tallahassee students
IESA – Instituto de Estudios Superiores en Administración	<ul style="list-style-type: none"> • Master’s level and executive business degrees from the joint offer of IESA (based in Venezuela) and the Tulane University Business School • International and local professors
INIDEM – Instituto Internacional de Derecho y Empresa- Business Law School	<ul style="list-style-type: none"> • LLM in Law and Management • Supported by the ESADE law school of Spain and the Harvard affiliated INCAE business school of Costa Rica • Professors from ten different countries
Isthmus School of Architecture and Design	<ul style="list-style-type: none"> • Bachelor’s and Master’s degrees from Isthmus (based in Colombia) in architecture and industrial design • International professors • International exchange and internship opportunities
McGill University	<ul style="list-style-type: none"> • Field study abroad program with the Smithsonian Tropical Research Institute for Master’s and PhD students in neo-tropical studies • Inter-institutional educative project to stimulate human investigative potential in Panama

Panama International Hotel School	<ul style="list-style-type: none"> • Academic Alliances include: George Brown College (internship and culinary arts partner), The Swiss School of Tourism and Hospitality (two International Diplomas and credit recognition for continuing ed. students), and The University of Memphis (hotel management partner) • Programs of Culinary Arts, Hospitality and Tourism
School of International Training	<ul style="list-style-type: none"> • Study abroad programs for undergraduate students from over 200 sending institutions worldwide
Tecnológico de Monterrey (Mexico)	<ul style="list-style-type: none"> • MBA and other postgraduate diplomas • International and local professors • In class and online education optio
Universidad Maritimo Internacional de Panamá (UMIP)	<ul style="list-style-type: none"> • Undergraduate and technical degrees from the Panamanian International Maritime University • Primarily local professors
University of South Florida (USF) – Health International Foundation	<ul style="list-style-type: none"> • Academic and training courses in public health • Study abroad program with USF in Tampa • International Field Experience placements • Research projects

Source: City of Knowledge, Panama, 2012

APPENDIX D

INTERVIEWS WITH ADMINISTRATORS

Table 11: Interviews with Administrators

Date of Interview	Title	Masked Identity
Aug. 26, 2008	High-level administrator	B.
Sep. 8, 2008	High-level administrator	G.
Sep. 15, 2008	Faculty	M.
Sep. 15, 2008	Faculty	A.
Sep. 22, 2008	Adjunct	D.
Sep. 22, 2008	Faculty	T.
Sep. 23, 2008	Adjunct	E.
Sep. 23, 2008	Faculty	Y.
Oct. 10, 2008	Faculty	N.
Oct. 10, 2008	Faculty	V.
Jan. 8, 2009	Faculty	O.

APPENDIX E

FSU-PANAMA FULL-TIME FACULTY

Table 12: FSU-Panama Full-Time Faculty and their Terminal Degrees

Faculty	Terminal Degree
Alexandra Anyfanti	MA in English Literature from the University of Warwick, UK
Dr. Adolfo Leyva	PhD in Inter American Studies from the University of Miami
Dr. Alex Coles	PhD in Land Resources from the University of Wisconsin-Madison
Dr. Azael Barrera	PhD in Atomic, Molecular and Optical Physics supported by the National Science Foundation and the Oak Ridge National Laboratory and Oak Ride Associated Universities
Dr. Benjamin Murphy	PhD from the University of Oxford
Dr. Carla Pousa Caride	LLM in Comparative Law and a PhD in International Studies, both from the University of Miami
Dr. Carlos Langoni	PhD in Industrial Engineering from Texas A&M University
Dr. Milena van der Laet	PhD in Clinical Psychology from Purdue University
Dr. Mirella Martinez	PhD earned at the Wildlife and Fisheries Management Department at Texas A&M University
Dr. Rafael Vasquez	PhD in Engineering in Industrial Chemistry from the University of Hiroshima
Dr. Raymond George	PhD in Public Administration from Nova Southeastern University
Dr. Ronald Jenkins	PhD in English from Florida State University

APPENDIX F

AVERAGE ESTIMATED INCOME OF PANAMANIANIANS

Table 13: IDHP: Average Estimated Income by Province, Comarca and Area, 1990-2000

Province and Area	Adjusted income 1990	Adjusted income 2000	Income index 1990	Income index 2000	% change 1990-2000
Bocas del Toro	1202	1034	0.452	0.425	-6.1
Coclé	800	1110	0.378	0.438	15.7
Colón	1554	1899	0.499	0.535	7.3
Chiriquí	1227	1527	0.456	0.496	8.7
Darién	606	824	0.328	0.384	17.1
Herrera	1041	1558	0.426	0.499	17.2
Los Santos	1198	1632	0.452	0.508	12.4
Panamá	2267	2957	0.568	0.616	8.5
Veraguas	696	1080	0.353	0.433	22.6
Comarca Kuna Yala	273	352	0.183	0.229	25.0
Comarca Emberá Wounnan	286	364	0.191	0.235	23.0
Comarca Ngöbe Buglé	117	124	0.029	0.040	36.9
Comarca Wargandi	---	525	---	0.301	---
Comarca Madungandi	---	857	---	0.391	---
National Average	1575	2098	0.501	0.553	10.4
Urban	2331	2846	0.573	0.609	6.3
Rural	694	854	0.352	0.390	10.7

(a) The estimated income was adjusted for *Cuentas Nacionales*.

(b) Annual Balboas per person at 1987 constant prices.

Source: INDH Panamá 2002, based on data from the Contraloría General de la República.

APPENDIX G

DEGREE PROGRAM PROFILES

Quality Leadership University

Degree program: Master's in Leadership

Year began: 2006

Year ended: 2006

Tuition: \$10,000

Format: Executive format. Modular courses. One year program.

Reasons: There wasn't enough student interest. They are modifying the program to see what might happen in the future.

Legally: Quality Leadership University (University of Louisville, Panama). Originally registered as University of Louisville, Panama.

Financial aid: offered payment plans, partner discounts, and a scholarship program.

Entrance requirements:

Bachelor's in any academic area

Two years of professional experience

English fluency

Two letters of recommendation

Letter of intent

Completed application form

Two copies of bachelor's degree

Two copies of the transcript

Two copies of curriculum vitae

Interview with the rector of QLU (Oscar Leon)

University of Louisville

Degree program: Bachelor's in Business Administration (B.A.)

Year began: 2004

Year ended 4 year program: 2008 (currently still offer first two years)

Enrollment: 2004 (52), 2005 (82), 2006 (85), 2007 (120), 2008 (150)

Tuition: 2004 (\$168/credit), 2006 (\$185/credit), 2008 (\$205/credit). Tuition costs are fixed for students.

Format: Previously it was all four years, not only first two years. Daytime classes.

Reasons for change to only first two years: U of Louisville human resources were stretched too thin.

Legally: Quality Leadership University (University of Louisville, Panama). Originally registered as University of Louisville, Panama.

Model: Not a branch, because they don't work exclusively with the University of Louisville. Kind of like a franchise.

Quality: SACS accredited, but they do not conduct a separate visit. They are audited at the main campus.

Home university enrollment: none currently, but hoping to have study abroad programs in the future. They would have to pay their tuition, even though QLU charges less.

Financial aid: scholarships

Entrance requirements:

Graduation from an accredited high school

Minimum GPA of 2.5 (on a 4.0 scale) or a 3.2 (on a 5.0 scale)

TOEFL score of 550 minimum

Composite ACT score of 22 minimum or SAT score of 1020 minimum

Letter of recommendation

Completed application form

Official transcripts

Resume

Interview with the rector of QLU (Oscar Leon)

University of Louisville

Degree program: Master's of Engineering in Managerial Engineering (M.E.E.M.)

Year began: 1998 - present

Enrollment: 11 cohorts

Tuition: 1998 (\$9,300), 2005 (\$12,000)

Format: Executive format. Modular courses. One year program.

Legally: Quality Leadership University (University of Louisville, Panama). Originally registered as University of Louisville, Panama.

Model: Not a branch, because they don't work exclusively with the University of Louisville. Kind of like a franchise.

Quality: SACS accredited, but they do not conduct a separate visit. They are audited at the main campus. Also ABET accredited.

Entrance requirements:

- Completed application form
- Two copies of undergraduate degree
- Two copies of official transcripts
- Two letters of recommendation
- Two copies of applicant's resume

University of Louisville

Degree program: Associate's in Arts degree (A.A.)

Year began: 2006 - present

Enrollment: 2006 (85), 2007 (120), 2008 (150)

Tuition: 2006 (\$185/credit), 2008 (\$205/credit). Fixed tuition rate for students.

Format: Previously all four years. Now only first two years. Day time classes.

Simultaneously offered with Towson's upper division business courses. Towson does not have the same general requirements as UoL. They offer what Towson needs, not UoL, it is less than UoL. Send students to FSU for calculus 1&2, chemistry 2, and sometimes physics as a visiting student. Competitive with FSU for undergrads. FSU has the advantage; been in Panama a long time. For most students FSU is their first choice. They could probably take this program out of business if began offer business. 65% of transfers are from FSU. Towson offers a scholarship, but just for the business school.

Legally: Quality Leadership University (University of Louisville, Panama). Originally registered as University of Louisville, Panama.

Model: Not a branch, because they don't work exclusively with the University of Louisville. Kind of like a franchise.

Quality: SACS accredited, but they do not conduct a separate visit. They are audited at the main campus.

Entrance requirements:

Completed application form

Graduation from an accredited high school

Minimum GPA 2.5/4.0 or 3.2/5.0

Composite ACT score of 22 minimum or SAT score of 1020 minimum

TOEFL score of 550 minimum

Official transcripts

Resume and letter of recommendation

Interview

University of Louisville

Degree program: Master's in Business Administration (MBA)

Year began: 2000 - 2008

Enrollment: 11 cohorts

Tuition: 2000 (\$12,500), 2005 (\$15,000)

Format: Executive format. Modular courses. 15 month program.

Legally: Quality Leadership University (University of Louisville, Panama). Originally registered as University of Louisville, Panama.

Model: Not a branch, because they don't work exclusively with the University of Louisville. Kind of like a franchise.

Quality: SACS & AACSB accreditation

Entrance requirements:

Completed application form

Two copies of undergraduate degree

Two copies of official transcripts

Two letters of recommendation

Two copies of applicant's resume

Letter of interest in the program

University of Louisville

Degree program: Master's Education – Counseling and Psychology

Year began: 1998

Enrollment:

Tuition:

Format:

Legally: Quality Leadership University (University of Louisville, Panama). Originally registered as University of Louisville, Panama.

Model: Not a branch, because they don't work exclusively with the University of Louisville. Kind of like a franchise.

Quality: SACS accreditation

Entrance requirements:

University of Louisville

Degree program: Master's Human Resources

Year began: 1998

Enrollment:

Tuition:

Format:

Legally: Quality Leadership University (University of Louisville, Panama). Originally registered as University of Louisville, Panama.

Model: Not a branch, because they don't work exclusively with the University of Louisville. Kind of like a franchise.

Quality: SACS accreditation

Entrance requirements:

University of Louisville

Degree program: Master's of Political Science in International Relations

Year began: 2005-2006

Enrollment: 1 cohort

Tuition:

Format:

Legally: Quality Leadership University (University of Louisville, Panama). Originally registered as University of Louisville, Panama.

Model: Not a branch, because they don't work exclusively with the University of Louisville. Kind of like a franchise.

Quality: SACS accreditation

Entrance requirements:

Towson University

Degree program: Bachelor's in Business Administration - Management

Year began: 2006 - present

Enrollment: 3 cohorts

Tuition: 2006 (\$185/credit), 2008 (\$205/credit) 122 credit total= \$25,010

Format: international program – mini-semester in January. Students in Panama enroll, but pay a different fee.

Legally: Quality Leadership University (University of Louisville, Panama). Originally registered as University of Louisville, Panama.

Model: Not a branch, because they don't work exclusively with the University of Louisville. Kind of like a franchise.

Quality: Middle State Association of Colleges and Schools (MSACS) and AACSB accreditation

Entrance requirements:

Graduation from an accredited high school

Minimum GPA of 2.5/4.0 or 3.2/5.0

Official transcripts

Composite ACT score of 22 minimum or SAT score of 1020 minimum

TOEFL score of 550 minimum

Application form

Resume and letter of recommendation

Interview

Florida International University

Degree program: Master's of Political Business Administration (MBA)

Year began: 2008 – present

Enrollment: 1 cohort (at time of research)

Tuition: \$19,500

Format: Executive. Modules. 20 months

Legally: Quality Leadership University (University of Louisville, Panama). Originally registered as University of Louisville, Panama.

Model:

Quality: SACS and AACSB accreditation

Entrance requirements:

Good standing with all previously attended colleges & universities

Bachelor's degree from an accredited college or university

GPA of 3.0/4.0 minimum (upper division coursework)

Official transcripts

Proof of degree

International transcripts (2 copies)

TOEFL 550 minimum

Resume

Four years work experience

Statement of purpose

Two letters of recommendation

College of Notre Dame of Maryland

Degree program: Master's of Arts in Teaching – Special Education

Year began: 2007 - 2008

Enrollment: 2 cohorts (2007 – 30 (23 graduated), 2008, 16 (9 graduated))

Tuition:

Format: Students have to travel to the U.S. to finish their degree. Tuition and all costs are covered by a scholarship from the public education system of Baltimore. In return, the students commit to work for the city for two years.

Legally: Quality Leadership University (University of Louisville, Panama). Originally registered as University of Louisville, Panama.

Model: Not a branch, because they don't work exclusively with the University of Louisville. Kind of like a franchise.

Quality: National Council for Accreditation of Teacher Education (NCATE) accreditation

Entrance requirements:

College of Notre Dame of Maryland

Degree program: Master's of Arts in Teaching English as a Second Language (TESOL)

Year began: 2008 - present

Enrollment: 1 cohort (at time of research) (15 students)

Tuition: \$8,750

Format: Students have to travel to the U.S. to finish their degree. Tuition and all costs are covered by a scholarship from the public education system of Baltimore. In return, the students commit to work for the city for two years.

Legally: Quality Leadership University (University of Louisville, Panama). Originally registered as University of Louisville, Panama.

Model: Not a branch, because they don't work exclusively with the University of Louisville. Kind of like a franchise.

Quality: National Council for Accreditation of Teacher Education (NCATE) accreditation

Entrance requirements:

APPENDIX H

DEGREES OFFERED AT UIP

Bachelor's and Engineering Degrees Offered at the Interamerican University of Panama**School of Administration**

Bachelor's degree in Business Administration

Bachelor's degree in Banking and Finance

Bachelor's degree in International Trade

Bachelor's degree in Accounting

Bachelor's degree in Financial Markets and Investments

Bachelor's degree in Tax Accounting and Fiscal Management

Bachelor's degree in Maritime and Port Administration

Bachelor's degree in Human Resources Administration

Bachelor's degree in Human Resources Administration with emphasis in Labor

Legislation

Bachelor's degree in Human Resources Administration with emphasis on Organizational

Development

Hospitality

Bachelor's degree in International Tourism Business Administration

Bachelor's degree in Culinary Arts

Bachelor's degree in Hospitality Management

Communication

Bachelor's degree in Advertising and Marketing with an emphasis on Corporate Image

Bachelor's degree in Advertising and Marketing with an emphasis on Graphic Design

Bachelor's degree in Communication and Graphic Design with an emphasis on 3D
Animation

Bachelor's degree in Communication and Graphic Design with an emphasis on
Photographic Design Advertising

Bachelor's degree in Audiovisual Communication with an emphasis on Radio and
Television Production

Humanities

Bachelor's degree in Psychology

Engineering

Bachelor's degree in Systems and Telecommunications

Engineering degree in Computer Systems

Bachelor's degree in Computer Systems with emphasis on Logistics, Multimodal and
Supply

Bachelor's degree in Computer Systems with emphasis on Development and 3D
Animation Production

Bachelor's degree in Industrial and Systems Engineering

Bachelor's degree in Electronic and Communication Engineering

Engineering degree in Telematics and Networks with an emphasis on Wireless Systems
and IP Technology

*this data was received in 2008; since the time of publication of this dissertation, these schools have been reorganized slightly.

Master's Degrees Offered at the Interamerican University of Panama

Master's in Business Administration with a specialty in International Trade

Master's in Business Administration with a specialty in Finance

Master's in Business Administration with a specialty in Strategic Management

Master's in Business Administration with a specialty in Marketing

Master's in Business Administration with a specialty in Human Resources

Master's in Hospitality Management

Master's in Accounting and Management Control

Master's in Accounting and Management Control, with a specialty in Tax Management

Master's in Commercial Law

Master's in Procedural Law

Master's in Special Education with an emphasis in Psycho-pedagogy

Master's in Project Management

Master's in Systems with a specialty in Information Security

Master's in Multimodal Transportation Management

Master's in Information Systems Management

Master's in Development of Creative and Critical Thinking in the Classroom

Master's in Labor Law

Master's in Business Logistics

Master's in Business Process Management

APPENDIX I

UIP GRADUATION RATES

Table 14: Interamerican University of Panama (UIP) Graduation Rates (Bachelor's), 1996-2008

Major	1996	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Bank/Fin	0	14	32	35	35	55	47	52	57	50	53	54
Accting	0	10	8	26	35	42	38	54	41	57	45	32
Admn	0	12	8	17	20	28	22	29	28	29	52	26
Psy	0	0	9	15	30	34	24	29	50	31	37	38
HR	0	0	14	5	16	28	15	21	19	29	22	22
Mkting	0	15	14	18	15	24	27	18	13	23	26	9
Adv	0	0	2	5	9	3	7	12	14	7	8	5
Intl Bus	0	2	5	2	3	10	13	10	20	24	20	34
Bus Adv	0	0	0	0	0	0	0	0	0	0	2	23
PR	0	0	0	0	0	0	0	0	0	0	0	5
Ind Eng	0	0	0	4	11	4	10	10	27	35	32	31
Elec Eng	0	0	0	15	2	3	13	17	16	41	40	32
Prt Admn	0	0	0	0	0	0	0	0	0	0	0	16
Cmp Sys	0	7	12	9	14	24	13	16	28	21	23	25
Cmp Eng	0	0	0	0	0	0	0	0	0	0	3	10
Comm	0	0	0	0	0	0	0	0	0	0	0	3
Htel Mgt	0	0	0	0	0	0	0	0	0	1	3	17
Trm Adm	0	0	0	0	0	0	0	0	0	0	0	2
Htl Trsm	0	13	13	20	28	15	25	29	30	45	35	20
Total	0	73	117	171	218	270	254	297	343	393	401	404

Table 15: Interamerican University of Panama (UIP) Graduation Rates (Master's), 1996-2008

Masters	1996	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Str Mgt	9	5	15	54	137	92	102	107	101	100	133	101
Mkting	0	8	6	8	28	20	16	51	39	71	52	41
Finance	0	0	11	36	84	67	35	69	51	59	59	49
HR	0	0	0	0	23	70	38	79	53	81	65	48
Accting	0	0	0	0	0	0	0	27	25	29	10	8
Inf Sys	0	0	0	0	0	0	0	20	21	26	21	10
Htl Mgt	0	0	0	0	0	0	0	8	5	0	7	6
C Law	0	0	0	0	0	0	0	0	4	21	31	45
Crt Thk	0	0	0	0	0	0	0	2	18	30	18	10
Intl Bus	0	0	0	0	0	0	0	0	9	32	53	30
Lb Law	0	0	0	0	0	0	0	0	0	8	7	4
Tpt Mgt	0	0	0	0	0	0	0	0	0	6	16	17
Bs Log	0	0	0	0	0	0	0	0	0	3	10	14
Bs Pres	0	0	0	0	0	0	0	0	0	3	10	12
Prj Mgt	0	0	0	0	0	0	0	0	0	0	16	37
Educ	0	0	0	0	0	0	0	0	0	0	14	25
Act Prts	0	0	0	0	0	0	0	0	0	0	5	28
Pc Law	0	0	0	0	0	0	0	0	0	0	32	71
IT Mgt	0	0	0	0	0	0	0	0	0	0	4	15
Total	9	13	32	98	272	249	191	363	326	469	563	571

APPENDIX J

DEGREES OFFERED AT ULACIT

Bachelor's Degrees Offered at the Latin American University of Science and Technology**Engineering**

Transportation and Logistics Engineering

Law and Political Science

Criminology

Law and Political Science

Design, Communication and Marketing

Interior Design

Graphic Design

Marketing and Promotions

Marketing and Sales (dual degree)

Health Sciences

Dental Surgery

Nursing

Medicine

Nutrition and Dietetics

Administrative Sciences

Business Administration

Banking and Finance (dual degree)

Accounting

Global Business (dual degree with Walden University)

International Business

Hospitality and Tourism

Administration of Tourism Businesses

Master's Degrees Offered at the Latin American University of Science and Technology

Business Administration, emphasis in Finance

Business Administration, emphasis in Marketing

Business Administration, emphasis in Human Resources

Business Administration, emphasis in Maritime Administration

Civil Law

Penal Law

Higher Education Pedagogy

Environmental Management

Logistics Management of Multimodal Transportation

Mediation, Negotiation, Arbitration

Pediatric Dentistry

Orthodontics

APPENDIX K

DEGREES OFFERED AT UNIVERSIDAD DEL ISTMO

Technical Degrees

Call Center

Airline Services

English Language

Bachelor's Degrees

Maritime Business

Tourism

Business Administration

Finance Administration

Accounting

International Business

Law and Political Science

Communication and Audiovisual Mediums

Marketing

Systems Engineering (emphasis in Networks, emphasis in Computer Security)

Systems Engineering with emphasis in Application Construction

Administrative Industrial Engineering

Post-graduate Degrees

Management

Higher Education Pedagogy

Specialization in Mediation and Reconciliation

Master's Degrees

Master's in Business Administration with an emphasis on:

1. International Banking and Finance
2. International Marketing and Sales
3. Management of Agribusinesses
4. Management
5. Human Resources
6. Project Formulation and Evaluation
7. Total Quality Management
8. Innovative Business

Master's in Hospital Management

Master's in Intermodal Transport and Port Management

Master's in Education with specialization in:

1. Research and Teaching in Higher Education
2. Curriculum
3. Administration of Education Centers

Doctoral Degrees

Business Administration

Education

Social Comm.	-	-	-	-	-	-	-	41
International Business	-	-	-	-	-	-	-	8
Systems Accounting	74	111	103	84	79	74	70	42
Law/Political Science	55	98	146	120	143	153	120	124

Chriqui
Technical

Call Center	-	-	-	-	23	85	83	52
Agribusiness Mgt.	-	-	4	12	17	13	8	3
Airline	-	-	-	-	-	-	-	37

Bachelor's

Human Resources	23	20	24	31	32	35	35	34
Finance/Banking	25	30	31	23	33	45	45	35
Systems	20	19	21	25	31	49	48	42
Marketing	38	40	41	40	47	58	48	36
Tourism/Hospitality	-	-	16	23	23	38	35	39
Maritime Business	-	-	-	-	-	31	67	96
Systems Accounting	14	18	23	23	25	38	34	24
Law/Polit. Science	35	13	22	22	37	64	41	56
Engineering System	-	-	-	-	-	-	-	16
Social Comm.	-	-	-	-	-	-	-	14
International Business	-	-	-	-	-	-	-	12

Chorrera
Technical

Call Center	-	-	-	-	-	16	31	23
English (TESOL)	-	-	-	-	-	19	22	25

Bachelor's

Human Resources	-	-	-	-	-	2	5	3
Finance/Banking	-	-	-	-	-	5	8	10
Systems	-	-	-	-	-	25	24	23
Marketing	-	-	-	-	-	25	22	22
Tourism/Hospitality	-	-	-	-	-	16	26	27
Maritime Business	-	-	-	-	-	37	83	88
Systems Accounting	-	-	-	-	-	12	17	18
Law/Political Science	-	-	-	-	-	34	35	48
Engineering System	-	-	-	-	-	-	-	6
International Business	-	-	-	-	-	-	-	2

Panama City**Post-grad**

Business Administration	89	-	-	-	-	118	-	-
Higher Education	5	-	-	-	-	-	-	-

Master's

Business Administration	-	116	77	83	77	-	127	219
Higher Education	83	-	-	68	29	44	31	61
Education	-	65	100	-	-	-	-	-
Ports Management	16	-	-	2	4	-	-	-
Med. Arbitration	-	-	-	-	-	-	-	44
Human Resources	6	-	-	-	-	-	-	-
Finance/Banking	15	-	-	-	-	-	-	-
Agribusiness Management	10	-	-	-	-	-	-	-
International Business	9	-	-	-	-	-	-	-

Chiriqui								
Post-Grad								
Management	-	-	-	11	28	24	36	117
Higher Education	15	26	19	11	16	46	26	29
Med. Arbitration	-	-	-	-	-	-	-	11
Master's								
Higher Education	-	7	21	-	-	18	-	-
Chorerra								
Post-grad								
Management	-	-	-	-	-	9	3	8
Higher Education	-	-	-	-	-	-	22	28
Master's								
Higher Ed	-	-	-	-	-	10	-	-
TOTAL	1,364	1,654	1,495	1,395	1,449	1,971	1,925	2,376

*Controlaria General de la Republica stopped collecting data on private universities in 2008.