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Neoliberalism and For-Profit Universities: The Case of Laureate International

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Intro

- Goal 4.7 Higher education is part of this global initiative through the implementation of alternative pathways to degrees (United Nations 2015).
- Existing gaps: Number of for-profit case studies and analysis of market-based strategies
- a positivist qualitative research strategy and thematic analysis to search for causal relationships between different elements of reality, providing new empirical evidence to advance our understanding of the for-profit university.

OBJECTIVES

- To identify the implications of Neoliberalism in higher education.
- To describe Laureate education global network structure, arrangements and operations in different national and global markets.
- To understand how Laureate operates in Mexico.
- To explore the meaning of social responsibility and profitability in higher education.
- To analyse the role of the state and how for-profit universities engage with governments and higher education systems.

LITERATURE REVIEW

- Neoliberalism as theoretical framework
- The For-Profit University and Neoliberalism
- Global Trends in Higher Education: Commodification, Massification, Privatisation, Internationalisation

2014

Oct / An idea was born

2015

Refinement / Problem

2016

Methodology / Data C

2017

Data Analysis / Write up

2018-2019

Final Submission / PhD

2020

CGHE London

METHODOLOGY

- Qualitative Case Study: Laureate Education, Inc
- I selected Laureate education as it offers an illustrative and unique reference of a private equity fund running independent educational institutions in twenty-five countries, with a diverse mix of internationalization strategies and operations
- 35 Semi-structured open-ended interviews and Documents
- Single Case Study with four Units for Analysis: UVM Mexico, Laureate Online and Partnerships (UK and US), Laureate EMEA (South Africa, Australia), Laureate Andean and Iberian (Chile and Spain)

DATA ANALYSIS/ FINDINGS

- Four Key Themes:
 1. Strategic Flexibility and Operational Efficiency
 2. The Public Good, Social Responsibility and Sustainability
 3. Legitimacy and the Profit Motive in Higher Education
 4. The Role of the State and the For-Profit University

CONCLUSIONS

- Profit maximisation and scalable efficiencies achieved through shared resources and strategic flexibility.
- The notion of sustainability in higher education "Here for Good" Narrative
- Legitimacy in For-Profit Universities: success, distinctiveness and differentiation, third-party accreditation and assessments and internationalization



| Research questions | Themes and corresponding Chapters | Theme definition |
|--|--|---|
| <p>1. How do for-profit universities configure and act upon the global trends in higher education?</p> | <p>Strategic flexibility and operational efficiency (Chapter 4)</p> | <p>The optimal allocation of assets, investment and shared resources to achieve scale economies and to ensure profitability and efficiency in the provision of higher education</p> |
| <p>2. What is the meaning of sustainability in higher education for the for-profit university?</p> | <p>The public good, social responsibility and sustainability (Chapter 5)</p> | <p>The organizational configuration of the university to become financially sustainable and socially responsible in multiple higher education systems</p> |
| <p>3. How do for-profit universities legitimize their existence in higher education systems?</p> | <p>Legitimacy and the profit motive in higher education (Chapter 6)</p> | <p>Structural mechanisms and strategies implemented by universities to justify their intervention in higher education systems</p> |
| <p>4. What are the role of the state and the for-profit university in the reproduction of neoliberalism in higher education systems?</p> | <p>The role of the state and the for-profit university (Chapter 7)</p> | <p>Multifaceted interactions between the state and the for-profit university in the configuration and development of higher education systems</p> |

Neoliberalism (Theoretical Framework)

The understanding of neoliberalism as governmentality works as a practice appealing to “*citizens or consumers who are free to take responsibility for their own life choices, but who are expected to follow competitive rules of conduct*” (Joseph 2013:42). Therefore, the autonomy of the state is highlighted as an explanation of how the conduct of the society is governed through institutions, discourses, norms, identities and self-regulation.

Treating institutions as being completely public or private within higher education systems is no longer accurate in principle because of existing organizational, governance and funding structure’s similarities found in universities. However, Marginson (2007:317) argues that in either case, revenues are important, particularly for elite institutions* to reproduce their academic leadership and social power,

** I would add that any university would do so if provided with the opportunity*

Neoliberalism (Theoretical Framework)

Kauppinen (2012:545) associates these privatized and market modelling approach to the practice of higher education with the term academic capitalism. He observes that:

“Academic capitalism refers to a wide variety of market (e.g. patents) and market-like (e.g. grants, university-industry partnerships, and tuition fees) activities and institutions that are used by faculty and institutions to secure external funding due to reduced public funding...the focus of academic capitalism is not restricted to commercialization of research, but also takes into consideration other aspects of universities and changing relations [between them] and their social environment”.

Neoliberalism (Theoretical Framework)

According to Eagleton-Pierce (2016), the neoliberal connotation of individualism is distinctive essentially in two ways:

- Individualism was extended to the insatiable consumer in diverse public spheres, such as education, health, politics and housing.
- The popularization of choice and competitiveness as synonyms of success, in addition to the personalization and customization as neoliberal manifestations of the consumerism society what would be the attributed elements of differentiation.

the reproduction of the private corporation's performance in the public university is a response to new global power dynamics and inequalities given the context of great global economic competition with a potential increase in social stratification in consequence (Aktas et al 2016).

Neoliberalism (Theoretical Framework)

- Provided that neoliberalism is a combination of public policy, ideological reasoning and a doctrine not uniquely defined (Davies 2014), it is powerful enough to influence contemporary consumerism, and collective acceptance of a new wave of intentional global trade agreements, forcing worldwide leaders to strategically –and indirectly- be controlled by supranational institutions such as the WTO and the IMF
- Contrary of what might be understood in neoliberal terms as a desirable streamlined and efficient government, it is the interventionist advocacy of the state that enhances substantially the purposes of regulating social relations, establishing political consensus towards a collective acceptance and legitimating privatization and austerity in societies. Austerity is understood as “*a form of voluntary deflation in which the economy adjusts through the reduction of wages, prices and public spending to restore competitiveness*” (Blyth 2013:2)

Schools of Neoliberal Thought

| School | Main Period | Key People | Key idea | Role of State | Corporate Monopoly |
|----------------------------|---|--|-----------------------|------------------|---------------------------------|
| Austrian | Late 19 th to mid 20 th | Ludwing von Mises, Friedrich Hayek (plus students like Fritz Machlup, Israel Kizner) | - Subjectivism | Limited (to law) | Negative |
| British | Early to mid 20 th | Edwin Cannan, Lionel Robbins, Arnold Plant (plus Ronald Coase) | Liberalism | Limited | Negative |
| Chicago (1 st) | Early to mid 20 th | Frank Knight, Henry Simons, Jacob Viner | New liberalism | Strong | Negative |
| Chicago (2nd) | Mid 20 th to early 21 th | Aaron Director, Milton Friedman, George Stigler | Libertarian | Anti-state | Positive |
| French | Early to mid 20 th | Louis Rougier, Jacques Rueff | New liberalism | Strong | Negative |
| Italian/Bocconi | Early 20 th (plus early 21 th) | Maffeo Pantaleoni, Luigi Einaudi (plus recent austerity advocates) | +Hedonism / Austerity | Strong | Negative |
| Ordoliberal / Freiburg | Early 20 th to early 21 th | Walter Eucken, Wilhelm Ropke, Alexander Rustow | Ordoliberalism | Strong | Negative |
| Virginia | Late 20 th to early 21 th | James Buchanan, Gordon Tullock | Public Choice | Anti-state | Positive (except *rent-seeking) |

Source: Birch (2018:25)

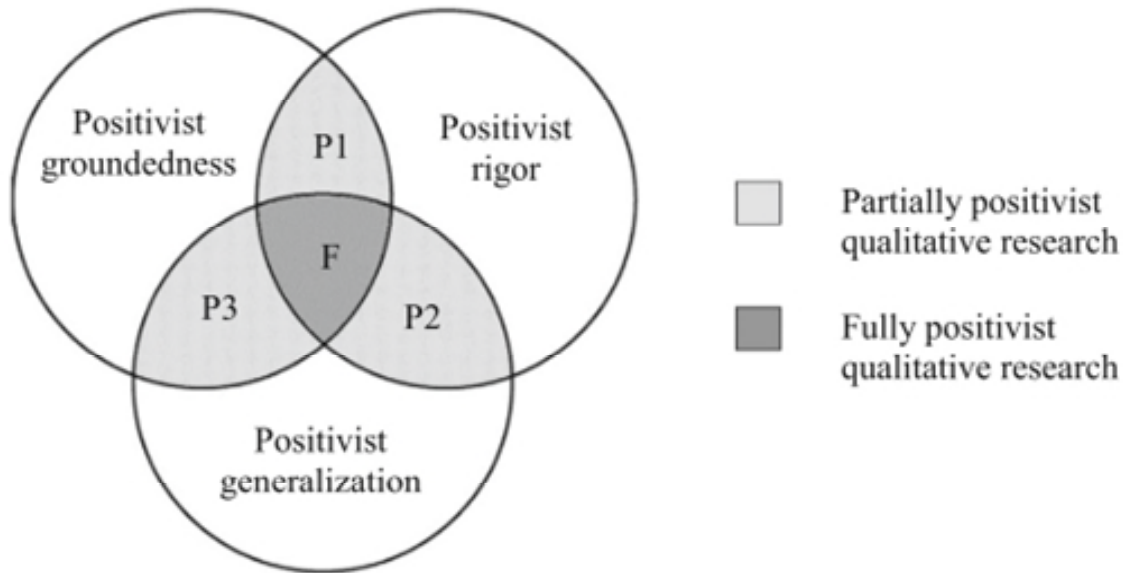
Notes:

- In this context, subjectivism refers to the increasing role of the consumer and his choices in the understanding of market dynamics and the economy.

+ Hedonism in relation a mode of consumption, with high levels of commodification (Migone 2007)^[1]

* Rent-seeking means obtaining profits from the exploitation of public assets and services through private property.

Typology of positivist qualitative research

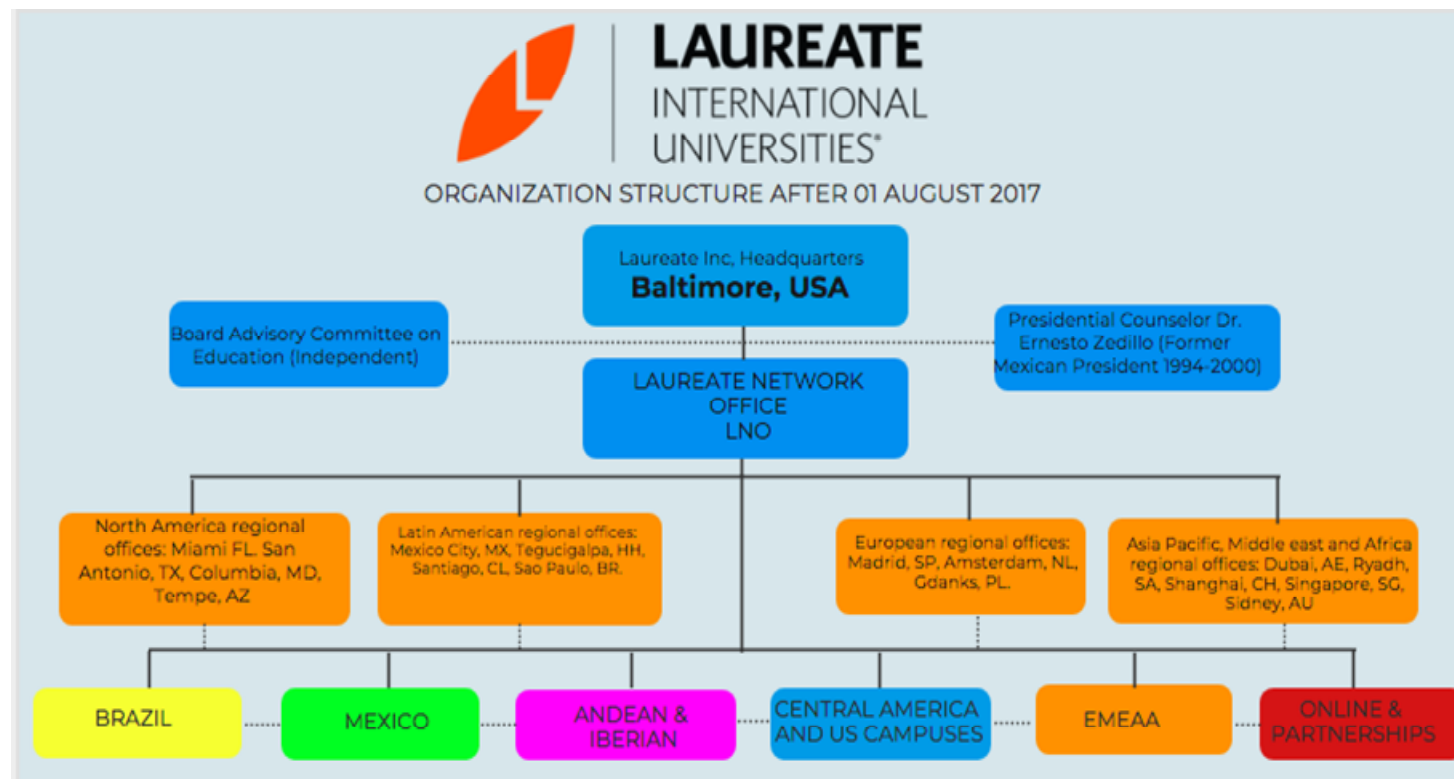


positivist groundedness:

a degree of deducting reasoning and an extensive literature reading about the phenomenon before data collection takes place in order to obtain better evidence and sense of findings. In other words, this means having a strong theoretical background before going to the field to collect data

Source: Berkovitch (2017:2071)

Organizational structure of Laureate Education, Inc. (as of 01 August 2017)



Groups evaluated as potential case studies:



Source: The researcher after Laureate Education, Inc.

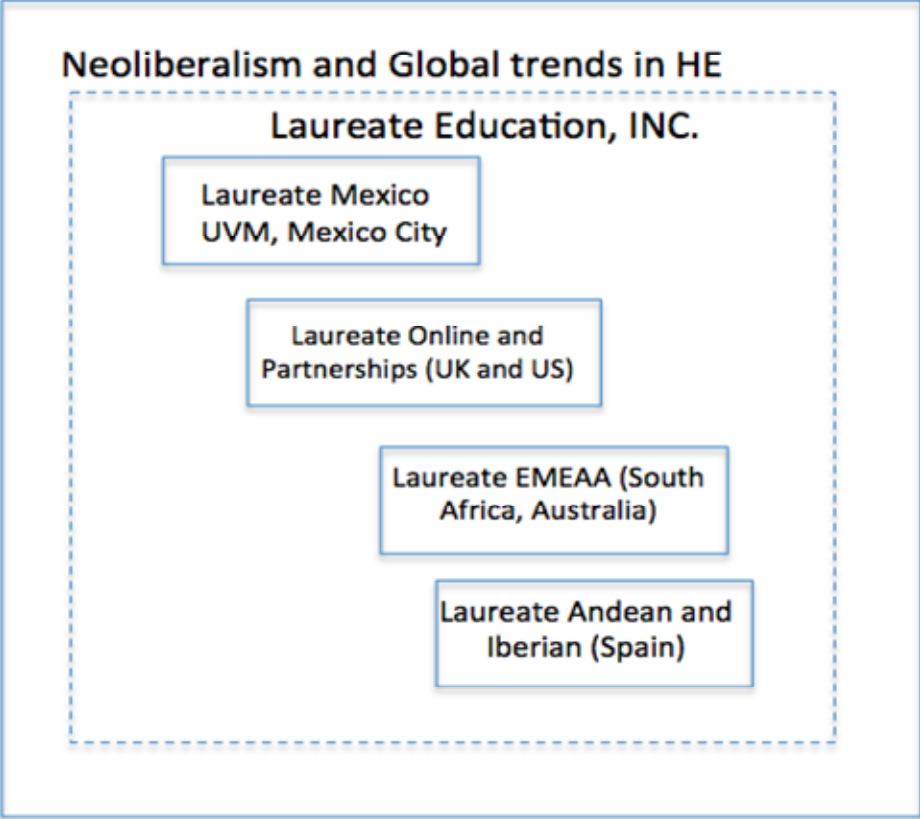
Laureate education, Inc. Single Case study design: Units of Analysis original proposal and revised version

Revised version (2016)

Original (2015)

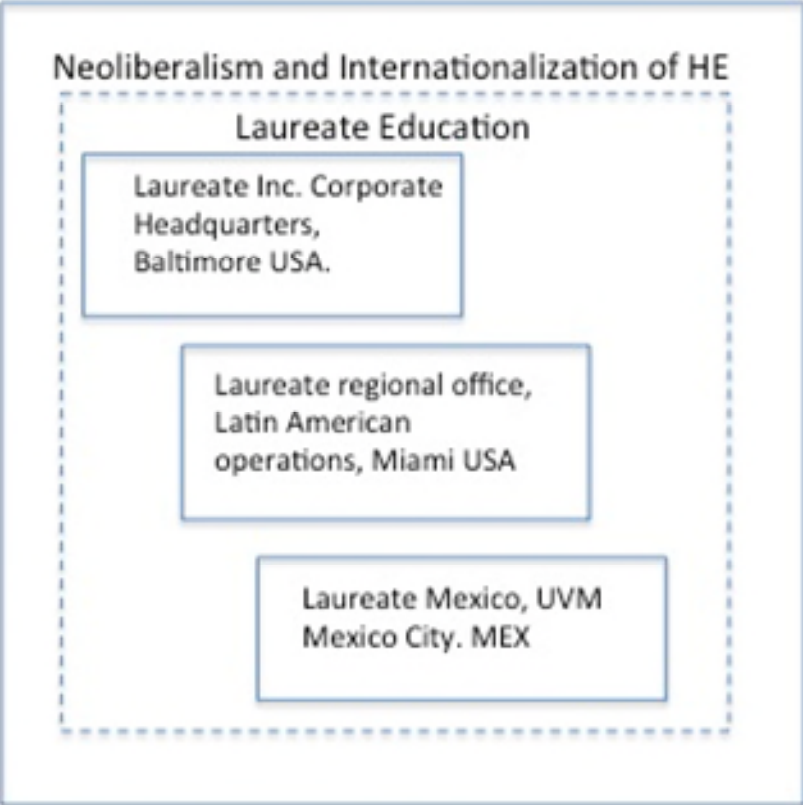
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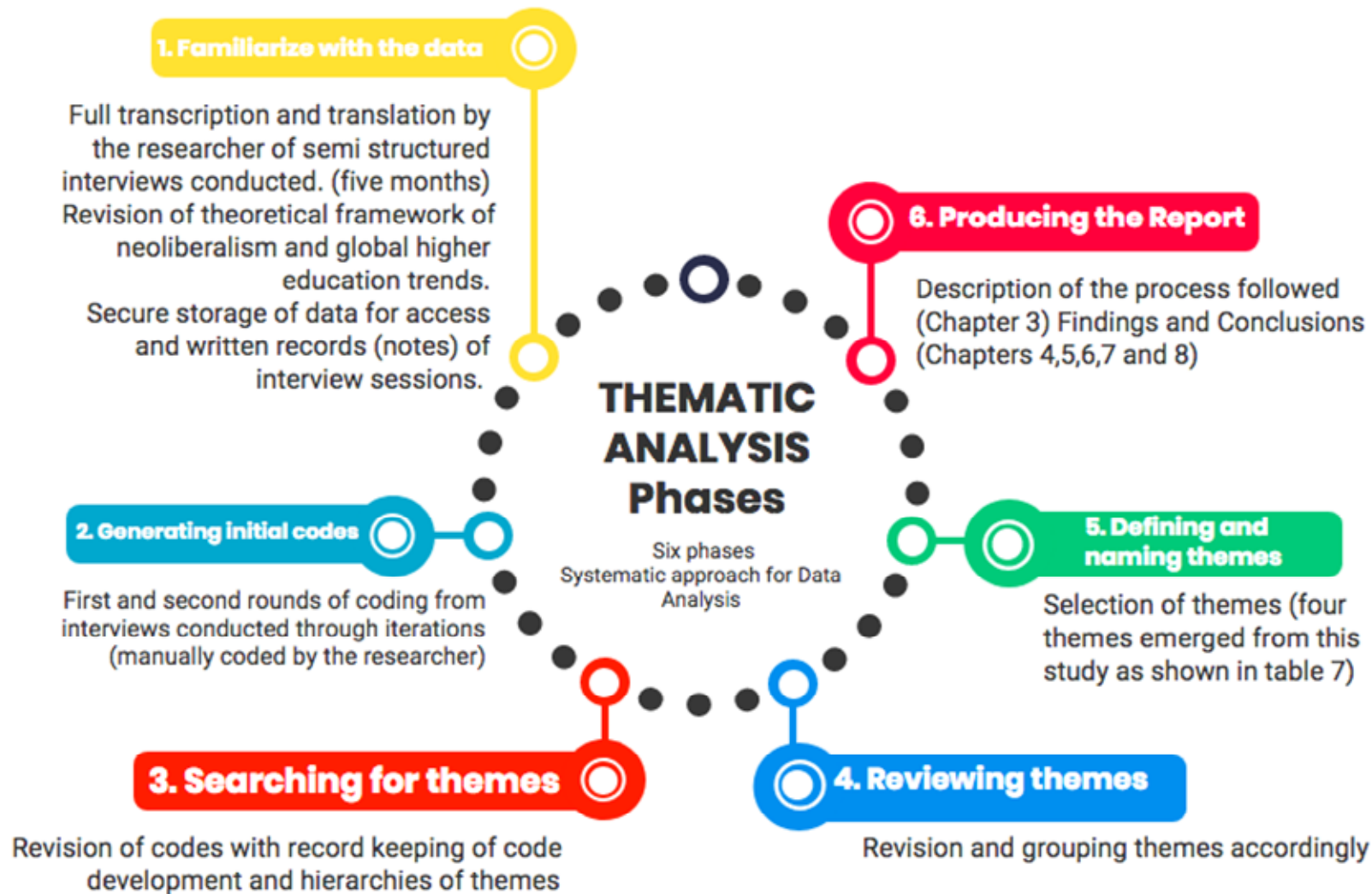


ps Charts SmartArt Formulas Data Review

fx

| G | H | I | J | K | L | M | N | O | P |
|-------------|----------|---|--------------|--|----------|--------------|-------------|--------------------|--------|
| Interview # | Language | Duration of the Interview (recorded) (hh:mm:ss) | Country | Unit of Analysis / Profile | Consent? | Transcribed? | Translated? | # Pages transcript | Coded? |
| 1 | English | 1:03:39 | England | Laureate Online and Partnerships | Y | Y | N | 20 | Y |
| 2 | English | 1:00:59 | England | Laureate Online and Partnerships | Y | Y | N | 16 | Y |
| 3 | English | 0:31:50 | South Africa | Laureate EMEAA | Y | Y | N | 10 | Y |
| 4 | English | 0:39:41 | US | HE Media Analyst | Y | Y | N | 12 | Y |
| 5 | Spanish | 1:06:05 | Mexico | ANUIES Mexico | Y | Y | Y | 14 | Y |
| 6 | Spanish | 1:10:41 | Mexico | Laureate Mexico | Y | Y | Y | 16 | Y |
| 7 | Spanish | 0:53:43 | Mexico | Laureate Mexico | Y | Y | Y | 17 | Y |
| 8 | Spanish | 0:53:49 | Mexico | Laureate Mexico | Y | Y | Y | 16 | Y |
| 9 | Spanish | 0:58:07 | Mexico | Laureate Mexico | Y | Y | Y | 22 | Y |
| 10 | Spanish | 1:02:27 | Mexico | Laureate Mexico | Y | Y | Y | 24 | Y |
| 11 | Spanish | 1:23:53 | Mexico | Laureate Mexico | Y | Y | Y | 24 | Y |
| 12 | English | 1:00:55 | England | Laureate Online & Partnerships | Y | Y | N | 17 | Y |
| 13 | Spanish | 0:40:18 | Mexico | Laureate Mexico | Y | Y | Y | 15 | Y |
| 14 | English | 0:48:37 | Ireland | HE Policy Analyst | Y | Y | N | 11 | Y |
| 15 | English | 0:38:12 | US | Laureate Latin America Regional Office | Y | Y | N | 11 | Y |
| 16 | Spanish | 0:59:03 | Chile | HE Academic / OECD | Y | Y | Y | 13 | Y |
| 17 | English | 1:17:27 | England | HE Marketing Consultant | Y | Y | N | 20 | Y |
| 18 | English | 0:38:00 | Mexico | UNAM | Y | Y | N | 13 | Y |
| 19 | Spanish | 1:07:34 | Mexico | Laureate Mexico | Y | Y | Y | 23 | Y |
| 20 | Spanish | 0:53:21 | Mexico | Laureate Mexico | Y | Y | Y | 15 | Y |
| 21 | English | 0:58:30 | Australia | Laureate EMEAA | Y | Y | N | 15 | Y |
| 22 | Spanish | 0:55:34 | Mexico | UNAM | Y | Y | Y | 12 | Y |
| 23 | English | 0:54:38 | Switzerland | Laureate EMEAA | Y | Y | N | 15 | Y |
| 24 | Spanish | 0:56:48 | Spain | Laureate Andean and Iberian | Y | Y | Y | 17 | Y |
| 25 | English | 0:51:40 | England | HE Policy Maker / Consultant | Y | Y | N | 12 | Y |
| 26 | Spanish | 2:13:52 | Mexico | UNAM | Y | Y | Y | 41 | Y |
| 27 | Spanish | 0:51:59 | Mexico | Laureate Mexico | Y | Y | Y | 13 | Y |
| 28 | English | 1:07:39 | Singapore | HE Analyst / Consultant | Y | Y | N | 14 | Y |
| 29 | English | 0:49:33 | England | Laureate Online and Partnerships | Y | Y | N | 14 | Y |
| 30 | English | 0:32:33 | US | Laureate Online and Partnerships | Y | Y | N | 9 | Y |
| 31 | Spanish | 0:39:37 | Chile | Laureate Andean and Iberian | Y | Y | Y | 12 | Y |
| 32 | Spanish | 1:16:25 | Spain | Laureate Andean and Iberian | Y | Y | Y | 18 | Y |
| 33 | English | 0:58:54 | USA | For-Profit HE Analyst | Y | Y | N | 14 | Y |
| 34 | Spanish | 1:44:27 | Mexico | Former Education Minister State of Veracruz, Mexico. | Y | Y | Y | 23 | Y |
| 35 | English | 0:36:35 | England | HE Academic | Y | Y | N | 10 | Y |

SEMI STRUCTURED INTERVIEWS (PRIMARY DATA)



Thematic Analysis

Source: The researcher after Nowell et al (2017)

. That was almost on the DNA of Laureate as an organization... Essentially, a product management philosophy” (Interview #1 Pag 6)

“... What Laureate is doing is they bring efficiency and scale to a number of private institutions (Interview #21 Pag 4)

“The mission statement of laureate is really to provide access to as many people as possible, to get themselves educated... (Interview #23 Pag 10)

“Laureate´s Corporate, which works through the LNO – Laureate Network Office – which is a sort of transversal office, trying to cover different research areas, teaching and/or professional practices... (Interview #24 Pag 12)

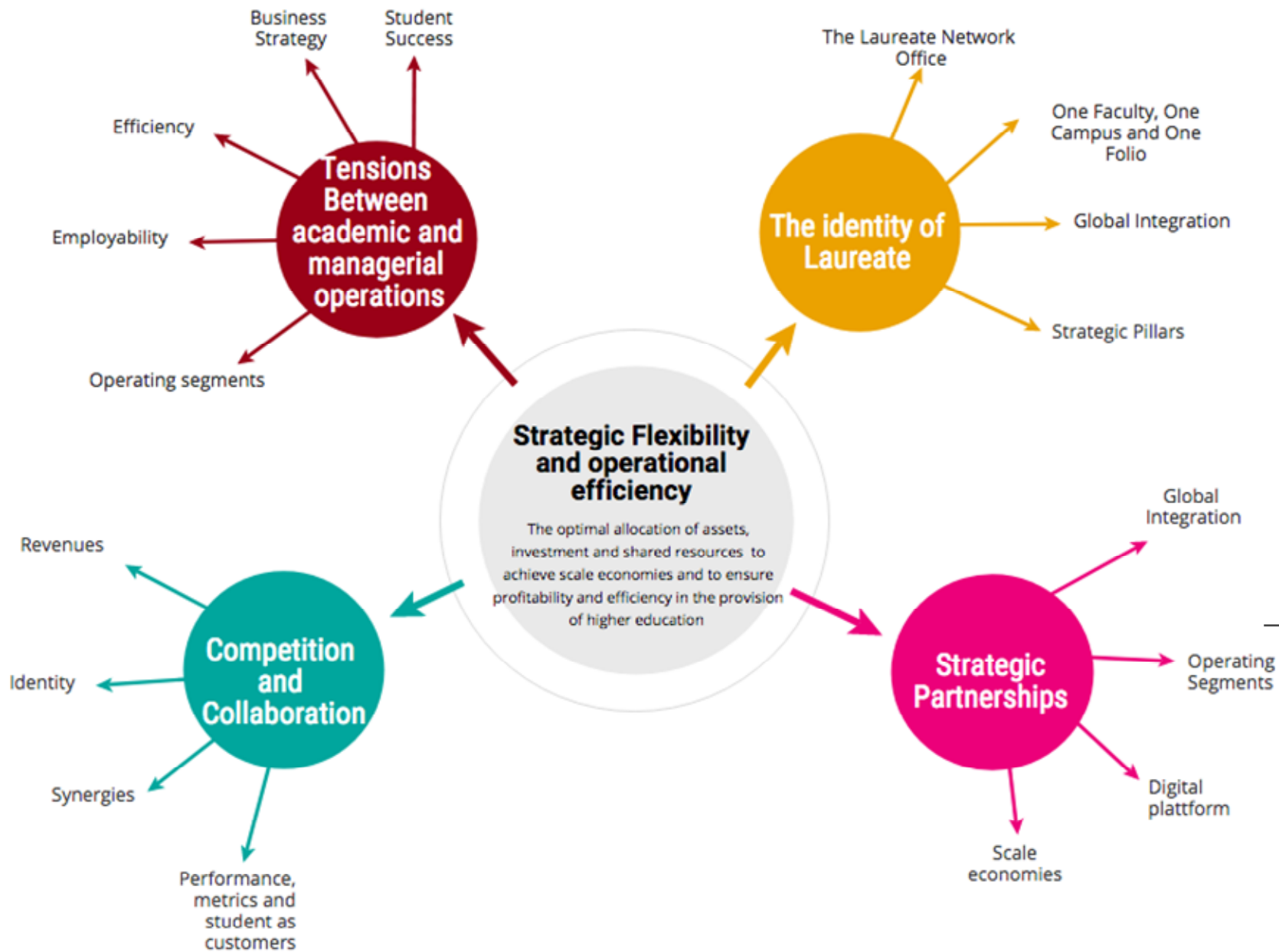
“...We (Laureate Online Education BV) have access to awful lot of metrics for our students... Other metrics (are) the business and management metrics that we can use in terms of profits/loss viability of programs...Retention makes good business sense...we are here to make profits so is the University of Liverpool and Roehampton...”(interview #29 Pag 8)

“I am not personally dedicated to the universities’ profitability, but to promote efficiency” (interview #6 pag 1)

“...For example to the Universidad del Noreste –UNO- there´s pride of being UNO. You go to what we know as the Veracruz Campus, and (students) tell you they feel more for the University Villa Rica in many senses than UVM and that I see it ok... A multi-campus organization requires for its operation a self-culture...(Interview #6 pag 3)

Relevant quotes from semi structured interviews (1)

“Strategic Flexibility and Operational Efficiency Theme”



Theme 1:

Strategic Flexibility and Operational Efficiency

“...Social responsibility was built into our DNA, it wasn't negotiable; you bought into that from the beginning... ..It wasn't a balancing act with social responsibility, social responsibility was just who we were...” (Interview #30 pag 8)

Laureate position is very simple: it is here for good...Inevitably we will generate income from that, inevitable we will generate profit from that, but the profits, if you look at the organization, (are) largely being reinvested back into the institution (Interview #3 Pag 4)

“...For-profit businesses should be self-sustainable...”(Interview #7 pag 14)

“ In Mexico, the two universities Laureate has (UVM and UNITEC) are socially responsible businesses since ten years ago... nowadays (Laureate) success is proven not only for the profitability, which is an important part, but also for the benefit it represents (to society) (Interview #10 Pag 18)

“By forming as a Public Benefit Corporation PBC...it's an interesting thing (Interview #4 pag 3)

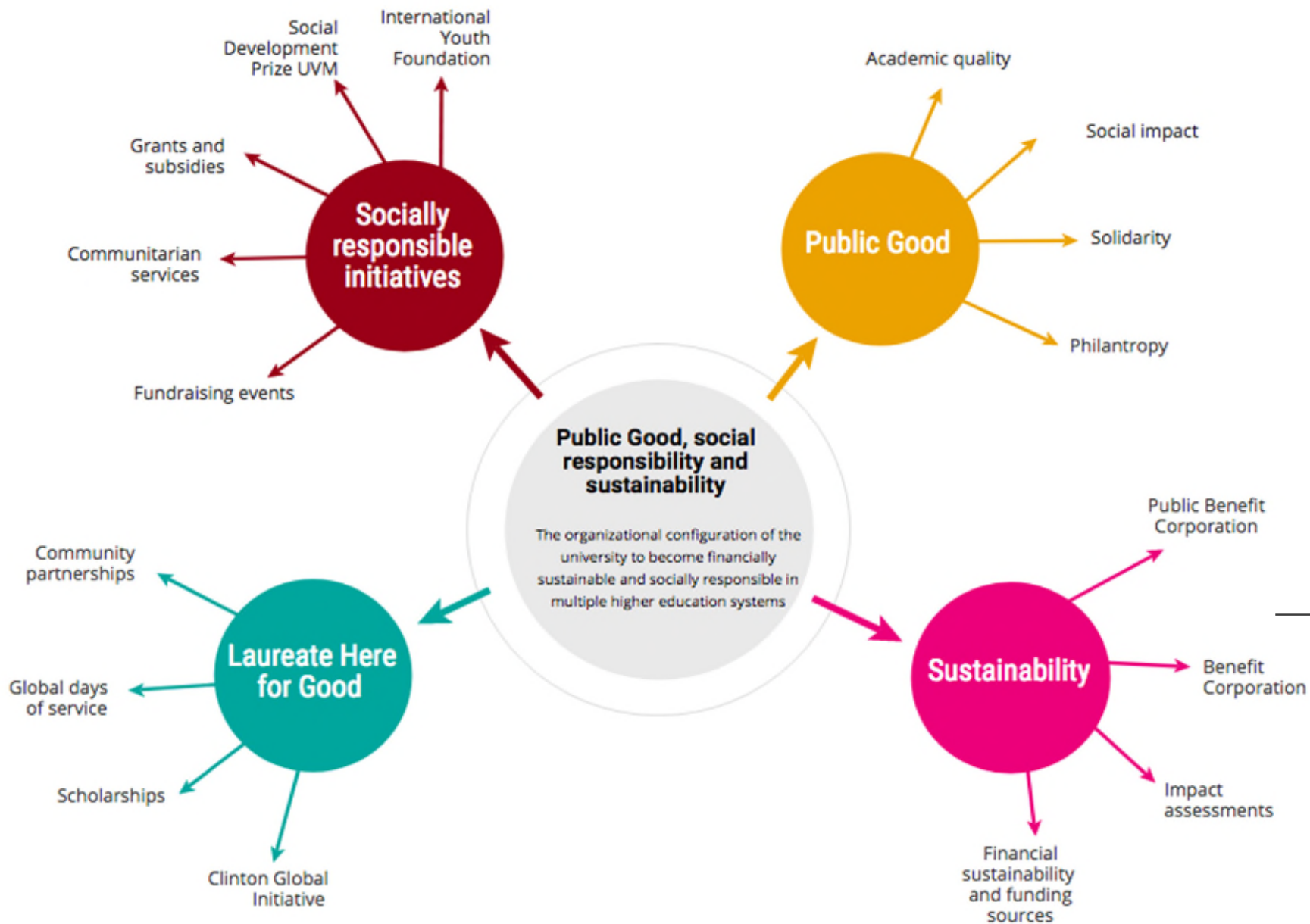
“...That indicator LIDI (Laureate International Development Index) was launched by Doug Becker in 2013 and It became now part of what the LI (Laureate International) is; it is an indicator... is a movement that now has the “ Here for Good”... Interview #19 pag 9)

“For Laureate to have the B Labs organization kind of looking at their operations and giving them a grade every year; I think it's something that is going to be helpful to them as a publicly traded company...” (Interview #33 Pag 7)

“Laureate tries to take its (social) impact beyond; not only by offering education that we ensure is of quality and at an accessible price, but also we have a series of social responsibility initiatives...(Interview #13 pag 9)

Relevant quotes from semi structured interviews (2)

“Public Good, Social Responsibility and Sustainability ”



Theme 2:

Public good, social responsibility and sustainability

“It's important to be profitable; correctively profitable, sustainable... to reinvest the profits correctly in order to continue growing the business. (Interview #15 pag 7)

Relevant quotes from semi structured interviews (3)

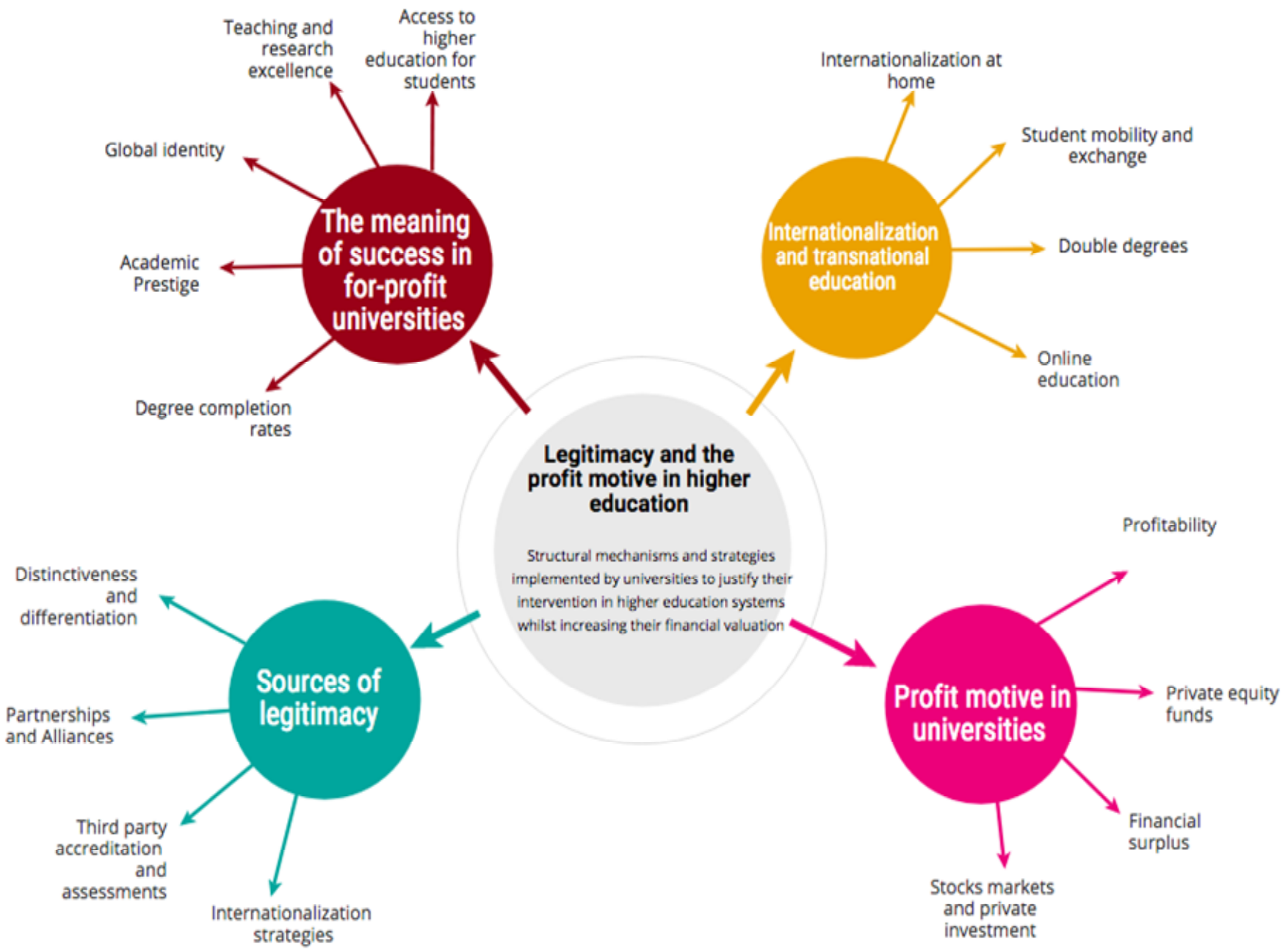
“There must be motivators which push universities to move. So the topic (profitability in Higher Education) is debatable...We (UVM) have retained earnings; we declare that we do because it is an impulse to continue growing...(Interview #9 Pag4)

“Legitimacy and the Profit Motive in Higher Education ”

“In general, if you take a look at public and private universities is that they have a funding mixture but all of them operate under a single rule, and the rule is to produce through a wide variety of commercial activities and organized in various different ways; to produce a surplus...(Interview #16 Pag 5)

“Another part of what Douglas (Mr. Douglas Becker Founder, Chairman and CEO of Laureate) was doing in the last three years, he was looking for more Liverpool-like opportunities. So he was very keen to raise the credibility of Laureate as a quality educator” (Interview #1 Pag 11)

“I think in the US with the main platform where Laureate has on Walden University has a very good opportunity to really legitimize for-profit education...(interview #15 Pag 8)



Theme 3:

Legitimacy and the Profit Motive in Higher Education

“...If you look at it now in this country (UK), part of the government's controversial policy on Higher Education is to allow more private providers to come in and run universities”..(Interview #1 pag 17)

“We have to remember that higher education is not just a private good, and it's not just an investment good, but it's something that is an expression of the country's sovereignty and the cultural heritage...”(Interview #4 Pag. 4)

“I am not the kind who pursues autonomy in extreme, it isn't my way; I believe in regulatory powers... (Interview #6 pag 12)

Relevant quotes from semi structured interviews (4)

“I believe that competition ends up producing a greater quality education...there should be incentives so that there is a greater number of players who offer higher education...” (Interview #13 Pag 13)

“The role of the state and the for-profit University”

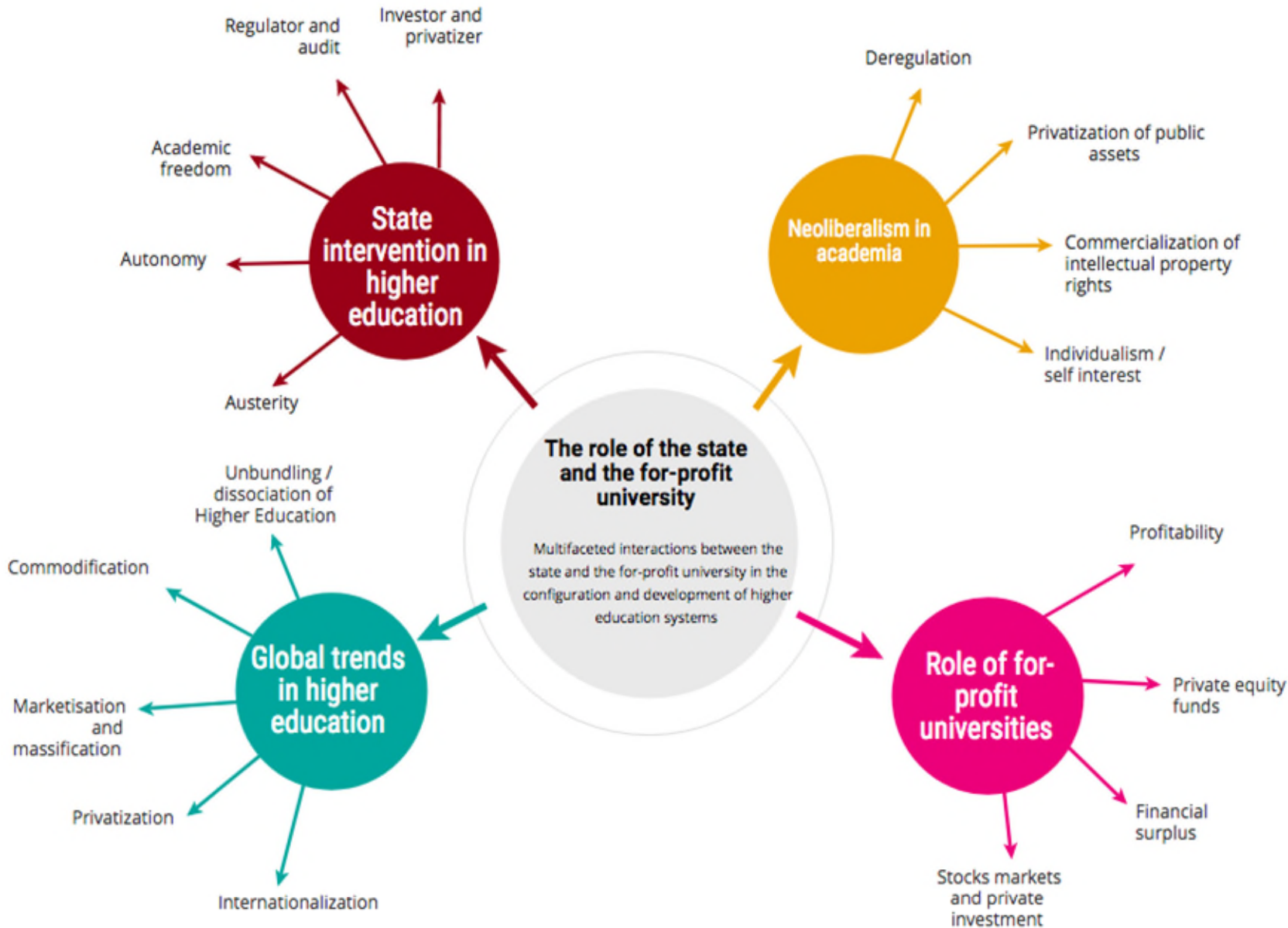
...We also see different types of providers coming into the market, and that where we need to ensure that we have clear regulation and quality controls so we don't end up with Trump universities and all these others, taking advantage of student's needs:, (Interview #14 Pag 7)

“I think certainly the biggest problem is the debate over funding. Countries all over the world are cutting back on funding for higher education, and that is forcing institutions to come up with new strategies for economic survival...Interview #18 pag. 2)

“I won't make the comparison that the for-profit sector is, you know, is a mafia, but I think obviously when there is a squeeze in one area, then they move to another sector... (Interview #18 pag. 10)

Theme 4:

The role of the state and the for-profit University



Conclusions (1)

There are distinctive organizational structures and strategies found in for-profit universities associated to profit maximization and scalable efficiencies achieved through shared resources and strategic flexibility. These findings support what Ruch (2003:17) pointed out when describing for-profit universities' deployment of “*scale economies and operational efficiencies to the fullest extent*” , essentially in operating and academic areas where processes could be streamlined and resources minimized.

The notion of customization in curriculum design and academic offerings of Laureate goes in line with Collini (2017:229) in that “*we might be witnessing the shift from the university as shaped by the social democratic era to the university as reflecting the era of the politics of market individualism*”.

Conclusions (2)

Social responsibility and sustainability in higher education are relevant, particularly for the operation of a for-profit university and its search for legitimacy. The strategic approach of Laureate with the global implementation of the “here for good” slogan offers a wide range of branding attributes and academic possibilities for networked universities, whilst looking to contribute to the public good.

The notion of sustainability in higher education pursuit by Laureate partially reflects what Michelsen (2015:53) argues about education for sustainable development, which “*has become and established concept that fundamentally reinterprets the goals, methods and content of education*”, implying a growth opportunity for alternative providers to change market conditions and to include the notion of sustainability to the provision of higher education for the public good through greater student choice and public benefits to society (Pusser 2006).



Conclusions (3)

There are four essential sources of institutional legitimacy for the for-profit university: **success, distinctiveness and differentiation, third-party accreditation and assessments and the internationalization**, which all of them are implemented by Laureate with different levels of effectiveness across the operating regions of the multinational network of universities.

Data revealed that the profit motive inherently found in the for-profit is often behaviourally mirrored by the public university, to the point where differences between the public and the private university are unclear for universities, and even more, to societies. From this perspective, the for-profit university radically reinforces the dark side of neoliberalism ideology originally inflicted by the state

Conclusions (4)

The profit motive in universities is not only an ideological driver for the reproduction of neoliberalism in higher education, but it is arguably the starting point for the construction of higher education systems by the state, which also affects organizational structures found in the public university, and encourages the intellectual subordination of academia to competitive market forces and the trends of massification, and privatization of higher education, and provides a rationale as Iloh (2016) points out for the surge of a for-profit higher education industry, with profound implications on student experiences and expectations.

Conclusions (5)

Fourthly, four roles of the state in higher education are identified: *as investor, regulator, privatiser and collaborator*. Moreover, there is a challenge for the state in establishing regulatory powers enforced either directly or indirectly whilst honouring the principle of autonomy of all higher education institutions.

The dissociation or unbundling of higher education emerges as a global trend which reinforces neoliberalism in academia, where academic prestige is challenged by the massification of top up qualifications and credentials offered by for-profit universities in times where employability and competitiveness seem to rule the global academic sphere and individualism gradually takes over the notion and desired institutional and societal contributions to the public good.

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Thank you!

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