

HRD: THE CASE OF LAUREATTE UNIVERSITIES

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Abstract

Purpose This working paper is a first step in a long road whose major goal is to study the progress of the teachers and students from Laureate International Universities (LIU), within a Human Resources Development (HRD) perspective.

Design/methodology/approach Therefore in the paper we set the framework for a future analysis of Garcilaso within a HRD mindset. We do that by making building a conceptual model to be used on Garcilaso, by doing a review of the relevant corresponding literature, and by defining in detail the research questions that are to be analyzed over Garcilaso.

FindingsFor our knowledge Laureate is the biggest international conglomerate on higher education. In fact, at the time of writing LIU is a vast conglomerate of 80 universities, located in more than 30 countries and with an attendance of around 950 000 students in 2014-5. The sole existence of such an organization is important in management terms. But what really makes LIU interesting in HRD terms is the existence of an internal mobility program for students called Garcilaso. Garcilaso is a program which promotes students and teachers mobility within the Laureate Universities. Garcilaso is comparable to the EU's Erasmus program

Research limitations/implications We only described LIU and built the conceptual model. It would be very interesting to make an empirical study comparing Garcilaso to Erasmus.

Practical implications HRD scholars should know about LIU and Garcilaso, for its dimension, and meaning.

Social implications LIU and Garcilaso are of course important from a CSR point of view. In a globalized world their experience may have much impact and significance.

Originality/value This is the first study we know about LIU as an MNC in HRD

Keywords Higher Education, Globalization, Multinationals, Privatization

Introduction

In 2015 Higher Education (HE) is a global topic. Students flow over the frontiers to search for places in the best universities worldwide. For universities overseas students are massive sources of revenues because they may be willing to pay more than local or national students. The situation we just mentioned exists in Continental Europe, in the UK and in the USA and Canada, countries that receive students from all over the world, particularly from the developing world.

The interest and importance of HE derives from the fact that University graduates are essential as power and business drivers in the societies of the 21st century. Therefore each developed or developing countries needs to have a rather extended elite of HE graduates. It is also important to notice that even at the individual level the investment in HE usually pays off, if not in the short run at least in the long run, and that individuals that succeed achieving a HE graduation have generally and on average higher wages and better employment prospects than those who did not achieve that graduation.

Furthermore it is very interesting to note that the European Union (EU) has built a very important program about students and teachers exchange between universities, called the Erasmus program (European Union, 2015). Erasmus was first implemented in the late eighties of last century and became one of the flagships and more successful experiences put in place by the EU since its foundation almost sixty years ago. In recent years Erasmus was evaluated, and the results of that evaluation were very positive. As a consequence of that evaluation and in the context of the aforementioned globalization context, Erasmus was increased between the previous planning period (2007-13) and the actual one (2014-2020).

One of the trends in HE has been privatization. This solution has been adopted because more and more people want to achieve degrees, and public budgets got smaller and tighter (Le Grand, 2008).

Finally it I also well known that one of the big features of the 21st century is globalization (Steger, 2012). Globalization has many faces, like the internet, the World Trade Organization (WTO) and also multinational corporations (MNCs).

It is in this context, and as an intersection of HE, privatization and MNCs, that the Laureate International Universities (LIU) also called Laureate Group stand out. Founded 17 years ago (Bloomberg Business, 2015) LIU emerged in the last decade as a major multinational group in higher education with links with the World Bank and the Clinton Foundation (Kimes and Smith, Business, 2014). Nowadays, LIU is a conglomerate of more than 80 universities, in more than 30 countries, with around than 950 000 students and 70 000 professors and academic staff (Universidade Europeia, 2015), and a budget of at least 4 billion (Kimes and Smith, 2015).

Therefore, for what matters in this paper, LIU is an American originated private organization and multinational which provides services in HE, at a global and international scale.

But this is not all. The most interesting aspect about LIU at least in the context of this paper, is that using their own network of Universities LIU developed an exchange program for students of professors called Gracilaso. Gracilaso is named after Garcilaso de la Vega, a Spanish poet from the Renaissance (1503-1536), contemporary of Erasmus of Rotterdam (1466-1536). Gracilaso is in fact “LIUs Erasmus”, so to speak, because it aims at providing the same experiences as Erasmus EU program does, but occurring within the circle of LIU universities. That a network of private Universities worldwide

might aim at such goal is something so big and ambitious, even adventurous, that calls for immediate attention and study. To our knowledge Garcilaso is an unique program and one of the features that make LIU a truly specific organization which deserves much attention from the scientific community.

Having in consideration all that has been said previously, the purpose of this paper is to be a first step in the analysis of LIU's Garcilaso. For so doing the paper will be structured in three sections. In the first section we will describe the theoretical background of the study; namely first we will describe the concepts and will create a theoretical model; second we will explain the relations between the variables in our model and will define the research questions we want discuss. In the second section we will present Laureate International Universities, and show some very preliminary results we can already show about the organization. In the third and final section we will present the paper's conclusions.

Theoretical Background:

In this section, first we define the main concepts we are going to use in the paper, and from that definition we derive a conceptual model. Secondly we explain the main theories that link the concepts we use, and we define the hypothesis we will study in the empirical analysis.

Concepts:

We consider that the main concepts that relate to this paper are Higher Education (HE), Human Resource Development (HRD), private sector, Multinational Corporations

(MNCs), and international mobility of people. We are going to analyze those four concepts in succession.

Higher Education (HE) is usually defined as the highest level of formal education any individual may achieve. It follows primary and secondary education and it is only attainable after 11 or 12 years of schooling. Sometimes individuals may reach HE without having completed secondary education formally, by the way of certification of competences. HE itself is usually divided in three levels – graduation, masters and PhD; in the EU and following the Bologna guidelines those three so-called cycles have 3, 2 and 3 years of duration respectively (EHEA, 2015). HE is performed basically in Universities but also in Polytechnic institutions, the difference between the two being that the former may award the title of Dr. and the later can't.

In the context of this paper there are mainly two relevant conceptions of HRD. The main conception relates HRD with the workplace: “the organizing term for discussion and analysis of workplace learning” (Gibb 2008: 4) or as “a process of developing and unleashing human expertise through organization development and personnel training and development for the purpose of improving performance” (Swanson and Holton 2008: 8). Also HRD has been analyzed as having the following four interrelated functions: (1) organization development (OD); (2) career development (CD); (3) training and development (T&D); and (4) performance improvement (PI) (McGuire and Cseh, 2006; Wang and McLean, 2007; Abdullah, 2009). Vocational Education and Training (VET) is a similar concept to HRD. It describes formal or informal learning operations which directly relate with the workplace (Mulder, Weigel, Collins, 2006). We will call this conception the narrow one. In another much broader conception HRD encompasses any effort that aims at developing Human Resources (HR). If we define HR as any human characteristic that might be useful for the individual's employability, like education,

competences, ability and not only workplace related training, we arrive at the conclusion that HE may also be considered a large form of HRD. It is this second conception of HRD we will use in this paper, and while studying LIU and Garcilaso. The reason is that we have no doubt that LIU and Garcilaso aim at developing Human Resources.

We will also use a definition of economic sectors based in three tier – private and profit seeking, public and private and non-profit seeking, These three sectors mix together in what is defined as the “Welfare Mix” of advanced societies in order to solve social needs (Esping Andersen, 1994). HE is clearly a social need, and in the context of this study it is important to note that LIU is a profit-seeking company. Public institutions exist in the world, most notably the free of charge Universities in the Nordic countries; many of the best Universities in the world are privately owned but non-profit having the status of Foundations and using eventual profits to invest in their campuses. However LIU is declaredly profit seeking and this is an important point to have in mind in the remaining of the analysis (Kimes and Smith, 2014).

There are several types of organizations in the world, according to the geographic location of the operations they perform. Many companies and organizations are local, regional or national but don't have international base for business or operations. However, the internet made possible that the Act Local Think Global paradigm (Dudolsky, 2012) was extended to many organizations that otherwise would only be local. Usually one organization is called multinational corporation (MNC) when it operates in more than one country; usually the MNC has a birth and founding country where the headquarters are located, and other countries were delegations exist; usually the home country collects a substantial part of the revenues of the subsidiaries, but by the bias of binding contracts between the headquarters and the subsidiaries the outsourcing countries may benefit from the MNC investment. For the purpose of this paper we believe that LIU, because of its

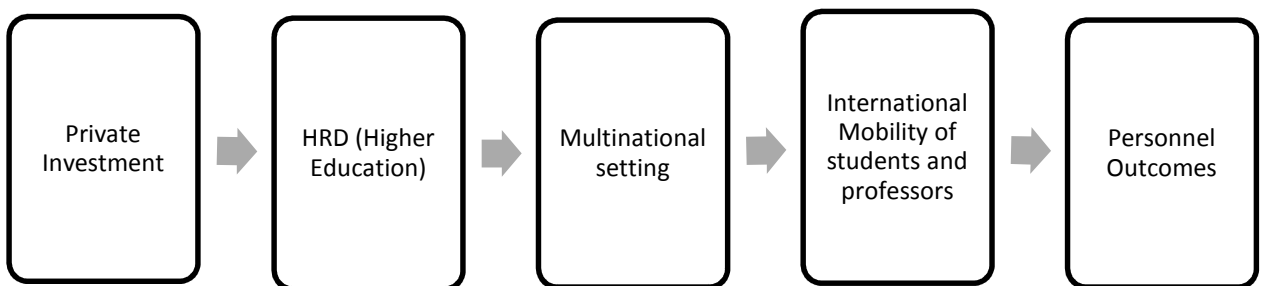
structure, is clearly a MNC, based in the USA, with headquarters in Baltimore and a web framed organization in the mentioned 30 countries and 80 organizations.

We also know that globalization is a process in which goods, services, capital, labor and knowledge flow, these being known as the four and nowadays five “liberties of international economics” (Krugman and Obstfeld, 2006) Mobility of students and teachers as promoted by Erasmus in the EU or Garcilaso in the LIU context is one of the types of labor or people mobility. As a result of that experience of mobility the individual, the organization and the society should experience some social or economic benefit in relation with the alternative of staying at the home country.

Conceptual model

As a result of what was previously said we arrive at the following conceptual model:

Private Investment → Higher Education → Multinational setting → International Mobility of Students and Professors → Personnel, organizational or social outcomes



In the next section we will inspect the links between the various variables that are included in the model, and therefore expose the main theories that can be used to explain the Garcilaso Program.

Theories

The investment in education by individuals is explained by the Human Capital Theory (HCT) (Becker, 1993). Primary, secondary or tertiary education should increase the wages and the employment prospects of individuals: this happens because competences should be increased, and therefore companies and organizations should be more willing to employ and reward these individuals. Organizations would benefit from education in terms of productivity, product quality, and even exports, given that it is well known that HC is a strong basis for competitive advantage and international competitiveness. Therefore there is a strong case for the individual investment in education. According to the age-wage profiles (Murphy and Welch, 1990), rewards should be higher for higher education than for secondary and primary education. In an ideal world people would have the funds to invest in HE and would do it when the benefits of the investments measured in wages would out-weight the costs measured in forgone earnings, tuition fees etc.

However some strong comments have been made to the almost perfect world of HCT. First people are discriminated by the signals they send to the employers resulting in unfairness in and inefficiency in opportunities and rewards (Spence, 1975). Second different segments exist in the labor market, and usually education is less rewarded in small firms that belong to the perfect competition sector than in big firms that operate in the oligopolistic sector of the market (Piore, 1970). Finally, market failures of funding, information individual and myopia ask for public provision, and funding of education and mostly of HE (Le Grand, Propper and Smith, 2008).

This microeconomic analysis can be easily extended to macroeconomic scope (Ashton and Green, 1996; Schultz, 1961). Economies can be defined as low skill, medium skill and high skills as they are based in primary, secondary or post-secondary education. Regarding HE, the levels of attendance in the three types of economy are low or elitist, medium or high. Usually poor and developing countries are characterized by low skills,

emerging countries by medium skills and developed countries by high skills. Some sort of national agreement over competences and skills has to be reached in order for a country to break the vicious cycle of low skills equilibrium and reach a higher equilibrium. A MNC like LIU can be used as a factor to foster the change between the low skills and the higher skills equilibrium.

It is in this context of construction and maintenance of a high equilibrium that marketization has been advocated (Joengelebed 2003). Private profiting and non-profiting providers in HE have been seen more and more as an option to public institutions.

It is also well known from the literature of international labor mobility that there are factors which promote or provoke mobility: these factors are linked with the global environment, the individual characteristics, the situation or region of departure, the situation or region of arrival, the perceived outcome and the closeness between the two regions or situations (Parkins, 2010). By and large, individuals migrate more if they are more adventurous and less attached, if the environment they live in is more global, if there is a big social and economic gap in favor of the region of arrival, but also some sense of closeness, connectivity, and proximity between the two regions; finally, the bigger the benefits of the movement, the higher the probability of the migration to occur.

In economic theory MNCs are explained because they manage to have some advantage due to economies of scale and to the common use of production factors (Iordonescu, Oprea, 2001). Also in a globalized and increasingly free world it is possible for a company to sell variations of the same product in different markets according to a Think Global Act Local strategy (Dudolsky, 2012). In the 21st century IT decisively increased the strategic and operational possibilities of MNCS. MNCs are usually of much benefit to the headquarters country but may also benefit the subsidiary country by creating

employment, increasing innovation exports and competition and also by rising wages (Iordonescu, Oprea, 2001). MNCs have usually governance problems and cultures, cultural differences, and cultural shocks are a major theme regarding MNCs. It is in this context that the expatriation of workers is a major topic (Edwards, 2013).

Therefore, according to the theories:

- 1) The existence of HE is explained by the need of human, organizational and social development, and has strong human, organizational and societal consequences.
- 2) Development pressures, and budgetary pressures coupled with the acquiring of knowledge by institutions created the possibility of an increased HE private profiting and non- profiting sector.
- 3) MNCs exist by a number of causes, and may have positive consequences for persons, and societies.
- 4) The existence of labor mobility or expatriation is explained by human or organizational goals, and has vast individual, organizational and societal consequences.

Within this context, we believe that LIU is a MNC in the educational market and promotes mobility of students and expatriation of teachers, through the Garcilaso program. Furthermore we believe that for teachers the models to be used are more linked with expatriation and for students they are more linked with students' mobility. But in both cases it is important to have in mind that it takes a MNC of the dimension of LIU, and the organization would have to be an MNC, to organize Garcilaso.

Research question

In this context, and having in mind what was previously written we define the following research questions to be addressed in the empirical study we intend to perform on LIU:

1. What are the basic characteristics of the professors and students within Laureate Universities to engage in expatriation and mobility?
2. What are the motivators of the professors and students within LIU in order to engage into expatriation and mobility?
3. What is the role of the LIU network in causing the individual's mobility or expatriation?
4. How do these professors and students maintain and develop networks during expatriation?
5. What are professors and students perceptions' of the organizational and individual benefits of the networks they have developed during expatriation?

The Laureate Case

In this section first we present the main available information on LIU and then we describe briefly the Garcilaso program.

Basic data

Vision and Mission: Laureate's mission is *"Expanding access to quality higher education to make the world a better place"* (Laureate, 2015). That mission is put in place by creating "global professionals" *"At the center of our vision is value, as defined by our students and those who employ them. A professionally oriented education with an international perspective helps prepare Laureate students to succeed in the global marketplace."* (Laureate, 2015).

Universities: Laureate is present in the five continents but it is in South America it has its major operations, notably in Brazil. LIU is organized by geographical areas and the

Universities are distributed as follows: 6 in North America, 30 in South America, 24 in Europe, 8 in the Middle East, 2 in Africa and 14 in the Asia-Pacific (Laureate, 2015).

People: LIU is currently a conglomerate of more than 80 universities in more than 30 countries it enrolls almost 1 million students, around 80000 academic staff (Universidade Europeia, 2015).

Revenue and funding sources: LIU annual revenue is of 4 billion dollars (Kimer and Smith, 2014) which more than tripled since the company went private in 2007. In January 2013, the World Bank's investment arm, the International Finance Corp., invested \$150 million in Laureate (Kimer and Smith, 2014). Laureate is backed by several of the biggest names in finance, including Henry Kravis, George Soros, Steve Cohen and Paul Allen (Kimer and Smith, 2014)

Organization: LIU headquarters are located in Baltimore. The five key executive posts in LIU's organigram are the Chairman and Chief Executive Officer, the Chief Financial Officer and Executive Vice President, the Chief Executive Officer of Laureate Global Products & Services and President of Laureate Global Products & Services, the Chief Executive Officer of Latin America Region and the Chief Executive Officer of Europe and Mediterranean Region

Since 2010, Bill Clinton is In 2010, the company hired Clinton Laureate's Honorary Chancellor. In this paid position, Clinton has trekked to Laureate's campuses in countries such as Malaysia, Peru and Spain, making more than a dozen appearances on its behalf (Kimber and Smith, 2014). Laureate has installed several people from Clinton's administration in key executive and board positions, including Richard Riley, the former secretary of education; Joseph Duffey, the former head of the U.S. Information Agency;

and Henry Cisneros, who served as Clinton's secretary of housing and urban development (Kimber and Smith, 2014).

Supply of education – According to (Laureate, 2015), LUI offers an extremely wide range of University courses with particular relevance in art, architecture and design (more than 30 institutions in 17 countries), education (49,000 students at Laureate Centers of Excellence in Education round the world), health services (30 Laureate institutions in 16 countries and online) and Hospitality Management (in Centers of Excellence is hospitality management, which serves students from more than 100 countries).

Strategic Importance of mobility It is not a surprise that Garcilaso is put forward by LIU as a distinctive feature so that at least no student can be considered to be worse than the ones that attend Erasmus linked Universities. And in fact LIU want to expand and to facilitate Garcilaso for all their students in the next few years. The expansion will be done by achieving big organizational goals and the facilitation because students that go from one university to other, for a semester only pay the fee of their incoming university, and not of the one they attend; this fact helps students from relatively poor social classes to attend richer and more expensive universities.

Corporate Social Responsibility – LIU wants to be an agent of social and economic progress. As a consequence, in 2013, across Laureate's global network, more than 500 million dollars in scholarships and tuition discounts were distributed to students based on academic performance (Laureate, 2015). Also LIU is involved in the Clinton Global Initiative (CGI) to provide more than 1,000 scholarships to teachers around the world, and to recognize, train and promote 500 young social entrepreneurs worldwide. Finally, since Since 1997, the Sylvan/Laureate Foundation has invested over 20 million dollars in

more than 100 nonprofit organizations that promote education, youth leadership, global citizenship, economic opportunity and the arts around the world.

Laureate Students Exchange Programme

According to (Laureate, 2015) at the time of writing (April 2015) LSEP offers 142 possibilities for students, 78 were located in Latin America, 45 in Europe, 11 in North America, 8 in the Asia Pacific Region, and none in the Middle East. By language, 61 of those programs were Spanish, 49 in English, 18 in Portuguese, 11 in German, 8 in French, 4 in Mandarin, and none in Turkish. By academic area, 33 of the programs were in Architecture, Art and Design, 30 in Business and Management, 21 in Engineering and IT, 20 in Communications, 12 in Health Sciences, and also in Hospitality and Management, 10 in Law and Legal Studies, 7 in Education, 1 in General Studies and none in Energy, infrastructure and Transportation.

The duration of the program varies a lot, from 1 week (a program about doing business in Brazil at Business School of São Paulo) to seven semesters (5 Programs, in Architecture, Art and Design, at the Berlin Technical School of Art).

It is curious to understand that LIU main operations are located in South America. These are the countries where an American based organization can be of higher interest for the population because these are already emerging markets but they lack strong public institutions.

Concluding Comments

We sincerely believe Laureate is a very specific organization and its study may enlarge the scope of the HRD field. Furthermore, as we live in an increasingly globalized world

the Laureate's experience may well be replicated in the future. We sincerely hope to complete the empirical work that will be needed within the academic year 2015-6 and to present its results in a future UFHRD Conference in Manchester

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