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Developing Degrees: An Exploratory Analysis of Laureate International Universities' 21st Century Entry into Mexico and Ecuador

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LAUREATE INTERNATIONAL UNIVERSITIES'
21ST CENTURY ENTRY INTO MEXICO AND ECUADOR

by

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ABSTACT

Laureate International Universities (LIU) embodies an emerging international phenomenon in which a multinational corporation (MNC) functions as a holding company that acquires and operates brick-and-mortar higher education institutions in a for-profit model; each individual portfolio institution granting degrees under its own name with any potential profits from each institution's operations flowing to the holding company after local expenses are paid. Organizational institutions theory outlines the desire to legitimize and achieve success prompts organizations to seek legitimating scripts beyond mere market dynamics; those factors and operating conditions that allow organizations to carry out their activities without undue scrutiny by members of society. This study employs a comparative sociological methodology to analyze patterns in the way LIU has sought operational legitimacy as a new social object in two nations in Latin America, specifically Mexico and Ecuador.

Forty interviews with professional, government, and alumni participants in Mexico and Ecuador were conducted. Print and digital archival material and statistical data from UNESCO, the World Bank, and the governing education divisions of Mexico and Ecuador were also analyzed. Striking similarities were discovered in LIU's legitimation patterns in the cases, despite the countries embracing different development policies over the study period between 2000 – 2011. Three factors are vital to explaining LIU's legitimation in the cases analyzed: (1) acquiring and retaining state regulatory authority through purchasing existing local institutions; (2) advertising techniques that emphasize progressive norms and global connectivity, and (3) the transcendent global convergence of credentialing as a social norm which provides an uniquely conducive environment for this organization's activities across varied geopolitical contexts.

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Chapter 1:

Introduction

Marco, like many of his peers, dreams of getting a college degree that he hopes will lead to a promising career. Growing up in a small port city in Mexico, he spent many evenings during his formative years thinking about being an '*Ingeniero*' (Engineer). Marco is a high school graduate facing important decisions with sweeping implications for his future life chances. He hopes that getting a college degree will help to alleviate some of his future's uncertainty, but his middle-class upbringing will not allow for any frivolity in these decisions.

Marco's parents are experiencing their own transformation. Growing up in an era when the majority of age-eligible people in Mexico did not attend university, they feel overwhelmed by the flood of information they so badly want to help their son navigate. Things are different now than they once were. Marco's father hardly recognizes the higher education landscape his 18 year old son currently encounters in Latin America. "It is completely different and there is a lot more to consider," he recently commented during an informal conversation with this researcher in his home in Mexico. "And the costs keep going up, but you feel as a parent that you have to do everything to make sure your child can study. We don't want to be the family that doesn't do all we can to help our kids get ahead." Regardless of the complexities and challenges, he is determined to try to support Marco through university. This embedded norm of pursuing a university degree foreshadows what may help to explain the entry of Laureate International University, Inc. (LIU) into 21st century Mexico and Ecuador.

This example is indicative of other cases in this study across Mexico and Ecuador, highlighting the concerns the present generation of higher education aspirants encounters in these countries. Prior to the turn of the 21st century, public institutions in both Mexico and Ecuador were the primary granters of university degrees, also referred to as a credential or diploma (SES UNAM, 2011). By the turn of the 21st century, however, private institutions increasingly dot Latin America's higher education industry. One study in 2010 demonstrated the percentage of private higher education institutions in Latin America had grown to nearly 50% in of the region's total higher education institutions in that same year, up from just 3% in 1950 (Levy, 2010). The 2011 *Guía Universitarias* (The University Guide) rankings of institutions in Mexico, which utilized in-country survey data from 18,727 respondents across current students, graduates, professors, and human resource managers with hiring responsibilities distributed throughout the state to rank Mexico's top 100 universities, reveals that 11 of the top 17 ranked universities are private. All but three of these universities were founded after 1960 and one, Universidad TecMilenio of Mexico, was established as recently as 2002 (Reader's Digest International, 2011).

This shifting environment creates operating complexities for organizations in Latin America's higher education industry. Economic conditions that were once primarily local now reach across international boundaries as what happens in one region of the world can have sweeping implications for other regions (Sachs, 1995; Giddens, 2002; Hitt, Ireland, & Hoskisson, 2012). As famed social activist Alinsky observed (1971), "Change means movement. Movement means friction. Only in the frictionless vacuum of a nonexistent abstract world can movement or change occur without that

abrasive friction." And friction tends to have a polarizing effect; to some it signals demise, but to others opportunity.

Multinational capital is not ignorant of these trends, and their accompanying shifts, friction, and voids, in Latin American higher education. A phenomenon is emerging globally in which a multinational corporation (MNC) directly acquires and operates brick-and-mortar higher education institutions in a for-profit model, and it operates more institutions in Latin America than any other region in the world. The corporation functions as a holding company; each individual portfolio institution grants degrees under its own name with any potential profits from each institution's operations flowing to the holding company after local expenses are paid. Laureate International Universities headquartered in the state of Maryland, is the pioneer of the phenomenon internationally, reporting 73 higher education institutions in its global portfolio as of August 2012 and approaching 1 million students enrolled across its participant institutions worldwide (Laureate International Universities, 2012). Appendix A contains a complete list of Laureate's institutions ordered by the year they were acquired. Laureate itself does not grant degrees. Rather, it is a holding company that purchases universities which grants degrees under their own operating title. For Example, Laureate owns Universidad del Valle in Mexico which grants degrees under the Universidad del Valle name with Laureate claiming any profits that exceed Universidad del Valle's operating expenses.

As a privately held company, Laureate is not required to make publicly available data regarding its financial performance. Nevertheless, analyzing Laureate's growth through the institutional acquisition data published on its website reveals the organization

owned 31 higher education institutions as recently as February of 2007, the year in which

the then publicly traded company was converted to a private company that was no longer

required to publicly report its financial performance, and in the subsequent six years

through 2012 Laureate has acquired an additional 43 institutions (Laureate International

Universities, 2012).   This organization's rapid expansion has prompted Roberto

Rodriguez Gomez, a scholar at Universidad Autónoma de Mexico and researcher of

trends in higher education, to state, "Laureate is the largest transnational provider of

higher education globally" in terms of institutional holdings countries in which the

organization operations, 29 (Gomez, 2012). Over half of Laureate's institutions reside in

the developing world; nearly half of its total institutional holdings are in Latin America

(Laureate International Universities, 2012).

Laureate International Universities, Inc. began as an organization called "Laureate

Education" in 1998, then a publicly traded multinational corporation listed on the

National Association of Securities Dealers Automated Quotations (NASDAQ) stock

exchange until it was transformed into Laureate International Universities (hereafter

referred to as "LIU" or "Laureate") in 2007 (NASDAQ, 2011). Both Laureate Education

and LIU have functioned as holding companies that purchase higher education

institutions. In January 2007, Laureate Education ceased to trade its stock publicly and

was privately acquired by its founder and Chief Executive Officer Douglas L. Becker

who continues to serve as the CEO of LIU today. The new institution was co-founded by

a global investor consortium that include the following list of global banks and private

equity firms: Kohlberg Kravis Roberts & Co, Citigroup Private Equity, SAC Capital

Management, SPG Partners, Bregal Investments; Caisse de depot et placement du

Quebec; Sterling Capital, Makena Capital, Torreal, and Southern Cross Capital and individual investors George Soros and Paul Allen (Datamonitor, 2007).

Notably, LIU's international acquisition expansion activity nearly increased over 25% after their initial conversion from a public enterprise to a private one (Pillsburylaw, 2012). The organization has been particularly active in Latin America, growing student enrollments in its portfolio institutions (universities owned by LIU), to over 300,000 students as of 2011. In 2008, one of its portfolio institutions, Universidad del Valle, had become among the largest single granter of degrees in Mexico through its own campuses and the acquisition of UNITEC (Gomez, 2012). With the stated mission of "making quality higher education accessible to students around the world" the organization's Latin America presence today includes Mexico, Honduras, Costa Rica, Panama, Ecuador, Peru, Chile, and Brazil (Laureate International Universities, 2012). This growth has been achieved by an organization that did not exist prior to 1998.

Laureate appears positioned to have significant impact on the social world through its direct intervention in the global higher education industry. This study employs a comparative sociological methodology to analyze patterns in the way Laureate has sought operational legitimacy in two nations in Latin America, specifically Mexico and Ecuador. By more fully understanding the facilitating conditions to Laureate's expansion in these two cases selected for their relevant contrasts while sharing a common region and cultural heritage, one can investigate how multinational capital is embedding itself in the credentialing function in those states – and, by extension, the region.

The desire to gain acceptance and achieve success prompts organizations to seek legitimating scripts; those factors and operating conditions that allow organizations to

carry out their activities without undue scrutiny by members of society. Evidenced by its rapid expansion, Laureate is engaging in legitimation activities that are facilitating its acceptance by the external environment in Mexico and Ecuador at a noteworthy pace. Less clear and untreated in the literature, however, is identifying these legitimating activities within the phenomenon of this multinational corporation's direct participation in higher education in the aforementioned countries. This preliminary study takes the essential first step in seeking to lay the groundwork for articulating Laureate's 21st century expansion into Mexico and Ecuador. As this phenomenon is more fully described, it is anticipated that additional research on its impacts will result.

Central Research Question:

What can explain how Laureate International Universities has achieved 21st century legitimacy in Mexico and Ecuador?

This project investigates the phenomenon of Laureate's 21st century expansion in select Latin America countries, and aims to insert these case level findings into the scholarly organization institutionalism literature. Specifically, this study employs a comparative methodological approach between the cases of Ecuador and Mexico to gain insight into this phenomenon. The process for choosing these two countries is further explained in Chapter 3. Nonetheless, it is worth noting briefly here that Ecuador and Mexico were selected for their common region, cultural underpinnings, this researcher's access to credible interview subjects and field experience in both countries, and Laureate's entry dates within three years of one another. Equally important to the commonalities across Ecuador and Mexico is the variance in state-level development

orientation between the years 2000 – 2011. Over that period Mexico has increasingly turned to market oriented development strategies while Ecuador has increasingly turned to state-led development policies. This contrast provides appropriate distinction across the cases, which is an important component of quality comparative research. The combination of similarities and differences across Mexico and Ecuador allow for the exploration of Laureate's legitimation in these countries. Specifically, the goal of this project is to further unpack the prescient legitimation activities that have allowed Laureate International Universities to gain normative social acceptance in Mexico and Ecuador.

This project uses organizational theory, which has become widely embedded in both the social sciences and management literatures, as an orienting guide to explaining the environmental conditions facilitating Laureate's expansion in Latin America, and seeks to find evidence that supports or diverges from theory describing legitimation processes (Meyer & Rowan, 1977; DiMaggio & Powell, 1983; Kostova & Zaheer, 1999; Deephouse & Suchman, 2008; Chiu & Sharfman, 2011). Organizational theory, and specifically legitimation, provides an investigative framework for analyzing how Laureate has rapidly legitimized within the operating environments of the cases analyzed in this study. To the extent Laureate's legitimation activities across the Mexico and Ecuador expansion experiences are unpacked an original case-level analysis is contributed to the organizational literature.

In sum, this study explores LIU's 21st century expansion into Mexico and Ecuador by further understanding the legitimating activities that have contributed to the organization's acceptance in those states. In so doing, the phenomenon of direct

multinational corporation (MNC) participation in higher education in those states is formally introduced into the academic literature. True to its exploratory nature, this study seeks to provide evidence of the legitimating factors in Laureate's expansion efforts in Mexico and Ecuador and to posit a framework from which further research can build.

Chapter 2:

Review of Literature

There are two important questions in the organizational literature this study seeks to address. First, what can explain how this organization can successfully navigate its environment and win broad social acceptance across international boundaries? Second, what form might these activities take and can certain recurring patterns be observed that indicate prescriptive strategies that have facilitated normative social acceptance in the country being entered?

In complex societies of the post-industrial era, modern organizations must employ measures to successfully reduce scrutiny for the activities in which they engage. Unpacking these relevant activities and strategically employing them is the difference between the organization that faces intense scrutiny from the social world and one that faces less scrutiny. Achieving this form of reduced scrutiny is termed 'legitimacy,' succinctly defined among organizational scholars in both the social science and management fields as the popular acceptance of an organizational activity or authority (Meyer and Rowan, 1977; Baum & Oliver, 1992; Edelman & Suchman, 1997; Arthur, 2003; Erkama & Vaara, 2010). Currently, legitimacy is a central concept in organizational theory that suggests an organization's ability to function depends heavily on the extent to which it can forego undue scrutiny by the social environment in which it operates (Archibald, 2004). The term legitimacy dates to the onset of organizational theory itself and emerged as a concrete designation to describe the dichotomy scholars

have observed in which some organizations gain normative social favor while others don't, and the processes that might be descriptive of that distinction (Scott, 1995). This process is of particular relevance to organizations that cross international boundaries, confronting new environmental constraints and complexity. Relating to this project, the process for establishing legitimacy is the central framework through which LIU's expansion in Mexico and Ecuador is studied.

Legitimation processes of organizations in contemporary scholarship center primarily on political legitimacy and market legitimacy, among other factors. The former is rooted in Weber's classical writings and is descriptive of the state and rational-legal authority as a source of legitimacy for social objects (Weber, 1946; Kratochwil & Ruggie, 1986; Stryker, 2000; Bernstein, 2011). Succinctly, political legitimacy in organizations theory posits the organization that achieves rational-legal authority for its activities is advantaged over other organizations.

Market legitimacy is descriptive of a local community's willingness to purchase an organization's good or service or widely adopt activities undertaken by the same organization (Kostova, 1999; Dacin & Roy, 2007; Deephouse & Suchman, 2008). It necessitates a comprehension not only of the organization itself and the way it deals with environmental complexities, but also of the legitimacy of the service it produces and the relevance of the social function that service provides (Erkama & Vaara, 2010). In a symbiotic arrangement, the broader industry can tend to influence the legitimation path of the organization and an organization's activities can reinforce the normative popular support of the social function that a given industry has come to represent (Johnson, Dowd, & Ridgeway, 2006). Thus, the analysis of a legitimation narrative requires at least

a cursory understanding of the contextual evolution of the industrial segment in which a given organization operates.

To further explore the legitimation patterns in Laureate International University's rapid 21st expansion in Mexico and Ecuador it is important to first consider the evolution of the broader industry in which it operates, higher education, and one of the core products that industry represents with its corresponding social function, the degree or credential. To treat the evolution of the higher education industry in the post-industrial world, it is necessary to center largely on the 20th century's core source of influence within the industry, the United States, though effort is also made to demonstrate how patterns in the same industry parallel and diverge from those witnessed in the United States. With a working context of the evolution of modern higher education (with emphasis on the post-World War dynamics) in place, a review of seminal literature in legitimacy and organizational theory are more appropriately considered. The chapter concludes with a discussion of the intended contribution of this project to the existing body of academic literature.

Higher Education: Influencing Social Order

This study is exclusively focused on exploring LIU's 21st century acceptance in Mexico and Ecuador within an organizational narrative. Contextually relevant to that narrative is considering phenomenological support that may contribute to LIU's acceptance in these cases beyond mere market dynamics. LIU functions in the higher education industry and this study anticipates that LIU's acceptance in these cases is aided, at least in part, by a global expansion of credentialing that has penetrated those

states creating a beneficial environment for LIU's activities. Therefore, a brief discussion of the emergence and expansion of the credentialing function in the modern era is considered in this literature review.

The granting of the university diploma as a means to ordering the social world is not a novel concept (Collins, 1979). The post-industrial world and its increasing emphasis on rationality brought with it not only a heightened interest in learning, but also the need to codify the social function of such knowledge (Goldin & Katz, 1999). A formalized system of credentialing was born; the process whereby members of society garner qualifications to participate in various professional functions by completing certain levels of formal education (Collins, 1979). The credential's influence seems to be growing through the early stages of the 21st century as more people are currently enrolled in higher education institutions globally than at any point in history (Schofer & Myer, 2005). As the expansion of LIU in Mexico and Ecuador and its associated legitimation activities are explored in this work, it is important to first consider the evolution of the credentialing function itself. The next few pages briefly treat the ideological underpinning of this social function and relevant background into the acceleration of the credentialing practice in the post-World War II era.

While consensus is illusive, higher education credentialing has generally come to be viewed as a means to upward mobility (Bastedo & Gumport, 2003). This is at least implicitly supported in the prevailing notion, traced to the developed world with growing evidence to support its global ideological proliferation that credential attainment necessarily leads to increased market utility both at the macro and micro levels (Deming & Dynarski, 2009). For example, a 2011 U.S. Census Bureau study by Julian and

Kominski (2011) supports this position when measuring career earnings relative to level of educational attainment; findings suggest that as an individual's education level increases, so too does their career earning potential. On the surface, there appears to be a correlation between increased credential attainment and improved market utility prospects in the form of earning potential. This position is summarized in the same report (2011), "This analysis demonstrates that there is a clear and well-defined relationship between education and earnings. The overall economic value of educational attainment in this report supports the belief that higher levels of education are well-established paths to better jobs and higher earnings" (p. 13).

Beneath the surface, however, emerging scholarship highlights a more nuanced narrative. Mario Small, in his recent work *Unanticipated Gains* (2009), presents a situation in which two women of similar age and present earnings enter into different paths. The first woman (A) persists in her present occupation and the second woman (B) also continues to work but concurrently attends college. The fundamental question explored is, "what will woman B's advantage be over woman A?" Small's findings are both unanticipated and empirically notable. According to Small, the advantage is not as clear as the economists interested in measuring pure utility might conclude. In fact, whether there is an advantage to be gained at all (and the corresponding size of the advantage) depends largely on the social exchanges within the higher education experience and the associated network utility of this social capital beyond the higher education experience.

Support data for the position Small articulates are found in increasing levels of underemployment relative to educational level, diminishing utility yields relative to costs,

and the rise of an entrepreneurial movement that seeks knowledge and experience outside

the confines of the higher education credentialing framework (Gumport, 2007; Martin,

2011). Small's work notes that it is the experiential texture within the higher education

undertaking and not necessarily the degree itself that will influence the yield the graduate

will experience over time. Thus, Small argues that the size of the gain to the individual,

if any, depends largely on the social capital and experiential knowledge - combined to

mean the 'quality' of the experience - acquired within higher education pursuit and not

necessarily the credential itself.

These conflicting notions of the value of the higher education credential are

germane to this study for at least two reasons. First, higher education credentialing seems

to have reached a fevered pitch in the early stages of the 21st century, and this rapid

acceleration is taking a global form with acute influence in Latin America and other

developing regions (Armstrong & Becker, 2004). Schofer and Meyer (2005) note, "the

global trends are so strong that developing countries now have higher enrollment rates

than European countries did only a few decades ago, and currently about one-fifth of the

world cohort is now enrolled in higher education" (p.898). According to De Moura and

Levy (2000) a similar phenomenon was taking form in Latin America by the turn of the

21st century. To the extent this worldview permeates the resident countries of this work's

cases, an important component of LIU's expansion is revealed.

Second, the framework of this study is aided when considering the perceived

utility of the credential itself (Morrisson & Murtin, 2009). Where credentials are sought

without clearly corresponding evidence of market utility, an important sub-plot to

Laureate's legitimation path emerges. Likewise, where evidence of the converse emerges

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the narrative in Laureate's legitimation path in Mexico and Ecuador is influenced. Therefore, the first step in the analysis of LIU expansion in Mexico and Ecuador is to provide contextual treatment of the credentialing function itself and the role it has come to play in post-industrial societies.

Classical Roots

Social scientists have been interested in schooling as a social function from the onset of the field. Durkheim (1977 [1904]) was chiefly engrossed in the understanding of the impacts of modernization on society, and formal schooling was a key institution in that construct. For Durkheim the challenge to modernity came in the form of the duality between individuality and social connectedness. He asserted that individuals are free as they are embedded in the social world. Freedom comes from having a clear notion of social norms. He was concerned that as 'individualism' and 'social change' became dominant themes in the modern world that members of society would have difficulty knowing these norms, thus leading to what he called 'anomie' (Lukes, 1985). This concept would form the theoretical framework for Tinto's work in the 1970's on higher education drop-out rates and the concept of 'integration' (Tinto, 1975).

Though he did not formally treat higher education as a social institution, Durkheim (1979) further influences the scholarly lens through which its study would take form by noting that education's primary function is to express the needs of society. Delineated, he describes a system that evolves in direct response to the imprint left from the previous generation, demonstrating space and time linkages within an evolutionary trajectory. As such, societies can be understood (at least in part) by deconstructing their

education systems. Lukes (1985) surmises that this means Durkheim saw in education a mechanism for socializing its members – a means by which members arrive at ways of "feeling and acting that they would not have arrived to spontaneously" (p.53).

Weber (1946) spoke only briefly to the concept of higher education, but combined with his work on bureaucracy his work is seminal to understanding the function of the credential in modern society Perhaps his larger contribution to exploring the credential function within higher education comes in his work on bureaucracy in *Economy and Society*. For Weber (1946) bureaucracy was a superior technical form of aligning organizing work and their associated functions. He saw it as contributing efficiency and order to the whole, specifically bureaucracy in the hierarchical form (p. 342-347). Weber also perceived challenges to this form of organizing in terms of encroaching on individual autonomy. The famous "iron cage" analogy Weber posits (1946) speaks to the dichotomy of the whole becoming efficient as the individual parts lose certain autonomy and human form. He described that the move to an increasingly rational world invites, and perhaps necessitates, functional ways to order whole groups of people – with both their real and unintended consequences.

While he did not treat the function formally, Weber's observations of the trajectory of societies in the post–industrial capitalist world are compatible with a system of credentialing. Moreover, the desire of organizations to embed themselves in the ordering of a function with sweeping social implications and interests finds root in his classical observations. In this manner, Weber's work on bureaucracy intersects higher education and organizational theory, demonstrating both the prescience of his work and its relevance to the exploration of LIU's expansion insomuch as the organization looks to

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political-authority in the form of state-censured permission to grant degrees for its portfolio institutions, among other factors, to provide legitimacy for its operations in Mexico and Ecuador.

Weber's observations are particularly astute when considering they were crafted in a way that was both descriptive of past events and predictive of future occurrences. At the turn of the 19th century educators were among the intellectual elite of society and delivered carefully crafted lessons to learners privileged enough to be admitted to their classes (Hallinan, 2006). The focus of the higher education institution was to educate these privileged few in the manner of society, culture, and the traditional academic disciplines (Clark, 1989). Over time, the emphasis of imparting unique knowledge content to the elect few in society was joined in purpose by the interest in *creating* knowledge through rigorous exploration and research. This shift was not without friction. Demands for time and multiplicity of skills prompted educators to focus primary attention on one or the other (Tiechler, 2004).

It was in 1918, with Veblen's seminal work *The Higher Learning in America* that the formal exploration of the social function of higher education credentials began to formalize. Formally trained as an economist with residence at the University of Chicago, Veblen demonstrated uncommon grasp of both the social and economic worlds (Tool, 1977). His work centered on coming to grips with the plurality of the missions of higher education. Equally interested in research and teaching, he saw these functions as both essential but only in their unadulterated forms of service to society. He notes, however, in his observations an institution with little focus and less allegiance to this ideal, marking an early sense that credentialing as a social function might come to outpace

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education as a social mission. Veblen (1918) further describes faculty more interested in the ends than the means and university presidents and administrators who engage in a 'waste of resources that rivals their peers in business – more interested in real estate and grounds than education.' He further describes that higher education seems to be more consumed with 'ceremonies and pageantry and athletics that is of little value to the university and of little service to society' (p. 71-91).

The Doctrine of Degrees is Forged

By the 20th century the function of the researcher and instructor re-converged as institutions further recognized the value of the research function and required instructors to teach classes to retain the lecture fees within the institution and to help offset the costs of pursuing ambitious research agendas. Instructors were expected to satisfy both functions, though primary emphasis for performance review and promotion was placed in research performance. As of the early part of the 21st century this continues to be the prevailing model deployed by major higher education institutions (Daniel, 1997).

Learner interests and demands have also undergone significant transformations. Prior to the 19th century higher education was reserved for a small portion of society that showed exceptional academic promise or enjoyed significant financial or social capital. By the 19th century seats in lecture halls were opened to a slightly larger portion of the population, though monetary demands still served as a natural filter between those who attended higher education and those who could not (Goldin and Katz, 1999). Goldin and Katz (1999) further explain that though the 19th century in the United States saw a significant increase in the number of higher education institutions from the previous century, demand for seats continued to outstrip supply.

By the middle of the 20th century developed markets were increasingly placing

emphasis on higher education credentials (Clark, 1973; Scott, 2000; Krueger & Lindahl,

2001; Dale, 2009). Aided by supply-side political policies after World War II, such as

the American GI Bill, higher education aspirants flooded universities at a rate

unparalleled previously (Archibald & Eldman, 2010). Beginning in the developed world,

Vaira (2004) describes this transformation as being a powerful convergence of

government policy and the emergence of the United States as the dominant world

economic leader – a position that many argued would require significant educational

advancement. Higher education became viewed as a mode of upward mobility at the

individual level and a competitive advantage in the emerging post-war global economy at

the national level (Ibarra, 2001/ 2003).   This influx in student populations dovetailed

nicely with economic expansion in the country, which helped to validate the degrees

earned with viable employment opportunities (Chandler, 1992). Among the ranks of this

influx of higher education participants were large numbers of first-time college attendees,

those from middle to low economic status, and, eventually through crucial social shifts

such as the civil rights and feminist movements, previously underrepresented racial

minorities and women (Schofer & Myer, 2005). Schofer and Myer (2005) further

contribute that the credentialing function appears to be a means to ordering whole groups

of people in societies beyond what a technical-function explanation can provide.

No economic expansion persists indefinitely. Less than two decades after the

significant influx of higher education learners in the late 1940's and early 1950's, the

market struggled to absorb the increasing numbers of college graduates with employment

commensurate with their education level. By the 1960's credentialing reached such a

fevered pitch in the United States that it was not uncommon for the value of the degree to not translate well in the marketplace, and graduates were found among the nation's taxi drivers, domestic laborers, informal employment ranks, and independent street vendors (Collins, 1971).

Not to be deterred, after the credential inflation of the 1960's and into the 1970's and early 1980's the market again renewed its thirst for degree holders in the late 1980's and learners continued to flock to institutions of higher learning (Collins, 2002). This trend persists today (Brown & Bills, 2011). The expansion of higher education was not uniform, however. While Allen (2012) notes that it achieved some success in broadening access for those in lower stratified economic classes who might not have otherwise attended college, underrepresentation of other marginalized groups of the era – in particular racial minorities, women, and non-traditional students – persisted. Not for lack of desire to obtain college degrees, these groups highlighted an opportunity to upstart institutions who perceived credential demand in these underserved populations.

As credentialing became more ubiquitous, scholars increasingly cast a more discerning eye on the implied value of the degree (Baker & LeTendre, 2005; Buchmann, 2011). Though the credential's precise value in determining upward mobility remains empirically elusive, it has demonstrated to not be a guarantee to gainful employment. Despite the lack of an exact understanding of its yield, the credential has become firmly embedded as a social norm, evidenced in the increased numbers of matriculates each since the 1960's (Lazerson, 2010, p. 14-23). Summarizing Collins (2006), the college degree has become viewed as a necessary entryway into social mobility but not alone

sufficient to guarantee one's life chances will be improved in an environment in which aggregate numbers of degree earners has also grown.

Scott's work (2006) provides historical context to the emergence of this trend and demonstrates that the credentialing acceleration that seemed to begin in the United States has taken a global form during the early stages of the 21st century. According to Scott (2006), the mission of the university credential in the post-World War II era underwent a shift from previously centering on public service for elites and vocational preparation for everyone else to the 'democratization' of higher education with the credential representing the possibilities of human capital investment rather than the finite view of technical preparation that permeated previous generations. This observation was both inspired by and supported in Schofer and Meyer's (2005) work from the previous year, in which they state,

> A new model of society became institutionalized globally-one in which schooled knowledge and personnel were seen as appropriate for a wide variety of social positions, and in which many more young people were seen as appropriate candidates for higher education. An older vision of education as contributing to a more closed society and occupational system—with associated fears of "over-education"—was replaced by an open-system picture of education as useful "human capital" for unlimited progress (p. 898).

Hallinan (1988) finds a similar pattern, noting that prior to the post-war era higher education was primarily an aim of the privileged class and encompassed a tight social network that was difficult for outsiders to penetrate; mobility was elusive and a more technical-functional approach to human capital was the norm. The expansion of access to higher education and the associated increases in government funding set the industry on a path that, according to Gould (2003), would forge the footings of the trajectory of higher education for decades to come and would frame many of the decisions made within the

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industry. Perhaps even more uniform was the development of higher education as a

significant industry that would attract the attention of both capital and policy makers

(Barro, 1998; Bassanini & Scarpenta, 2001; Restuccia & Urrutia, 2004; Morley &

Aynsley, 2007).

The Doctrine of Degrees Infuses Latin American Society

The evolution of the credentialing function is not exclusive to the United States

context and has increasing captures the attention of scholars in recent years (Bloom,

2003; Acosta & Perez Centeno, 2011). Latin America also appears to be progressively

turning to higher education to advance the human capital of its citizenry, though the

evolution appears to be more recent than the initial historical marking of high levels of

credentialing in the developed world (Enders & Fulton, 2002). The World Bank reports

(2005) that one motivation for this increased emphasis on higher education is the historic

experience Latin American nations have had with losing some of its key talent to

emigration,

> Mobility of skilled individuals risks eroding the region's knowledge base
> and draining scarce resources. Every year emigration claims a significant
> portion of the region's better-educated population (Wodon, 2003).
> Countries in Latin America are becoming players in the global market
> for talent and higher education services. Between 1993 and 2002, the
> number of Latin American postsecondary students in the United States
> increased by 50 percent. Foreign providers have also entered the market
> for higher education in Latin America. European and U.S.-based
> institutions, such as the University of Bologna, the University of
> Heidelberg, and New York University, now offer programs or are
> establishing branches in the region (p. 39).

Interwoven within the narrative of the current higher education landscape in Latin

America is evidence that investment infusion in the industry is increasingly shifting from

public to private sources of capital (Levy, 2003/2010). Not completely dissimilar to the

United States case, funding sources have influenced access and costs in many nations in much of Latin American higher education, including Mexico and Ecuador (Torres & Schugurensky, 2002; Altbach & Levy, 2005; Walker, 2009). Public universities in these states are financed primarily through taxes, placing a cap on the number of universities the state can fund and the number of matriculates they can enroll (Breton & Lambert, 2003).

This trend is particularly pronounced in Mexico where structural adjustments undertaken in the 1980's and 1990's resulted in a reduction of investment in public education, constraining the number of students public universities could serve (Serna, 1990; Ordorika, 2003; Rhoads, Torres, & Brewster, 2005). A review of 2010 admissions data from The National Autonomous University (UNAM), Mexico's oldest and largest public university, highlights residual impacts from these structural adjustment policies may still persist. In 2010, a then record number of applications were received by UNAM and the institution reported having to reject 92% of applicants – despite the institution being considered a public good (UNAM, 2010).

Where these funding and capacity gaps exist, private capital is increasingly employed to fill them (Marquez, 2002; Canton & Blom, 2004). Rather than experiencing a reduction in credentialing due to declining public investment, private capital appears to have contributed to the opposite effect. This trend is not isolated to Latin America, but rather is a shift occurring at a global level (Salmi, 2001; Teichler, 2004; Altbach, Reisberg, & Rumbley 2009). UNESCO's (2009) recent report on trends in global higher education notes that enrollments have grown from 19% of the age-eligible cohort in 2000

to 26% in 2007. Trends in Mexico parallel these numbers, with enrollments increasing

from 20% in 2000 to 27% in 2007 (Altbach *et al*., 2009).

Noteworthy within these data are the trends in private higher education. The

same UNESCO report by Altbach *et al.* (2009) highlights that the private sector now

educates more than 50% of the student population in Mexico, Brazil, and Chile. Of the

increase in private capital infusion in higher education in the region and its interaction

with the constrained supply in public and elite private universities, the UNESCO (2009)

report concludes, "In general, the private sector is 'demand absorbing,' offering access to

students who might not be qualified for the public institutions or who cannot be

accommodated in other universities because of overcrowding" (pg. 17). The World Bank

further underscores the scenario in which demand for higher education credentials are

becoming embedded in Latin American society at an accelerated rate,

> Recent reforms of higher education in Latin America are broadly
> consistent with international trends. While Latin American countries
> appear to be on track to develop modern higher education systems, they
> may not be moving at a fast enough pace, as high-income nations
> continue to advance rapidly (p. 39-44).

Many nations in the region are presently confronted with the dilemma in which

they are anxious to retain their best talent in the face of increasing globalization and the

allure of studying and working elsewhere, yet their capacity to supply the accelerating

higher education demand through public means is constrained (Altbach & Balan, 2007).

Thus, the higher education industry in many of these nations, including the Mexico and

Ecuador, rests on shifting, dynamic soil (Gil-Antón, 2003). It is within this broader

contextual backdrop that highlights growing demand for higher education with real

capacity constraints to supply that demand, among other factors, that the case of LIU's

expansion in Mexico and Ecuador can be more appropriately analyzed; noting that

broader environmental conditions can both aid in organizational expansion and shape the nature of the activities organizations will employ as they seek to gain acceptance by the communities they are entering.

Considering the prevailing tendencies in a given industrial environment prompts the question of how organizations navigate these complexities. With an initial working understanding of scholarship tracing the evolution of credentialing in the post-industrial society in place and its importance to this work's focus on understanding the 21st century expansion of LIU in Mexico and Ecuador, our attention turns to highlighting an organizational theory of institutionalism and prevailing scholarship in the same. Specifically, the concept of 'legitimacy' is treated - the means whereby organizations navigate complex environments to gain normative social acceptance.

Navigating Environmental Complexity: The Emergence of Organizational Theory

Satisfying conventional market dynamics is an important storyline in the narrative of organizations gaining acceptance by their local environments (Scherer, 1990; Bouchaud, Farmer, & Lillo, 2008; MacKenzie, 2011). This has prompted some researchers of MNC's to turn exclusively to market explanations for describing the success of organizations. However, markets alone do not fully explain the various activities an organization must undertake to reduce scrutiny of its activities and influence its acceptance in a given community (Suchman, 1995; Corbera, Brown, & Adger, 2007, Jahanson & Vahlne, 2007; Navis & Glynn, 2010; Ajai, Gaur, & Sarathy, 2011). Organizational institutions theory helps to bridge the explanatory divide between market dynamics and other factors that can influence the success of organizations. It is to the organizational institutions construct that this study looks for theoretical guidance.

Regardless of industry, organizations in the post-industrial era are confronted with myriad environmental complexities that require of them certain activities in order to function amidst these complexities. Organizational theory, also referred to as institutions theory, considers how organizations will navigate this environmental complexity, and deals with the issues of legitimation. The theory holds that organizations must engage in legitimation processes in order to successfully navigate environmental complexity and gain social acceptance (Deephouse, 1996). 'Legitimacy' is the outcome descriptive of those organizations that succeed in this effort (Hannan & Carroll, 1995). At present, legitimacy has become fully embedded in the organizational institutionalism lexicon, allowing for a valuable conceptual framework when considering what can influence organizational success across variable contexts and industry segments (Corbera, Brown., & Adger, 2007; Patriotta, Gond, & Shultz, 2011).

As LIU expands, prevailing organizational theory describes that it must seek legitimacy in order to successfully operate in its new environment (Meyer & Rowan, 1977; Kostova & Zaheer, 1999; Johanson & Vahlne, 2007; Deephouse & Suchman, 2008). Classically oriented by Weber (1946) with his statements on bureaucracy and rationalization, though never directly using the term 'legitimacy,' beginning forms of the concept are found in his assertion that a sense of acceptance can result from conformity with generally held social norms and formal laws (Ruef & Scott, 1998). Subsequent scholarship on the concept has both reinforced and refined his initial observations. Parsons (1956, 1960) built on Weber's observations and advanced the idea that legitimacy is a function of an organization's accord with social laws, norms, and values, noting the subtle but important distinction between conformity and congruence.

Subsequent to Parsons' work, a body of literature began to take shape that centered on more explicitly detailing the relationship between organizational behavior and organizational outcomes, which foreshadowed several studies that would both contribute a new concept to the scholarly lexicon in the study of organizations and create the foundation for an entire body of scholarly literature (Dowling & Pfeffer, 1975).

The period between 1960 and 1975 was marked by radical social and ideological movements that would transform the life chances of whole populations. With these transformations came greater environmental complexities for organizations to navigate; among them, increased internationalization, powerful geo-political ideological struggles, and the emergence of progressive social movements for race and gender (Simon, 1976). This shifting social environment provided fertile ground for scholarship to try to order how organizations might interact with these new realities (Dowling & Pfeffer, 1975).

Meyer and Rowan's (1977) seminal work formally established legitimacy as paramount to the success of organizations. The authors note that legitimacy may emerge not only from the organization operating efficiently, as a strictly rational argument might portend, but also from conforming to institutionalized myths to bring order to complex organizational environments and to insulate the organization from having its conduct unduly questioned (Meyer & Rowan, 1977). Six years later the authors (1983) presented a more explicit expression of the term legitimacy, noting 'organizational legitimacy refers to the degree of cultural support for an organization. A completely legitimate organization would be one about which no questions could be raised.' Meyer and Scott (1983) further clarified that statement by noting the ultimate expression of legitimacy

may be considered perfect theory; that place in the social world where a social object becomes beyond reproach.

Subsequent work by DiMaggio and Powell's (1983) advanced a divergent view of legitimacy. Referring to Weber's reference to the "iron cage" within bureaucratic societies they promoted a tangential view of how social norms and legitimacy relate to the work of Meyer and Rowan. DiMaggio and Powell highlight that while congruence with social norms is central to an organization's legitimacy; these norms are more accurately related as worldviews of formal professions. Based in the central premise that a neglected vein within scholarly inquiry at the time was the questioning of why institutions are so similar, the term 'mimetic isomorphism' was added to the organizational institutionalism lexicon to connote the process whereby legitimacy is enhanced through compliance with general norms established by formal professions. According to the authors, adherence to these norms in pursuit of broad legitimacy engenders uniformity across otherwise potentially distinct organizations (DiMaggio & Powell, 1983). Related to this study, the establishment of bodies of accreditation in higher education and the influence such bodies have on the operating norms of individual institutions and authorizing who is able to grant university degrees is an example of normative legitimacy posited by DiMaggio and Powell. This concept has demonstrated particularly pervasive in the higher education industry, where Levy (2006) notes "differentiated academic systems with diverse institutional missions is universally accepted as a response to massification, (meaning the proliferation of higher education credentialing). Yet, the pressure for academic institutions to copy one another-the

tendency towards isomorphism- and to rise in the academic hierarchy is very strong" (p. 281-292).

This tendency towards isomorphism can contribute to organizations employing recurring mechanisms that will factor into their ability to navigate complex environments and gain acceptance in local communities. In other words, norms that influence how an organization must navigate complex environments are derived from 'internal and external' audiences who make legitimacy assessments and who have the power to broadly convey these assessments to the social world, prompting a convergence effect in the way organizations will tend to navigate complexity (Suchman, 1995; Edelman & Suchman, 1997; Arthur, 2003; Archibald; 2004). Meyer and Scott (1983) note that this assessment function in societies is frequently expressed through the regulation of organizations, requiring them to navigate regulatory environments often imposed by states

The state as a source of legitimacy (political legitimacy) for LIU manifests explicitly through its regulating of the credentialing function and its capacity to 'authorize' which organizations are able to grant these credentials (Orfield, 1990). This regulatory practice now permeates much of the globe, requiring that organizations that desire to function in that industry at an international level to successfully navigate local state assessments across various geographical contexts (Brown, 1995; Lin & Lin, 2011). Both Mexico and Ecuador have national education bureaus empowered to regulate higher education institutions in terms of credential granting status, the Secretaría de Educación Pública (SEP) in Mexico and Ecuador National Council for Assessment and

Accreditation of Higher (CONESUP) in Ecuador, respectively, which it is anticipated LIU must navigate (Altbach *et al*., 2009).

Another mechanism organizations employ to deepen their legitimacy relates to the process whereby they directly seek increased adoption of their activities by members of a given community. This can include an array of activities, including image management, advertising, and the like (Deephouse, 1996). In this logic, legitimacy is influenced by adoption density; the more numerous the clientele of an organization and the more harmonious their messages are with relevant norms in local communities the more pervasive its acceptance and the greater its legitimacy (Strang & Soule, 1998; Hensmans, 2003). This source of legitimacy is also rooted in DiMaggio and Powell's (1983) concept of 'mimetic isomorphism,' which notes, among other considerations, that incentives exist for organizations to act similarly to one another in an effort to demonstrate broader appeal for generally understood professional activities. As they do this a consolidation effect tends in occur in which members of societies choose to align with the conventional social norms these organizations' activities come to represent. This understanding has resonated with researchers across the social and management sciences, influencing scholarship as well as organizational practice (Johnson *et al*., 2004).

Seminal work in recent years has advanced our understanding of how legitimacy as a social process can have sweeping implications not only for organizational actions, but for a wide range of social activities that come to form the 'status quo' within the social world. Johnson, Dowd and Ridgeway (2006) contribute valuable orienting guidance to this practice in their Annual Review of Sociology piece outlining legitimacy as a social process. The authors outline four key stages through which new social objects

pass in the process of gaining legitimation, innovation, local validation, diffusion, and general validation. The authors further note that it is the implicit incentive of organizations to seek general validation or legitimation, building on Rogers'(1976, 1995) orienting work on the diffusion of innovation. This concept of seeking general validation finds further resonance in Timmermans and Epstein (2010) seminal work on standardization as a means to organizing social objects in modernity.

Delineated, legitimacy as a social process suggests that innovation, or new social objects, needs to find an initial source of acceptance in order to achieve protection from unwanted scrutiny and the opportunity to expand its activities. Local validation can then serve as a catalyst for prompting broader interest in and acceptance of the activities of the organization, known as diffusion. Diffusion can in turn facilitate an increased measure of legitimacy as broad acceptance now elicits status that is more difficult to derail, much like the law of momentum makes difficult the stopping of a moving object that is traveling at a high enough speed. Diffusion becomes the status quo or the norm when the rate of acceptance approaches what Meyer and Scott (1983) termed 'perfect theory.' Though not infallible, this stage of 'general validation' places a social object at the height of status and acceptance and, as Johnson *et al* (2006) describe, becomes the "acceptance of widespread consensual schemas/beliefs in the larger society" (p. 55-62). The authors also note that certain symbiotic relationships may exist whereby latent interest in or demand for certain activities may exist and, when articulated by an organization, can help to accelerate the legitimation process.

The desire to gain acceptance and achieve success motivates organizations to rapidly legitimate. In order to do this, institutions theory posits that they will seek out

conducive environments for their activities and employ mechanisms to reduce scrutiny of these activities in those local environments. Evidenced by its rapid expansion, organizational theory outlines that LIU is engaging in legitimation activities that are facilitating its ability to operate in Mexico and Ecuador without undue scrutiny. Less clear and untreated in the literature, however, is exploring these legitimation activities and discussing how they might relate to broader organizational theory. To that end, this study employs the aid of legitimacy as a theoretical construct to help explore the expansion of Laureate in Mexico and Ecuador. Specifically, the literature has demonstrated that organizations will tend to better achieve legitimacy when their activities are explicitly or implicitly supported by the state or a commensurate governing body, when they employ activities that facilitate the scaling and diffusion of social adoption within the local community, and when environmental phenomena outside the organization's individual activities are supportive of the type of service the organization represents.

Synopsis of This Study's Intended Contribution: Past Research and Current Needs

Evidenced by its rapid expansion, theory outlines that LIU is engaging in legitimation activities that are facilitating its acceptance by the external social environment. Yet, despite this organization's rapid expansion and the prescient function higher education plays in ordering the social world, neither this organization nor the phenomenon of direct MNC acquisition of international universities have been treated in the scholarly literature. Furthermore, an exploration of the legitimation activities

employed by this organization to help achieve its acceptance in the communities studied has likewise yet to be considered in the academic literature.

There are at least two important conditions that frame the scope of this project**.** First, this is an exploratory study of an emerging phenomenon in higher education, and as such, this is not intended to cover every aspect of LIU's activities in Latin America. Additional research is anticipated and the direction of that scholarly inquiry will evolve from this initial study. Therefore, this research will focus on the prescient activities that seem to be facilitating LIU's acceptance in Mexico and Ecuador and, by inference Latin America. Second, this research assumes that legitimacy can be attained using an array of mechanisms described previously in the literature. Although LIU may be able to achieve and sustain an even greater sense of legitimacy and social acceptance within the various communities of this study going forward, it should be noted that the initial analysis of LIU's acceptance in these communities will provide a new conceptual framework for pursuing additional empirical avenues relative to this phenomenon.

This work is intended to contribute to and will find primary resonance in organizational sociology through a focus on how LIU maneuvered to gain acceptance in Mexico and Ecuador while pursuing apparent market opportunities. Other segments of scholarship may also find value in its findings. To the extent the LIU narrative in Mexico and Ecuador describes organizational activities and international phenomena that reach across international geographies it is expected that those interested in the fields of political sociology and the sociology of development are also likely to find utility in this study's findings and formulate opportunities for further research within those respective veins of scholarship.

In sum, this study encompasses the opportunity to consider modes of legitimation within the emerging phenomenon of a multinational corporation operating higher education institutions in Mexico and Ecuador. It directly builds on the concept of legitimacy in organizational institutionalism and contributes the case-level narrative of LIU that is currently lacking in the organizational and higher education academic literature. With potentially much at stake relative to higher education and its position in ordering the social world, more fully understanding this phenomenon is a cause worthy of what Simmel (1906) termed, "every superior personality, and every superior performance" (p. 441-498).

Chapter 3:

Methods: How this Study Examines LIU's Entry
Acceptance into Mexico and Ecuador

The Case of Laureate

      This chapter outlines the methodologies and data collection techniques used to

study the community acceptance of Laureate International Universities in Mexico and

Ecuador. It includes a discussion on the utility of the comparative sociological research

approach and a rationale for the selection of these cases. A description of the data

utilized in this study, and the legitimation framework employed in this investigation is

also presented. It is important to note that this study is not intended to analyze the

underlying merits of the phenomenon LIU is pioneering, but rather to contribute initial

exploration of the legitimation activities that help to explain what has made LIU's

acceptance in Mexico and Ecuador possible.

Utility of Comparative Research

      Social science, at its core, is the ordering of social phenomena in meaningful

ways that allow for understanding of what is generalizable or unique in the social world

(Marshall, 1998). The comparative method, a research approach that seeks to determine

whether and how two or more cases are related in order to identify generalizable or

unique patterns in social phenomena, is a valuable tool deployed by scholars to achieve

this aim (Elder, 1976; Hall, 2003; Mahoney, 2007). It is formally rooted to Durkheim

(1895, p. 139), who noted, "comparative sociology is not a particular branch of

sociology; it is sociology itself." This method has been used by social scientists

throughout the post-industrial era as a powerful way to isolate descriptive patterns in the social world. Marshall provides further support for the value of comparative work by observing, "All sociology is implicitly comparative, since social phenomena are invariably held in some way to be typical, representative, or unique, all of which implies appropriate comparison" (Marshall, 1998). The comparative approach allows social phenomena to be systematically examined where the ability to replicate these conditions in a controlled laboratory setting does not exist. It is in the comparative method that the social world can be scientifically observed and studied in its organic state.

Collier (1993) explains, "comparison is a fundamental tool of analysis. It sharpens our powers of description, and plays a central role in concept-formulation by bringing into focus suggestive similarities and contrasts among cases" (p. 1-2). Uniquely flexible, this methodology allows meaningful study of phenomena at the margins; that is, research that considers a phenomenon that has not been previously studied in a scholarly way, or a social phenomenon that is presently void of a generally recognizable concept definition, or one for which existing data sets do not exist or are only starting to emerge.

The comparative method is not defined by a single technique. For example, researchers use it to seek patterns of congruence with existing theory. Marshall (1998) outlines that researchers supportive of modernization development theory (a theory of development that assumes underdeveloped countries, with assistance, can be brought to development largely by following the policies undertaken in developed countries) tend to rely heavily on this form of comparative methodology (Bernstein, 1971; Lijphart, 1971; Fennell, 1993; Buttel, 2000). French anthropologist, Levi-Strauss (1975) looked at social structures more than social actions as a means to ordering the social world, using a

comparative approach to find similarities with existing theory across multiple cases. This

approach is rooted in structural Marxism and will tend to generalize across cases in an

effort to find commonalities in the social structures to explain a given social phenomenon

(Vandergeest & Butler, 1988). In this approach, representative patterns of existing theory

will tend to outweigh contextual distinctions.

Other researchers have used the comparative methodology approach as a

technique for comparing cases with the objective to look for variance and to explain the

potential causes for any perceived differences in the cases. Perhaps the most famous

example of this type of work is derived from Max Weber (1946). Though not primarily

concerned with generalizing theory, Weber aimed to treat cases as unique entities that can

then be compared to other cases to examine variance (differences and similarities)

between those cases. This approach tends to be more inductive in nature, or what is also

commonly known in scholarship as developing grounded theory (Strauss & Corbin,

2007). Rather than strictly testing a particular social theory, the inductive approach tends

to examine or compare patterns underlying social conditions across appropriately selected

cases, while being informed by relevant theory.

The inductive comparative approach is particularly valuable when exploring

emerging phenomenon for which aggregated data sets are not readily available, such as

the research question pursued in this study (Murdock, 2009; Shepard & Sutcliffe, 2011).

Inductive comparative research will lean in the direction of unpacking explanatory

conditions rather than strictly testing existing theory, and finds precedence among highly

regarded social scientists mentioned above (Strauss & Corbin, 2007). Nonetheless,

existing theory helps to inform the researcher exploring emerging phenomenon and may

also influence the manner in which the research findings are presented and potential explanatory mechanisms are conveyed (Gorski, 2009).

This study looks to this inductive comparative approach to structure the exploration of LIU's 21st century expansion by comparing two cases in Latin America. Legitimacy, or local community acceptance, comprises the dependent variable that this study seeks to explain. Unpacking the activities LIU employs to achieve legitimacy and the conditions that may be conducive to these efforts informs our understanding of the explanatory mechanisms through which LIU seeks local social acceptance in these cases.

In sum, this study employs a comparative method that is informed by existing organizational institutions theory as it seeks to understand the legitimating mechanisms in LIU's social acceptance in Mexico and Ecuador and compares those experiences to find similarities and differences. The comparative approach of this work can be described as seeking to initially understand context sufficiently in the Mexico and Ecuador cases, in order to contribute insights that may eventually be more generalized in additional research. In short, this study does not intend to win favor for or reject a particular ideology or theoretical construct, but rather to take the initial exploratory steps in the direction of the 'facts,' as Durkheim (1895) describes, associated with LIU's 21st century international expansion in two states in Latin America.

Methodology and Data

  Case Selection

  This study considers the experiences of two different institutions within the

Laureate portfolio in Mexico and Ecuador to collect comparative data and research

information intended to explain LIU's expansion phenomenon and acceptance in the

cases. LIU's experiences in Mexico and Ecuador provide cases for analysis as LIU

entered both of those countries near the early part of the 21st century. The states

themselves share important similarities which help to control for extraneous variables

that might otherwise cloud the evidence, while also contrasting in ways that are

meaningful to this study. Specifically, this study compares LIU's community acceptance

in Mexico and Ecuador through the experiences of its largest portfolio institutions in each

country: Universidad de Las Américas (UDLA), Quito, Ecuador and Universidad del

Valle de Mexico, Mexico (UVM).

  Both Universidad de Las Américas and the Universidad del Valle de Mexico

(hereafter referred to as UDLA and UVM respectively), were systematically selected

based on appropriateness for comparative study and access to this researcher. They also

share a number of similar characteristics. For example, they share a common origin in

Spanish colonial Latin America, and thus enjoy a similar language, cultural orientation,

historical legacy, heritage, and a relatively similar stage of development in the region.

LIU entered Mexico and Ecuador within three years of one another. In the year 2000, the

MNC acquired the Universidad del Valle and then purchased the Universidad de Las

Americas in 2003. Both institutions existed prior to LIU's entry into their respective host

countries and were operated as private institutions wholly owned by private individuals

or another private enterprise. UVM and UDLA each have the largest enrollments of any LIU holding in their respective countries.

Holding constant their similarities, the nations in which these institutions reside contrast in at least one important way to conduct a valuable comparative analysis during the study period (2000 – 2011). Both countries share similar geo-political leanings until the turn of the 21st century (Burkhart & Lewis-Beck, 1994; Gillespie &Teegen, 1995; Ramos, 2000; Wade, 2003; Conaghan, 2008). Both countries have implemented elements of free-market practices over the last two decades, but the late 1990's and into the early 2000's marked a divergent point during which Mexico turned more sharply towards free-market practices following that country's structural adjustment period of the 1980's and 1990's while Ecuador experienced a military coup on January 21, 2000 that set in motion a series of events that would cause the nation to take a more state driven orientation in its development, one in which the federal government directly intervenes in economic matters rather than relying on market dynamics to govern economic performance (Nelson & Winter, 1985; Evans, 1995/2004; Barracca, 2007). Though retaining free-market measures such as the dollarization of its currency, the country's policies began to contrast sharply from Mexico's as a renewed sense that the state much play a central role in development re-emerged. Reinforced with the election of President Rafael Correa in 2007 and his overt interventionist positions in the name of re-structuring the state and positioning Ecuador as an ally with the Chávez and Castro regimes of Venezuela and Cuba, Ecuador's development policy over the study period of LIU's entry and acceptance in these two countries diverges from that of Mexico (Conaghan, 2008).

These two countries were also selected because of this researcher's working knowledge, experience, and access to interview subjects in both Mexico and Ecuador. In the last three years, I taught university classes as a visiting professor or led student study abroad experiences in both countries, though never in either of the LIU institutions explored in this study. During this time, I developed social and business networks of individuals both within and without higher education who are credible, familiar with the industry in general and specifically with LIU's activities in their respective countries. These networks produced valuable interview subjects with high rankings in university administration, government, long tenured faculty of elite institutions, and prominent members of the business class, among other interview participants. This is important because network access and environmental familiarity can bring a level of contextual perception and insight to exploratory work that might otherwise render the study less tenable and the analysis of information gathered unclear (Stebbins, 2001).

It should be noted that there are some significant limitations regarding available information for this study. LIU is a private for-profit corporation and, consequently, it is not obligated to publish or divulge proprietary information to outsiders, such as its financial performance or the business strategies devised within its boardroom. Therefore, this researcher could not obtain this sensitive information without ignoring the ethical standards for disclosure set forth in this study's Internal Review Board (IRB) protocol at the University of New Mexico. Nonetheless, while this information is interesting it is not wholly material to the exploratory research question this study addresses, and the unavailability of this type of information did not hinder this researcher from conducting this study with the available data sources described herein.

Inductive Exploratory Framework for Analyzing Legitimation Activities

It was established in chapter two that legitimacy is the pre-eminent theoretical construct for considering how organizations seek to gain acceptance by the social environments in which they operate. These sources are broadly segmented as engagement with the state, broadening social adoption through institution-driven public image development towards attracting a critical mass clientele, and environmental phenomena conducive to specific organizational activities. Critical mass in this study is understood to mean general acceptance of a belief that a social object or activity is valid (Johnson *et al*., 2006). While not a specific test of these participants, this study employs this general legitimation framework as a guide in exploring LIU's in the cases of Mexico and Ecuador.

Table 1 summarizes the pertinent legitimation factors framework utilized in this study to explore its central research question and the generally expected outcomes relative to each line of inquiry. Pertinent data are systematically gathered and compared among the Mexico and Ecuador experiences. This study's central research question is supported by three operative questions grounded in organizational legitimation theory. First, how does the organization interact with the state? Second, how does the organization interact with broader society in seeking acceptance? Third, what influence do international environmental phenomena seem to have on the organization's ability to gain acceptance?

Table 1: Three Prevailing Factors in Legitimation & Expected Outcomes

Central Research Question:

What can explain how Laureate International University's has achieved 21st century legitimacy in Mexico and Ecuador?" Three operative questions grounded in organizational legitimation theory inform this work: the state as a factor in legitimacy, broad social adoption as a factor legitimacy, and contributory international environmental phenomena conducive to the type of services an organization represents as a factor in legitimacy (Meyer & Rowan, 1977; Kostova & Zaheer, 1999; Deephouse, 1996; Deephouse & Suchman, 2008).

Operative Questions to Support the Central Research Question	Expected Outcomes
How does the organization interact with the state?	The state is an important source of legitimacy to the organization such that the authority by its local institutions to grant degrees, essentially the ability to sell its 'product,' is derived from the state.
How does the organization interact with local society in seeking acceptance?	The organization is actively pursuing broadening social adoption through its local institutional holding such that it engages in public marketing campaigns and other methods to enhance its image and intentionally increase enrollments.
What influence dointernational environmental phenomena outside the organization's individual actions seem to have on the organization's ability to gain acceptance in local society?	International environmental phenomena conditions are conducive to legitimation of the organization's activities. For example, LIU's institutions being considered in Mexico and Ecuador benefit from local and global environmental pressures that emphasize the completion of university degrees and the proliferation of information technology that is a trans-national mechanism for transmitting this norm.

These variables are considered using a qualitative grounded theory approach divided into two categories for each case: (1) evidence to support the legitimation consideration; and (2) evidence to reject the associated legitimation consideration (Patton, 2001; Schofield, 2002; Silverman, 2009). Data are gathered from three sources (primary interviews, historical archival materials, and databases maintained by the respective departments of higher education in Mexico and Ecuador's, and the World

Bank and UNESCO), which are further discussed in the below section entitled "Data Collection." These data are systematically analyzed to identify patterns that either support or reject the respective legitimation consideration outlined in order to isolate those factors that help to explain LIU's acceptance in the respective local societies. To the extent possible triangulation techniques are employed (cross-referencing across multiple sources to more fully validate findings) among the interview data and across archival and country database information to further ground this study's inquiry. These findings are then utilized to present a grounded framework that conveys the experiences evident in the raw data (Fidel, 1993; Paul, 1996; Thomas, 2006; Bowen, 2008)

Data Collection

Data operationalizing the exploration of this project's guiding questions are gathered from three sources: (1) semi-structured interviews of subjects with knowledge of LIU's expansion activities in the cases of Mexico and Ecuador and the higher education industry at large in his or her respective country; (2) targeted analysis of publicly available media coverage and commentary (e.g. print and digital newspaper articles, print and digital magazine articles, press releases, and blogs from reputable sources). Where digital, these materials were gathered through specific search engine (Google) terms relating to LIU's expansion in Mexico and Ecuador. These sources are primarily utilized to help triangulate information gathered in the interviews regarding LIU's expansion activities and potential legitimation patterns and were extracted from reasonably impartial sources such as the Chronicle of Higher Education and local media outlets that cite local scholars and have no know affiliation with the organization and the

organization's publicly available advertisement collateral; and (3) databases maintained by the departments of higher education for Mexico (Secretaria de Educación Publica or SEP) and Ecuador (Consejo Nacional de Educación Superior or CONESUP), the World Bank, and UNESCO.

Interviews

One-on-one interviews are an essential method for gathering the information necessary for this type of research. This study utilizes interview data from community members in Mexico and Ecuador who can speak to the evolution of higher education in those countries during the range of years for analysis from2000 to 2011. Participants must have studied in, worked in, or otherwise be authoritatively familiar with the case level analysis institutions connected with LIU and the evolution of higher education in the given country over the study period. Graduates of the institutions being studied must have completed their studies within three years of the date of this writing. This researcher spent a month living in Quito, Ecuador between June – July 2012 and made three different trips to Mexico between March – August 2012 in order to gather information pertinent to this study and to conduct field interviews with participants familiar with LIU's activities through the organization's local holding institutions in those countries. Two prior trips were also made to both Ecuador and Mexico in the previous year to conduct initial discovery and to visit LIU's case study portfolio institutions utilized in this work, Universidad De Las Américas (UDLA) in Ecuador and Universidad del Valle de Mexico (UVM) in Mexico. Once the Institutional Review Board approved the human subjects' proposal, I toured a UVM campus in Mexico City and UDLA with local members of the professional class who have knowledge of the institutions operations

prior to being acquired by Laureate. Participants were asked to note differences that have

taken place since Laureate's purchase of the respective institution. A total of forty

interviews were conducted with government officials, faculty, administrators, members

of the professional and entrepreneur class, and alumni. This researcher is fluent in

Spanish, allowing these interviews to be conducted in the language most comfortable to

participants, thereby enhancing the integrity of their responses. Most of the total

interviews used in this study (35/40 total) were conducted in Spanish and the remaining

interviews were conducted in English.

Interviews: Bureaucrats, Higher Education Professionals, and Entrepreneurs

Twenty professionals consisting of government officials and employees,

university administrators and faculty (within and without the respective LIU institutions),

and members of the local professional and entrepreneurial class with direct knowledge of

the respective LIU institutions were interviewed in Mexico and Ecuador. These

interviews were semi-structured (a methodological approach in which the same, but

open-ended, questions are asked of each interview participant) to enhance the breadth of

information provided and candor with which participants were willing to speak, while

also decreasing potential for unnecessary variance across interviews by following a set

protocol (Wengraf, 2001). As Bryman (2012) outlines, semi-structured interviews are

particularly appropriate in inductive or grounded theory research to allow concepts to

emerge from the data with limited researcher bias. These interviews employ open-ended

questions that allow participants to fully convey their insights, while providing

methodological controls by conceptualizing the questions within a particular theoretical

framework or clear phenomenological observation and asking the same questions of each participant (Bryman, 2012). Jones, Leontowitsch, and Higgs (2010) further describe this is a vital method in exploratory work because it allows authoritative sources to engage in conversations that tend to provide insights wholly structured interview or survey methods might not capture. By analyzing the interview responses of administrators and faculty with primary knowledge of the respective institution before and after joining LIU, administrators and faculty of elite institutions in their respective countries whose profession requires them to be abreast of the higher education industry, government officials and employees with knowledge of the processes pertinent to becoming a legitimate higher education participant in their given countries, members of the professional and entrepreneurial class who can speak to LIU's activities specifically and the higher education industry generally, and participants who have recently completed their studies at the respective LIU institution, a rich source of primary data materializes from which LIU's legitimation efforts are more fully understood.

Government employees, administrators and faculty, and entrepreneurial and professional class participants were selected for interview based on their knowledge of the higher education industry and economic conditions of the cases generally and, specifically, LIU's activities relative to expanding in Mexico and Ecuador through portfolio institutions UVM and UDLA. This researcher developed a working relationship over nearly a decade with higher education administrators and faculty, higher education commission official, and members of the professional and entrepreneurial classes through visiting professorships at elite institutions in the region, consulting with international MNC's, and frequent travel to the region to compliment studying higher education

development in Latin America over the same period. Specifically, in Ecuador this researcher has served as a visiting faculty member in the department of management at Universidad de San Francisco, Quito (USFQ), widely considered among the most elite universities in the country, over the past two years and has consulted with managers in that country from at least six multinational corporations in addition to extensively traveling the nation. In Mexico, I have conducted research with and led study abroad programs in collaboration with faculty and administrators of ITESM (more commonly known as Tech de Monterrey) and provided consulting or market research services to at least twelve international organizations, including NGO's and multinational corporations, in addition to widely traveling and studying that country's higher education industry and development trajectory for the past ten years.

Formal interviews with these individuals were requested, and the information gathered in these interviews yielded additional subjects for interivew through the field research "snowball" technique. Among those interviewed were locally renowned economists, high ranking administrators in elite local universities, members of higher education audit committees and state commissions, and faculty with more than ten years of experience within and without LIU's portfolio institutions. In total, interview participants include five administrators and faculty of LIU's portfolio institutions with tenure pre-dating LIU's acquisition of the respective institution, seven local scholars and higher education industry experts, four government professionals, and four members of the local professional class with knowledge of LIU and its respective local portfolio institution. The same semi-structured interview schedule was utilized with this diverse sample of participants to allow for triangulation of the information gathered and the

identification of points of consistency and divergence. The complete interview schedule is found in Appendix B.

Interview subjects were asked a series of questions related to LIU's potential engagement with the state, activities with potential influence on its social image in the local society, and evidence of environmental conditions outside the organization's specific control that may influence the way the organization conducts its activities. These questions were designed to solicit grounded data regarding these central factors in legitimacy as supported in the empirical literature. Collectively, information derived from these interviews allowed for both the capturing of chronological facts in LIU's expansion as well as more nuanced considerations of the organization's perception management relative to the local social world and the influence of broader environmental factors on the organization's ability to expand its operations in Mexico and Ecuador.

Below is generalized information regarding the authority of two interview participants to demonstrate the credibility of interview subjects informing this study, though it should be noted that the specific identities of all participants are guarded to ensure their impartiality when sharing information and a formal consent form from each participant was secured in accordance with data collection and data security protocol to affirm their right to non-disclosure. In Mexico an interview was conducted with a high-ranking social services professional who, among others, interfaces between Mexican universities and state employment services. This individual has served in this capacity pre-dating LIU's entrance into Mexico and continues in the same function at present. During this time this professional has helped to place thousands of students in institutions

of higher education statewide, including hundreds of higher education aspirants in Universidad del Valle, LIU's portfolio institution considered in this study.

In Ecuador, interviews were conducted with a high ranking administrator in an elite local university who is intimately aware of the developments of Universidad de Las Americas, the LIU owned institution in that country. The two universities often compete for some of the best students in the sierra region of that country, evidenced by their proximity to one another in metropolitan Quito, similar status as an undergraduate and graduate institution, and rankings within the top ten of universities in Ecuador's sierra region as disclosed to me in an informal conversation with this professional. Moreover, this individual is among many renowned scholars to service in a public auditing capacity to analyze the efficacy of higher education institutions in the country.

Interviews: Alumni

The LIU institutions in this study are almost primarily funded from tuition revenues. Therefore, the viewpoint of recently graduated students provides valuable evidence in understanding how recent alumni perceive these institutions and any related activities the organization undertakes to favorably manage student perception. A total of twenty semi-structured interviews with alumni of UVM in Mexico and UDLA in Ecuador were conducted, ten in each country. Recently graduated (within the last three years) alumni were selected for interviews because they alone provide primary insight into the aspirations of a student prior to entering the institution and why a particular institution is selected for matriculation, the experience while at the institution, and the immediate employment outcomes upon graduation.

For control and consistency in data collection, only those individuals who had completed their degree within the last three years were eligible to be included in this study. Equal distribution was achieved among females and males in both Mexico and Ecuador with 50% female participants and 50% male participants. All alumni participants were previously unknown to this researcher and had no family members employed by the case institutions or other social connections beyond reasonable associations that are available to the general public to influence their decision to matriculate or to potentially bias their impressions of the institution.

Two contact methods were used to derive the alumni interview sample. First, the professional social media outlet LinkedIn was utilized to solicit participant volunteers who had graduated from the respective institution in the last three years. Second, snowball techniques were employed with associates known to this researcher who had graduated from other universities but had peers who had attended either UVM or UDLA in order to further diversify the sample and decrease selection bias, based on interviewing only those who participate in social media, to the extent possible. Interviews with alumni were conducted in country in their language of preference (either English or Spanish) during the same dates in the field in which the bureaucrat, higher education professionals, and entrepreneur interviews were conducted. Alumni participants were each asked to answer the same schedule of thirteen open-ended questions.

Appendix C contains the full interview schedule utilized with alumni participants. These questions were designed to gather information relative to understanding what attracted the participants to pursue higher education, generally, and to select the associated LIU institution, specifically. Additionally, interview participants described

their experiences while attending the respective institution and their job outcomes following graduation.

Alumni participants provided important insight into the reasons why they chose to attend university, how they came to select the respective LIU institution over other alternatives, a brief account of their satisfaction with their university experience, and a description of their employment outcomes relative to their expectations prior to entering the institution. These findings are presented in Chapter 4.

Regarding the handling of interview data and engagement with all interview participants, this study was subjected to and passed a formal IRB review and adheres to the procedures and security measures detailed therein. Formal consent forms were signed by all interview participants. All interviews were conducted in country in a public setting of the participants' choosing. Interview data, including notes, recordings, and transcripts, are in the sole possession of this researcher and care is given to not include specific identifiers of interview participants in this or any other published document. Additionally, information pertaining to this study is secured in accordance with the established IRB protocol and is retained under the guidelines described therein.

Archival Materials – Both Internet and Hardcopy

Advertising, marketing and other promotional materials and local media coverage in the form of print and digital newspaper articles, magazines, and blogs citing reputable sources provide important clues about an organization's intentions and activities relative to seeking legitimacy in a local society. Considering the images and messages used by LIU and its local portfolio institutions can offer insight into how the organization seeks to infuse itself into the local social mindset (Lefebvre, 2011). Stafford (1996) created the

foundation from which understanding an organization's intentions through its public

marketing campaigns can emanate by empirically demonstrating that verbal tangible cues

related to experience qualities can positively influence the way members of society view

a particular service and increase their patronage of the ad's sponsoring organization. For

example, it is expected that to the extent LIU's local institutions employ advertisements

that feature a diverse cross-section of society as an expression of accessibility and

inclusion and the verbiage in such messages emphasizes tangible aspiration results such

as more fulfilling professional outcomes that the image of the organization and its local

institutions will be positively influenced.

To better understand the image these institutions portray to local society, samples

of advertising materials were systematically gathered during field experiences in Mexico

and Ecuador. These materials include print and digital marketing materials such as

billboards, posters, brochures, and websites used by the institutions in their recruiting

efforts. Analyzing the image an organization seeks to embed in local society can inform

our understanding of how it endeavors to minimize scrutiny of its activities in that same

community (King & Whetten, 2008). Additionally, LIU was required to produce annual

reports as a publicly traded entity prior to 2007. These reports were reviewed to uncover

pertinent statements of the firm's intentions relative to the cases analyzed in this study.

In addition to collecting advertising materials, search engine archival queries in

Google (currently the world's most used search engine) were used to isolate historical

media coverage of UVM and UDLA pre-dating and post-dating their acquisition by LIU.

This method, known as "virtual ethnography," provides important information from

virtual media coverage of pertinent events in the life-cycle of an organization, such as

acquisition dates, major growth milestones, and local perceptions of the organization's activities (Rutter & Smith, 2005; Hine, 2008; Freidenberg, 2011).

State-sponsored Databases

The debate between public and private universities and the future of the educational marketplace in Latin America is reaching an inflexion point, the point at which maintaining the status quo is no longer tenable, prompting the development of several) databases that were useful in this study. For example, in 2010 a study was commissioned by the largest public university in Mexico, Universidad Nacional Autónoma de Mexico (UNAM) to help re-position the public university as the critical public trust institution to educate the local workforce in the 21st century by comparing its merits to those of 43 other public institutions and 15 private institutions, including Universidad del Valle within the Laureate portfolio. Both Mexico and Ecuador sponsor aggregated state level databases that aided this study in articulating general market and industry conditions prior and subsequent to LIU's entrance into the local region. In Mexico, these data are produced by its governing authority for higher education, Secretaria de Educación Publica (SEP). Ecuador's central regulatory body for higher education, Consejo Nacional de Educación Superior (CONESUP) also produces general data on higher education trends in that country. Data from studies conducted by the World Bank and UNESCO in 2009 and their supporting sources, the most recent years to include both Mexico and Ecuador, were also utilized to better understand the general market and higher education conditions over the study period. In both cases, market condition data are available dating prior to 2000 and up to 2009 covering the period of

time before and after LIU's market entrance. These data were utilized to better understand the aggregate growth of credentialing in each state case and the potential impact on employment in the same, among other factors.

Within the comparative methodology, the data from interviews conducted, archival media and marketing materials, and an overview of aggregate employment and higher education trends collected from state databases and the World Bank and UNESCO are analyzed relative to the three-source framework for legitimation and their implications for development. The Mexico and Ecuador cases are then compared to one another, isolating convergent and divergent patterns. The patterns uncovered from these exploratory findings, and any additional social implications one might infer from this initial study, can then be more fully generalized to the Latin America experience through subsequent research projects.

Chapter 4:

Discussion of Findings: The Results of Laureate International Acceptance in the Communities Studied

The findings regarding Laureate's legitimation efforts in Mexico through its portfolio institution UVM and in Ecuador through its portfolio institution UDLA are divided in three sections. First, the company's interactions with the state as a source of legitimizing authority are discussed. Second, findings regarding how LIU seeks to deepen social adoption and manage its image in the local community are presented. Third, a discussion of the potential relationship between environmental phenomena conditions and the company's ability to legitimate in Mexico and Ecuador are treated. The chapter concludes by laying the foundation for a discussion of convergent and divergent patterns among the cases, which provides an analysis and interpretation of the findings presented in the following Chapter 5. Collectively, these findings and their corresponding interpretation provide a grounded, comparative exploration of Laureate's 21st century expansion in these two countries.

THE MEXICO CASE: LAUREATE'S UNIVERSIDAD DEL VALLE (UVM)

Laureate purchased a controlling interest (80%) in Universidad del Valle (UVM) in 2000 (Laureate Education, Inc., 2006). A review of the annual reports filed by the company prior to ceasing to trade its stock publicly after 2006 reveals that enrollments in the institution nearly doubled between 2002 and 2006, growing from 36,900 to 66,300 while average tuition slightly declined per student from $3,900 USD to $3,600 USD

(Laureate Education Inc., 2006). By 2008 UVM had become the largest single granter of college degrees in Mexico (Gomez, 2012). The following sections present this study's findings regarding Laureate's expansion in Mexico through its portfolio institution UVM.

ENGAGEMENT WITH THE STATE

Understanding Laureate's expansion in Mexico through UVM is served by an objective view of its legitimation activities. Among these factors is exploring the organization's engagement with the state. The presentation of findings regarding Laureate's interactions with the state of Mexico follows two evidentiary themes consolidated from the interview schedules and archival data. First, the introduction of private sector participation in higher education in Mexico and Laureate's acquisition of UVM in 2000 are discussed. Determining the dynamics of the nation's regulatory authority to provide operational legitimacy to higher education institutions frames the necessity, or lack thereof, for engaging the state as a source of legitimacy in LIU's expansion efforts. Second, this study seeks to understand what strategy or strategies LIU has employed to satisfy the pertinent regulatory demands of the state and the advantages or disadvantages to those activities. Specifically, how did LIU meet the pertinent regulatory requirements to expand in Mexico? Evidence in response to this question allows for the grounded analysis of whether and how LIU has engaged the state to achieve acceptance in Mexico.

Mexico's economic development trajectory over the study period between 2000-2011 is indicative of a free-market orientation. The development of human capital is an important tenet in this orientation, supported by the prescription that human capital

productivity will tend to increase as education level increases (Ciccone & Papaioannou, 2009; Winters & Chiodi, 2011). A highly respected faculty member at one of the top-ranked universities in Mexico explained how this dynamic has become embedded in Mexican society in an interview with this author,

> Human capital development is viewed as essential to being able to compete or even function in a free-market system. We have known that education is important for a long time, but over the last decade or two that has become even more of an issue. If Mexico is to make the leap forward, it has been argued, we have to do a better job of developing professionals. Getting people a college degree is a clear way to approach this. But there were more people eligible than the state could support, so the demand turned to the private sector. In a way our (Mexico) focus on becoming more market oriented, especially in the 1990's and first decade of 2000, instilled an even greater sense that people must go to college. A powerful market for higher education was created, whether or not it was intentional.

This assessment, particularly the expression of private sector expansion within higher education, is supported by a 2011 study commissioned by the University of Pennsylvania (Bezerra, Massei, Shulze-Halberg, & Stypinski, 2011) . The authors note that leading into the 21st century Mexican public universities could not keep up with the growing demand for college education, creating a void between demand for degrees and supply of university seats. Moreover, their 2011 report highlights that even with increases in federal government spending underway the private sector will need to account for at least one third of the expected growth through 2020

This gap was further affirmed by responses from interview subjects. Eighty percent of those interviewed expressed that Mexico has more university demand than supply of quality university seats. Moreover, the other 20% did not disagree but rather expressed that they preferred not state one way or the other. One member of the entrepreneurial class who operates a business outside of the metropolitan Mexico City area reinforced

this view by contrasting the experiences of two of his children, both of whom attended

university from 2000 - 2011.

> My daughter was very good in school and did well on her exams. We make a
> good living but we are not rich. The best thing for our family was if she could
> get into a good public university where there is little cost. With her exams she
> was able to do that. My son was not as good in school, but he still wanted to
> go to college. His experience was much harder. He had a longer commute and
> eventually didn't finish because the burden was too great.

Confronted with the dilemma of embracing a development orientation that is

theoretically rooted in, among other things, human capital investment while lacking the

public university supply to meet that demand, private capital has been employed in

Mexico to fill this gap. Laureate's strategic actions affirm that it is aware of this void and

has positioned itself to apply private capital to help to satisfy this demand. Specifically,

the organization's 2004 annual report filing states,

> In response to the growing demand for post-secondary education, governments
> in many countries have revised their regulations to permit the establishment of
> private post-secondary, for-profit higher education institutions. Each country
> in which the Company operates now allows private investment in post-
> secondary education (p. 4-8).

Despite encouraging private capital to enter higher education, the Mexican state has

retained the authority to determine applicable law in the granting of degrees. Laureate's

own annual report filing from 2004 recognizes Mexico's authority to determine the extent

to which higher education institutions can function without undue scrutiny in the country,

stating "The Secretary of Education in Mexico has reviewed all of UVM's programs and

given the university degree-granting authority for those programs" (p. 4-8). Therefore,

the organization desiring to benefit from this degree granting authority from the state has

two primary options: (1) form a new higher education institution and satisfy all of the

applicable regulatory procedures leading to the legitimate establishment of a degree

granting university can be followed, or (2) acquire an existing institution that has already been granted this authority from the state.

A government official who works within higher education placement services summed up these options as follows, "Permission and authority can come from either starting something new, which can be done but takes more time and is less sure. Or it can come from buying something that already has it and using capital to grow." When asked if there is an advantage to purchasing an existing institution over starting a new one in Mexico each of the government, higher education, and entrepreneurial interview participants affirmed that an acquisition model would be the preferred path for an organization in the operating environment from 2000 - 2011.

Participant responses regarding the rationale for the acquisition model being advantageous follow two general themes: (1) regulatory requirements are already secured, and (2) further expansion is expedited if the local institution has already begun to establish a reputation in the local community. The acquisition model allowed LIU to benefit from any existing reputational legitimacy accumulated by UVM, allowing LIU to focus its efforts on the expansion of that legitimacy rather than assuming the unknown risk of building an institution from the start-up phase. One local scholar who has looked at higher education in Mexico for nearly two decades summarized this general rationale, "They (Laureate) didn't change the (UVM) name. They wanted to be both Mexican for regulation purposes and global for perception. UVM represents the local appeal and Laureate represents the bigger world."

A review of the company's communications through its annual reports reinforces this finding. A 2001 annual report from the early stages of the organization's entry into

higher education underscores what LIU was looking for in potential acquisition

candidates, including in Mexico.

> The Company believes that the universities benefit from strong academic reputations and brand awareness and operating histories. Each university also has flexible, non-tenured, teaching-focused faculty and is led by an experienced local management team (Laureate Education, Inc., 2001, p. 5-7).

Not only was LIU seeking entrance into the higher education industry in Mexico, it

was seeking to acquire institutions that had already secured the regulatory requirements

and had developed a favorable, even if only nascent, reputation within the community as

well as an operating structure amenable to controlling costs and expanding the

institution. As one long time UVM faculty member explained,

> There was a realization that there was a bit of a race, kind of a window of time, when the conditions would be best to really establish the university across the country. Obviously large amounts of capital and expertise are needed to do something like that. If I am comparing the system before Laureate and after Laureate that would be one of the main points. I think Laureate was a group with access to a lot of capital and a clear purpose and they haven't needed to act underhandedly. They simply needed to convince one of the bigger and more ambitious institutional systems that was privately held by individual shareholders that joining them would help to make the institution grow even more. They are very good at planting the vision of the value of delivering higher education to as many people as possible.

To the extent the government regulates the degree granting function in higher

education, LIU benefits from insulated status relative to other organizations that desire

entrance in that industry but have not been granted the same authority or do not own an

institution with the same.   The evidence in this study suggests that obtaining

credentialing authority is a distinguishing factor when seeking to operate a higher

education institution in Mexico. A member of UVM's local administration summarized,

> It is the license that protects this business. It allows us to operate within the law, but it also creates some informal protections. As long as the supply of

credential licenses is limited and regulated and, we are on the right side of that,
and people pursue higher education we should be fine.

By purchasing an institution that had already engaged in much of the regulatory process
and had established itself as an initially viable entity within the industry, Laureate
inherited UVM's explicit authority to grant degrees.

Interviews were also conducted with administrators from other Mexican private
universities, including the most prestigious in the country Instituto Tecnológico y de
Estudios Superiores de Monterrey (ITESM), to seek external validation that illicit
behavior with the state has not been significant in LIU's Mexico expansion. These
interview participants recognize LIU through UVM to be a strong competitor and have
conducted extensive analysis of their operations. Nonetheless, when asked to
characterize LIU's engagement with the Mexican state through UVM, none of the
external interview subjects believed they received preferred treatment despite having the
inherent incentive to portray LIU and UVM poorly. One administrator from ITESM
explained,

> They have to play by the same rules as the rest of us. Where they have an
> advantage is they have significant access to capital and they are truly a for-
> profit business in the sense that they operate with less constraints and
> considerations than most. For example, my equivalent position receives three
> times the salary at UVM and the primary consideration is 'can you grow the
> enrollments.' Of course they have some relationships and there are members
> of their team that have been in government, but that is the case for most
> institutions of any size in Mexico. I don't see that as an advantage. I see their
> operating model and capital and global message as the main attractions.

The relevance of the acquisition model in accelerating regulatory legitimacy is further
underscored by considering that this study found LIU has never created a new university.
Their global model, exemplified in the Mexico case, consists exclusively of purchasing
existing institutions that have navigated much of the regulatory process prior to

Laureate's involvement. Further evidence of LIU's commitment to the acquisition

strategy is found in relationships between its portfolio institution UVM and later Mexican

additions to the LIU portfolio. UVM has itself employed its status as an established

institutional entity during the Laureate regime to acquire other private universities,

including Universidad Tecnológica de Mexico (UNITEC) and Universidad del

Deesarrollo Profesional (UNIDEP), both of which roll into the portfolio of Laureate.

This study also found that Laureate is not naïve to the influence employing

government official personalities can have in engendering the organization to local

environments. This technique does not require illicit interfacing with the state, but it does

recognize the influence global government officials can have on how an organization is

perceived in local environments. While it is not uncommon for governmental officials of

any state to speak at universities or even to hold faculty positions after their government

careers have conclude, LIU has taken a more direct approach with at least one visible

former head of state. Former President of the United States Bill Clinton holds the formal

title of Honorary Chancellor of Laureate International Universities, a decidedly

university-oriented designation in itself not typical of titles used in MNC's - except when

considering the mimetic value to appearing similar to other higher education universities

(Laureate International Universities, 2012) . Additionally, both he and former Prime

Minister of Great Britain Tony Blair are prominently featured in the organization's

marketing materials. Their association with the organization is more than merely a title;

as of August 17, 2012 visitors to www.laureate.net are greeted by a large image of

'President Bill Clinton' followed by a series of stories in which both he and former-Prime

Minister Blair are featured (Laureate International Universities, 2012).

This study found these associations to be pertinent to, if less directly than the acquisition strategy, LIU's community acceptance in Mexico. By associating with former heads of state who enjoy their own governmental legitimacy by virtue of their titles and the world standing of the nations they led, LIU's profit seeking business model benefits from the implicit statement that it is a worthy approach to higher education within the historically public-trust enterprise of higher education. This is noteworthy because it formally places prominent global political figures as direct advocates for the model LIU employs, which can contribute to LIU's expansion both through UVM and potentially through additional acquisition in Mexico and beyond.

This 'connectedness' with prominent former heads of state can also directly enhance the perception of Laureate's local institution UVM. A local business professional who holds a prominent role within a global Fortune 500 company highlights the effects of the technique, "President Clinton's name is used to make people feel safe, like this is a good place that you don't need to worry about." Employment of former executive branch leaders of two of the most powerful first-world nations in the international schema is not lost on local Mexican society. When asked about the influence of Laureate's (and by extension UVM's) affiliation with prominent global political figures on its ability to expand locally in Mexico, not one interview participant indicated it has a negative impact. An exact measure of this influence was not attainable nor within the scope of this exploratory study, but it is noteworthy that each interview participant affirmed that these affiliations enhance the organization's image in the local community even if they could not specifically quantify that influence. A successful local businessman and father of three children who have attended the UVM system between 2000 – 2011 describes this

dynamic as follows, "even if it doesn't have a real effect and if their actual interactions or what they do is small, well, the impression is that they would only put their name to a quality institution so UVM and Laureate must be a quality institution."

In sum, by employing the acquisition strategy there was limited need for LIU to directly engage the state to win regulatory acceptance, which can help explain why this study did not discover evidence of LIU acting illicitly to win favor from the state. UVM already had this authority and the evidence suggests LIU's task was to execute the successful acquisition of that institution and then expand the institution's operations with its explicit degree granting authority. Therefore, the state's role in Laureate's expansion in Mexico is categorized more by creating a conducive regulatory environment to the expansion of private universities and encouraging private investment in higher education than illicit behavior between Laureate and the state. Affiliation with prominent global political figures serves to enhance the image of LIU and its portfolio institutions, but cannot be directly correlated to LIU's ability to acquire UVM as the institution was purchased before these global political figure associations were formed.

DYNAMICS OF SOCIAL ADOPTION

The research literature highlights that social adoption rates and legitimation efforts share a relationship; as organizations are able to increase their social adoption rates their level of legitimacy in the local environment will also tend to increase (Deephouse, 1996; Strang & Soule, 1998). The data gathered in the Mexico case confirms that Laureate recognizes this relationship and that it consciously engages in activities that will tend to increase the social legitimacy perception of its portfolio

institution Universidad del Valle de Mexico (UVM). Thus, this study found the acquisition model was employed by LIU to benefit from UVM's existing authority to grant degrees; allowing LIU to focus subsequent efforts on retaining UVM's explicit authority while seeking to expand the social adoption of the institution's services.

To address the concept of retaining and potentially expanding community acceptance through increased social adoption and image management techniques, three major questions or themes emerged from the interviews and archival data. First, to what extent is Laureate's local university growing faster or slower than the higher education industry in Mexico? Determining whether growth is anomalous or indicative of broader trends can help to explain the extent to which certain social adoption techniques are pertinent to the legitimation process directly or indirectly as a strategy for retaining the legitimacy already achieved through other means. Second, how does the organization engage in recruitment and what influence do these activities have on the student population? Third, to what extent does re-investment occur at the local level? Specifically, does re-investment and local innovation tend to positively influence the achievement or retention of legitimacy in this case through enhanced social image and increased community adoption? Given the expansion of the organization throughout Mexico, one expects to find evidence of re-investment in the local enterprise consistent with the legitimacy literature.

Information gathered to explore this phenomenon includes interviews with well-placed professional and bureaucratic actors, archival materials, and interviews with recent graduates of UVM. These data are reported relative to the below themes in Laureate's local social adoption processes. See Appendix B to reference the pertinent interview

questions utilized with professional and bureaucratic participants in this study. Appendix C contains the full interview schedule used with UVM alumni participants.

Understanding image management and social adoption acceleration efforts of LIU through its portfolio institution UVM is aided by interviews with recent (within the last three years) graduates who can speak directly to their experience with the institution. These alumni were asked a series of questions ranging from their expectation of benefits from earning a degree, their recruitment experience with UVM, their experience at the university, and their labor force outcomes after graduation. The results of their responses are presented in a series of four figures; each one dedicated to one of the four phases in the alumni's association with higher education and UVM.

Table 2 conveys the consolidated results of alumni responses regarding their expectation of benefits from earning a university degree. The top response was functionally related; seven of ten interview participants underscored their desire to improve career and life outcome prospects. Two participants highlighted their desire to increase their knowledge of the world and of a particular subject of individual interest to them. It should be noted, however, that one of these participants also highlighted the desire to grow in knowledge in that subject in order to be more employable in that specific field, which can also relate to improving career and life outcomes. Of significant note, all (100%) interview participants related that they expected their career prospects to improve as a result of completing a university degree, even if two participants did not note improved career outcomes as their primary motive for pursuing a university degree. This finding underscores a local mindset that views the university degree as a means to improving one's life chances.

Table 2: Alumni Responses to Questions About Pursuing a Degree

Expectation of Benefits from Earning Degree	Results
Question: **Why did you decide to attend university as it relates to your future career?**	Two primary reasons were provided for choosing to pursue a university degree: 1. Top response theme (7 subjects/70% of responses): To improve professional career and life outcome prospects. 2. Second leading response theme (2 subjects/20% of responses): To enhance knowledge about a subject that was of significant interest to the interview subject. It should be noted, however, that one of these subjects also related this pursuit to a more satisfying professional career. (1) Subject noted the reputation and price of UVM (LIU's institution in Mexico). **Summary:** 7/10 or 70% interview subjects directly correlated the desire to earn a degree with improving their professional career prospects.
Question: **How did you expect a university degree would influence your career outcomes?**	**All 10 subjects** responses consistent with the ability to improve their professional outcomes. **Summary:** When specifically asked to correlate pursuing a university degree and considering the career prospects, 10/10 or 100% of participants related that they expected their career prospects to improve as a result of completing a university degree.

The growth of UVM after being acquired by LIU underscores a pattern that is indicative of a local community hungry to obtain university credentials. Laureate has grown its presence in Mexico from having no presence in 1999 to having the largest student enrollments in the country in 2008 through its portfolio institutions by purchasing a significant number of for-profit Mexican universities of higher education (SEP, 2008). This growth has occurred through additional acquisitions of institutions through UVM

and by opening additional campuses of UVM. For example, the number of campuses

UVM operates has tripled from 12 to 37 in the little more than a decade that it has formed

part of Laureate's portfolio; the first 12 locations previous to LIU's regime took

approximately forty years to establish. (Laureate International Universities, 2012). Chart

1 highlights UVM's campus growth trajectory under the LIU regime.

Chart 1: UVM Campus Growth Under Laureate, 2000 - 2011
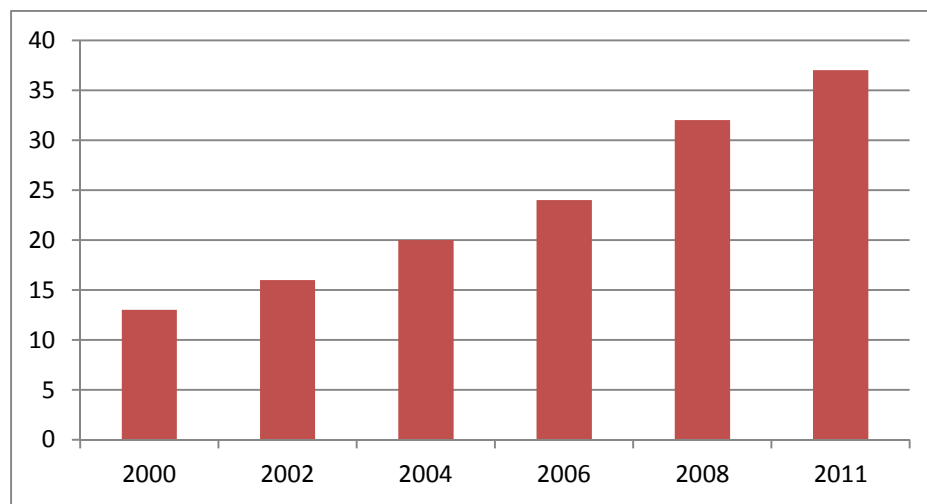
Source: Laureate Education Inc Annual Report (2001), Laureate International Universities (2012)

At the state level, Mexico prepared to enter the 21st century with an ambitious plan to

enhance access to higher education. Dubbed by the federal government to be 'The

National Education Plan,' this plan intended to improve the quality of education

offerings by means of "intensive inter-institutional collaboration through regional,

national and international networks, and programs of student and staff mobility"

(Secretaria de Educación Pública, 2001, p. 198).

A 2009 United Nations Educational, Scientific, and Cultural Organization (UNESCO) report highlights the Secretaria de Educación Pública's plan (2001) stressed the need to "make systematic schemes of international cooperation in order to increase the exploitation of such activities and take advantage of resources from abroad so as to strengthen the development of education in the country," citing "a lack of coordination between institutions and financial organisms" (p. 215-216). These statements underscore a conscious effort to consider ways in which the international community can contribute to the growth and development of the higher education industry in Mexico. This international orientation, coupled with the lack of public university capacity, provided fertile ground for the global expansion minded LIU to enter the local arena.

A local business executive of a global multinational firm who studied at UVM and recruits from local universities explains these dynamics as follows,

> The public universities can't hold everyone and the other private universities are either very expensive or not very good. UVM focuses on the middle and is mainly for people who can't or don't want to go to the best public universities and can't afford the most expensive private. I think you can see that is a big part of the (Mexican) population by the way they have grown.

The data outline that UVM is experiencing a unique level of growth even within an industry that is growing overall. A contributing factor to that growth is a reputational enhancement in the local social mindset spurred by overt recruitment and messaging techniques and local operational activities intended to improve both the image of the institution and the quality of its outputs. The next section discusses these themes in more detail.

Enrollment Recruitment Efforts

Laureate's student recruitment efforts are an important theme in retaining and expanding its acceptance in the local environment. The data and archival material reveal two primary forms of recruitment strategies are employed to support any social adoption gains the institutions may experience: 1) intentional media campaigns designed to project a professional globalization and progressive message, and 2) at least one third party financing outlet prominently featured on campus and available to students and their families to facilitate enrollments.

Young professionals who recently attended UVM and others who have not matriculated provide valuable insights to better understanding the social perception and impact of recruitment tactics used by the institution. Generally, UVM alumni interviewed expressed that they had multiple options of where to study and selected UVM for reasons of study plan structure and expectations of global connectivity. Table 3 features the consolidated response themes of UVM alumni regarding their expectations of benefits of a UVM degree.

Table 3: Alumni Responses to Questions About Benefits of UVM Degree

Recruitment Experience	Results
Question: **What attracted you to study at the UVM system?**	Responses varied across the subjects. Below is a thematic summary of responses. 1. Top response theme (5 subjects): Flexible study plan and shorter completion time. 2. Second leading response theme (2 subjects): Affordability relative to other private alternatives. 3. One subject (1) responded that not being accepted to UNAM (public university) was the primary reason. 4. One subject (1) noted the quality of the education as the primary reason choosing UVM.
Question: **(Name institution) is aggressive in their recruitment and enrollment activities.** *Strongly Agree_ _* *Agree___* *Neutral___* *Disagree___* *Strongly Disagree___*	2/10 interview subjects selected "Agree" or "Strongly Agree." 7/10 selected "Neutral." 1/10 selected "Disagree." **Summary:** Most subjects did not take a firm position and selected neutral. Two subjects agreed that UVM is aggressive in its recruitment. One subject disagreed.
Question: **What other alternatives to Laureate did you have?**	(8/10) expressed that they intended to go to university regardless of whether or not it was at UVM. 8/10 had already decided to study at a private institution. 2/10 were also interested in the public option, specifically UNAM.
Question: **What qualifications were required of you to attend? How does this compare to other programs with which you are familiar?**	7/10 respondents mentioned that they did not have a firm understanding of any requirements other than completing a high school. 2/10 specially mentioned that the 'most basic is required; anyone can attend if they graduate high school.'
Question: **How did (name institution) global associations through Laureate influence your decision? Did you directly use the global network to study abroad or seek employment?**	6/10 subjects noted that the global network was a primary reason for selecting to study at a Laureate portfolio institution. 4/10 responded that this was not a major factor in his decision. 0/10 participants engaged in a study abroad program or benefited from the global network in meaningful way or to gain employment.

Of note, both those who chose to attend and three professionals interviewed that graduated from other universities at the same time the UVM alumni completed their studies conveyed similar thoughts on the impact of advertising on positioning the organization.   Those who chose not to attend did so out of financial consideration and convenience, rather than distaste for the institution. A young female professional who was recruited to attend UVM, but elected to attend another university describes,

> They know what speaks to people. When I went through the process they emphasized the global network and professional advancement. There was not a lot of talk of my records or qualifications. They seemed to really focus on the future and how being part of UVM can help improve that future. The international message is probably their best point. You study with friends in a warm environment and are surrounded with images of international locations and you feel maybe a little bigger. My friend did study in the system and he thought the image exceeded the reality but that it was a pretty good experience.

This young woman noted that she was affected by the global connectively and aspirational messages of the institution, but was accepted into UNAM and chose to go that route for financial reasons as public university in Mexico is effectively free. Noteworthy, 90% of alumni interviewed expressed that the university was not at all rigorous in its entrance requirements and yet they expressed that the perceived global connectivity and aspirational messaging of being associated with LIU made UVM unique relative to other private universities. This effect is summarized by one UVM alumni who notes, "you feel special thinking your university is part of a global network."

Visiting several local UVM campuses reinforces LIU's strategy of conveying global connectivity in its marketing efforts. There is a large amount of marketing propaganda covering the walls of Laureate's Universidad del Valle de Mexico. The message centering on a progressive globalization theme is portrayed in posters and

banners featuring successful female and male young professionals in business attire and global maps project the various universities in the LIU global portfolio. This messaging begins at the admissions office in the front of the school and extends throughout the campus. Appendix D includes a photograph of the windows outside what the university terms its 'Admissions and Marketing' department. The entire face of the exterior windows is adorned with a global map featuring each of Laureate's global institutions. This message is infused throughout the organization. When this researcher asked an admissions recruiter what sets this institution apart, she did not hesitate in responding, "A quality education for a good price with the global university in Mexico"

Noting that the headquarters of Laureate is in the United States, one might expect a dependency orientation to the advertisement of LIU portfolio institutions, emphasizing opportunities for students in developing nations to engage in study abroad programs in LIU-owned institutions in developed nations. The evidence suggests otherwise. Rather than emphasizing a given state or region, the propaganda featured is global in orientation; the opportunity for a student from Mexico to visit an LIU campus in the Andean region of South America is as common as programs in Europe and the United States. The capacity for linkages across all regions where LIU is present seems to be the focus, rather than emphasizing any one specific region. Appendix E underscores this point; at UVM the opportunity for study in an LIU program in Peru was given similar visibility to programs in Switzerland and the materials used to hand to the public feature the globe rather than a particular geographical region, including Mexico where the university resides.

The globe is a central image in most of the materials this researcher reviewed on location at UVM in Mexico, underscoring the LIU's intent to project a global image rather than one focused on a given local constituency. Reviewing these materials outlines a consistent legitimation message intended by the organization to embed in the local mindset; studying at a Laureate portfolio institution not only provides one with a degree but it also links him or her to a globalized network through Laureate's various portfolio institutions. As a local entrepreneur who develops software applications for use in higher education institutions in Mexico describes, "people in Mexico want to feel connected. Laureate is selling degrees, but their message is that they are selling access to the world."

This study did uncover a disconnect between the image of global interconnectedness LIU projects in its marketing materials and the level to which students may or may not engage that network in meaningful ways through travel, study abroad or other interchanges with LIU portfolio institutions outside of Mexico, or professional networking. Specifically, not one of the 10 recent graduates interviewed had actually engaged the global network through a study abroad program or professional networking despite 60% of them stating LIU's global connections were a primary reason for selecting to study at UVM. These data are supported by information from additional interview participants. Local UVM administrators reported that less than 10% of matriculates ever formally engage the network through study abroad or participation in a program with another university in the network, to date. Therefore, the data suggest the perception of the need or the interest in aligning with a global network is stronger than the actual utilization of that network. Those interviewed were influenced by the opportunity to align with a global network of universities, regardless of their capacity to activate that

network. A local social sector community advisor who aids prospective university matriculates in selecting where to enroll in university summarized some of the effect of the global interconnectedness marketing message,

> Higher education as a whole is growing in Mexico, but Laureate has tapped into something unique with its emphasis on the global network and its ability to keep acquiring institutions. UVM is going up in the rankings, but I think that is due to their exposure as much as about quality. It is becoming a given in Mexico that everyone who can will plan on university. Laureate's network makes them feel like it is not just another degree.

This study's findings suggest Laureate utilizes a marketing messaging system that reinforces a globalization message that resonates with local society, despite students' lack of actual activation of those global connections or networks in meaningful ways. Featuring slogans such as, "Develop Your Talent to Triumph" and "The Global University" (see Appendix F), the organization has tapped into a global aspiration that prospective students want to believe is attainable by them, despite evidence to suggest few actually benefit from the global network in directly meaningful ways. As one UVM faculty with tenure at the institution predating the LIU acquisition commented, "Students don't want to work too hard, but they want to believe they will get exceptional results. The school's global message speaks to them."

Beyond marketing efforts that emphasize global interconnectedness, third-party financing efforts are also encouraged by LIU to facilitate enrollment growth. Historically, families in Mexico relied on publicly funded universities to educate their children or had to pay for tuition through the families' savings (Altbach *et al*., 2009). More recently, however, private enterprises have emerged to provide financing options to prospective university matriculates. Among them is Laudex, a company founded in

2010. An interview with a representative for Laudex, a private higher education student loan enterprise which promotes itself as a third-party financing outlet to help students and their family pay for university tuition and associated fees, revealed valuable information regarding the UVM's enrollment expansion efforts. The name of Laudex alone raises intrigue as to the ownership structure of the company and its relationship to LIU. The company's representative interviewed for this study noted the UVM system accounted for almost all of the company's revenues, specifically stating it was in excess of 90% of the revenues though the financial records of Laudex are private and could not be more formally validated, and that they enjoyed a favored agreement with Laureate. This favored treatment by LIU includes prominent placement on campus to market Laudex services to students and prospective students and referral from the admissions department when it is apparent to them that a particular student would benefit from financing assistance in order to matriculate. An example of a marketing banner for Laudex student loan services is featured in Appendix G.

The Laudex representative further outlined that the company finances approximately 25% of the total student population in UVM system. Requirements for obtaining a loan are straightforward; a credit report is requested and collateralized guarantee of repayment is required. In exchange for financing tuition and book payments, the borrower agrees to payment terms of 17% interest and a payment schedule equal in twice the duration of the amount of time the student was enrolled in the institution. When asked about the high level of interest charged, the representative responded, "The necessity of studying drives people to pay it. We are not higher or less than other options. And UVM has a unique message in the global network that attracts

people more than anything." It is not clear at what rate these financing options directly accelerate matriculation, but the overall growth of the university already established in this chapter, the percentage of loan participants in the Laudex program, and the relatively onerous interest levels willingly paid by loan recipients provide evidence that people are going to great lengths to study at this institution and that making accessible third-party financing forms part of the LIU's strategy of deepening social adoption of its services in Mexico.

Despite overwhelming agreement that the global linkages and marketing messages projected by LIU through UVM influence the local perception of the organization and contribute to an increased desire by potential matriculates to enroll, the alumni interviewed for this study expressed mixed reviews regarding the fit between their expectations and their experiences at UVM. Table 4 outlines the essential elements of this finding, outlining that not one participant strongly agreed or disagreed that their experience with the institution matched their expectations. 40% of the participants expressed agreement and another 40% expressed disagreement that their expectations were met. The remaining 20% chose to remain neutral in their response to the question. This finding initially suggests a disconnection between what these alumni perceived the institution would offer them and the reality of their experience.

Table 4: Alumni Responses to Questions About Their Experience at UVM

Formal Enrollment Experience	Results
Question: **How closely did your expectations for (name institution) match your actual experience while at the university?**	Responses varied from expressions of satisfaction to expressions that a different university selection may have been better. The tabulation in the next quadrant quantifies the subject responses.
Question: **My experience at (name institution) met my academic/professional expectations:** ***Strongly Agree,___ Agree___ Neutral___ Disagree____Strongly Disagree___ .***	Results were mixed. 0/10 interviewees strongly agreed. 4/10 agreed. 2/10 neutral. 4/10 disagreed. 0/10 strongly disagreed.

Level of Local Investment

Local investment by LIU in UVM indicates an effort by the organization to enhance its social image in the local community. This study found LIU actively engages in at least two forms of local investment through UVM's activities. The first entails a concerted effort to encourage local constituent feedback regarding the quality of UVM's operations. This contributes to a sense that the organization is serious about providing the best service it can to the local community. The second is the real investment of allowing for local decision making, innovation, and capital reinvestment within the operating schema of LIU .

Visitors to UVM's campuses are consistently engaged by flyers and posters soliciting satisfaction feedback. Appendix F demonstrates one such poster. Prospective

survey respondents are prompted to submit satisfaction feedback to the email address

calidad@uvmnet.edu. The overt placement of such prompts underscores an

organizational interest that the survey's undertaking to be noticed, whether for genuine

information gathering or in perception management. The student and faculty population

appear to have taken note of the technique, attributing to it a sign of organizational

interest in continuous improvement. One faculty member with nearly twelve years tenure

at UVM observed, "They have brought a seriousness and professionalism, and they

always ask for input and feedback. They also let the local administration have a lot of

freedom as long as the numbers look good."

To further analyze local reinvestment efforts this researcher engaged in a local

campus tour with a faculty member with knowledge of UVM operations prior to and after

being acquired by Laureate and a local member of the professional class also with direct

knowledge of campus resources prior to and after LIU's acquisition. Subjects were asked

to note differences that have taken place since LIU's purchase of UVM. The findings

underscore a pattern of LIU's active re-invested in local operations.

These participants highlighted for this researcher the decision-making

relationship between Laureate and local campuses. Noteworthy was their shared

assertion that UVM has wide decision making autonomy to choose how to re-invest the

profits from its operations as long as growth in enrollments is achieved. Specifically, the

UVM faculty member commented,

> Laureate does not want to dictate to the local groups exactly what to do
> more than standardizing things that can benefit the system like curriculum.
> I am actually surprised at how much local input seems to be considered. I
> think it is a direct effort to stay connected to local things while reflecting
> global things. UVM does not have too much more but it also doesn't have
> less than other private universities. The biggest thing Laureate has done is

project the global image and continue to roll-out clean campuses that are attractive enough and that make it more convenient for people to study.

Faculty and administrators are also influenced by their association with Laureate and how the relationship between LIU and UVM is conducted. UVM faculty interviewed revealed a sense of growing status from affiliating with a university that is part of a global network. This is expressed in the following observation of a long-tenured faculty member.

> I was happy with UVM before and the type of work I do hasn't changed that much, but there is something to the global network and how much it is growing that is exciting. I don't think the student profile has changed much, but there is a clear goal to really grow. You feel like doing your part, even if you don't like everything that is occurring.

LIU's interest in expansion in expanding in Mexico and its commitment to local reinvestment is further underscored by a 2010 report shown to this researcher by a director in one of Mexico's highest ranked universities. The report was an analysis of the private higher education landscape and an effort to measure the extent of LIU's re-investment activities in the local community. Though absolute investment levels were shielded from this researcher due to their proprietary nature, the conclusion of the study was that LIU is intent on leaving money in Mexico to expand its UVM enterprise and increase social adoption of the same. This administrator expressed LIU's re-investment activities as follows,

> There is a lot that is wrong with universities across Mexico. What I do know about UVM is they are not, or, they don't have to send all of their money to Laureate. They are encouraged to spend much of it locally in improvements and expansion. The goal is growth and delivering good enough quality has to be part of that goal.

While the proprietary nature of LIU being a privately held company did not permit this researcher to access absolute levels of investment in the local UVM enterprise, the rapid acceleration of UVM campuses, the observations of faculty and administrators within and without the organization point to a decentralized decision-making relationship between LIU headquarters and Mexico UVM operations and the enhancement of resources available to students and faculty compared to UVM's pre-LIU era point to a strategy of local re-investment aimed at increasing social adoption of its activities. Collectively, these findings suggest LIU is largely re-investing UVM profits locally to project quality in the local community, ensure retention of the degree granting authority of UVM, and to continue to build its local image while simultaneously conveying a global message that distinguishes them from other local institutions to accelerate the rate of social adoption of its activities. Sharply accelerating campus roll-outs and tripled enrollments from 36,900 in 2002 to over 100,000 in 2011 (Laureate Education Inc, 2002; Laureate International Universities, 2012) since LIU acquired UVM, as well as primary observations from local professionals, faculty, administrators and alumni noting a re-investment trend under the LIU regime, suggest these activities contribute to LIU's ability to expand upon UVM's explicit authority to grant degrees and retain the inherent legitimacy contained therein.

ENVIRONMENTAL PHENOMENA AS A LEGITIMATION SOURCE FOR LIU

The Chronicle of Higher Education published a piece on July 30, 2012 regarding the expansion of for-profit education in Mexico. Among those profiled was Jesús Ignacio Lechuga who recently graduated from the International College for Experienced Learning, a Mexican for-profit university located in the country's capital city. The article gave a brief insight into the increasing expansion of private universities, many of whom operate a for-profit model, in Mexico in recent years. Private institutions accounted for approximately half of total enrollments in 2010 and the trend favors increasing this share going forward (Altbach *et al*., 2009). While emphasizing that there is still much study to be done, the publication concluded that students in Mexico who can't get into elite colleges due to either capacity or financial constraints or who want to earn a degree while working are drawn to for-profit private university alternatives (Ambrus, 2012, para. 3 - 12). Pertinent to this study is learning about the extent to which Laureate's legitimation processes are influenced by broader environmental phenomena; specifically, to what extent are environmental phenomena in terms of student demand for credentials and university supply constrains conducive to LIU's acceptance and expansion in Mexico?

Organizational theory outlines that Laureate's ability to legitimate in Mexico is facilitated if the activities it engages in are congruent with broader environmental phenomena (Kostova & Zaheer, 1999; Deephouse, 1996; Deephouse & Suchman, 2008). Given that its core activity or 'product' is purchasing universities that grant formal degrees, this study is concerned with understanding to what extent that activity is part of a larger movement. More specifically, is LIU creating an anomalous credentialing movement in Mexico or is it benefiting from emerging environmental norms that prompt

members of society to seek university credentials? To focus the scope of considering the potential influence of environmental phenomena on LIU's ability to expand upon UVM's credentialing authority in Mexico, the first thing to consider is whether or not credentialing at large has expanded in the local environment during the study period.

Establishing the trend of credentialing in Mexico during the study period is aided by data from the country's higher education governing body, SEP (2011). As of the end of 2010, Mexico was home to 130 public universities and nearly triple that number of 'institutions,' which can loosely be compared to technical and vocational schools in North America. The number of private universities more than doubles the number of public universities (Altbach *et al*., 2009). Combined they represent a student population of 2,800,000 in that same year.

A closer examination of the trends in higher education in Mexico reveals pertinent information regarding capacity constraints; that is, the state's ability to meet the demand for credentials through publicly funded universities. For example, admissions data from The National Autonomous University (UNAM) (2010), the country's oldest and largest public institution, shows that in 2010 the institution reported having to reject 92% of applicants. See Table 5 for a breakdown of the university's 2010 enrollment data.

Table 5: UNAM Enrollment Percentage Data, 2010

Year	% of Applicants Admitted	% of Applicants Denied	Total Enrollment
2010	8%	92%	204,088

Source: Secretaria de Educación Pública Statistics (2011)

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The university had 204,088 students enrolled in the same year (SEP, 2011). This discrepancy between interested matriculates and UNAM's capacity to absorb their demand underscores the imbalance between current public university seats and the demand to fill them. According to the 2009 UNESCO report on global higher education, gross college enrollment rate of eligible demographics in Mexico is an underperforming 27% (that percentage was just 14% in 1995) despite sharing the top GDP per capita position in the region with Chile (Altbach *et al*., 2009). Top performers in the region, such as Argentina, boast enrollment rates exceeding 55% (Altbach *et al*., 2009). Laureate has no presence in Argentina, despite having several holdings in neighboring countries Chile and Brazil.

These data compare with data from 2000 that record under 1,800,000 students enrolled in higher education institutions, representing an aggregate industry increase over the study period of more than 1,000,000 students (SEP, 2011). Within this growth pattern is the dramatic increase of private higher education institutions, which grew its share of the total student population to approximately over 50% by 2009 representing a net increase of more than 10% of the total student population during the study period (Altbach *et al*., 2009). The state itself has shifted some resources to the private sector, launching loan programs previously non-existent for private university education during the study period (Altbach *et al*., 2009).

This rise in credential demand in Mexico mirrors broader social consideration regarding female participation in higher education. In 2009 UNESCO found that female participation in higher education in Mexico had eclipsed 50% of the total number of students enrolled in local universities (Altbach *et al*., 2009). The World Bank similarly

found in 2009 that females now account for more than half of the student higher

education population in Mexico, a phenomenological product of the last two decades as

the percentage of females enrolled in higher education was just 39% as recently as 1993

(World Bank, 2009). From 1993 to 2000 that percentage would increase an additional

5%, marking a trend that pre-dates LIU's entrance in Mexico (World Bank, 2009). A

female professional who works for a global hospitality organization interview participant

provided context to these data by stating, "I think women see it as a step in the direction

of more freedom. For me, I wanted to study because I thought it could help my career."

A survey of the marketing propaganda employed by LIU through UVM indicates

the organization is aware of this trend. Images of professional women are found

prominently featured among their most visible marketing campaigns, including

brochures, banners, and their website. Appendices 6 and 7 contain examples of such

materials. Nevertheless, the emergence of greater gender parity and progressive norms in

Mexico's higher education landscape clearly exceed what LIU would be able to motivate

through its own activities and the trend uptick pre-dates the organization's acquisition of

UVM.

Mexico's trend towards credential expansion, gender parity in enrollments,

privatization is indicative of broader global trends. The world has been immersed in a

steady increase in credentialing from 2000-2011. UNESCO's 2009 report on the global

higher education industry provides valuable context to understanding how the Mexico

case mirrors broader global phenomenon. Specifically, a higher total of the world's

population, 150.6 million, now engages university than at any point in the modern era, a

53% increase from 98.3 million in 2000 (Altbach *et al*., 2009).   This increase coincides

with the emergence of the largest-ever generation of adolescents in the modern era, those

between the ages (United Nations Population Fund, 2007 p. 3).

As credentialing expansion increases, one might expect to see corresponding

aggregate employment gains. That relationship does not seem to hold among the alumni

interviewed in this study. Moreover, the data do not support that increased aggregate

credentialing in Mexico has had much impact on employment conditions in the country

over the study period. The World Bank (2012) reports combined unemployment of the

Economically Active Population (EAP) in Mexico jumped from 2.6% in 2000 to 5.3% in

2011, a doubling of the percentage of the population unemployed representing an

aggregate increase of nearly 4 million. The same source (2012) notes that

underemployment in the country may be as high as 25%. It should be noted that the

official unemployment rate in the country doubled over the study period while students

enrolled in tertiary institutions also nearly doubled from less than 1.8 million in 2000 to

nearly 3 million in 2011during the same period (SEP, 2011). While unpacking the

correlating relationships between these variables is beyond the scope of this initial study,

it is sufficient to state that more people are now enrolling in tertiary education in Mexico

than ever in the modern era, yet unemployment rates in the aggregate has climbed

significantly during the same period.

Speaking with local a credentialed professional in Mexico City who owns his own

company provides context to this apparent disparity,

> I think people here study more out of faith that something good will
> happen. Their parents will pay for it, but the job matters more that you
> have a good connection. There are only a couple of schools where you
> know you will get a good job. All of the others you hope it will work and
> you're afraid it will be even worse if you don't.

Underlying these words is the realization that increased credentialing has not directly correlated to improved employment in Mexico, controlling for other factors. This study found a similar relationship among the UVM alumni interviewed. .Information from student interviews indicates that graduates and their peers from UVM are employed at approximately a 30% rate within 6 months of graduation. When asked to consider the experience of their peers, not one subject conveyed that more than half of their peers were employed full-time within 6 months of graduation (see Table 6). These data are commensurate with overall trends for the state, though these data reflect an exaggerated expression of those trends, which underscores a local environmental phenomenon in which credentialing is accelerating significantly beyond the rate by which unemployment is declining, reinforcing the insulated nature of credential granting activities enjoyed by organizations authorized to engage in this activity. Specific to Mexico, the evidence underscores that labor returns do not seem to have a strong impact on credentialing demand. In other words, it appears credentialing has embedded the social mindset in Mexico regardless of uncertain returns to the individual graduate. As expressed by the parent of a UVM student, "You just think you will be the one it will work out for. You can't not do it (attend university) the way things are set up, but I don't think we've figured out the best way to do it."

Table 6: Employment Outcomes from UVM Alumni Interviewed

Labor Outcome Experience Question	Participant Responses
Question: **Were you employed full-time within six months of graduation?**	3/10 subjects were employed full-time with 6 months of graduation.
Question: **What percentage of your peers was employed full-time within six month of graduation?**	4/10 conveyed 50% or greater 6/10 conveyed less than 50%
Question: **If employed, please describe the organization you work for and type of job you obtained?**	Of those who were full-time employed with 6 months of graduation, the most common track was a business or engineering field (8/10); family businesses was the most common response.
Question: **How closely does the job you obtained fit what you thought you would get when you started the university program?**	While 3/10 subjects were employed full-time within six months of graduation, these subjects expressed that their job outcomes have matched their expectations prior to entering university. 7/10 were not satisfied with their labor outcome to date.

Related to legitimation, the activities of Laureate as the owners of degree granting institutions are congruent with local environmental phenomena in Mexico and broader global social norms emphasizing credential attainment. This is particularly born out in the evidence among the social middle-class, where upward mobility is a prescient concern and formal education is viewed as an important variable to that mobility despite growing empirical evidence to suggest that it may not necessarily lead to mobility (Brown, 1995; Jackson, Goldthorpe, & Mills, 2005). As environmental conditions emphasize the credential as a staple part of a progressive life at both the local and global levels, among other factors, it follows that demand for credentials will tend to increase. Laureate's acquisition expansion model in Mexico and its subsequent social adoption

acceleration techniques project a keen awareness of environmental phenomena supportive of their activities to purchase degree granting institutions and to expand those institution's enrollments. This study suggests that while LIU did not create the conditions conducive to either the global credentialing expansion or that of Mexico, its activities benefit as this norm further embeds in the communities in which it operates. This despite findings suggesting that the higher education credential in Mexico has not necessarily led to improved life chances among this study's UVM alumni interview participants, supportive of Goldthorpe and Mills' work (2005); reinforcing the robust and rather insulated nature of the credentialing social norm supporting LIU's activities.

THE ECUADOR CASE:

**LAUREATE INTERNATIONAL UNIVERSITY AND
THE UNIVERSIDAD DEL LAS AMÉRICAS**

LIU purchased Universidad de Las Americas, Ecuador in 2003 (Laureate Education, Inc., 2006). Since that time, local administrators shared with this researcher that UDLA is on an enrollment growth trajectory that has more than doubled in last five years, which data is confirmed on LIU's homepage (2012). Chart 2 outlines the enrollment trajectory between 2004 and 2011, representing the period for which the university had enrollment records for review and marking the length of LIU's ownership of the UDLA in Ecuador. Noteworthy, these records show the steady acceleration of enrollments during the period following Laureate's acquisition of the institution. The institution took roughly the same amount of time to climb from its inception 1995 to 2,500 students enrolled, eight years, as it did to accelerate enrollments from 2,500 to 9,000 by 20011.

Chart 2: Enrollment Growth of UDLA from 2004 to 2011
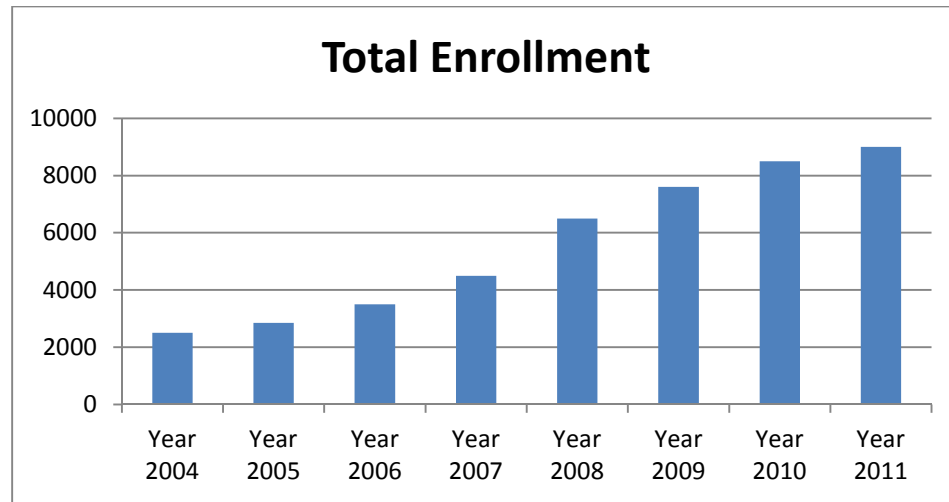
Source: UDLA Administration Department, Laureate International Universities (2012)

Detailing the information obtained in field interviews and archival materials

may be enhanced by a visual depiction of the Universidad de Las Americas itself.

Appendix H contains a picture of the exterior of the newest UDLA campus taken by

this researcher during a visit to the main campus. The university resides in a

modern part of Quito and as was noted by a local economist, "clearly required a

large amount of investment as it sits on a major road in a progressive neighborhood

in the city." Also included in the figure is a representation of the university's logo

and slogan. Translated from Spanish, the slogan reads, "You have a future," which

will be demonstrated in this chapter to be indicative of aspirational marketing

messages employed by the university? The strategy of equating the university

degree with 'having a future' has strong undertones in LIU's ability to expand

UDLA's enrollments. The findings are arranged into the three prescient factors in

establishing organizational legitimacy. Interview information and other data

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sources are built into the findings and allow for a more ordered presentation of trends and responses.

ENGAGEMENT WITH THE STATE

The previous section on Mexico has featured statements directly from Laureate annual reports reinforcing the essential nature of purchasing portfolio institutions that have already achieved credentialing authority by the local state to the organization's expansion strategy.   Two themes emerge when considering the evidence of how Laureate has engaged the state in its efforts to expand in Ecuador. First, like the UVM case LIU acquired an existing local institution as opposed to building an institution from the ground up, reinforcing the importance of acquiring institutions in both cases that had already secured the explicit authority to grant degrees. In the Ecuadorian context, the acquisition of UDLA allowed LIU to bypass initial legitimation processes required of other organizations seeking to build new universities and positioned it to withstand scrutiny in subsequent years from a new political regime. By purchasing UDLA, LIU benefits from that institution's existing credentialing authority, first secured by UDLA according to publicly available records on UDLA's website on May 28, 2001 through el Consejo Nacional de Educación Superior (CONESUP), and is able to focus its efforts on retaining that authority and expanding the local acceptance of its activities (Universidad de las Americas, 2012, "UDLA History").   Second, unlike the Mexico case and though subtle in its relationship to state authority as a source of legitimacy, is the concerted effort to associate UDLA with respected ex-

government officials both in its existing administration and in promoting

conferences and seminars that feature such individuals. These activities should not

be confused with engaging in elicit behavior with or anomalously favored treatment

by the state, as this study found no evidence to support such strategies. Rather,

similar to the endorsement of a product by a famous athlete in athletics, this study

found that this technique appears to be used more to manage the university's social

image than to gain superior standing with the government relative to other

universities.

To properly understand Laureate's relationship with the Ecuadoran state (e.g.

government agencies, ministries, etc.) requires some knowledge of organizational

history prior to its acquisition by Laureate. It also requires a cursory understanding

of the evolving nature of higher education regulation in the nation over the last

decade. Three local administrators employed by UDLA when purchased by

Laureate, proved valuable in outlining the historical context of the institution. One

of them briefly described the events leading to LIU's purchase of UDLA as follows,

> It is important to understand that UDLA has always been a university that has been owned by businesses with an eye towards providing a return on capital. In Ecuador we can no longer talk of universities as 'for-profit,' but regardless of formal structure the success of the university is largely measured in the education quality it can deliver while generating an attractive return to its stakeholders. Our first '*accionistas*' (shareholders) was the Banco Pichincha. They partnered with a group from Chile that stated the chain of universities and essentially became franchisees of the Chilean group. It was an 'OK' school, but it was clearly run as an investment project more than a university that was trying to deliver a quality education. You have to realize that this is one of the more powerful banks in the country with investments across many sectors. Laureate actually purchased the Chilean group, and with it the operations in Ecuador.

Two interviews with locally successful businessmen unknown to each other with knowledge of these events highlighted the powerful nature of Banco Pichincha, which is the largest private bank in the country. While their ownership position in the institution was not widely publicized and lasted less than a decade, their entrance into the industry underscored the opportunity for attractive private capital returns in higher education in Ecuador, despite a concerted shift towards more radical development policy over the study period. This group initiated UDLA's operations in the late 1990's, a period in which interview subjects describe a large influx in the number of private higher education institutions in the country. One higher education administrator who also has served on Ecuador's national higher education auditing board recounted,

> Anyone with a little bit of money could open a university during this time. There was almost no oversight and people didn't really distinguish between universities because the object was simply to get a degree. It proved to be a very good business, and people paid tuition even if it was out of a house and the materials were poor, and the teachers did little more than stand in front of the class and recite what was in a textbook – at best. It is the 'carton' (Ecuadorian Spanish for degree) that matters and that gave a lot of institutions and students cover to engage in marginal educational services.

The regulatory environment in Ecuador has stiffened since LIU's acquisition of UDLA and the country's first efforts to formally accredit and regulate universities in the 1990's, reinforcing the importance to LIU of securing credentialing authority quickly and securely in the event of potentially shifting political dynamics (UNESCO, 2011). It should be noted that none of the interviewees, including government officials, higher education administrators in competing universities, and administrators within UDLA expressed the sense that

LIU was intentionally engaged in elicit or underhanded activities with the government to win favor beyond those regulatory lobbying activities common among other institutions of similar status in the country. Nonetheless, this study did find that securing regulatory authority is essential to successfully operating in the higher education industry. Thus, despite the state's marked political trend toward increased intervention in various matters of its economic development over the study period, including in higher education, particularly during President Rafael Correa's regime commencing in 2007, the authority to grant degrees initially achieved by UDLA and subsequently profited by LIU has withstood these environmental shift and insulated LIU's ability to operate in the country.

While this study did not reveal evidence to conclude LIU would have been unable to navigate regulations in place at the beginning of the decade if it had elected to form a new university rather than purchasing UDLA, it should be noted that by electing the acquisition model LIU avoided in large degree the need to navigate the regulatory environment and positioned itself to benefit during both the loosely regulated environment of the early part of the decade and the more stringent oversight ushered in with President Correa's election. Specifically, during the Correa tenure extensive auditing of higher education universities has occurred, including the closure of universities determined to be of unacceptably poor quality which total 38,000 in enrolled students (Neuman, 2012). All of the professionals interviewed for this study who could with certainty about the conditions at the time of LIU's entrance noted that regulation tended to be previously ambiguous and inconsistently reinforced and that state scrutiny has grown during the Correa

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regime, underscoring the benefit to acquiring a local university already endowed

with the necessary credentialing authority in order to navigate myriad changes in

Ecuador's political dynamic. A university dean of one of the highest ranked

institutions in the country explained the dynamic as follows,

> There was little to distinguish international entrants and local competitors
> in terms of regulation required. At the time, the country was coming out of
> a period of relative shortage of university seats while confronting a public
> that demonstrated a lot of demand for higher education so the easiest thing
> for the state to do was to lax regulation or simply not enforce quality
> regulations and allow many new institutions to form and those that already
> existed to expand. Our history as a university only dates less than fifty
> years and we were initially not formally recognized by the state. We
> explicitly told students that during our early years and they still came to get
> their degrees – even as we priced our tuition among the highest in the
> country. But now that credentialing authority and reputation matters a lot
> more.

Correas's presidency, himself a former professor at Universidad de San

Francisco, Quito, Ecuador,, has brought increased scrutiny to the quality of higher

education in a country that until 2004 was still formulating how it would deal with

accrediting universities commensurate with counterparts in developed regions of

the world. In 2012 fourteen institutions have been closed – the largest number of

institutional closures in the history of the state (Neuman, 2012). A member of the

government's auditing board interviewed in this study provides context to these

occurrences, "we are trying to not let anyone color outside the lines in higher

education under this government. We go to great lengths to treat each institution

objectively, and those who fail are held accountable. Having the authority to

official grant degrees matters a lot." In 2009, a comprehensive regulatory process

was commenced to assess the quality of institutions in the country. Four categories

from A – E were established by the state's regulatory body commission, Consejo

Nacional de Evaluación y Acreditación de la Educación Superior del Ecuador

(CONEA). Laureate's portfolio institution Universidad de Las Americas was

subjected to the same regulatory process as other universities in the state and only

emerged in the Class B of institutions, ranked below at least eleven other

institutions, but retained its authority to grant degrees without restrictions.

Appendix I highlights categories A – C and provides a synopsis of the categories'

associated criteria directly extracted from the commission's formal description of

each. By subjecting UDLA to the same regulatory criteria as other institutions, the

state signaled that there would be no favoritism in its assessment of university

viability. However, the regulatory commission member interviewed for this study

pointedly observed, "having the regulatory process largely figured out by a local

institution was clearly valuable to Laureate."

While direct exemptions, tax breaks or collusion do not seem to be part of

Laureate's history with the government ministries in Ecuador, a supporting and

more subtle state strategy is employed beyond the credentialing power granted by

the state obtained through its acquisition model. In the last three years a marketing

campaign has come out with powerful members of society and former government

officials who have become involved with UDLA, including the former equivalent

of the presidential Chief of Staff, in which they appear in billboards with the slogan,

"we are UDLA" A local scholar expert in marketing techniques and professor

within a top business school in the country noted that this campaign was

particularly unique and highlights that LIU recognizes the influence that standing

with popular state figures can have on influencing public perception of its services,

This conveyed not only that UDLA is a good university, but that it is a university that can attract the very power structure of government and local society to participate in its mission. The message was very clear and I think very effective, you should trust your tuition dollars and children to UDLA because you can trust us.

This observation about encouraging trust in the organization's activities through projecting a public image of unity with popular former government officials is reinforced by another scholar who has taught in both the social science and business departments of several local universities, including the oldest private university in Quito and Category A classified Pontifica Universidad Católica de Quito, who posited that these affiliations serve to, "create trust and reduce fear about the institution."

UDLA also utilizes a series of conferences and seminars featuring prominent former members of state to convey a sense of trust and inter-connectedness with the prescient concerns of the country and beyond. As one administrator describes, "to bring a sense of important affiliation to the message of the school." Appendix J features an example of a recent promotional stand for a seminar featuring former heads of state from Colombia, Bolivia, Venezuela, and Ecuador that took place in September 2011, but had not been removed as of July of 2012. A local faculty member described this process of engaging former government officials both formally and informally through seminars as, "a clear opportunity to demonstrate that this is a place where things happen and that people should come here if they want to be part of a network that can help them improve their status."

Engaging government officials who have recently left office is not reserved

to the local context. As in the Mexico case, Laureate's activities at the corporate

level can influence perceptions at the local level. While it is not uncommon for

governmental officials of any state to speak at universities or even to hold faculty

positions after their government careers have conclude, it is far less common for a

former head of state to hold a formal administrative title. This is even more

noteworthy given the corporate for-profit structure of Laureate International

Universities within the historically public-trust enterprise of higher education. As

was introduced in the Mexico case, former President of the United States Bill

Clinton serves as Honorary Chancellor of Laureate and former Prime Minister of

Great Britain Tony Blair are prominently featured in the organization's marketing

materials, including their homepage (see Appendix K). While a definitive

correlation between employing these officials and LIU's enhanced expansion could

not be established in this study, it should be noted that this study found LIU's

association with these figures can influence credibility in Ecuador and reinforce the

global connectedness message that is influential in attracting students to UDLA, as

is discussed in the following section on the dynamics of influencing social

adoption. This finding is shared with the Mexico case. A faculty member of the

highest-ranked private university in Quito described this dynamic as follows,

> Even if they have nothing to do with the operations and faculty and
> students in local environments know they will never meet or interact with
> these officials their association with the organization (UDLA through LIU)
> provides a form of prestige that allows it to not receive the level of
> skepticism they might have without it.

DYNAMICS OF INFLUENCING SOCIAL ADOPTION

LIU employs at least two activities to enhance the social perception of the organization's activities in Ecuador with the objective of increasing enrollments in portfolio institution, UDLA. Both relate to reinforcing a sense of quality in their activities to encourage increased enrollments in the local environment. The first encompasses operational and investment activities within the institution. The second relates to overt image management and marketing techniques to publicize what the organization deems to be messages that will enhance its attractiveness in the local community. As LIU acquired UDLA and its credentialing authority, subsequent strategy focuses on activities to retain and enhance this authority which manifests as increased enrollments. To address the concept of expanding acceptance through increased social adoption, this study looked at three primary questions. First, to what extent is Laureate's local portfolio institution growing faster or slower than the broader industry? Second, how does the organization engage in recruitment? Third, to what extent does re-investment occur at the local level?

Information gathered to explore this phenomenon includes interviews with professional and bureaucratic actors including government officials, higher education faculty and administrators, and members of the professional class, archival materials, and interviews with recent graduates of UDLA. As LIU portfolio institution UDLA is funded through tuition dollars, the viewpoint of recent alumni who have experienced all stages of engagement with the institution from recruitment through graduation provides valuable evidence in understanding the

social adoption influencing activities of the organization. For control and

consistency in data collection, only those individuals who had completed their

degree within three years of this printing were eligible to be included in the study.

These alumni were asked a series of questions ranging from their expectation of

benefits from earning a degree, their recruitment experience with UDLA, their

experience at the university, and their labor force outcomes after graduation. The

results of their responses are presented in a series of four figures; each one

dedicated to one of the four phases in the alumni's association with higher

education and UDLA.

     Table 7 outlines the consolidated results of alumni responses regarding their

expectation of benefits from earning a university degree. Eight of the ten top

responses were functionally related; underscored by the desire to improve career

and life outcome prospects. Two participants highlighted their desire to increase

their knowledge of the world and of a particular subject of individual interest to

them. The other two participants described themes that are related to professional

advancement, but expressed their interest in a university degree in terms of

knowledge attainment. All (10/10) alumni interview participants related that they

expected their career prospects to improve as a result of completing a university

degree, even if two participants did not highlight improved career outcomes as their

primary motive for pursuing a university degree. These findings emphasize a local

perception that one's career prospects are necessarily improved by earning a

university degree. Subsequent paragraphs briefly present findings that provide

further context for this trend as it relates to UDLA's expansion.

Table 7: UDLA Alumni Responses to Questions About Pursuing a Degree

Expectation of Benefits from Earning Degree	Results
Question: **Why did you decide to attend university as it relates to your future career?**	Two reasons were provided for choosing to pursue a university degree: 1. Top response theme (8 subjects): To improve professional career prospects through global network. 2. Second leading response theme (2 subjects): To enhance knowledge about a subject that was of significant interest to the interview subject. It should be noted, however, that one of these subjects also related this pursuit to a more satisfying professional career. **Summary:** 8/10 interview subjects directly correlated the desire to earn a degree with improving their professional career prospects.
Question: **How did you expect a university degree would influence your career outcomes?**	**All 10 subjects** responses consistent with the ability to improve their professional outcomes. **Summary:** When specifically asked to correlate pursuing a university degree and considering the career prospects, `10/10 prospects related that they expected their career prospects to improve as a result of completing a university degree.

Laureate's Portfolio Institution UDLA's Growth Trajectory

Emerging from what economists have termed the 'lost decade' of the 1980's
and into the early 1990's (Carrasco, 1999, p. 119-122) Ecuadorian policy makers
were anxious to seek positive returns to their development and investment
strategies. Among the strategies that emerged was a renewed interest in increasing
access to higher education. This required a dramatic increase in public institutional
capacity (Jacome, 2004). Data from the state higher education commission,
Consejo Nacional de Educación Superior (CONESUP), provides insight into macro
trends in higher education over the last three decades. To illustrate this, the Central
University of Ecuador increased from 11,000 students in 1969-1970 to 34,603
students in 1982 (CONESUP, 1994, p. 16-20). The enrollment in 2010 was 44,513,
representing mild growth in the years following 1982. In 1982 around 134,000
students were admitted to public universities and by 1995 public universities and
polytechnic schools had more than 380,000 students (Rojas, 2003). Yet, during the
same period students enrolled in public institutions grew more modestly to just over
400,000 by 2010 (Ministerio de Educaion, 2010; CONESUP, 2012). This
represents approximately 65% of students, with private institutions growing to 35%
of the total student population by the end of the period. Over the same period a
marked increase in the number of institutions has occurred, nearly doubling over a
twenty-five year period to 71 as of 2011 (Neuman, 2012, p. A12).

A former administrator of the longest tenured private university in Quito,
Universidad Católica, explains these dynamics as follows, "The public universities
grew very quickly and reached their capacity with little idea of what to do next. But

by then people had gotten the taste for wanting degrees and thinking that would have a big impact on their life. So you see private universities emerging and growing to fill that gap, often with the ability to act more decisively than the larger public universities."

Laureate portfolio institution UDLA has at a tremendous rate since being acquired by LIU. "You cannot talk about private higher education in the Quito area without being aware of what Laureate is doing. They are very present in the media and they are growing tremendously. They are a force at this point and the global connection seems to be a very compelling message locally," summarizes a local civic and business leader. He is not alone in his observation. The director of one of the leading graduate school programs in the country confirmed this observation, "they are growing faster than any other school I'm aware of."

Official data presented to this researcher by administration while on location in Ecuador and supported by LIU's own website places the 2011-2012 enrollments of UDLA at over 9,000 students (Laureate International Universities, 2012). This represents a 3x growth multiple from just 2004 when enrollments were at 2,500, collected from the same administrative sources. By comparison, Universidad de San Francisco, Quito is also a private university and with larger campus capacity, yet its enrollment is 5,500 students (Universidad de San Francisco, 2012, "About USFQ"). Moreover, all of the interview subjects with formal posts in higher education or its oversight within government noted that UDLA is among the fastest growing of the private universities in the local environment. These primary

observations of local experts are particularly relevant as aggregated formal higher education data from Ecuador tends to be less accessible than the Mexico case.

This study found that Laureate's growth, though in the same general trajectory as the overall industry in Ecuador over the study period, represents an exceptional case of an organization entering the market and rapidly winning favor with prospective students at a higher rate than its peers. Importantly, interview participants expressed that UDLA social image has improved under the LIU regime, evidenced in interview data from both faculty and administrators with sufficient tenure to note the changes and graduates who speak of a school that seemed to transform year-over-year during their enrollment. One faculty member who works with information technology observed,

> Internally and externally the changes are profound. We have gone from little to no technology in the classrooms to fully audio-visual capabilities. Our computer labs and lounges are much better. And our marketing efforts and global message bring a sense of status to students and faculty, helping to improve enrollments.

Interviews with three young professionals who studied business management as undergraduates and work with international corporations, but who did not attend UDLA, provide balance to findings from those who did attend UDLA – particularly regarding their impressions of UDLA. All three had several close friends who attended UDLA. One of the interviewees summarizes the general consensus from this group,

> If you are at least middle class in Ecuador you are now expected to go to university. People don't really consider not going. The question is where to attend. In general, the public universities have good and bad reputations. They are cheap and that can cause some people to think they are not as good. They have limited availability. I tend to think they can be good, but they can't serve everyone. So the private universities have to fill in the gaps. They have been

popping up all over the place. I would say if you want to study in Ecuador there is a place for you. I don't know if that means there is quality, but you can get a degree. UDLA is known as a place that is pretty good quality for those who want a private education rather than the public system. It has clearly become an attractive place to go to school, more than it ever was before. My friends that went there talk highly of their experience. The only negative thing I've heard is that it is not as rigorous as it could be for serious students who are paying what is a lot of money to most people here.

UDLA experienced a unique level of growth under the LIU regime, even within an industry that is growing overall. This study found that a contributing factor to that growth is a reputational enhancement in the local social mindset spurred by overt recruitment and messaging tactics and internal operational changes intended to improve both the image of the institution and the quality of its outputs. The next section discusses these themes in more detail.

Enrollment Recruitment Efforts

Laureate's student recruitment efforts are important strategies in retaining and expanding upon the explicit authority of UDLA to grant degrees in Ecuador. Alumni who graduated within three years of this study were interviewed for this study to understand the impact of UDLA recruiting under the LIU regime on their decision to matriculate, among other factors. Only one of the ten alumni interviewed considered UDLA to be aggressive in their recruiting practices. Unpacking the frequencies in interview responses further highlights two primary forms of recruitment are employed to supplement any word-of-mouth gains the institutions may experience: high school visits and public media campaigns.

Interviewing alumni who elected to attend UDLA and others young professionals who elected not to matriculate provided valuable balance in

understanding the social perception of recruitment tactics by the institution. Of

note, both those who chose to attend and those who did not convey similar thoughts

on the impact of advertising on positioning the organization's activities within the

community.   Those who chose not to attend did so out of financial consideration,

not for distaste of the institution. Table 8 provides a general overview of alumni

interview response frequencies when asked about their UDLA recruitment

experience.

Table 8: Alumni Responses to Questions about Benefits of UDLA Degree

Recruitment Experience	Results
Question: **What attracted you to study at UDLA?**	Three reasons were provided for choosing to study at UDLA. 1. Top response theme (7 subjects): The international network 2. Second leading response theme (2 subjects): UDLA was among the only schools to offer their desired major. Both desired to major in international business or international relations. 3. One subject (1) responded that receiving a scholarship was the primary determinant to studying at UDLA.
Question: **(Name institution) is** **aggressive in their** **recruitment and enrollment** **activities.** *Strongly Agree_ _* *Agree___* *Neutral___* *Disagree___* *Strongly Disagree___*	9/10 interview subjects selected "Agree" or "Strongly Agree." 1/10 selected "Neutral." <u>**Summary:**</u> All but one recent graduate responded that UDLA is aggressive in their enrollment recruiting practices. The top two means included heaving advertising on local radio, billboards, and television and visiting local high schools to present to the senior class.

Question:	
What other alternatives to Laureate did you have?	**All but one participant** (9/10) expressed that they intended to go to university regardless of whether or not it was at UDLA. The most common alternative mentioned was "La Católica" followed by a number of public university options. All expressed a desire to study in a private university rather than the public alternatives for undergraduate work.
Question:	
What qualifications were required of you to attend? How does this compare to other programs with which you are familiar?	6/10 respondents mentioned only a minimum grade point average. 3/10 mentioned a high school diploma and the demonstrated capacity to pay tuition. 1/10 noted that a psychological test about career alternatives was administered.
Question:	
How did (name institution) global associations through Laureate influence your decision?	9/10 subjects noted that the global network was a primary reason for selecting to study at a Laureate portfolio institution. 1/10 responded that this was not a major factor in his decision. Only 1/10 directly utilized the network.

A young female professional two years removed from graduating from a different university noted that she was affected by UDLA's marketing messages and would have attended if her family had the means to pay the private tuition.

> They have used a slogan, "choose to be more") that reaches the idealistic part of youth. People think they can be more if they go there. They want to be part of a bigger world and when it is talked about so directly they are affected by that. Others schools also do this, but they (UDLA) go to the high schools and do presentations about the value of the school. They usually go to the schools where people can likely pay for their tuition because it's not cheap. The global network message is the most attractive thing they have. The impression is that it will be easier to study in other countries. This is very attractive to youth in Ecuador. They think that they can get better experience and it will help with their careers. Having a degree from outside Ecuador usually means more than one from a local university. So even if they don't leave the country, the impression is that being part of a global network will be more valuable to them.

Visiting UDLA's Quito campus campuses reinforces that young professional's words regarding the nature of the marketing messages employed by UDLA and the frequency with which they are presented to visitors. UDLA's message clearly centers on a globalization theme and being part of a global network of universities. This messaging begins at the admissions office in the front of the school and extends throughout the campus. Appendix L includes a photograph of the windows outside what the university terms its 'Admissions and Marketing' department. The entire face of the exterior windows is adorned with a global map featuring each of LIU's global institutions, which is strikingly similar to a map of LIU locations featured on location at UVM in Mexico. This message appears to be infused throughout the organization. When this researcher asked an admissions recruiter what sets this institution apart from other in the area, she did not hesitate in responding as if she were reading off of a script, "Our global connections."

One with a dependency world view might expect a unidirectional orientation to the advertisement of network programs highlighting developing nation students being able to study in the developed world, but that is not supported in the evidence. Rather, like the Mexico case the messaging employed in Ecuador is multidirectional; advertisements for programs in Mexico and Peru were given similar visibility to programs in Spain, Germany, and the United States. Appendix M features examples of marketing materials prominently featured on location at UDLA advertising international study programs in the United States, Spain, and Brazil. The legitimation enhancement tactic is clear; studying at a Laureate

portfolio institution not only provides one with a degree but it also links him or her to a globalized network through Laureate's various portfolio institutions.

While the large majority, (8 out of 10) of recent graduates interviewed noted the global network of Laureate was a primary reason for them to study at UDLA, However, none of the students interviewed actually engaged the international network either directly through study abroad program or indirectly through career recruitment activities. Administrators reported that approximately 5% ever formally engage the network through study abroad or participation in a program with another university in the network. This finding suggests that among UDLA students the perception of the need to or interest in aligning with a global network is stronger than the actual utilization of that network. This suggests that students may be enamored of the opportunity to affiliate with a globally connected network, despite their capacity to actually activate that network to their own benefit.

Why do UDLA students choose to not connect with other global institutions and their potential resources? According to one U.S. European trained informatics and marketing scholar at a competing university, the implications of higher education cultural traditions have not yet caught up with the rapid growth of these institutions or the new education markets with their growing demand for college degrees.

> I think it is safe to say that UDLA markets as much or more than any other institution. They are becoming more and more recognizable. They speak a lot to their global connections and how they are training people to change the world. Their message is very emotional, and I think it appeals to a lot of people. Ecuador still does not have a culture of being very discerning regarding university choices, and rankings and other methods are not very advanced or frequently used here. People think first 'how much can I afford?' and second 'what is the most emotional message or attractive

place for the price I can afford?' In many ways, the degree can say a lot of different names and that don't seem to be the biggest consideration because there is still not a huge link between where you study and your employment options except in a few small cases. People make up their mind to go to university and then they often choose where based on secondary factors such as friends and marketing influence and connections.

The perception of being globally linked and the actual utility of participation in those linkages appear to be quite disparate concepts among recent student graduates at UDLA. Regardless, Laureate has tapped into a messaging system that reinforces a globalization message that resonates with local society and seems to have enhanced its legitimacy over the last decade. In a symbiotic manner, as globalization further infuses the local social mindset of Ecuador its citizenry appears anxious to align itself with an organization that seems to itself personify this trend – regardless of one's ability to formally employ the network through international travel or significant career advancement. This point is reinforced in UDLA's local marketing campaign that was just released in 2012 featuring the slogan, "The world needs people who love what they do" (see Appendix N for an example poster used at UDLA's campus featuring the slogan). As a faculty member of the university explained, "This kind of thinking is not common in Ecuador and seems exciting. We are not used to thinking about our influence on the world – but more the world's influence on us. It is something people *want* to believe." A higher education professional from a competitive university confirmed this observation by noting, "The attraction of being part of a system that reaches across the world is a powerful message to people, many of whom have spent their entire lives in Ecuador."

Yet, as with the Mexico case though not quite as pronounced, this study found a gap between alumni expectations prior to entering LIU portfolio institution UDLA and their actual experience. Projections of global connectedness and improved life chances are almost universally found across the alumni interview cases when considering their expectations for and interest in studying at UDLA. The realities the same alumni interview participants report after having completed the experience at UDLA are far more mixed.

Table 9 features the response frequencies and common themes from alumni interviews conducted for this study. A little over half of the participants (6 out of 10) expressed agreement that their expectations were met, compared to 40% in the Mexico case. This satisfaction is not without conditions; however, as almost all (8 out of 10) interview participants in Ecuador noted ways they believe the experience can improve. The most common responses included increasing rigor, faculty professional qualifications, and more direct linkages between their academic experiences and the realities of a corresponding job. This finding parallels the Mexico in suggesting a disconnection between what these alumni perceived the institution would offer them and the reality of their experience.

Table 9: Alumni Responses to Questions About Their Experience at UDLA

Formal Enrollment Experience	Results
Question: **How closely did your expectations for (name institution) match your actual experience while at the university?**	While more subjects agreed that the university met their expectations than not (6/10), 8/10 note ways they thought the experience could improve with the most common being increasing rigor and improving the professional qualification of faculty to allow for a more practical learning experience.
Question: **My experience at (name institution) met my academic/professional expectations:** ***Strongly Agree,___ Agree___ Neutral___ Disagree____Strongly Disagree___ .***	Results were mixed. 1/10 interviewees strongly agreed. 5/10 agreed. 2/10 were neutral. 2/10 disagreed. 1/10 strongly disagreed.

Level of Local Investment

Much like the Mexico UVM case, visitors and students of LIU's UDLA are greeted in the main auditorium as one enters the university by a large banner prompting them to engage in a brief satisfaction and institutional improvement survey. The results of that survey represent proprietary information administrators did not want published, but its prominent advertisement points to an interest by the university to understand student input. Respondents are persuaded to enter by random giveaways of iPad's (Appendix O features an image of the large banner hanging in UDLA's main auditorium). The lack of subtlety points to a desire for the survey's undertaking to be noticed, whether for genuine information gathering

or in perception management. Around the corner at the entrance of the admissions

department is a prominently placed miniature replica of the newest campus to be

built in the UDLA system within the Laureate portfolio. Appendix P features an

image of that model.   Both symbols suggest a message of growth and expansion.

Projecting local investment and actually realizing it are two different things, leaving

this researcher interested in further unpacking the level to which local re-investment

is actually occurring. One recent graduate recounts the transformation, noting "we

went from spending much of our time walking to and from classes in dispersed little

buildings to spending all of our time in an environment dedicated exclusively to the

university with large installations and amenities that are far better than before."

As with the Mexico case, discovery for this study included a tour with local

members of the professional class and faculty with knowledge of UDLA's

operations prior to and after being acquired by LIU. Participants were asked to note

differences that have taken place in the eight years since LIU's purchase. Figure 1

highlights the pertinent points of investment improvement under the LIU regime

observed by current administrators and faculty members interviewed for this study.

Figure 1: Observed Investments in UDLA During the LIU Regime

Areas for Potential Investment	Observable Enhancement Under LIU?
Library	Yes
Campus Building	Yes
Student Technology Labs	Yes
Classroom Installations	Yes
Faculty Pay	Yes
Campus Grounds	Yes
Administrative Offices	Yes
Instructional Technology	Yes
Peripheral Services (e.g. Food Services and Campus Restaurants)	Yes

The first thing pointed out to this researcher was the tangible improvements in equipment and access to technology resources. Observable capital improvements were recognized throughout the university from physical facilities to instructional technology, library resources to campus grounds. A faculty member who lived through the transition to LIU affiliation summarized the differences as follows.

> None of this was here before. This copy machine, the organized library, the computer labs are all new in the last few years. This looks a lot different than before. There wasn't computer equipment in the classrooms before. I have taught at several universities and this institution has installations that are now as good as many; before it didn't. Most of what you see in terms of technology was not here just a few years ago. Laureate has put a lot of money into this place.

This study found these investments and UDLA's association with LIU impact not only student perceptions, but also those of faculty and administrators and pertinent members of the business class. None of the six individuals interviewed from the group of faculty, administrators, and business class participants hesitated in correlating UDLA's accelerated growth with its LIU association, with the common explanation being an enhancement in perception leading to accelerated enrollments and the ability to re-invest those funds locally. One long-tenured UDLA faculty member summarized the direct impact of LIU on UDLA's faculty by commenting that, "I think many people want to be part of something bigger. This feels like that. They pay a little bit better per class than the average and you feel like you are part of something that can stand out. This has come with the Laureate connection." The pay-rate information was conveyed to this researcher by faculty members who have taught at two other private universities ranked similarly or higher than UDLA; Universidad Católica and Universidad de San Francisco, Quito.

For equivalent classes, these faculty members related that Universidad Católica pays faculty the equivalent of $8 per credit hour, Universidad de San Francisco, Quito pays $25, and UDLA pays $20.

This level of localization and re-investment was noteworthy to a university dean at another local institution,

> I'm not sure why they (LIU) are not branding everything as Laureate and using the USA connection even more. They seem to want to appeal at the local level even as they are building this global network. As a marketing scholar I think they could get better economies of scale by changing all of their campuses to one brand around the world, but they are smart and have their reasons. At least locally in Ecuador they get to send a local and global message, which keeps the local government happy while getting students excited. Whether or not the global connection actually has any practical application is different.

The effort by Laureate to re-invest in the local enterprise appears to be intentional, and shares striking similarities with the Mexico case. Recognizing that Laureate is a multinational corporation whose ultimate objective is to maximize returns through increased profitable customer acquisition and no evidence was found that their actions are being compensated by the state through tax exemptions or other special treatment, this diffusion of decision-making and local re-investment suggests that the organization has determined its best strategic legitimization enhancement tactic in a globalizing world dynamic is to employ a dual posture; to spend and respond locally to try to project quality and to ensure retention of the explicit authority of its portfolio institution, UDLA, to grant degrees while conveying a global message that distinguishes them from other local institutions to win social favor. In this paradigm the local institution retains the essential credentialing authority that allows LIU's model to succeed, while emphasizing the

LIU global network can serve to drive perceptions of global interconnectedness that the local community has demonstrated to value. Sharply accelerating enrollments signal that these activities as legitimation enhancements are working.

ENVIRONMENTAL PHENOMENA AS A SOURCE OF LEGITIMATION

Organizational institutions theory suggests that an institutions ability to legitimate in in a community is aided if the activities it engages in are congruent with broader environmental phenomena. Given that the core Laureate's activity or 'product' is owning universities that grant degrees, this work explores the extent that activity is part of a larger movement than what Laureate itself could reasonably create as a single organization. To focus the scope of potential influence of environmental phenomena on Laureate's legitimation processes in Ecuador, this study considered whether or not credentialing at large has expanded in the local environment during the study period, and if so, what contributed to the expansion.

To aid in studying credentialing in Ecuador during the study period, data from its higher education governing body, CONESUP, from the World Bank and UNESCO was used. As of the end of 2011, Ecuador was home to 71 universities and nearly triple that number of 'institutions,' which can loosely be compared to technical and vocational schools in North America (CONESUP, 2012). Of these 71 universities, 29 are public and 42 are privately held. Together they represented a student population of 621,000 in 2011 (Neuman, 2012, A12).

The data from 2000 show that fewer than 400,000 students enrolled in higher education institutions, indicating an increase of more than 50% in student

enrollments in just one decade (World Bank, 2012; World Bank, 2009, p. 11-14).

UNESCO's 2009 report on Global Higher Education further shows that teaching

staff in universities in Ecuador grew from 15,271 in 2000 to 22,714 by 2007

(Altbach *et al*., 2009). Within this growth pattern is the dramatic increase of private

higher education institutions, which grew its share of the total student population to

just fewer than 40% by 2009 representing an increase of nearly 10% of the total

student population during the decade (Altbach *et al*., 2009).

Ecuador's trend towards credential expansion and privatization is indicative

of broader global trends. The world has been immersed in a steady increase in

credentialing over this study period that has permeated its four corners evidenced in

UNESCO's 2009 report on the global higher education industry which provides

valuable context to understanding how the Ecuador case mirrors broader global

phenomenon (Altbach *et al*., 2009).

> The growth of private higher education worldwide has been one of the
> most remarkable developments of the past several decades. Today some
> 30% of global higher education enrollment is private. While private higher
> education has existed in many countries - and has traditionally been the
> dominant force in such East Asia countries as Japan, the Republic of
> Korea, and the Philippines - it has formed a small part of higher education
> in most countries. Now, private higher education institutions, many of
> them for-profit or quasi for-profit, represent the fastest-growing sector
> worldwide. The private sector now educates more than half the student
> population in such countries as Mexico, Brazil, and Chile. In general, the
> private sector is "demand absorbing", offering access to students who
> might not be qualified for the public institutions or who cannot be
> accommodated in other universities because of overcrowding. While some
> selective private universities exist, in general the private sector serves a
> mass clientele and is not seen as prestigious. The sector is run mostly on a
> business model with students seen as consumers. Mass higher education
> has fundamentally transformed the higher education system worldwide (p.
> 2-11).

An important point in the UNESCO report is the comment that, "the private sector is demand absorbing, offering access to students who might not be qualified for the public institutions or who cannot be accommodated in other universities because of overcrowding." Implicit in the report data is that demand for credentials has penetrated societies the world over. Following this logic, there will almost certainly be a lag of supply capacity of university seats relative to the pervasive demand for the credentials they represent. In that scenario, the public sector will invariably have trouble keeping up with demand – particularly when applying the traditional campus model to this dynamic equation – which is compatible with this study's findings.

Like the Mexico case, the rise in credential demand in Ecuador parallels a progressive social trajectory that is marked by an increasing number of females obtaining advanced degrees. A local female professional working in the real estate industry provided personal insight into this phenomenon which was supported by interviews with other female participants,

> More and more women seem to be getting their degrees. They don't all work, but they seem to want to get their degree. Maybe it has something to do with getting over some of the local machismo and women see a degree as a way to not have to live in those same traditions.

This observation is reinforced by another female professional who works for a multinational corporation, "If you are at least middle class in Ecuador you are now expected to go to university, men and women. People don't really consider not going. The question is where to attend." A third female professional who works for a large tourism firm in the country was more direct,

As a woman I can say that more women study now than ever. They want to work. People need to have two incomes. And marriage and family life is not as important to them now. Their main focus is to be able to provide for themselves. I would say that more than half of university students in the country are now women. Before you thought about staying home and getting married. Now you think about getting a job and then maybe getting married in your thirties. It is very different than before.

These comments are supported by recent studies conducted by both the World Bank and UNESCO. In 2009, UNESCO found that female participation in higher education in Ecuador had eclipsed 50% of the total number of students enrolled in local universities (Altbach *et al*., 2009). That same year, the World Bank reported that females now account for more than half of the student higher education population in Ecuador (World Bank, 2009).

LIU through portfolio institution UDLA appears to be conscious of this global social trend. While aggregate data from the World Bank and UNESCO and interviews with female participants presented in these findings portray a much larger phenomenon than LIU could reasonably create, this study identified evidence of the organization's conscious use of female subjects in public marketing materials. As with the Mexico case, females are prominently featured in all types of marketing used by the organization from its website to posters and flyers featured on walls around the campus. Appendix Q includes an example of a poster and a marketing brochure prominently featuring female subjects on display as one enters the main UDLA campus.

As environmental conditions increase in support of credentialing expansion for both men and women, one might expect to see marked aggregate employment gains as well. However, similar to the Mexico case, a review of unemployment

data from 2000 and 2010 suggests that a dramatic increase in credentialing in

Ecuador over the period has not been accompanied by a similarly dramatic decline

in unemployment. While it is outside the scope of this study to statistically test this

correlation, the lack of marked unemployment gains in a period of dramatic higher

education enrollment increases is notable and highlights important opportunities for

future investigation. Specifically, unemployment of the Economically Active

Population (EAP) in Ecuador at the peak of a global financial decline marked by the

events of 9/11 in the United States and the dot.com bubble that reached into the

pock-books of regular citizens the world over in 2001 was 9.67% (INEC, 2012).

That mark has held relatively steady through peaks and valleys to tally 9.2% in

2010 (INEC, 2012). This figure does not account for underemployment and the

informal sector of the country.

Interviews with local professional conducted for this study provide context

to this apparent dichotomy. The CEO of an international import/export firm related

the following,

> Really good professional jobs are not easy to find without good
> connections. The degree from most schools doesn't seem to really help
> unless you have these connections. I think the degree is important to show
> you have some preparation, but after that it depends more on connections.
> University degrees are becoming more normal here. Students often need
> something more than just the degree to allow them to get ahead. Especially
> in an economy and country that has not had a lot of dynamic growth in the
> last few years. It feels like what we've done is kind of increased
> competition for the same number and kinds of jobs.

This CEO's observations find confirmation in the experiences of this study's

UDLA alumni interview participants. Response frequencies from the recent

graduate sample highlights that graduates and their peers from UDLA are employed

at approximately a 70% rate within 6 months of graduation almost equally represented across the 4 males and 3 females interviewed in this study. This employment outcome occurred despite UDLA's status as a private institution whose tuition fees exceed what the majority of Ecuadorian families can pay. Of the 10 graduates at UDLA, only half of them admitted that their employment outcomes after graduation matched their expectation prior to entering university. Distinguishing who is likely to most fully benefiting most from a UDLA degree, one alumnus summarized,

> If you have connections they are very good. As long as you go to a decent school I don't think where matters as much as have good connections. Most of my friends were employed by that time if they had those connections. If they don't, they usually find jobs that are less than what they studied to be.

Table 10 contains a consolidated reporting of response frequencies regarding employment outcomes from alumni interviewed for this study. This study suggests that among the alumni interviewed a disconnect exists between the expectations of the labor market influence of the university degree and its actual impact upon completing ones studies. These data are commensurate with overall trends for the state, which underscore a local environmental phenomenon in which credentialing is accelerating in an environment in which unemployment is not significantly declining, reinforcing the insulated nature of credential granting activities.

Table 10: Employment Outcomes from UDLA Alumni Interviewed

Labor Outcome Experience Question	Participant Responses
Question: **Were you employed full-time within six months of graduation?**	7/10 subjects were employed full-time with 6 months of graduation.
Question: **What percentage of your peers full-time in professional jobs within six month of graduation?**	The most common response was 80% with a range in responses from 60% to 90%.
Question: **If employed, please describe the organization you work for and type of job you obtained?**	Of those who were full-time employed with 6 months of graduation, the most common track was a business field (all but 1); with banks and family businesses being the most common response.
Question: **How closely does the job you obtained fit what you thought you would get when you started the university program?**	While 7/10 subjects were employed full-time within six months of graduation, only 5/10 expressed that their job outcomes have matched their expectations prior to entering university.

Congruent with the Mexico case, the analysis of UDLA suggests that local and global environmental phenomena are contributing to LIU's 21st century acceptance in Ecuador as well. As much a symbol of progressive as a technical tool to unemployment gains, the local society appears anxious to obtain the '*carton*' (local slang for 'degree') for myriad reasons including perceived empowerment, status, and unemployment gains despite mixed data as to its true benefit to

recipients. Related to legitimation, this study found the activities of LIU as the

owner of a degree granting institution to be compatible with this emerging global

norm of credentialing, which has firmly embedded itself in Ecuador. As

environmental conditions emphasize the credential as a staple part of a progressive

life and the local supply of alternatives is not highly mature, a contributory recipe

for accelerated legitimation by a well-organized enterprise such as LIU takes form.

This finding is reflected in the words of a local scholar of business strategy

interview participant who observed,

> We seem to have reached a bit of a tipping point in which obtaining a
> university degree doesn't help you as much as not obtaining one can hurt
> you. This can create an incentive to get a degree regardless of the quality
> of the experience.

Chapter 5:

Analysis and Interpretation

Comparing the findings in the exploration of LIU's acceptance in Mexico and Ecuador highlights striking similarities across the two cases despite the relatively disparate political-ideology trajectories within those two nations over the period of study between 2000 - 2011. Whereas Mexico has progressively turned to free markets over those years for answers to its development concerns under the Partido Acción Nacional (PAN) leadership, Ecuador has increasingly turned its development planning inward – underscored by the election of the decidedly leftist President Rafael Correa in 2007. Nonetheless, LIU has achieved successful entrance and accelerated expansion of its activities in both countries during these years employing notably similar techniques in each case.

This study's findings posit a combination of legitimacy-conducive environmental phenomena and legitimacy-inducing organizational activities to help explain LIU's acceptance in Mexico and Ecuador. This researcher expected to see a combination of influential factors contributing to LIU's ability to enter and expand upon its acceptance in the cases. Specifically, it was expected that winning state regulatory acceptance would be vital in LIU's ability to conduct its activities in these countries. It was also expected that global norms of credentialing would contribute to LIU's ability to gain acceptance in the cases, though it was anticipated that notable differences in how that norm is adopted in the two different local environments would manifest. Finally, it was anticipated that LIU would engage in

specific activities aimed at accelerating the community acceptance of its activities manifest in increased patronage of its portfolio universities, though understanding what form these activities take and their influence within Laureate's overall legitimation narrative in these cases required inductive exploration through field level examination and could not have been known to this researcher prior to conducting this research. In general, this study found these factors to be highly adequate in explaining the LIU acceptance narrative though, as is discussed in subsequent paragraphs, the manner in which these factors manifest and their resiliency across the cases proved somewhat unexpected.

For ease of discussing the interpretation of this study's findings, Table 11 summarizes this study's prescient comparative findings within these factors and across the two cases. The factors are presented under the headings 'state authority interfacing' (political legitimacy), 'social adoption acceleration activities' (market legitimacy), and 'international environmental phenomenon conducive to the organization's expansion' to clearly articulate their lines of delineation. The prevailing composition of findings are separated by country and presented as a side by side comparison to facilitate their comparative interpretation. As this study's focus deals with exploring LIU's path to legitimacy in Mexico and Ecuador, the influential factors in that narrative are presented as either being present or not except where specific interview frequency data are available.

Table 11: Factors that Influence Legitimacy, Mexico & Ecuador Cases

Legitimation Factors	Mexico	Ecuador
State Authority Interfacing (Political Legitimacy)	Acquisition of existing institution model employed: **Yes** State granted license required: **Yes** Findings congruent with overt favored treatment facilitating acquisition: **No** Overt local official affiliation strategy*:* **No** Overt global official affiliation strategy: **Yes**	Acquisition of existing institution model employed: **Yes** State granted license required: **Yes** Findings congruent with overt favored treatment facilitating acquisition: **No** Overt local official affiliation strategy: **Yes** Overt global official affiliation strategy: **Yes**
Social Adoption Acceleration Activities (Market Legitimacy)	Exceptional growth relative to peers: **Yes** Ratio of graduate sample that state recruiting techniques are aggressive: **1/10 Disagree; 9/10 Neutral or Agree** Ratio of alumni sample and their immediate peers full-time employed in 6 months: **3/10; indicative of legitimation factor influence beyond mere market dynamics** Evidence of re-investment in the local enterprise beyond further acquisitions: **Yes**	Exceptional growth relative to peers: **Yes** Ratio of graduate sample that state recruiting techniques are aggressive: **9/10 Agree** Ratio of alumni sample and their immediate peers full-time employed in 6 months: **7/10; ; indicative of legitimation factor influence beyond mere market dynamics** Evidence of re-investment in the local enterprise beyond further acquisitions: **Yes**
International Environmental Phenomena Conducive to Organization's Expansion	Ratio of alumni sample expecting degree to improve 'life chances:' **10/10; indicative of global credentialing infusing local communities** Ratio of students influenced by global connectivity messaging in decision to matriculate: **6/10; indicative of local community desire for global connectivity** Findings congruent with global social norm mapping in expansion of female students: **Yes** Findings congruent with parallel between global credentialing phenomenon and local norms: **Yes** Greater university demand than supply: **Yes**	Ratio of alumni sample expecting degree to improve 'life chances:' **10/10; indicative of global credentialing infusing local communities** Ratio of students influenced by global connectivity messaging in decision to matriculate: **9/10; indicative of local community desire for global connectivity** Findings congruent with global social norm mapping in expansion of female students: **Yes** Findings congruent with parallel between global credentialing phenomenon and local norms: **Yes** Greater university demand than supply: **Yes**

As expected, the state plays an important role in LIU's acceptance in the local communities of Mexico and Ecuador, though less in terms of complicit behavior, special treatment, or organizational patronage and more in terms of forming regulatory environments that determine which institutions are authorized to grant university degrees. In both cases, LIU's acquisition of local universities already endowed with the regulatory authority to grant degrees proved essential to its acceptance strategy and allowed it to forego the process it would have otherwise had to undertake if it had started a new university and seemed to negate some of the differences in approach to state governance across the cases. This study suggests that in both cases LIU intentionally sought out private university acquisition targets that had already secured this explicit authority from the state and which adhered to operating norms similar to its peer institutions, reinforcing the isomorphic undertones to organizational success originally posited by DiMaggio and Powell (1983) and subsequently reinforced within the higher education industry by Levy (2006). Because these universities, UVM in Mexico and UDLA in Ecuador, were privately formed and owned by local entrepreneurs LIU could acquire them in relatively smooth transactions similar to the way a multinational corporation would acquire and make a subsidiary of another business. Purchasing local institutions with the authority to grant university degrees in their respective nations has provided LIU the ability to legitimately benefit from the higher education industry in both cases without having to grant degrees itself or form new institutions.

The issue of corruption is always a underlying concern when foreign institutions are involved in purchasing local institutions such as UVM and UDLA.

Bribery and payoffs (called "*mordidas*" or "the bite" in many Latin America

nations) can be involved in such economic transactions. Although the use of former

government officials in advertising materials were employed by LIU to enhance the

image of portfolio institutions after they had been acquired (see Appendices J and

K) no evidence emerged in either case to suggest that questionable business

transactions were involved in LIU purchases of the universities in Mexico and

Ecuador. Specifically, working with the state within its parameters governing

credentialing is important and regulatory license provides an advantageous avenue

through which the organization seeks to project quality and to reduce environmental

skepticism, but overtly illicit or underhanded behavior does not appear necessary to

legitimate across international boundaries in the cases explored.

This study suggests the state's role in deciding which organizations are

authorized to grant degrees prompted LIU to apply an acquisition strategy of

existing privately-held institutions in each country that had already navigated the

regulatory process. In this manner LIU tries to appear localized and global;

benefiting from explicit regulatory credentialing through acquired local institutions

while promoting perceived global connectivity through its international network of

institutions. Thus, LIU's acceptance strategy commenced in both countries with an

acquisition of a local university already authorized by the state to grant degrees, and

subsequent activities have focused on retaining and enhancing that explicit

authority while expanding enrollments in the universities acquired.

Noteworthy, neither state had laws precluding LIU's acquisition of an

interest in the respective local institutions through private transactions at the time of

their purchases; though since LIU's entrance in 2003 Ecuador has moved to more formally regulate strategic import substation sectors, but education is not included among these industries (Lex Mundi, 2009; U.S. Department of State, 2004; U.S. Department of State, 2012). More specifically regarding Mexico, that state enacted the Foreign Investment Law (FIL) in 1993, which significantly changed the foreign investment regulatory framework in place since 1973 by allowing foreign investors and Mexican companies controlled by foreign investors, without prior approval, to own up to 100% of the equity of Mexican entities, purchase fixed assets from Mexican individuals or entities and expand upon those assets (Baker & McKenzie/Cornell University ILR School, 2004, p. 4 – 7). This change is reinforced in practice by a two-hundred and ninety two page comprehensive analysis of the business regulatory environment by Pricewaterhouse Coopers (PWC), one of the world's largest tax and legal services corporations which notes, "many foreign investors in Mexico preferred to purchase an interest in an established local concern rather than to form a new company that might enter the market at a competitive disadvantage" (PWC, 2011, p. 44 – 46).

Nuanced distinctions between the cases did manifest in this study in terms of state engagement as a strategy of retaining credentialing authority after the acquisition was achieved and in enhancing the image of the local institution and the LIU brand. Specifically, the Ecuador case demonstrates a three-fold approach to engaging the state as a source of legitimacy. First, LIU employed an acquisition model to enter the country. The institution that LIU acquired enjoyed the validation of the equivalent of state-level accreditation prior to its acquisition by LIU. The

data, evidenced in annual report statements by LIU when it was publicly traded and

interviews with administrators and faculty of its local portfolio institutions support

the strategy that LIU intentionally seeks institutions that enjoy this measure of local

regulatory validation prior to considering them for acquisition, among other

considerations, and the Ecuador case further underscores this strategy.

Second, the organization features both local former state officials and a

prominent former president of the United States in advertising campaigns to

engender social trust in the enterprise. The latest advertising campaign involved the

former chief-of-staff to the executive branch of the state and other prominent

former politicians and business leaders standing together next to the words, "We are

UDLA." Interview data support that these affiliations have an effect on society's

view of the organization, enhancing its legitimacy and enabling it to carry out its

activities under reduced levels of scrutiny relative to its peers.

Third, the organization mirrors local state official affiliation effects with

global political affiliation effects. Prominently featured in advertising materials

from the organization's website are images and statements from the former

President of the United States of America, Bill Clinton, such as the statement below

featured on LIU's homepage,

> I have had the opportunity to visit several Laureate International
> Universities and to speak to students, faculty, and the communities that
> they serve," said President Clinton. "These private universities exemplify
> the same principles of innovation and social responsibility in education that
> we worked to advance during my Presidency and now through my
> Foundation, and I am pleased to support their mission to expand access to
> higher education, particularly in the developing world (Laureate
> International Universities, 2010, para. 2).

Interview subjects in Ecuador reported in this study that this level of global political affiliation, coupled with regulatory validation and local political affiliation, proved influential in their view of the organization and its ability to navigate the local environment. The effect of this subtle use of ex-government officials in its messaging was succinctly described by a renowned local scholar and college dean as creating " trust" and reducing "fear" about the institution. This mirrors the summary assessment of a long-tenured LIU portfolio institution UDLA administrator who notes that such efforts "bring a sense of important affiliation to the message of the school."

The Mexico case shares the global political affiliation and regulatory authority acquisition model with the Ecuador case, but exhibited less propensity to use of local political actors to influence community acceptance. This distinction may be explained in the degree to which government is actively engaged in the functions of markets in the cases. Whereas in Mexico the role of government in development during the first decade of the 21st century was relatively understated, seeking to emphasize the role of markets in economic development, Ecuador is trending towards the state taking a more prominent role in matters of economic development.

Notwithstanding the organization's more subtle use of local political actors as a strategy to enhance its image, the Mexico case demonstrates the extent to which the acquisition model of existing institutions who have secured regulatory accreditation or validation is a critical component of the organization's legitimation and expansion strategy. Through its first acquisition institution, Universidad del

Valle de Mexico, LIU has continued to acquire private higher education systems in Mexico demonstrating the evolution of the model to employ local universities with explicit authority to increase LIU's market share of the higher education industry. This study's findings underscore that UNIDEP was acquired by UVM in 2007. In 2008, UVM acquired UNITEC bringing the total of UVM's campuses to 75. Each system is a direct portfolio holding of LIU. Thus, the Mexico case provides further window into the potential of the LIU framework for ongoing expansion: acquire an accredited institution within a developing market and, where possible, utilize the regulatory standing of that institution to acquire additional institutional systems.

Both the Mexico and Ecuador cases reinforce the strategic nature of acquiring local institutions with the explicit authority to grant degrees in LIU's ability to win acceptance in the local environment and reduce scrutiny of its activities. This study's findings also underscore that government regulation regarding the credential function in Mexico and Ecuador makes some level of exchange with the state important to achieving legitimacy. To the extent the regulatory environment is chiefly navigated prior to LIU's entering of the case localities through an acquisition model, acceptance is expedited – a consideration of which LIU appears fully aware and has employed to its advantage. Particularly evident in the Mexico case, the ability to gain regulatory favor through the acquisition of one institution can lead to an expedited acceptance consolidation effect in which the first institution acquired, and its regulatory standing and goodwill, are employed to acquire additional institutional systems.

LIU's acceptance in the cases studied is not alone a function of isolated local considerations. This study suggests that existing demand for university credentials was an important factor in LIU's ability to gain acceptance beyond the technical strategy of acquiring existing universities. This study's findings note that the organization's expansion in both Ecuador and Mexico is aided by broader global environmental phenomena associated with credentialing, which emphasize a convergence of social norms across international boundaries, specifically the attainment of the university degree. At the local level, the pursuit of higher education credentials as an expression of progress in the abstract and a mechanism for desired development in the strategic view has become embedded in the social mindset of both the Mexico and Ecuador cases. Noteworthy, the this shared mindset across the cases exists despite their disparate development paths between 2000-2011, which is suggestive of the resilient manner in which education attainment is viewed as development-aiding across two distinct development approaches.

All 20 alumni interviewed from LIU's portfolio institutions for this study indicated that they expected a university degree to improve their 'life chances. However, the employment reality experienced by graduates of the LIU portfolio institutions in both cases differed from the expectations of students prior to matriculation. Graduates fared better in the Ecuador where 7 out of the 10 interviewees found full-time employment within 6 months than those in Mexico in which only 3 out of 10 found full-time employment. In both cases the full-time employment rate was less than the state's overall employment rate. This finding is

particularly interesting when considering that the when asked to report the experiences of their peers the data in Mexico increases slightly to approximately 50% and the data in Ecuador remains largely unchanged, underscoring the persistent challenge of translating the university credential into full-time employment. Yet, this study provides no evidence to suggest that the demand for credentials in these communities is declining.

Further underscoring the influence of credentialing as a social norm in the cases is the consideration of comparative aggregate data of total degrees granted in the state and employment returns, recognizing that other variables must be considered in follow-up work to more fully articulate the relationships among the variables. In the first decade of the 21st century, this study found that institutions in Mexico granted more degrees each successive year. The total over the study period also exceeds the total amount of any other decade in the modern era in both percentages of eligible and aggregate terms. Yet, unemployment as a percentage of the population over the same period nearly doubled from 2000 – 2011. The trends are similar over the same period in Ecuador, though unemployment has remained more stagnant than decreasing despite considerable increases in higher education matriculates. While it is possible that simply more time is needed for the effects of the increased university credentialing to yield positive results, which will require additional longitudinal study, this study's initial findings suggest a looser than anticipated connection between university degree attainment and employment gains both at the individual level and in the aggregate despite both states experiencing economic expansions and contractions between the years 2000 – 2011, helping to

control for extraneous factors such as the present global economic recession. Credentialing in the cases seemed to transcend such macro-economic indicators, increasing in better and worse times. This study alone is insufficient to explain the disparate nature of perceived utility and actual employment returns in the cases, but it is noteworthy that they do mirror global phenomena which emphasize credentialing – even in light of inconclusive evidence as to its real benefit as a means to social mobility, void of other network utility and social capital factors. In this regard, both the Mexico and Ecuador cases underscore the influence of global norms in local norm formulation. These findings also suggest that the credentialing phenomenon from which LIU has benefited in the cases is larger than LIU could have reasonably created alone.

Further evidence of global influence on local norms is highlighted in gender enrollment trends and the permeation of information technology globally. Female matriculates over the study period exceed any previous decade in the modern era in both cases. By 2011, females exceeded male higher education matriculates in the aggregate in both Mexico and Ecuador as well as in LIU's portfolio institutions in the same states. These data parallel aggregate data for tertiary education globally (Altbach *et al*., 2009). These trends are reflected not only in the enrollment data for LIU's portfolio institutions in Mexico and Ecuador, but are also consistently reinforced in the use of young female images in media presentations and print materials, reinforcing the organization's strategy across the cases of patterning global phenomena to enhance acceptance of its activities. In this regard LIU's

activities are simultaneously reflective of and reinforcing to a broader global phenomenon.

These global phenomenological factors permeate the local environments in both cases to provide environmental support conducive to LIU's activities, and provide a fundamental pillar in projecting value onto the university credential that LIU's portfolio institution grant. When coupled with capacity constraints relative to demand for higher education credentials in both the Mexico and Ecuador cases leading into the turn of the 21st century, a pattern of strong demand and real supply-side capacity shortfalls emerges, which was particularly evident in the Mexico case. This study suggests the demand is resilient; it is normatively characterized by this study's interview participants across both cases as both hopeful and fearful. It is hopeful in that study participants expressed marked desire and expectation that good would come of the obtaining a university credential, while fearful that not doing so would necessarily reduce one's 'life chances.'

Thus, LIU appears to be benefiting from the embedding of the global norm of credentialing in the local cases where institutional voids have proved incapable of supporting the growing demand. This globally convergent phenomenon also helps to explain why LIU has been able to employ such similar strategies in both Mexico and Ecuador. Thus, while LIU did not create the global norm of credentialing, they have proved adept at riding its momentum and engaging critical legitimating processes along the way to support its activities. When combined with other factors, including aggressive recruiting techniques and state licensing systems which effectively constrain supply of 'authorized' organizations to engage in

credentialing activities, a largely insulated profit-generation proposition is manifest. In this sense, the LIU narrative in both Mexico and Ecuador is a dual tale of demand consumption and demand reinforcement. In a dynamic reminiscent of DiMaggio and Powell's (1983) 'mimetic isomorphism,' this study suggests the more people pursue degrees the more legitimate their pursuit becomes. And by extension, the smoother is the path to legitimacy for the institutions authorized to grant those degrees and the organizations who own those institutions.

Regulatory licensing that does not distinguish across operating forms of institutions and supply-side capacity voids, among other factors, permit this for-profit multinational corporation to mimic the posture of state institutions and other universities through its portfolio institutions where beneficial, also in the spirit of DiMaggio and Powell, while diverging from them in functional operating practices when expedient to accelerating enrollments such as in aggressive recruiting techniques and employing an institutional-acquisition model to increase market share. Moreover, considering the totality of these factors helps to explain why the LIU narrative between Mexico and Ecuador are so similar despite varying political ideologies and development orientating trajectories over the study period.

The cases of both Mexico and Ecuador suggest that the convergence of global norms has infused these two local societies with an embedded desire for global connectedness while outlining to LIU how to pattern its activities to reinforce and benefit from this social norm.   And there is little evidence to suggest the organization will not be able to employ this legitimation pattern for continued expansion, while alerting other multinational corporations to the playbook for doing

the same. To the extent LIU is able to serve this duality by garnering state support within the capacity-constrained industries without having to denounce a multinational corporation's penchant for seeking efficiency and maximizing profit, an interesting proposition forms. This combination of demand-creating environmental phenomena, coupled with state support and aggressive marketing help to explain not only how the organization has expanded in Mexico and Ecuador in the 21st century but also why prominent global owners of capital were encouraged to invest in the enterprise.

Beyond the political factors in LIU's efforts to legitimate in Mexico and Ecuador and the environmental phenomena conducive to its activities, the organization undertakes specific activities to accelerate demand for its service and influence its rate of social adoption relative to other local institutions. This is evidenced by LIU's portfolio institutions in the Mexico and Ecuador cases experiencing exceptional growth even within overall upward trends in demand for credentials in both countries. Chief among these activities is a concerted recruitment technique employed by the organization which emphasizes its global reach and international network of portfolio institutions; a strategy that resonated in both cases.

Specifically, in both the Mexico and Ecuador cases the majority of graduates interviewed reported that the global messaging of LIU was a primary factor in electing to study at one of its portfolio institutions. Worth noting is that the majority of graduates expressed that the organization's recruitment efforts are 'aggressive,' and yet they also overwhelmingly express a sense of initial

satisfaction with the perceived access to a global network. Strong evidence

manifests that the organization actively reinforces the perception of global

connectivity through various forms of media which prominently feature maps of its

portfolio campuses across the world and images of the globe prominently featured

in print materials, recruitment circulars, and as talking points by administrators.

More, the organization's projection of a global theme outweighs discussion or

media support for local considerations in both the Mexico and Ecuador cases other

than continuing to employ the name of the local institution that was acquired. Thus,

the data suggest they are consciously perpetuating the global connectedness mindset

that parallels globalization phenomena, while simultaneously reducing LIU's

liability of foreignness by owning local institutions and retaining use of their local

brands to be used in conjunction with the LIU mark.

Notwithstanding graduates' expressions that the perceived global

connectivity is highly influential in their decisions to study at one of the

organization's institutions, less than 10% of the total alumni interviewed across the

cases or their immediate peer group reported that they engaged in an international

experience or activated the network in a meaningful way. This finding underscores

the powerful nature of the message of global connectivity, a finding that spans both

cases, despite the lack of evidence to real utility in the network. The perception of

global connectivity alone appears to be a sufficiently formidable message to

increase matriculation, even if that expectation outstrips reality for the majority of

students. In Mexico (though not in Ecuador), this message is accompanied by a

private funding mechanism to facilitate studying. The difference is perhaps explained in the maturity and scale of LIU in Mexico relative to Ecuador.

LIU also seeks to accelerate the social adoption of its activities through real capital investments. In both the cases, faculty and administrators note that the level of local re-investment in their respective institutions has increased after being acquired by LIU when compared with the previous regime enhancing the sense of status among those associated with the institution. These investments range from simple capital expenditures such as classroom technologies and student computer laboratories to large-scale capital expenditure including new facilities and faculty and staff compensation.

Local institutions within the cases enjoy wide autonomy for guiding their operations as long as operating budgets remain profitable and enrollments meet specified targets. This includes staffing considerations at both the faculty and administrative levels. The decentralizing of decision-making and local re-investment and innovation techniques are not coincidental. The data indicate the organization considers the combination of global-connectivity messaging and demonstrated and visible local re-investment of some of the profits as a purposeful strategy to engender goodwill in the local environment while touching on the global aspirations of the local society. Enrollment returns over the study period demonstrate that these activities have contributed to the legitimation processes of LIU in both Mexico and Ecuador.

Combined, the legitimating factors of state regulatory support achieved through local private university acquisition, acutely conducive environmental phenomena, and

accelerating social adoption tactics and image management techniques to enhance the

explicit authority of its portfolio institutions to grant degrees converge to form

compelling narrative that helps to explain LIU's 21st century successful legitimation in

Mexico and Ecuador. Like a three-legged stool, the data suggest these legitimation

factors interpenetrate provide both facilitating legitimacy to LIU's activities and balance

to one another in the legitimation equation. As evidenced in both the Mexico and

Ecuador cases, the concerted alignment of these factors is suggestive of a narrative in

which legitimacy is acquired and then enhanced. Figure 2 conveys the convergent

alignment of these legitimation factors in LIU's experience that are shared across the

Mexico and Ecuador cases. Combined, this study suggests these factors form a powerful

strategic framework that has allowed LIU to acheive and expand upon its legitimacy

across international borders in at least two cases.

Figure 2: LIU's Intersecting Legitimation Factors, Mexico and Ecuador Cases
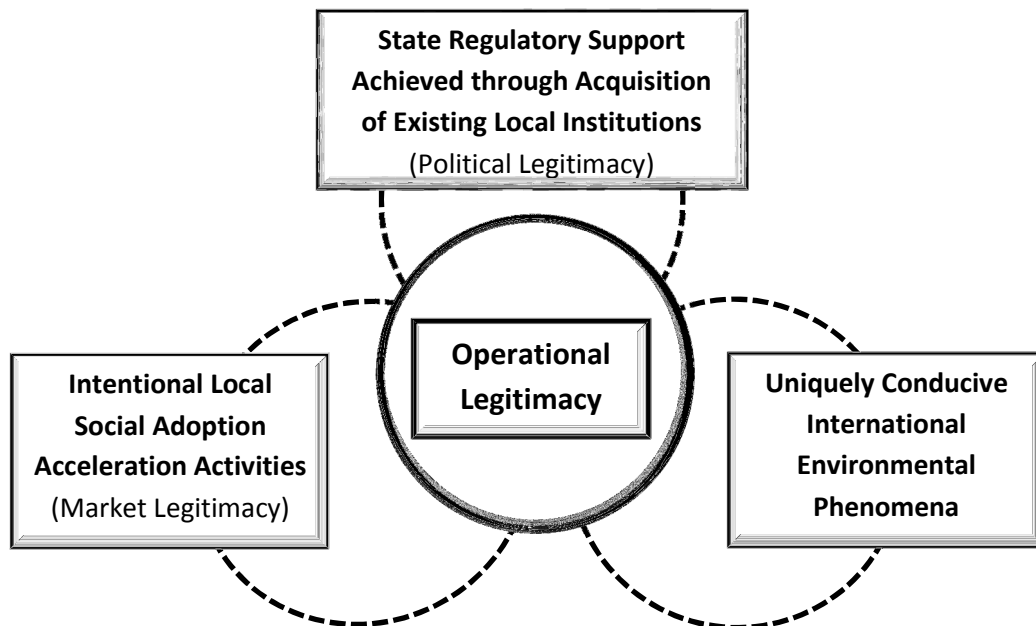
Exploring the LIU expansion and legitimation experience in these cases emphasizes several key findings. The evidence suggests that LIU has focused to expand largely in these states and the region where they reside because among other considerations there is less of a tradition of institutional quality with which to compete, they have a young demographic endowed with a university credential attainment mentality, there is a lack of capacity relative to that demand, local society expresses a desire for increased global-connectedness and participation, and the organization can earn desirable profits as while undertaking operations in the cases considered. The way in which the organization has aligned its activities to alternately align with and promote these associated factors tells of its legitimation narrative in the respective cases.

Chameleon-like in behavior, the evidence weaves an organizational narrative in which select traditional industry norms and regulatory practices are embraced and mimicked to engender trust in the organization, without it having to denounce its ultimate design of generating profits. Combined with evident institutional voids in the local communities, it is not surprising that an enterprising multinational corporation would move to fill those voids in the local communities. Going forward and with history as our guide, there is little evidence to suggest that LIU will not continue to pursue the patterns it has established and that their expansion successes will not incent other sources of global capital to engage in similar activities.

The data suggest that explaining LIU's 21st century expansion in Mexico and Ecuador embodies also considering the transcendent nature of the formal education industry, and the associated credential, itself. This study uncovered limited to no support that expanding credentialing necessarily leads to improved life chances in the micro view

and further development in state view. Nonetheless, this work did uncover data suggesting that credentialing as a growing global norm that is formidable. In this sense, it is plausible to consider the credential to be a transcendent product, offering an embedded legitimizing cover to 'authorized' institutions that few organizations in other industries enjoy. This is especially true in states where there historically have not been deeply integrated systems of rankings and quality measurements, outlined in the Mexico and Ecuador cases. When combined with aggressive processes for reinforcing this demand, a clear profit proposition and associated legitimation path manifests.

In sum, the data are supportive of previous legitimation factor literature, pointing to the combination of three general legitimation factors to help explain LIU dramatic 21st century expansion in Mexico and Ecuador: state regulatory support achieved through the acquisition of local universities already endowed with that explicit authority, intentional local social adoption acceleration activities, and uniquely conducive environmental phenomena. The evidence also suggests that LIU is an organizational embodiment of broader social phenomena and is adept at harnessing the global credentialing phenomenon through overt messaging activities that reify social aspiration of global connectivity in the cases explored. As outlined in the data, the local societies in Mexico and Ecuador are predisposed to perceiving higher education as a critical component of improving one's 'life chances.'   With that pre-disposition comes tremendous social responsibility to any organization entrusted with the authority to grant a credential. The data suggest that LIU has achieved large legitimizing autonomy in the study cases to employ that responsibility with limited institutional skepticism.

Limitations of these Findings

This exploratory research is not without limitations. While great care was given by this researcher to systematically assess the acceptance factors of LIU across the cases, by its very exploratory work, it invariably uncovered new questions as it pursued answers to its primary research question.

The legitimation narrative proved beneficial in helping to explain LIU's 21st century expansion. This level of framework focus, even in an exploratory endeavor, coupled with the mixed employment of aggregate data and field interviews with pertinent stakeholders provided grounding to this study and informed the lens through which LIU's 21st century expansion experience in Mexico and Ecuador is conveyed. While true to its scope and intended contribution, it is anticipated that this study will provide a foundation from which future research can build.

The exploratory nature of the LIU phenomenon and lack of existing data necessitated a field level analysis in a limited number of cases. Thus, the number of cases in this study was intentionally limited in the comparative view to LIU's experience and activities in Mexico and Ecuador. Without additional cases, however, the ability for these findings to be generalized to the whole of Latin America and, even globally, is limited. Moreover, where possible given the proprietary nature of this private for-profit entity additional research value can be found in researchers seeking to apply statistical techniques to test the initial exploratory findings regarding student experiences and outcomes across a broader data set within the Mexico and Ecuador cases.

Going forward, this researcher expects additional work to be conducted that builds upon this study in at least two additional ways. First, to the extent the legitimation

pattern findings in this study are compared to additional cases within LIU's global

expansion a more robust view of the legitimation processes within the multinational

corporation global higher education expansion can be generalized. This study represents

a snapshot across a relatively short period of time and within an intentionally restricted

number of cases. With time, a longer longitudinal view can demonstrate not only the

initial legitimation techniques of an organization, but also how the relevance of those

processes might change over time.

Second, it is anticipated that LIU's ability to rapidly expand on a global level will

alert increasing multinational corporations and large owners of capital to the profit

opportunity. As this materializes, it will be essential that researchers objectively consider

the impacts of their participation in higher education across international boundaries, free

of normative charges, from which intelligent policy can be formulated. This is

particularly the case in developing nations which appear to be staking much on potential

utility gains linked to the higher education industry. Such work will include not only

additional cases within the LIU experience but also other MNC's.

The constraints in one study can point to opportunities in subsequent work. This

work is no different. This author hopes that subsequent work will be done to further

articulate this phenomenon's impact beyond a single study. By building on this

exploratory work through additional multi-year analysis, pertinent questions and their

potential responses may come to light; among them a deeper understanding of context in

considering an organization's ability to legitimate in the higher education industry in

developing nations. For example, in further unpacking of the phenomenon outlined in

this study one might consider under what conditions the multinational corporation's ability to legitimate is constrained by employing a cross-regional comparative analysis.

A few fruitful questions for future analysis include: How will the student expectations to outcome 'fit' change if capacity constraints in higher education decline? What impact does this have on the multinational corporation and its portfolio institution's ability to gain and sustain legitimacy going forward? In developing nations, how does an increase in private higher education institutions associated with multinational capital influence perceptions of state-run institutions?   What impact will recent disruptive technologies and innovations intended to reduce time, space, and cost in the delivery of educational content, such as massively open online courses (MOOC's) have on LIU's legitimation patterns and those of organizations who seek to follow LIU's lead?   And, what implication do these finding have for relevant theory?

Additionally, this study highlights fruitful sub-narratives within LIU's macro community acceptance theme that could provide valuable avenues for subsequent research projects. Among these is more fully understanding the dynamics in the apparent disconnect this study uncovered between the influence of perceived utility in global connectivity on community members' patronage decisions and the ability (or inability) of those same community members to activate global networks in meaningful ways. More specifically, what can explain this disconnect? Furthermore, as time progresses and additional economic cycles are experienced in the states studied the relationship between credentialing and unemployment can be further analyzed. A related study could also explore how the utility in global connectivity is influenced by a strategy of primarily employing traditional campuses versus simultaneously connected virtual university

experiences? Pursuing these research questions may not only contribute to our understanding of the influence of global credentialing on organizational strategies in the higher education industry, but also speak to fundamental questions of perceived versus actual utility of globally converging social norms in given communities around the world, and who ultimately benefits from this convergence.

Chapter 6:

Conclusion and Opportunities for Further Research

Obtaining a university degree in the 21st century in Mexico and Ecuador has risen to heights in the social mindset previously unparalleled in the modern era; more degrees were granted between 2000 – 2011, in Mexico and Ecuador than has been recorded in any previous decade. Within this trend resides the phenomenon of a multinational corporation acquiring local, private universities in these (and other) states. LIU is the first truly global expression of that aim, and its portfolio institutions have become the largest single granter of university credentials in Mexico and a significant force in higher education credentialing in Ecuador in approximately a decade under LIU ownership.

Exploring the phenomenon of LIU's acceptance in these states through the comparative sociology method reveals a largely convergent narrative in both Mexico and Ecuador. The ability of LIU to apply similar strategies across politically differing environments highlights the extent to which it has benefited from globally convergent phenomena that emphasize, among other things, the attainment of university credentials as a means to ordering the social world. Moreover, these convergent patterns and the success of certain adoption influencing techniques underscore that market dynamics alone are insufficient to describe the acceptance of LIU in the cases studied; other factors are also influential to the expansion narrative of LIU in Mexico and Ecuador.

This study suggests that LIU's legitimation in these cases is dual in nature. Globally convergent phenomena have infused both Mexico and Ecuador and contributed to a heightened demand for university credentials; despite notable growth in its portfolio

institutions under its regime, a review of aggregate credentialing expansion in these two states underscores that LIU alone could not have created the type of overall credentialing demand that exists there. This isomorphism between global norms and local practices has contributed to an environment in which university credential aspirants tend to exceed the supply of public university seats. Part of the narrative of LIU's acceptance in these cases is explained in LIU's harnessing of market dynamics to benefit from existing demand for university credentials during a space in time in the 21st century that is uniquely conducive to the activities of credentialing.

But market dynamics alone do not fully convey how LIU has navigated local complexities in order to profit from phenomena conducive to its activities. Unpacking legitimation factors beyond generally conducive demand dynamics in exploring LIU's acceptance in these cases highlights a framework consisting of two additional factors, which combined with the infusion of the local environments with global norms, suggest a three-fold explanation for LIU's acceptance in these states: the ability to secure state regulatory support by acquiring local, private universities already endowed with the explicit authority to grant university degrees and which largely mimic the local norms of other universities in order to reduce skepticism of their activities, concerted recruitment and marketing techniques that emphasize global connectivity through LIU's international network of universities and tend to mirror globally progressive norms to deepen and accelerate the social adoption of its activities through expansion of its locally acquired portfolio institutions, and uniquely conducive environmental phenomena highlighted by the convergent global norm of university credentialing which has embedded itself in both Mexican and Ecuadorian societies and provided support to LIU's activities. In other

words, to the extent state regulatory cover for LIU's activities is obtained through acquiring locally established institutions already authorized to grant university degrees, recruitment and image management activities serve to retain and expand upon this authority, and these activities are supported by globally convergent social phenomena that mimetically emphasize the attainment of higher education credentials and the acceptable operating norms of the institutions that grant them across different societies a discernible pattern of achieving and expanding community acceptance manifests.

While this study suggests that LIU likely could not have achieved the level of acceptance it has in these cases without its activities being supported by phenomena outside of its immediate control, it also highlights that the acquisition of existing local, private universities with explicit authority to grant university degrees provided regulatory cover for LIU's activities and is an essential factor in its acceptance in both Mexico and Ecuador. Thus, the state and its regulatory authority play an important role in LIU's legitimation efforts. The exchanges between LIU and the state do not appear to be illicit in nature, though it is difficult if not impossible to fully exclude every form of corruption as payments could easily be hidden as a "fee" in the registration process. Nevertheless, interviews with LIU portfolio institutions administrators and faculty, government contacts, local entrepreneurs and even administrators and faculty from competing institutions who might have incentive to share less desirable information about LIU did not turn up accounts or even perceptions of underhanded dealings with the state – perhaps, in part, because the acquisition of existing institutions already endowed with credentialing authority strategy employed by LIU bypasses several points of interfacing with the state in which the potential for such behavior might manifest.

Rather than navigating the spectrum of regulatory complexities as a foreign enterprise forming new universities across international borders, LIU bought initial passage into the communities of Mexico and Ecuador in the form of acquiring existing private universities already endowed and approved by the state with that authority. This study suggests that by acquiring existing institutions LIU inherited the regulatory licensing authority and potential political-capital associated with that authority without having to engage the process from the ground level as a foreign entity – and possession of that authority is important to being viewed as legitimate in the local environments of both Mexico and Ecuador. Thus, LIU is able to profit from the explicit regulatory cover of its purchased portfolio institutions largely without having to directly navigate the regulatory process itself.

This acquisition model also permits LIU to mimic the norms of other local higher education institutions without renouncing its multinational corporation profit seeking characteristics. Specifically, LIU is able to appear operationally similar to other institutions of higher education through its portfolio institutions despite functioning very differently as a for-profit multinational corporation at the holding company level. This finding is supportive of DiMaggio and Powell's (1983) orienting work on mimetic isomorphism across organizations while extending the boundaries of the theory to an MNC utilizing an acquired institution endowed with state regulatory favor to mirror local operating norms in a given industry to the benefit of the MNC.

With this regulatory authority through its acquired portfolio institutions secured, this study further notes that LIU seeks to leverage that authority to expand the clientele of its portfolio institutions. At least two mechanisms are important to LIU's ability to

broaden its acceptance in this study's case communities. These activities broadly align in two categories: recruitment and marketing techniques intended to encourage enrollment in its portfolio institutions and image management activities aimed at enhancing local perception of LIU and its portfolio institutions.

LIU through its local portfolio institutions employs concerted recruitment efforts to influence acceptance of its activities through increased enrollments in its portfolio institutions. While it is not uncommon for organizations to utilize marketing activities to enhance their legitimacy in local environments, one way in which LIU employs this legitimating script is particularly noteworthy. Specifically, LIU's advertising messages uniquely mirror progressive norms and overtly emphasize global connectivity even within the local communities of Mexico and Ecuador. This study's findings suggest that LIU's concerted advertising of its international network tends to facilitate local enrollment expansion in the cases. In both Mexico and Ecuador, administrators, faculty, and recent graduates alike expressed a sense of increased status from affiliating with an organization with international reach. Among alumni interviewed in both Mexico and Ecuador, the global network LIU promotes and represents was among the primary reasons for selecting to study at its respective portfolio institutions in the case communities, with particular influence in the Ecuador case. Noteworthy, however, is that less than 10% of the (1/20) participants interviewed in this study or their immediate peers have been able to engage this global network in a meaningful way – emphasizing an apparent imbalance between community members' desire to be globally connected and their ability to engage those intentions.

LIU's activities suggest it is aware of the desirable nature of perceived global connectivity and actively employs the global network as a primary technique for recruitment in both of the cases. In Mexico, archival materials reveal such overt expressions as the slogan, "Mexico's Global University" associated with LIU portfolio institution Universidad del Valle de Mexico (UVM). In both Mexico and Ecuador, large world maps highlighting the various institutional holdings in LIU's portfolio are prominently displayed throughout the various campuses. When coupled with aggressive recruiting and media positioning techniques that mirror globally progressive norms, as expressed by graduates of the respective institutional cases and evidenced in archival data reviewed for this study, a formula for tapping globally oriented and progressive messaging to encourage local acceptance of the organization's activities manifests.

Second, LIU utilizes image management techniques to enhance perception of the organization and reduce scrutiny for its activities. At the macro-level, the organization engages former heads of state of developed nations to serve as spokespersons, which interview participants in both Mexico and Ecuador expressed was effective in building credibility for the organization even within their local communities. Moreover, ex-President of the United States Bill Clinton holds the formal title of Honorary Chancellor of LIU, a uniquely university-centric designation not typical of job titles used by MNC's. In Ecuador, the local institution also employs locally respected ex-political bureaucrats and prominently features them in media campaigns. Whereas LIU's acquisition of its respective local institutions in Mexico and Ecuador initially secured its ability to benefit from their explicit degree granting authority, this strategy serves to build upon that authority in the local mindset and further reduce skepticism for the organization's

activities. Thus, the implications for theory suggests utility in exchanging illicit direct interfacing with the state for a more nuanced approach, trading explicit coercion for social mindset influence, with perhaps equally potent legitimation returns.

Finally, LIU's legitimation narrative cannot be fully conveyed without reiterating the influence of the broader global phenomenon regarding credentialing. In both the Mexico and Ecuador cases, this study found that credentialing trends in these states mirror the global trend of credentialing acceleration. LIU's expansion in both cases is exceptional, but it resides within a broader overall expansion of credentialing. Thus, this study suggest that LIU is aligning with, benefiting from, and even reinforcing a global expansion of credentialing that reaches into the Mexico and Ecuador cases, but the phenomenon exceeds what one organization alone could reasonably create.

This global phenomenon, when coupled with supply constraints of viable alternatives relative to increasing demand among a youthful population in the cases, provides a uniquely conducive environment and support for this multinational corporation's activities. Particularly noteworthy, this study suggests that in the Mexico and Ecuador cases this demand for credentialing is not beholden to traditional measures of utility; while all alumni interview subjects across the Mexico and Ecuador cases expressed the expectation that obtaining a degree would improve their life chances, just 50% of all (5/10) alumni interviewed in Mexico reported that was the case for them and their peers upon graduation while that number rises slightly to 70% among the total (7/10) in the Ecuador case. This finding is supported in the aggregate by data from the World Bank, the Secretaria de Educación Pública in Mexico, and Instituto Nacional de Estadísticas y Censos in Ecuador noting that unemployment between 2000-2011 has

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increased or remained stagnate in both cases, a sufficiently long period to include both economic upturns and downturns in each of the cases studied, despite more people attending university than during any previously recorded decade (World Bank, 2012; SEP, 2011; INEC, 2012). Notwithstanding this void between perceived and actual utility, enrollments in LIU's portfolio institutions studied in both Mexico and Ecuador have risen each year under the organization's ownership, highlighting that the credentialing phenomenon supportive of LIU's activities appears to transcend mere conventional market dynamics. In the cases studied, LIU appears to benefit from an effect that insulates its central activity of seeking to maximize the matriculates of its portfolio institutions from traditional metrics of market functionalism – though additional research to understand the potential correlations in this particular relationship is warranted and extends beyond the scope of this initial research.

These exploratory findings contribute to our understanding of how organizations navigate environmental complexity to minimize scrutiny for their activities in local communities and posit fertile areas for additional research. This study has highlighted vital factors in LIU's legitimation narrative in two cases in Latin America, but it does not nor is it intended to exhaustively treat all of the precipitating conditions for those factors or to generalize beyond inference to other states or regions of the world. Engaging in an inter-regional study of this MNC's activities will continue to clarify our understanding of how the legitimation factors it employs convey across diverse geographical regions. Additionally, more fully understanding root causes in the convergence of global credentialing as a social norm and predicting the impact of alternative models aimed at influencing what types of organizations participate in society's credentialing function and

how that function is modified to reduce time and space constraints will contribute not only to our understanding of how organizations seek to benefit from tapping into globally convergent social norms to support their activities in complex environments but also myriad other implications for understanding credentialing's underlying roles in ordering the social world now and in the near future.

Related, it is anticipated that LIU's ability to rapidly expand on a global level will alert increased MNC's and large owners of capital to the apparent profit opportunity of directly operating higher education institutions internationally. This study's findings suggest this is particularly the case in the developing nation cases explored; despite their differences both Mexico and Ecuador appear to be staking much on perceived development gains linked to credentialing their citizenry and LIU has achieved notable acceptance in each case. It is also conceivable that the same MNC's that take note of the apparent profit opportunity LIU's activities represent will also apprise themselves of LIU's legitimation strategies and mimic the same – providing further opportunity to test the exploratory findings in this study.

The LIU narrative in Mexico and Ecuador tells of an organization that has maneuvered to gain acceptance in these cases through relatively similar means despite important difference between the cases. Specifically, this study suggests that this multinational corporation has formulated a legitimation strategy to rapidly expand across diverse international boundaries and increase its influence in the industry in which it operates. In other words, this study highlights that global capital is willing to fill and, even, reinforce voids in the global higher education industry through patterned means. The policy implications of scholars more fully understanding this trend and its potential

impacts over the coming years, beyond the simplistic formulation of normative

arguments, cannot be overstated.

APPENDIX A

Laureate International Universities' (LIU) Institutions 2012: By Acquisition Date

Year of Acquisition	Name of Institution	Country Location
1999	*Universidad Europea de Madrid*	Spain
2000	*Les Roches International School of Hotel Management*	Switzerland
2000	*Universidad de Las Américas (60% stake; taken from LAUR10-K public filing. Mar 11, 2005.)*	Chile
2000	***Universidad del Valle de Mexico***	**Mexico**
2001	*Walden University*	United States
2001	*École Supérieure du Commerce Extérieur*	France
2002	*National Technological University*	United States
2002	*Glion Institute of Higher Education*	Switzerland
2002	*Les Roches International School of Hotel Management Marbella*	Spain
2003	*Universidad Andrés Bello*	Chile
2003	*Instituto Profesional AIEP*	Chile
2003	*Universidad Interamericana de Costa Rica*	Costa Rica
2003	*Universidad Interamericana de Panama*	Panama
2003	***Universidad de Las Américas***	**Ecuador**
2004	*University of Liverpool*	United Kingdom
2004	*CIBERTEC*	Peru
2004	*Universidad Peruana de Ciencias Aplicadas*	Peru
2004	*Les Roches Jin Jiang International Hotel Management College*	China
2004	*École Centrale d'Electronique*	France
2004	*Universidad Latinoamericana de Ciencia y Tecnología*	Panama
2004	*Institut Français de Gestion*	France
2004	*Institute for Executive Development*	Spain
2005	*Universidad Tecnológica Centroamericana*	Honduras
2005	*CEUTEC*	Honduras
2005	*Universidade Anhembi Morumbi*	Brazil
2005	*European University Cyprus*	Cyprus
2006	*Escuela de Estudios Universitarios Real Madrid*	Spain
2006	*Xi'an Jiaotong-Liverpool University*	China

2006	*Institute for Executive Development*	Chile
2006	*Istanbul Bilgi University*	Turkey
2007	*Instituto Tecnológico del Norte*	Peru
2007	*Universidad Privada del Norte*	Peru
2007	*Universidade Potiguar*	Brazil
2007	*Faculdade Potiguar da Paraíba*	Brazil
2007	*Faculdade dos Guararapes*	Brazil
2007	*BiTS - Business and Information Technology School*	Germany
2007	*Centro Superior de Edificación*	Spain
2007	*Business School São Paulo*	Brazil
2007	*Universidad del Desarrollo Profesional*	Mexico
2008	*Faculdade de Desenvolvimento do Rio Grande do Sul*	Brazil
2008	*Centro Universitario do Norte*	Brazil
2008	*Kendall College*	United States
2008	*NewSchool of Architecture and Design*	United States
2008	*Escuela Moderna de Música*	Chile
2008	*Universidad Latina de Costa Rica*	Costa Rica
2008	*Universidad Technlógica de Mexico*	Mexico
2008	*Universidad Americana*	Costa Rica
2008	*INTI International University & Colleges*	Malaysia
2008	*Blue Mountains International Hotel Management School*	Australia
2008	*Les Roches Gruyère, University of Applied Sciences*	Switzerland
2008	*Hunan International Economics University*	China
2008	*Faculdade Unida da Paraiba*	Brazil
2009	*Santa Fe University of Art and Design*	United States
2009	*Universidad Viña del Mar*	Chile
2009	*Centro Universitário IBMR*	Brazil
2010	*Domus Academy*	Italy
2010	*Nuova Accademia di Belle Arti Milano*	Italy
2010	*The National Hispanic University*	United States
2010	*Universidade Salvador*	Brazil
2010	*Université Internationale de Casablanca*	Morocco
2010	*Riyadh Polytechnic Institute*	Saudi Arabia
2010	*INTI College Indonesia*	Indonesia
2010	*Centro Universitário Ritter dos Reis*	Brazil

2011	*St. Thomas University*	Japan
2011	*Pearl Academy of Fashion*	India
2011	*Media Design School*	New Zealand
2011	*Instituto Superior de Línguas e Administração*	Portugal
2011	The *BTK Group*	Germany
2012	*Stamford International University*	Thailand
2012	*University of Roehampton, London*	England
2012	*CEDEPE Business School*	Brazil
2012	*Higher Institute for Power and Water Technologies*	Saudi Arabia
2012	*Universidad Europea de Canarias*	Canary Islands

▓ Denotes LIU Cases used in this study

Source: Laureate International Universities (2012)

Interview Schedule for Bureaucrats, Higher Education Professionals, and Entrepreneurs

The below semi-structured interview schedule is intended to gather pertinent information regarding the expansion of LIU in two cases in Latin America from the perspective of knowledgeable government officials, higher education professionals, and members of the local professional and entrepreneurial class. Interview participant identities are not published per the formal consent agreement and IRB protocol guiding interactions with human subjects in this study.

Date of Interview	
Source of Authority/Profession	

CONDITIONS PERTINENT TO LIU'S EXPANSION LEGITIMATION

STATE EMPHASIS ON MARKET ECONOMIC POLICIES, TRADE LIBERALIZATION, AND KNOWLEDGE SOCIETY PROGRESSION IN GLOBALIZATION FRAMEWORK

- ° What has been the evolution of the state's economic development orientation during the study period?
- ° What has been the state's strategy in engaging the broader world community?

CREDENTIALLING POWER GRANTED BY STATE

- ° What is required to establish a legitimate university in (name the country) and are the requirements the same for local and foreign institutions?
- ° How did Laureate meet those criteria with (name institution)/come to acquire (name institution) and is there a benefit to acquiring an existing institution rather than starting a new one?

TREATMENT BY THE STATE

- ° How was Laureate able to acquire (name institution)? Was government support needed? If so, how was that accomplished and is this more or less support than other institutions receive?
- ° What role do you think Laureate's being headquartered in the U.S. played in their ability to expand in (name state) and its treatment by the state?

SUPPLY/DEMAND DYNAMICS AND RECRUITMENT EFFORTS

- ˚ How would you characterize the supply of university institution seats compared to the number of student who want to study – a)Similar amount b) More institutions than students c) More students than institutions?
- ˚ How does (name institution) attract students/Why do people choose to attend there over other alternatives?
- ˚ What influence do you think (name institution) and Laureate's affiliation with prominent global figures has on its ability to expand?
- ˚ Has (name institution) being associated with Laureate helped or hurt enrollments? Why?

RE-INVESTMENT, DIFFUSED DECISION-MAKING & INNOVATION IN THE LOCAL ENTERPRISE

- ˚ How has the quality perception of the institution changed since Laureate acquired (name)?
- ˚ How would you characterize Laureate's level of reinvestment in the local operations of (name)? (If internal to Laureate or portfolio institution: Describe the financial dynamics between the institution and headquarters in the USA. What decision making power do local institutions have and what is mandated from headquarters in the USA?)

EXPANSION IS ANOMOLOUS; LACK OF OVERALL INDUSTRY EXPANSION TO MIRROR LAUREATE'S EXPANSION

- ˚ Is Laureate within (name state) growing faster than the overall industry?   Why or why not?
- ˚ How has the number of higher education institutions in (name state) changed over the last ten years?

MIRRORS GLOBAL PATTERNS OF PROGRESSIVE ENROLLMENT PATTERNS (I.E. INCREASED FEMALE AND NON-TRADITIONAL MATRICULATES & GRADUATES)

- ˚ Do more or less women and non-traditional students study at (name institutions) compared to ten years ago? Why do you think that is the case?

CREDENTIAL EXPANSION WITHOUT CLEAR LABOR MARKET UTILITY EXPLANATION

- ˚ As the number of people pursuing degrees increases, how has unemployment in (name state) changed?
- ˚ What is the job outlook for graduates within six months of graduation in the state and at (name institution)?
- ˚ Is unemployment decreasing commensurate with the credentialing trend in the state? How much? Why?

EXPANSION OF INTERNET USAGE IN REGION PARALLELS EXPANSION IN CREDENTIALLING IN THE REGION FOR THE STUDY PERIOD

- ˚ What role do you think the internet has played in influencing (name state)'s interest in pursuing higher education?
- ˚ Do you think enrollment and credentialing expansion would have occurred without it? Why or why not?

APPENDIX C

Interview Schedule for Alumni

The below semi-structured interview schedule is intended to gather pertinent information regarding the expansion of LIU in two cases in Latin America from the perspective of alumni who have graduated within the last three years from the LIU portfolio institutions considered in this study. Interview participant identities are not published per the formal consent agreement and IRB protocol guiding interactions with human subjects in this study.

Date of Interview	

Expectation of What Benefit Would be Derived from the Degree

- Why did you decide to attend university as it relates to your future career?
- How did you expect a university degree would influence your career outcomes?

Recruitment Experience

- What attracted you to study at (name university)?
- (Name institution) is aggressive in their recruitment and enrollment activities.
  Strongly Agree___ Agree___ Neutral___ Disagree___ Strongly Disagree___ .
  Explain.
- What other alternatives to Laureate did you have?
- What qualifications were required of you to attend? How does this compare to other programs with which you are familiar?
- How did (name institution) global associations through Laureate influence your decision? Did you directly use the global network to study abroad or seek employment?

Formal Enrollment Experience

- How closely did your expectations for (name institution) match your actual experience while at the university?
- My experience at (name institution) met all of my academic/professional expectations:
  Strongly Agree,___ Agree___ Neutral___ Disagree___ Strongly Disagree___ .
  Explain.

Labor Outcome Experience

- Did you actively seek employment and were you employed full-time within six months of graduation?
- What percentage of your peers full-time in professional jobs within six month of graduation?
- If employed, please describe the organization you work for and type of job you obtained?
- How closely does the job you obtained fit what you thought you would get when you started the university program?
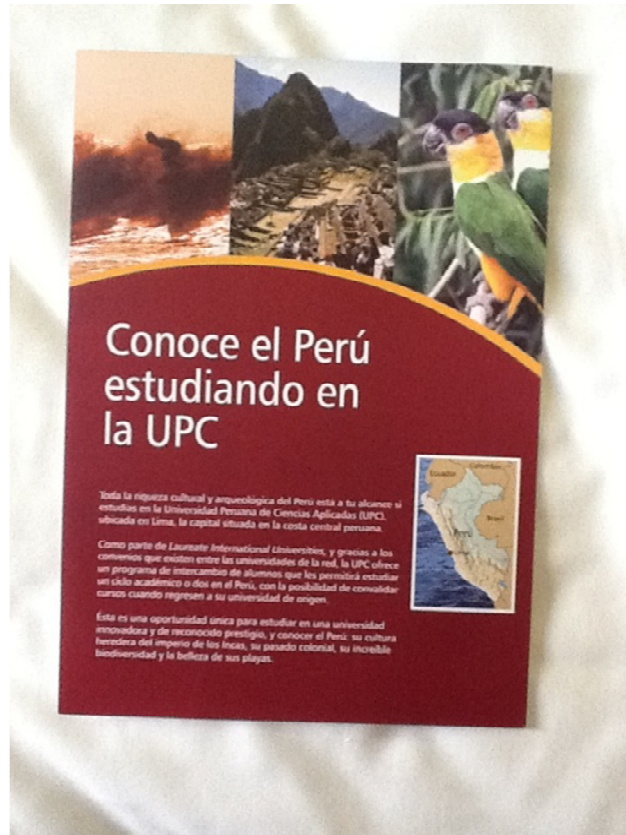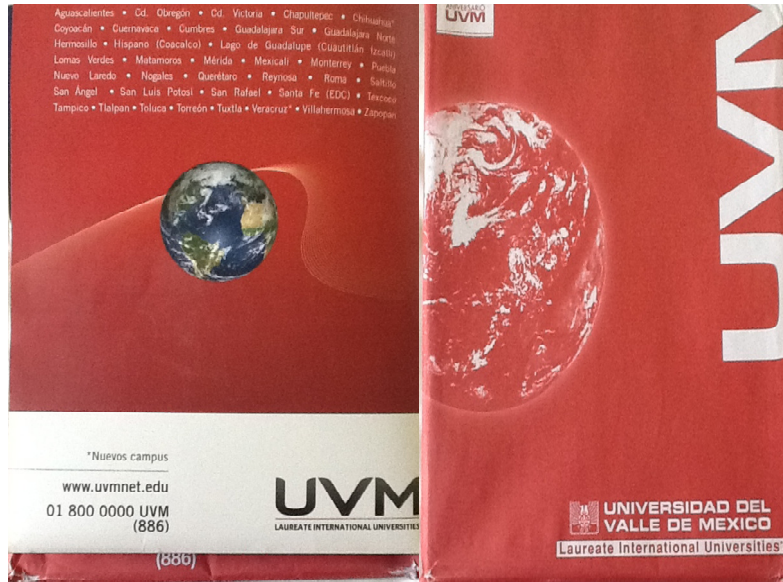
164

APPENDIX D

Photo of Map in UVM Administration Building of LIU's Global University Network

Source: Photograph taken by Beau Thomas Hunsaker on location May 2012
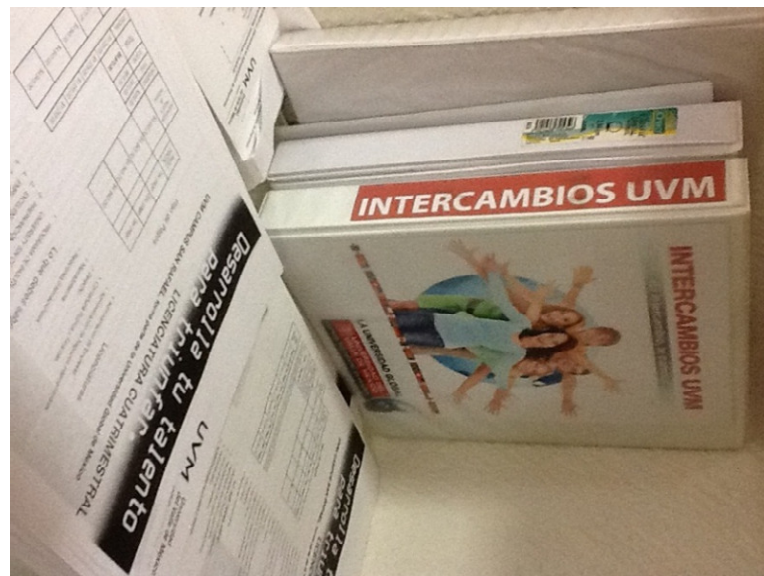
APPENDIX E

Photos of Marketing Materials Highlighting UVM's Global Image Emphasis

APPENDIX F

Photos of Poster Soliciting Student Feedback and Recruitment Slogan, UVM

Source: Photographs taken by Beau Thomas Hunsaker on location August 2012

APPENDIX G

Photograph of a Banner Marketing the LAUDEX Student Loan Service at UVM

Source: Photographs taken by Beau Thomas Hunsaker during field work August 2012

APPENDIX H

Photograph of a UDLA Campus and Prominent Marketing Slogan

Source: Photograph taken by Beau Thomas Hunsaker on location June 2012

APPENDIX I
CONEA Ecuador Categorization of Universities, 2011

CATEGORIA A/CATEGORY A: Corresponde a las universidades que registran las condiciones para que su planta docente se construya como una comunidad científica y profesional con reconocimiento y legitimidad en su medio, y que, en algunos casos, ya lo están logrando. *"Category A: These universities exhibit the conditions for a teaching and scientific community that is of high professional standards based in a legitimacy of efforts and, in some cases, they are already succeeding.*

- ESCUELA POLITECNICA NACIONAL
- ESCUELA SUPERIOR POLITECNICA DEL LITORAL
- ESCUELA POLITECNICA DEL EJERCITO
- ESCUELA SUPERIOR POLITECNICA DEL CHIMBORAZO
- PONTIFICIA UNIVERSIDAD CATOLICA DE QUITO
- UNIVERSIDAD CENTRAL DEL ECUADOR
- UNIVERSIDAD DE CUENCA
- UNIVERSIDAD DEL AZUAY
- UNIVERSIDAD SAN FRANCISCO DE QUITO
- UNIVERSIDAD TECNICA DE AMBATO
- UNIVERSIDAD TECNICA PARTICULAR DE LOJA

CATEGORIA B/CATEGORY B: En relación con las primeras, la brecha es notoria especialmente en las dimensiones de investigación y academia. *Regarding the first grouping, the gap is noticeable especially in the areas of research and academia.*

- UNIVERSIDAD AGRARIA DEL ECUADOR
- UNIVERSIDAD DE ESPECIALIDADES ESPIRITU SANTO
- UNIVERSIDAD DE GUAYAQUIL
- UNIVERSIDAD DE LAS AMERICAS
- UNIVERSIDAD ESTATAL DE BOLIVAR
- UNIVERSIDAD NACIONAL DE CHIMBORAZO
- UNIVERSIDAD NACIONAL DE LOJA
- UNIVERSIDAD POLITECNICA SALESIANA
- UNIVERSIDAD TECNICA DEL NORTE

CATEGORIA C/CATEGORY C: Debilidad académica de la planta docente. Con excepción de algunas instituciones, el desarrollo de la investigación es prácticamente inexistente. *There is some weakness of the academic faculty. Except for some institutions, the development of research is virtually nonexistent.*

- ESCUELA POLITECNICA AGROPECUARIA
- UNIVERSIDAD CATOLICA DE CUENCA
- UNIVERSIDAD CATOLICA DE GUAYAQUIL
- UNIVERSIDAD ESTATAL DE MILAGRO
- UNIVERSIDAD ESTATAL DEL SUR DE MANABI
- UNIVERSIDAD INTERNACIONAL DEL ECUADOR
- UNIVERSIDAD LAICA ELOY ALFARO DE MANABI
- UNIVERSIDAD NAVAL MORAN VALVERDE
- UNIVERSIDAD TECNICA DE COTOPAXI
- UNIVERSIDAD TECNICA DE MACHALA
- UNIVERSIDAD TECNICA ESTATAL DE QUEVEDO
- UNIVERSIDAD TECNICA L. VARGAS TORRES
- UNIVERSIDAD TECNOLOGICA EQUINOCCIAL

Source: http://www.vistazo.com/webpages/pais taken June 27, 2012.

Photograph of a Conference Banner Featuring Former Heads of State, UDLA
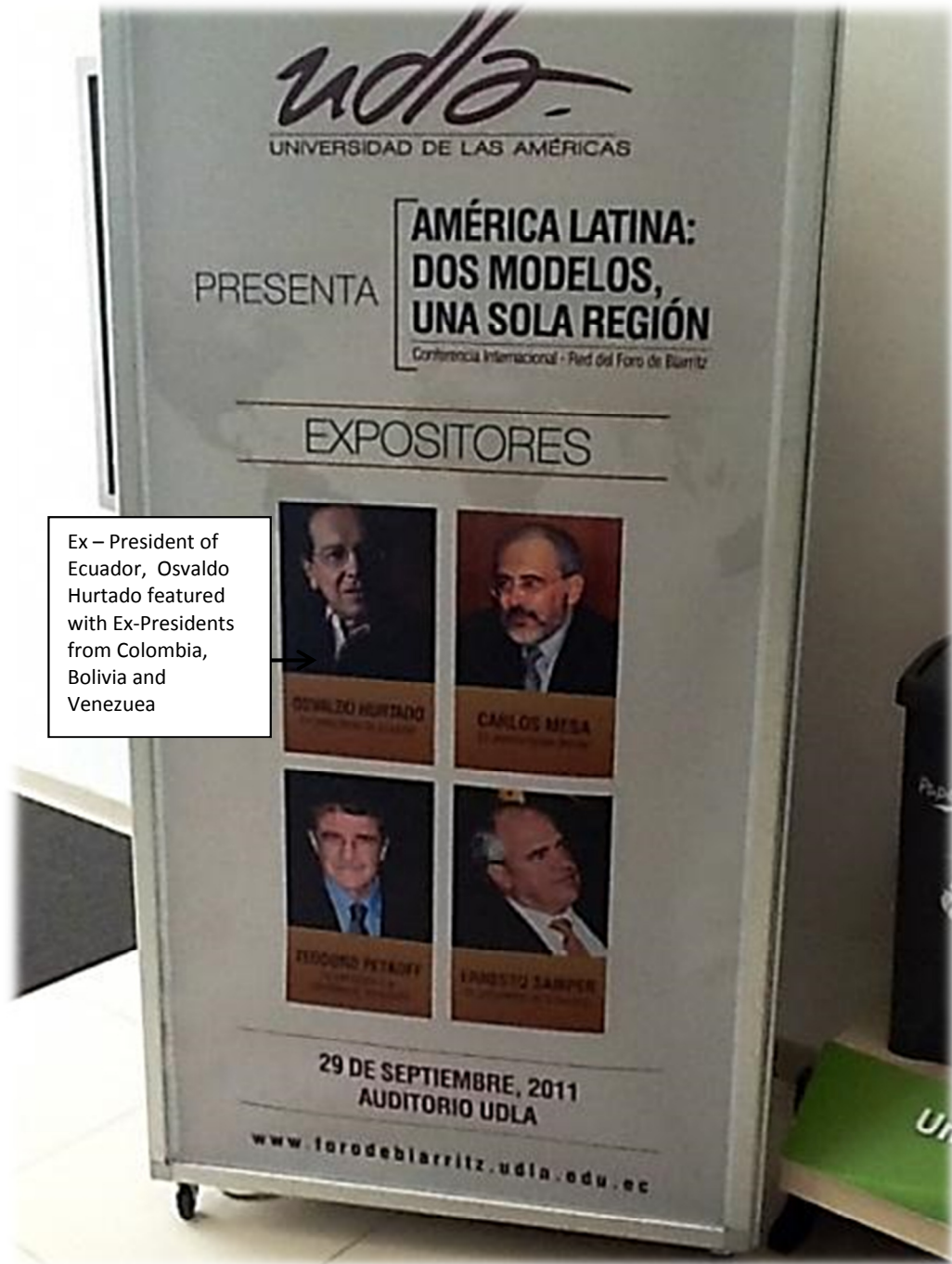
Source: Photograph taken by Beau Thomas Hunsaker on location June 2012

APPENDIX K

Images of Bill Clinton and Tony Blair, featured on Laureate.net

President Bill Clinton,
Laureate's Honorary Chancellor

Read More ↗

Source: Laureate International Universities (2012)

Source: Laureate International Universities (2012)

APPENDIX L

Photograph of a Map of LIU Portfolio Universities, UDLA

Source: Photograph taken by Beau Thomas Hunsaker on location June 2012

APPENDIX M

Photograph of Marketing Materials for International Study Programs, UDLA

POSTER ADVERTIZING INTERNAITONAL STUDY IN THE UNITED STATES OF AMERICA

BROCHURE ADVERSTIZING INTERNATIONAL STUDY OPPORTUNITIES IN BRAZIL

Source: Photographs taken by Beau Thomas Hunsaker on location June 2012

APPENDIX N

Photograph of Archival Material Featuring LIU's UDLA 2012 Slogan

Source: Photograph taken by Beau Thomas Hunsaker on location June 2012

APPENDIX O

Photograph of UDLA's Solicitation for Student Satisfaction Feedback

Source: Photograph taken by Beau Thomas Hunsaker on location June 2012

APPENDIX P

Photograph of an Additional UDLA Campus Under Construction

Source: Photograph taken by Beau Thomas Hunsaker on location June 2012

APPENDIX Q

Marketing Material at UDLA Featuring Female Subjects

Source: Photograph taken by Beau Thomas Hunsaker on location June 2012

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