

# Transnational Education in Latin America and the Caribbean The case of Curaçao

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**Abstract:** *Purpose* – To explore if Curaçao can develop TNE as an economic cluster.  
*Design/methodology/approach* – The first literature review was followed by three focus group sessions. Before the focus group sessions two surveys were held, one for TNE institutions in Curaçao and another one for TNE students in Curaçao. The first focus group session focused on the current situation, the SWOT analyses, supply and demand, trends and opportunities. In the second meeting participants created a vision for TNE in Curaçao in 2020. In the last session the draft article was discussed with the responsible civil servants at the Ministry of Economic Development.  
*Findings* – TNE is a growing market and Curaçao can become a regional hub.  
*Research limitations/implications* – The article considers the stimulation of TNE and the economic and social benefits this may generate. It studies the legal and business environment issues involved. It is written from a government policy perspective and not primarily from a student or institutional perspective. It is written from the perspective of offering TNE out of Curaçao and as such attracting institutions, investors, faculties and students to the island. The study does not focus on locals getting TNE.  
*Practical implications* – This study provides a useful source of information for those currently involved in or planning to become involved in TNE in Latin America and the Caribbean, particularly in Curaçao.  
*Originality/value* – This study is timely in that it addresses the recent proliferation of TNE activities in the Caribbean by considering the past and present, as well as providing discussion of potential future developments.

**Keywords:** *TNE, Transnational Education, Latin America, Caribbean, Curaçao*

## 1. Introduction

There are many definitions of TNE (Adam, 2001; Rauhvargers, 2001; Vignoli, 2004; Knight, 2006). The definition used here is provided by the UNESCO/Council of Europe Code of Good Practice in the Provision of Transnational Education (Riga, 6 June 2001).

*”All forms of Higher Education, or sets of studies or educational services, including distance education in which the learners are located in a country different from the one where the awarding institution is based. They may belong to the state in which it operates, or may operate independently of any national system” (UNESCO-CEPES and Council of Europe)*

The Caribbean and in this case Curaçao, has a long tradition in Transnational Education (TNE). The members of the Venezuelan elite used to get their education on the islands. In another way cross border education is relevant to Curaçao. Since the beginning of its colonial history, the rich and the bright left the island for education in Europe. From the 1950s till this day, as a consequence of government scholarship programs, annually the young and bright leave the island, mainly to the Netherlands, for higher education (HE). Today an average of about 400 to 500 students leave the island annually<sup>1</sup>. Many of them (95%) never return, leading to a brain drain: the emigration of the higher educated citizens a one country (TAC, 2013). It is common sense that Curaçao, given the global trends, wants to develop TNE to diversify and strengthen its economy, but also to reverse the brain drain into a brain gain. The sector can also contribute to employment, bring in foreign currency and thus improve the balance of payment.

TNE is a complex global phenomenon. Over time, the development of TNE has led to involvement of transnational organizations like UNESCO. In 1998 UNESCO held the “World Conference on Higher Education” (Altbach et al, 2009). The first conference on the matter of globalization of higher education was held in Paris in 2002. UNESCO has developed a universal framework to try to structure this development. At first glance Curaçao is developing according to this global trend (Nooijer de, 2006).

### *Objective*

The objective of this study is to assess and to stimulate the TNE sector in Curaçao by identifying the critical success factors and the conditions for this sector to develop.

### *Question*

The question answered in this article is: Can Curaçao become a TNE centre in Latin America and the Caribbean?

### *Scope*

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<sup>1</sup> The following number of students left for the Netherlands with a government grant: 2001: 371, 2002: 372, 2003: 343, 2004: 321, 2005: 254, 2006: 317, 2007: 382, 2008: 345, 2009: 383, 2010: 292, 2011: 271, 2012: 297, and 2013: 228. From 2012 onwards students can also study in the region and the US with a grant from the government, attracting 76 students in 2012 and 123 in 2013. However, it is estimated that 100 students leave with a grant from the Netherlands or without a grant.

The article considers the stimulation of TNE providers and the local economic and social benefits this may generate. It studies the technical, legal and business environment issues involved. It is written from a government policy perspective and not primarily from a student or institutional perspective. It is written from the perspective of offering TNE from Curaçao and as such aims to attract institutions, investors, faculties and students. The study does not focus on locals getting TNE.

### *Methodology*

The first literature review was held, followed by two surveys: one for TNE institutions in Curaçao and another one for TNE students in Curaçao, followed by three focus group sessions. The first focus group session focused on the current situation, the SWOT analyses, supply and demand, trends and opportunities. In the second meeting participants created a vision for TNE in Curaçao in 2020. In the last session the draft article was discussed with the responsible civil servants at the Ministry of Economic Development in Curaçao.

## **2. Literature review**

In the era of globalization and knowledge economy, driven by digitalization or information technology (ICT), higher education is a business and therefore a market (Bashi, 2007; Hussain, 2007). TNE started as a collaboration between universities but has rapidly become a business. The high tuition fees illustrate this. Other consequences of this trend are issues related to quality of the programmes offered, recognition of the programmes, and accreditation. The system also crowds out the poor from higher education (Altbach et al, 2009; Gacel-Ávila, 2010; Choudaha, 2012).

Table 1 illustrates that there are many forms of TNE, reaching from Franchising to Distance Learning arrangements and virtual universities (Miliszewska, 2009; Gacel-Ávila, 2010; European Student Handbook on Transnational Education, 2003). In table 2a, Knight (2006) proposes a framework to understand TNE. It focuses on people, programs, providers and projects moving across borders. There is a trend shift from student mobility to program and provider mobility, though the numbers of students seeking education in foreign countries is still increasing. However, more emphasis is currently being placed on delivering foreign academic courses and programs to students in their home countries. The second shift is from Developmental Cooperation (aid) to Commercial Trade. The question is if and how the TNE market will develop. What will happen when students are offered better education in their home country? Or education via Internet will continue to develop? (Altbach et al, 2009)

Curaçao primary focuses on “People” and “Providers” when thinking about TNE. It is about “face-to-face” and “in-house”. How to attract institutions and students to establish themselves in Curaçao? It is about attracting branch campuses, and twinning and franchising initiatives.

<b>Wholly face-to-face</b>				
<b>Wholly in-house</b>				
		Branch campus/ affiliated new institution	Twinning	Franchising
			Online delivery plus in-country support	
	Independent online delivery / Virtual Universities	Online delivery through third party portal	Online co- development/ delivery with company/ consortia	
<b>Wholly online</b>				
<b>Majority outsourced</b>				

Table 1: Types of transnational provision (as presented in Bjarnason, 2005) (in: Miliszewska, 2009)

What are the issues related to cross-border education? Regulation, Quality assurance, Recognition (European Student Handbook on Transnational Education, 2003).  
 What is the impact of TNE? The following table 2a provides an overview.

<b>Rationale and Impact</b>	<b>Enrolled students in Home / Receiving Country</b>	<b>Institutions / Provider in Source / Sending Country</b>	<b>Institution / Provider in Home / Receiving Country</b>
<b>Increased Access / Supply in Home Country</b>	Ability to gain foreign qualification without leaving home. Can continue to meet family and work commitments.	Attracted to unmet need for higher education and training.	Relation with foreign provider can be of competition, collaboration or co-existence.
<b>Cost / Income</b>	Less expensive to follow a foreign program at home, since it does not mean travel or accommodation costs.  Tuition fees from quality foreign providers may be high for the majority of students.	Strong imperative to generate a profit for cross-border operations. Fees could be high for students from the receiving country.	If tuition or service charges are applied by local higher education institutions, it is anticipated that they will be lower than those charged by foreign provider.
<b>Selection of Courses / Programs</b>	Increased access to courses/programs in high demand by labour market (e.g., Business, IT, Communications).	Tendency to high demand courses that require little infrastructure or investment.	Local higher education institutions have to offer broad selection of courses regardless of whether they have high/low enrolment and/or have major lab or equipment requirements.
<b>Language / Culture and Safety Aspects</b>	Can have access to courses in foreign and/or indigenous language. Students remain in familiar culture and linguistic environment. Students today have stronger concerns about travel-related safety and security.	Language of instruction and relevance of curriculum to host country are key issues. If foreign language is used for delivery, then additional academic and linguistic support may be needed.	Courses are usually offered in national language (or languages).
<b>Quality</b>	Can be exposed to higher or lower quality courses provision. National policies required to register and quality-assure foreign providers.	Depending on delivery mode, quality may be at risk. Assurance of relevant and high quality courses may require significant investment.	Presence of foreign providers may be a catalyst for local innovation and improvement of quality in courses, management and governance.
<b>Recognition of Qualification</b>	Foreign qualification has to be recognized for academic and employment purposes.	May be difficult for <u>academic award</u> and for institution to be recognized in foreign countries	Recognized local providers have an advantage and are often attractive to foreign providers for their award granting powers.

<b>Rationale and Impact</b>	<b>Enrolled students in Home / Receiving Country</b>	<b>Institutions / Provider in Source / Sending Country</b>	<b>Institution / Provider in Home / Receiving Country</b>
<b>Reputation and Profile</b>	Because of massive marketing campaigns, international profile is often mistakenly equated with quality of provider/program.	Profile and visibility are needed to attain high enrolments and strategic alliances.	Home (domestic) providers are challenged to distinguish between those providers with high/low profile and high/low quality.

Table 2a: Different Perspective on Rationales and Impact of Cross-border Education (Knight, 2006).

Based on table 2a, one can conclude that in the receiving country TNE has become a cluster. A cluster is: a geographical concentration of linked companies, suppliers, service providers, and associated institution in particular field. They increase productivity and competitiveness of each organization. Cluster development initiatives are in important new direction in economic policy, building on precious achievements.

What determines the offering of TNE?

- Costs of production of programmes (that fall with increasing scale);
- The nature of the national market;
- The existence of legal regulation and controls (Adam, 2001).

What can a receiving country do to develop a TNE cluster? This is answered in the next table.

<b>Rationale and Impact</b>	<b>Receiving Country</b>
<b>Increased Access / Supply in Home Country</b>	Stimulate knowledge economy. "High quality IT and library facilities are important for delivery of TNE programmes." (British Council, 2013)
<b>Cost / Income</b>	"Use of incentives by host countries to attract TNE providers and programmes is an important feature of the TNE policy landscape." (British Council, 2013) Tax cuts are not the main deterrent, accreditation is (Swedish Development Advisers AB, 2004).
<b>Selection of Courses / Programs</b>	Most of the courses and programs most in demand are related to the job market of the student. Internationally that is business administration, ICT, legal and medicine.
<b>Language / Culture and Safety Aspects</b>	"The establishment of education cities and economic free zones dedicated to education and training represents major commitments to develop TNE in some countries." (British Council, 2013)
<b>Quality</b>	Quality of education should be assured.
<b>Recognition of Qualification</b>	"About two third of the study countries have some TNE quality assurance (QA) system in place."  "It is important that host country recognition bodies make efforts to publicly communicate their recognition and acceptance of TNE as a form of education" (British Council, 2013)
<b>Reputation and Profile</b>	Countries that have already reached some critical mass in TNE are likely to succeed. There is not one way to develop TNE. Every county must create its own path serving the needs of domestic education and TNE. Also bearing in mind economic, social and cultural objectives of the country. (British Council, 2013)

Table 2b: Different Perspectives on Rationales and Impact of Cross-border Education.

UNESCO has developed a Code of Good Practice in the Provision of Transnational Education (2005a). Based on these principles UNESCO/OECD<sup>2</sup> provides the guidelines for government to ensure the quality of TNE. It is all about quality insurance and ‘consumer’ and other stakeholders protection.

### **3. TNE in Latin America and the Caribbean**

In this segment we take a closer look at the demand and supply of TNE in Latin America and the Caribbean (LAC), to answer the research question. This is the potential market for TNC in Curaçao. On a global scale TNE is rising. The demand for international education was forecasted to increase from 1.8 million international students in 2000 to 7.2 million international students in 2025 (Böhm, 2002; Altbach et al, 2009, Sharma, 2012).

#### *Latin America*

The participation levels of higher education in Latin America have increased significantly over the past 40 years (Wit, de et al, 2005). UNESCO reported 2.7 million students enrolled overseas in 2007, an increase of 57% since 1999. Latin America and the Caribbean represent 6% of the worldwide student mobility (Casallas, 2010). The population size of Latin America and the Caribbean is forecasted at 730 million by 2035<sup>3</sup>. It is projected that by 2035 the region will have more than 59.4 million (8.1% of the total population of Latin America and the Caribbean) enrolments in higher education and that it will have the third most enrolments in the world, behind only East Asia and the Pacific and South and West Asia. At this moment Argentina, Uruguay, and particularly Chile are among the regional leaders of Latin America, with enrolment rates of more than 30% (Holm-Nielsen et al, 2006)

The Centre for Academic Mobility research has collected data on the number of foreign students in tertiary education, by country of origin and destination for the year 2010. The two countries with by far the highest numbers of Latin American students enrolled in 2010 were the United States and Spain (OECD, 2012).

The vast majority of foreign students are from Brazil. Other nationalities are Colombian, Mexican, Peruvian, Venezuelan, Bolivian, Argentinean and Chilean.

Several studies reveal the following picture of the students. They are young, ranging from 18 till 30. At the start of their studies they are influenced by their parents; as they grow older they become more influenced by their peers. Their primary motives for studying abroad are:

- The course is not offered in the home country
- The quality of the program is better
- Cost of the program is competitive
- The students want an international degree
- The degree offers better opportunities on the labour market
- The students want to improve their language skills (Kizhakeparampil and Kelo, 2008; Gomez Monfort et al., 2010)

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<sup>2</sup> <http://www.oecd.org/education/skills-beyond-school/34732302.pdf> (Accessed on 31 December 2013)

<sup>3</sup> [http://en.wikipedia.org/wiki/World\\_population](http://en.wikipedia.org/wiki/World_population) (Accessed on 31 December 2013)

To summarize, students want:

- TNE that is not business,
  - Guarantees on checks and balances,
  - Guarantees on student rights, on information, transparency and access.
- (European Student Handbook on Transnational Education, 2003)

They mainly study business subjects (especially MBAs), information technology, computer science and the teaching of widely spoken languages (e.g. English, Spanish, German, etc.). Second cycle studies delivered in the non-university 'applied' sectors, and particularly for continuing education qualifications. The globalization of the professions will intensify these trends where professions like accountancy are rapidly moving towards global standards (Adam, 2001).

#### <sup>4</sup>*The Caribbean*

The next region that is relevant to examine to answer the research question is Caribbean. Cross-border education is relevant for the region. Many islands are the host of offshore institutions or other forms of TNE. The University of the West Indies (UWI, established in 1948) is a dominant player in HE and TNE in the region. UWI is the main provider of Distance Higher Education (DHE) in the commonwealth region. The 15 participating Caribbean countries have recognized the UWI as their only regional university. Because of financial and economic conditions it has become an increasing burden for governments to maintain the same level of subsidy to local institutions. Many governments have made significant cuts in their education budgets. This development is propelling a new approach by local institutions in order to generate more funds. Various local colleges and universities are trying to attract students from overseas to come to the Caribbean. They are recruiting foreign students who are able to pay the full cost of tuition. Students from non-subsidized countries (non CARICOM) pay up to seven times higher tuition fees compared to local students. Still these fees remain attractive because they are comparatively lower than those of other regional and North American universities. And some seek entry because the programs are not offered in their own country.

The University of the French West Indies and Guiana (Université des Antilles et de la Guyane, or UAG), with its five campuses plays a similar role in the francophone Caribbean. While the universities of Cuba have a position of their own.

Besides the UWI and UAG there is a wide spectrum of foreign institutions offering higher education programs. These external providers operate especially the niches in the tertiary education infrastructure. In most commonwealth countries they target practicing professionals, working adults and adults who want to change jobs or upgrade their education skills. Medical schools in the Caribbean are big business. The universities recruit through college fairs in regional countries, as well as newspaper advertisements overseas. They offer flexible part-time or fulltime accredited and non-accredited programs tailored to meet the specific needs of those groups. The reason that external providers target especially working professionals and adults is because the local governments heavily subsidize their own tertiary education institutions. This makes other forms of higher education unattractive to regular students (Sharma, 2012). Also their target groups, the students who choose TNE programs, are less

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<sup>4</sup> UWI website



concerned about the awarding institution's reputation or accreditation, but are more concerned about a flexible learning environment and a close fit in terms of subjects available for study. Therefore there is rarely a direct competition with the programs offered by local tertiary institutions like the UWI or UAG. External providers target primarily those areas where there are gaps in the tertiary local systems or there is such overwhelming demand, that there is room for expansion of the number of institutions offering such programs.

The largest group of external providers focuses on business programs, most at the MBA/EMBA level. There is also a considerable number of programs in Information Technology and Education. Law is also very popular (Brandon, 2003).

Phoenix University has become the biggest HE provider in the world and is reaching an increasing number of students in the Caribbean. The corporation is a for-profit organization and operates primarily via the Internet. The brand is controversial.

There are nine trends related to TNE in the Caribbean:

- 1) The University of the West Indies and the University of the French West Indies and Guiana play the role as central regional university for the English and French speaking countries
- 2) Increasing number of mature part-time students
- 3) Many partnerships/twinning or program articulations and agreements between national or local institutions and external providers to provide better programs
- 4) More distance education programs by external providers are being offered
- 5) The presence of corporate universities
- 6) In-country presence of external providers
- 7) Accredited programs and institutions are considered more attractive
- 8) Diverging rules for dealing with offshore medical schools
- 9) Business, Information technology, Education, Medicine, Law, and Tourism are among the areas of penetration by external providers.

#### **4. Current situation of Curaçao**

Since 10 October 2010 Curaçao has been an semi autonomous island state within the Kingdom of the Netherlands. The island is 444 square kilometres big, and about 100 kilometres (fifty minutes flight) off the coast of South America. The multi-cultural society consists of 150,000 inhabitants. Another 100,000 born on the island live in the Netherlands for economic reasons or to study, especially in higher education, causing a brain drain. Via the Internet they are virtually part of the local society. The economic growth has been close to zero for the past ten years.<sup>5</sup> Unemployment is high (13%), especially the youth unemployment (37.2%) (TAC, 2013; CBS, 2013b). The Human Development Index (HDI) of Curaçao is 0.811, slightly lower than Barbados. The GDP per capita is 15,409 dollars (CBS, 2013a).<sup>6</sup> The average Gini coefficient is 0.386.<sup>7</sup>

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<sup>5</sup> According to the Macro-economic model Curalyse of the Ministry of Economic Development, GDP growth was estimated to be -0.5 in 2009, 0.1 in 2010, 0.6 in 2011, -0.1 in 2012, and is projected to be -0.4 in 2013 and 0.5 in 2014.

<sup>6</sup> <http://www.qracao.com/index.php/component/content/article/37-overig-nieuws/10171-curacao-kent-hoge-welvaart> (Accessed on 6 January 2014).

<sup>7</sup> The preliminary figures derived from the Household Module of the Ministry of Economic Development for the Gini coefficient for 2009 was 0.386, for 2010 0.386 and for 2011 0.384. The projected figures derived from the Household Module of the Ministry of Economic Development for 2012 was 0.385 and for 2013 0.386.

Modern TNE in Curaçao has developed spontaneously without much government involvement, starting in the late 1990s with the arrival of Erasmus University offering a twin degree in MBA in cooperation with the University of the Netherlands Antilles. Today there are several institutions offering TNE. Some institutions are recognised and accredited, others are not. The tuition fees vary and are relatively low compared to international standards. The University of Curaçao is subsidized by the state and has the lowest tuition fee. This development is summarized in table 3.

There are also some TNE activities on a non-academic level, mainly the many diving schools (dive master courses), and in-company courses (for example for welders in the ship repair industry).

<b>Institution</b>	<b>Established</b>	<b>Program</b>	<b>Degree</b>	<b>Accreditation</b>	<b>Schools</b>	<b>Students</b>	<b>Foreign students per year</b>	<b>Faculty</b>	<b>Tuition in USD</b>
<b>UoC</b>	1979	Business & others	Joined	NVAO	5	2,400	100		1,666.00
<b>UDC</b>	1994	Economics & others		NVAO	2	1,000	50 (30)		4,166.00
<b>St. Martinus</b>	2000	Medical Pre-medical		USMLE (USA) GMC (UK) MCC (Canada)	1	46	95	11	7,200.00
<b>ICUC</b>	1994	Hospitality & others	Joined		3		(100-150)		
<b>CMU</b>	2007	Medical	MD	ECFMG, WHO, CAAM (initiated)	1	270	260	16	5,900.00
<b>CIU</b>		Business Management, Media and Technology Hospitality and Tourism	Bachelor Degree	IAO	3	82	82		15,569.00 18,778.00
<b>Avalon</b>		Medical		FAIMER (IMED) WHO listed			120		
<b>Nasko</b>									
<b>Carmabi</b>		Marine and Terrestrial Research	Courses, Scientists, PhD candidates and masters candidates				200		
<b>SAE</b>		Media & others							
<b>Dive schools</b>		Diving					(10-20)		

Table 3: Current TNE providers in Curaçao

There are about 500 TNE students on the island. They are from: the Netherlands, Latin America (Venezuela, Colombia, Brazil, Mexico, Surinam), USA and Canada, Africa, India, Middle East (Lebanon)

The students attend the following types of programs:

- Semester / year abroad
- Full degree
- Field / research work
- Internships
- Sabbaticals
- Consulting

The most important reasons for students to study on the island are the education programs, and the accreditation of the programs. Also the quality of the accommodations, their personal safety and affordable cost of living are considered important. Less important are the culture and the lifestyle of the island. In the case of Marine Biology students the (condition of the) coral reef is very important. The reasons why students chose Curaçao are described in table 4. The reasons students choose Curaçao are the same reasons Latin American and European students have when selecting a destination for TNE.

	<b>1 Very Unimportant</b>	<b>2 Unimportant</b>	<b>3 Neutral</b>	<b>4 Important</b>	<b>5 Very Important</b>	<b>Responses</b>	<b>Weighted Average</b>
Education program	0 (0.00%)	1 (1.19%)	5 (5.95%)	32 (38.10%)	<b>46</b> <b>(54.76%)</b>	84	4.46 / 5
Accommodation	0 (0.00%)	1 (1.19%)	14 (16.67%)	<b>35</b> <b>(41.67%)</b>	34 (40.48%)	84	4.21 / 5
Scholarships And grants being offered	0 (0.00%)	6 (7.14%)	23 (27.38%)	<b>30</b> <b>(35.71%)</b>	25 (29.76%)	84	3.88 / 5
Personal safety	0 (0.00%)	1 (1.19%)	9 (10.71%)	28 (33.33%)	<b>46</b> <b>(54.76%)</b>	84	4.42 / 5
Tuition fee	0 (0.00%)	3 (3.57%)	11 (13.10%)	<b>43</b> <b>(51.19%)</b>	27 (32.14%)	84	4.12 / 5
Recommendations from others	3 (3.57%)	3 (3.57%)	15 (17.86%)	<b>37</b> <b>(44.05%)</b>	26 (30.95%)	84	3.95 / 5
Reputation of academic qualifications/degrees	0 (0.00%)	2 (2.41%)	4 (4.82%)	37 (44.58%)	<b>40</b> <b>(48.19%)</b>	83	4.39 / 5
Affordability of cost of living	0 (0.00%)	0 (0.00%)	8 (9.52%)	<b>51</b> <b>(60.71%)</b>	25 (29.76%)	84	4.20 / 5
Lifestyle, fashion and nightlife	4 (4.76%)	12 (14.29%)	29 (34.52%)	<b>34</b> <b>(40.48%)</b>	5 (5.95%)	84	3.29 / 5
Public Transport	1 (1.19%)	8 (9.52%)	26 (30.95%)	<b>32</b> <b>(38.10%)</b>	17 (20.24%)	84	3.67 / 5
Clean streets/Public facilities	0 (0.00%)	6 (7.32%)	19 (23.17%)	<b>39</b> <b>(47.56%)</b>	18 (21.95%)	82	3.84 / 5
Infrastructure	0 (0.00%)	3 (3.90%)	21 (27.27%)	<b>42</b> <b>(54.55%)</b>	11 (14.29%)	77	3.79 / 5
Geographical location of the host country	0 (0.00%)	5 (5.95%)	<b>33</b> <b>(39.29%)</b>	32 (38.10%)	14 (16.67%)	84	3.65 / 5
Culture of the country	0 (0.00%)	6 (7.14%)	24 (28.57%)	<b>42</b> <b>(50.00%)</b>	12 (14.29%)	84	3.71 / 5
Political stability	1 (1.19%)	4 (4.76%)	23 (27.38%)	<b>34</b> <b>(40.48%)</b>	22 (26.19%)	84	3.86 / 5
No visa required to study abroad	1 (1.19%)	13 (15.48%)	24 (28.57%)	<b>29</b> <b>(34.52%)</b>	17 (20.24%)	84	3.57 / 5
Easy to get study visa in the host country	0 (0.00%)	3 (3.57%)	12 (14.29%)	<b>40</b> <b>(47.62%)</b>	29 (34.52%)	84	4.13 / 5
Quality of health system	0 (0.00%)	5 (5.95%)	10 (11.90%)	<b>39</b> <b>(46.43%)</b>	30 (35.71%)	84	4.12 / 5
							<b>3.96 / 5</b>

Table 4: Why current TNE students in Curaçao have chosen the island?

To shape a strategy to develop the TNE cluster in Curaçao the following steps were taken: first a PESTEL analysis was conducted. The findings were used in a SWOT analysis. These results were used to create a vision and to apply the BCG Matrix leading to the strategy for Curaçao.

## PESTEL

The PESTEL framework is designed to provide the analyst with an analytical tool to identify different macro-environmental factors that may affect business strategies, and to assess how different environmental factors may influence business performance now and in the future.

#### *Political factors*

Curaçao is a parliamentary democracy and has the reputation of being politically stable. In 2005 a second referendum on the constitutional status was held. The people opted to become an autonomous country within the kingdom of the Netherlands, contrary to the first referendum held in 1993. The process of constitutional change, which officially ended on 10<sup>th</sup> October 2010, affected this political stability. Curaçao has an extensive complex tax system, creating a relative high tax burden for people and companies (TAC, 2013). Recent reports show that populism and xenophobia are on the rise and corruption has become a concern.

#### *Economic factors*

As already stated, the economy has not shown significant growth and the unemployment rate is high, especially the youth unemployment (37%). The economy is greatly diversified, almost to the extent that it is a problem considering the limited resources. Tourism has become the main economic sector, creating mainly low-income jobs. Traditional sectors are struggling and new sectors are in the early stages of development. Inflation is less than 3%. The Netherlands Antillean guilder had been pegged to the US dollar for decades. The main trading partners are the Netherlands and the United States.

#### *Social Factors*

The population is relatively well educated and the level of education is rising (CBS, 2013a). The department of education has been neglected over the past few years. The income differences are high and poverty is a concern. Crime rate is a great concern. Teenage pregnancy and domestic violence are other worries.

“One third (33.3%) of the population in Curaçao is living under the poverty line. Though not the highest in the region, this is alarming since the GDP/capita is one of the highest in CALA. This contrast between high poverty rates and high per capita GDP highlights a severe rate of inequality, which directly results in sharp increase in crime rates” (Martina, 2013).

#### *Technological factors*

Curaçao is traditionally leading in technological innovation, hosting on the island one of the seven global Tier-IV data centres. Seven fibre optic cables connect the island to the rest of the world. The penetration rate of computers and broadband is over 65%. On December 23<sup>rd</sup>, 2013 it was announced that the downtown Willemstad area would be the first Free Wi-Fi city in the Caribbean<sup>8</sup>.

#### *Environmental factors*

The downtown area has been on the UNESCO World Heritage list as of December 1997. The environmental awareness of the government and the population is slowly rising. The future of the biggest polluter of the island, the refinery, is being debated.

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<sup>8</sup> <http://www.curacaochronicle.com/tourism/wi-fi-soon-available-in-downtown/>

The GreenTown project<sup>9</sup> is presenting itself as one of the alternative options for the refinery. Curaçao has one of the best coral reefs in the world, but it is not enough protected by the government and the population. There is a zoning law protecting nature. This law is now being reviewed and adaptations have been proposed to give more priority to economic development.

*Legal factors*

The legal system of Curaçao is based on the Dutch system and offers a court of appeal in The Hague. This offers extra legal protection to citizens and investors. As in many places in the world the legal system operates slowly.

**SWOT analysis**

The PESTEL and the input of TNE stakeholders were used as the basis to conduct a SWOT analysis for Curaçao. A SWOT Analysis is a strategic method for identifying Strengths and Weaknesses (internal), and to examine the Opportunities and Threats in the wider environment (external: market, industry, global situation). This method was applied to the island as a whole.

	<i>Helpful</i>	<i>Harmful</i>
<i>Internal</i>	<p><b>STRENGTHS</b></p> <p><b>Geographical location.</b> Positioned outside hurricane belt and small chance for earthquakes, situated between North and South America with historical ties to the Netherlands, Europe and also the USA.</p> <p><b>Multi-cultural society</b> with a democratic tradition, relative political stability, part of the Dutch Kingdom.</p> <p>Well-educated population, consisting of a relatively high number of professionals. Relative stable and safe society.</p> <p><b>Good infrastructure.</b> State of the art ICT infrastructure and physical infrastructure</p> <p>Longstanding UNESCO associate membership. Strong legal system.</p> <p>Historic position as centre for education for Latin America (especially Venezuela).</p> <p>Good logistics and Financial sector.</p> <p>Well-developed tourism sector. Sun, sea and beaches and a well developed entertainment industry.</p>	<p><b>WEAKNESSES</b></p> <p><b>Diseconomies of scale.</b> Low economic growth and high unemployment. High cost of doing business. Political and policy instability. Lack of airlift/ connectivity.</p> <p>Weak change implementation tradition. Weak civil service.</p> <p>No local accreditation board. Cumbersome, time-consuming process for permits (both for students and staff).</p> <p><b>Young academic tradition.</b> No higher education policy, law and legislation, <b>including TNE</b> policy. Limited cooperation among (TNE) institutions on the island. There is no culture of working together. TNE has developed organically and not structurally. Small research and development sector. No link between education and economic sectors or clusters.</p> <p><b>Not a full CARICOM (and the like) member</b></p>

<sup>9</sup> <http://greentowncuracao.com/>

	<i>Helpful</i>	<i>Harmful</i>
<i>External</i>	<b>OPPORTUNITIES</b>	<b>THREATS</b>
	<b>Globalization</b> Professions are moving towards global standards. For example the accountants (Adam, 2001) and the medical doctors.	<b>Global economic and financial crisis</b> BES might become a competitor. Venezuela is having big economic problems, limiting spending abilities. Latin American students are not proficient in English, most want education in Spanish.
	Economic development in LA leads to an increasing demand for (highly) educated people to work in a knowledge intensive economy	Local and international accreditation is a problem.
	Latin America (especially Brazil) is doing very well in terms of economic development	The further growth of e-learning.
	Large numbers of Latin American students studying abroad already. TNE is known and nothing new for them.	
	Lower tuition fees compared to US and European based institutions.	
Problems for Pakistani and other Middle Eastern nationals to enter the US.		
Image or brand of Curaçao has developed due to sports and arts.		

Table 5: SWOT by workshop of TNE in Curaçao (also, Nooijer de, 2006)

Curaçao is a small strategic situated island riding the waves of globalization. The number of foreign students in Curaçao is rising. One of the contributing factors is the European accreditation of the main local institutions based on the treaty of Bologna. This agreement aims to make it easier for students and researchers to understand and access the European based education systems. Dutch and other European students can accumulate courses that are valid for their university back home according to European Credit Transfer System (ECTS). Curaçao is consequently also a famous destination for internship students from the Netherlands, who also want to enjoy the climate and culture. Other contributing factors are the political instability in Venezuela. Students and parents want students to study outside the country, but not too far, in a relatively safe and stable place providing quality education. The geographical location, the logistics of the island and the high quality of the ICT infrastructure are other features.

The main issue in developing TNE is the lack of or insufficient adequate government policy and regulations regarding TNE. After the constitutional changes that went into effect on 10 October 2010, the functioning of the civil service apparatus got worse than ever before, especially where it comes to service to the community (for immigration and permits). The law is strict and the execution is bureaucratic and some even state that there is corruption in this area. This impacts TNE students and faculty negatively.



### *Conclusions and recommendations*

TNE is developing in Curaçao. Curaçao is a big player in the market for receiving Dutch internship students. Potential markets for Curaçao TNE are Venezuela, Colombia the Netherlands and India.

According to TNE institutions and students, Curaçao should work on the following issues:

- The immigration and permit procedures. The red tape for visa and permits are a bottleneck. Also the security deposit the university has to pay upfront in cash for every foreign student weighs heavily on the budget of a relatively small university. There is a need for a TNE friendly immigration and permit procedure.
- Work and Residence Permits to serve faculty and other employees of TNE institutions.
- The introduction of a law on higher education (Staten van de Nederlandse Antillen, 2008-2009). The government requirements are unclear when it comes to TNE institutions. There is one example where the government stopped the process of an institution. The new law should distinguish between accreditation and recognition on one side and registration to the other.
- The introduction of marketing funds to brand Curaçao as an education location, especially a TNE destination.
- Safety. Foreign students get assaulted and/or robbed<sup>10</sup>.
- More joint efforts are required: private – public partnerships and more cooperation among the local universities.

### **5. TNE in Curaçao in 2020 and 2030**

Using the output of the PESTEL and the SWOT the following vision and strategy have been developed for Curaçao.

*In 2020 Curaçao has a healthy, viable, sustainable and respected TNE sector, consisting of local and leading international institutions from Europe, the United States, Latin America and the Caribbean providing top education and research linked to the main economic sectors of Curaçao. They attract talented scholars, researchers and students and together they create a community of the creative class operating in Curaçao. Institutions and students, who meet the requirements, are welcome to the island.*

TNE will contribute to: acquiring foreign exchange, foreign direct investment, GDP growth, employment, sustainable development, and further development of the knowledge economy.

To achieve these objectives red tape should be eliminated, scientific research should be promoted, quality assurance systems should be in place.

The niche of TNE Curaçao is: the link with sports, especially baseball, the coral reefs and marine biology and green energy (solar, wind and water).

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<sup>10</sup> In December 2013 a police force focusing on visitors (tourists) was introduced.

This vision will be materialized by synergistically developing what is already there. The data centre Ctex will take the ICT cluster to the next level. The airport will boost the logistical hub. The new hospital will further strengthen the health and wellness cluster. All these knowledge intensive endeavours will engage with (TNE) universities. Curaçao has identified the following priority economic sectors (table 6).

Economic sector	Description		
Maritime Centre	<p>The sea is the main natural resource of Curaçao; by maximizing the utilization and turnaround of the 3 ports 10,000 Jobs could be created over the next 7 to 10 years from 10 projects in multiple sectors within the Maritime Industry:</p> <ul style="list-style-type: none"> <li>- Ship Repair Yard</li> <li>- Ship Building Yard</li> <li>- Ship Demolition Yard</li> <li>- Marine Services</li> <li>- Training School</li> <li>- Logistics</li> </ul> <p>The current ship repair yard is in big financial trouble. The Manufacturing &amp; Maritime sector still contributes 7% to the GDP.</p>	<b>TNE</b>	
Airport City <sup>11</sup>	<p>A regional hub for transport of people, goods and information is further developed around the airport. The new terminal was opened in 2006. The new terminal is designed in the initial phase to accommodate 1.6 million passengers per year. However, with expansion the facility will be able to handle up to 2.5 million passengers annually. In 2011 the Federal Aviation Authority (FAA) downgraded the airport from category one to two, due to lack of regulation. Currently investments in legislation and training are being made for upgrading and regaining category 1.</p> <p>The Trade, Transport, Logistic sector contributes 14% to the GDP.</p>		
Financial Services	<p>The Financial Services Sector in Curaçao consists of 2 sub-sectors:</p> <ul style="list-style-type: none"> <li>• Domestic Financial services (DFS), which represent 10% of the GDP, and is enjoying a stable position.</li> <li>• International Financial Services (IFS), which represent 8% of the GDP, but has been declining since 2000.</li> </ul> <p>Both should be targeted for growth</p>		

<sup>11</sup> [http://www.ca-holding.com/files/airport\\_city\\_curacao\\_110927\\_\\_1319658596.pdf](http://www.ca-holding.com/files/airport_city_curacao_110927__1319658596.pdf)

Economic sector	Description	
	<p>with the development of new products.</p> <p>A few years ago the financial sector contributed 20% to the GDP. Today it has been reduced to 18%. Currently the Government is working together with the sector to innovate.</p>	
Refinery	<p>The lease contract with PdVSA expires in 2019. The future of the refinery is unclear, but the aim is to modernize, upgrade, and optimize the refinery.</p> <p>The Energy, Oil, Utilities sector still contributes 13% to the GDP.</p>	
Logistic hub (maritime, airport, transshipment and vessel registration services)	<p>Curaçao's unique positioning, both geographically and culturally, would make it an ideal "Gateway" to and from Latin America.</p>	
Tourism	<p>Curaçao should aim to be "the destination of distinction". Tourism should be expanded in 2 dimensions: more visitors and more spending, to create sustainable growth.</p> <p>The sector tourism today contributes 17% to the GDP.</p>	
Clean energy services	<p>Curaçao has been a leader in clean energy. It was one of the first to introduce wind energy farms. All new technologies are on the island. What is needed is a vision, a strategy and policy focusing on this matter.</p>	
Wellness	<p>There are several providers in this area. What is needed is a plan for this cluster. The new hospital will be an important catalyst for future developments.</p>	
ICT (back office)	<p>With the arrival of the Ctex data centre, Curaçao is well positioned to develop an ICT cluster. To develop the full potential of this sector leadership is required.</p>	
TNE	<p>TNE is an across the board cluster driven by the creative class. TNE has developed autonomously.</p> <p>Government should assume a more active role.</p> <p>The Health &amp; Education sector contributes 8% to the GDP.</p>	

Table 6: Priority sectors of Curaçao (Martina, 2013; TAC, 2013)<sup>12</sup>

<sup>12</sup> <http://www.visionsoncuracao.com/index.html>, accessed on 13<sup>th</sup> December 2013

## BCG-Matrix

The priority sectors identified by the 2020 vision are categorized applying the BCG Matrix. The BCG-Matrix, also known as the growth-share matrix, helps to think about the priority (and resources) that should be given to their different businesses or sectors. It puts each of a country's sectors into one of four categories: cash cows, stars, poor dogs and question marks. The two dimensions of the BCG-Matrix are relative market share (or the ability to generate cash) and market growth rate (or the need for cash).

Applying the BGG Matrix the sectors in Curaçao are categorized as follows.

Growth rate >>> +	<b>Stars</b> Airport Tourism	<b>Question mark</b> Clean energy Wellness ICT TNE
	<b>Cash cow</b> International financial services	<b>Dog</b> Maritime centre Refinery Logistic hub
+ Market share >>> -		

Table 7: SWOT of clusters in Curaçao<sup>1</sup>

An important part of the strategy of Curaçao is to reinvent *dogs* and convert them into question *marks* and *stars* again. Curaçao should also develop a knowledge zone, to develop the knowledge centre, to attract the creative class and reverse the *brain drain* to *brain gain*. This by integrating, through infrastructure, - especially ICT - the following institutes and projects: The Airport City and the Space Port, Ctex, University of Curaçao, IFE school for nurses, UTS teleco, CIU university, World Trade Centre, Carmabi marine biology research<sup>13</sup>, Aquallectra utility company, the new hospital, Brionplein. Institutions and students in this area should be given incentives to live in this zone. A Kzone status should be created and awarded to institutions physically outside of the Kzone. (Florida, 2003; Goede et al, 2012)

Curaçao should actively attract a technical university to collaborate with the ICT, energy, maritime, refinery clusters. A learning community must be created in and around these clusters by sharing in the form of education, training, seminars, conferences, and research. The same goes for attracting internationally renowned business school to collaborate with all clusters, especially the international financial cluster and the tourist industry. A medical school should work together with the health and wellness cluster and the tourist industry.

### *Cost benefit analysis for TNE*

The costs of TNE are:

- The creation of a TNE coordinating and supervisory body.

<sup>13</sup> <http://www.carmabi.org/>

- Tax incentives to attract TNE institutions.
- Investments in infrastructure and land to construct facilities to accommodate TNE institutions and students.

The economic benefits to host countries of TNE are summarized in table 8: Foreign revenues generated by foreign students. These students spend on housing, consumption and services. Visits from friends and relatives aid tourism figures. This has a positive effect on the national balance of payments and on the creation of employment (administration, security, cleaning, etc), creation of employment (administration, security, cleaning, etc). This results in direct investments (through construction of universities and/or their campuses), fostering of diversity (young professionals and multi-cultural interaction). Development of new teaching methods; improved quality of education, the stimulation of competition, and scholarships for local students.

<b>The potential direct benefits on the national budgets comprise:</b>
- Corporate taxes paid by the schools,
- Student taxes levied by the government on each student the schools enrol,
- Import duties on products, building material etc (in many cases reduced substantially as an incentive to attract foreign direct investment), and
- Personal income tax on salaries earned by faculty members.
<b>Potential indirect benefits on the local economies include:</b>
- Living expenses paid by teachers and students to local business and private persons (rent, food, transport, etc),
- Employment of local staff in administrative and support functions,
- Monetary, technical support to local health care facilities,
- Transfer of knowledge to local health care personnel, and
- Increased enrolment by local students in tertiary education.

Table 8: Potential benefits of TNE (Swedish Development Advisers AB, 2004)

### *Risk analysis*

There are some pitfalls to develop TNE in Curaçao.

- One of the risks is that Curaçao sticks too much to old economic clusters (dogs). For example should the refinery be renewed or should Curaçao invest more in green energy? Will the international financial sector come back?
- Quality issues in TNE
  - o Poor policy and execution by civil service apparatus.
  - o Corporation University that delivers low quality HE.
  - o Not filling in the local conditions like a TNE unit and Quality Assurance system for the TNE cluster.
- Not branding Curaçao as a TNE location. Providers and students should be aware of what Curaçao offers in the area of TNE.

## **6. Conclusion**

TNE in Curaçao is a reality and has potential to develop into a relevant economic cluster. Up to now it has developed without a clear government policy, driven by profit opportunities, globalization, ICT and the demand from students from Latin America, the Netherlands and Medical Schools. An important Higher Education market is the one for Dutch internships. The most active providers, however, are the Medical Schools. They operate like the others in the Caribbean, focussing primarily on the North American market.

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+ Growth rate >>> > > >	<p><b>Stars</b> generate large sums of cash because of their strong relative market share, but also consume large amounts of cash because of their high growth rate. So the cash being spent and brought in approximately nets out. If a star can maintain its large market share it will become a cash cow when the market growth rate declines.</p>	<p><b>Question marks</b> are products that grow rapidly and as a result consume large amounts of cash, but because they have low market shares they don't generate much cash. The result is a large net cash consumption. A question mark has the potential to gain market share and become a star, and eventually a cash cow when the market growth slows. If it doesn't become a market leader it will become a dog when market growth declines. Question marks need to be analysed carefully to determine if they are worth the investment required to grow market share.</p>
	<p><b>Cash cows</b> as leaders in a mature market, exhibit a return on assets that is greater than the market growth rate – so they generate more cash than they consume. These units should be ‘milked’ extracting the profits and investing as little as possible. They provide the cash required to turn question marks into market leaders.<sup>i</sup></p>	<p><b>Dogs</b> have a low market share and a low growth rate and neither generate nor consume a large amount of cash. However, dogs are cash traps because of the money tied up in a business that has little potential. Such businesses are candidates for divestiture.</p>
+ Market share >>> -		

Table: SWOT