

# JOURNAL *Of* The World UNIVERSITIES FORUM

Volume 3, Number 1

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JOURNAL OF THE WORLD UNIVERSITIES FORUM

<http://www.universities-journal.com/>

First published in 2010 in Champaign, Illinois, USA by Common Ground Publishing LLC  
[www.CommonGroundPublishing.com](http://www.CommonGroundPublishing.com).

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ISSN: 1835-2030

Publisher Site: <http://www.universities-journal.com/>

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Typeset in Common Ground Markup Language using CGCreator multichannel typesetting system

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# Analyzing the Effects of Globalization on University Systems in the Developing World: A Conceptual Framework Applied to the Case of the Republic of Panama

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*Abstract: Over the past two decades, global forces have had significant impact on the university systems of the developing world with regard to (1) the university regulatory environment, through multilateral and bilateral conventions and interventions, and (2) the program offer, through the increasing presence of transnational higher education corporations and a variety of individual foreign university programs. At international and national levels, there are the simultaneous influences of political, regulation oriented forces and economic, market driven forces affecting the evolution of university systems. These influence both the national vision being created for university education and the business opportunity associated with it. The framework presented in this paper helps organize and examine the different components of these economic and political forces and facilitates the analysis of these forces on a specific university system in a given country. The Republic of Panama is used as an example for the application of the model to a developing country case study.*

Keywords: Higher Education, University Systems, Developing Countries, Globalization

## Introduction

**I**N THE PAST two decades, global political and economic forces have significantly impacted the evolution of university systems around the world and especially in developing countries. The effects of this impact are noticeable in two primary areas: the university regulatory environment, which has been influenced mainly by multilateral and bilateral conventions and interventions, and the university program offer, which has been influenced by the increasing presence of transnational higher education corporations and foreign university programs.

At both international and national levels, influences related to these political—regulation oriented forces—and economic—market driven forces—act simultaneously in different ways to affect the development of the university system in any given country. These forces, in turn, help shape both the national vision being created for university education and the business opportunity associated with it. The existing university system will be a reflection of the specific forces that are strongest in that country.

This paper presents a conceptual framework designed to isolate key factors of the political and economic influences and use them to analyze effects on the development of the university system in a particular country. By better understanding the inputs that have the greatest impact on the university system, decision-makers at all levels have more complete information to use in the formulation and management of higher education policy, legislation, regulation and incentives.

This is important since many university systems throughout the world have expanded very quickly in recent years, often without the benefit of established quality assurance mechanisms, stringent regulatory environments, or even sufficient research on the phenomenon (World Bank 2000). Scholars estimate there are over 70 million students currently in higher education, with nearly all industrialized countries and most middle-income countries now enrolling over a quarter of the corresponding age cohort (Altbach 2007). Because the growth of new universities has, in many areas, outpaced the growth of either the relevant quality assurance mechanisms or information dissemination systems, there is an increasing need for research and systematic models dedicated to analyzing the university systems that are evolving. This is especially true for developing countries; most have had nothing more than a handful of public universities for centuries, but in recent years with the proliferation of transnational programs, branch campuses, online learning, university corporations and the like, university growth has often been exponential.

The Republic of Panama, a middle-income country in Central America, is used as an example for how this framework can be applied to a developing country case study as the model was recently incorporated into a research project funded by the Panamanian Secretariat for Science, Technology and Innovation (SENACYT) that sought to study the effects of globalization on the country's university system from 1990 to 2007. A summary of the findings is presented here along with concluding ideas for how application of this model might be instrumental for university capacity development efforts in other developing countries.

## **Global Trends Affecting Higher Education**

As background to the framework, it is important to review the major global trends affecting higher education over the past 20 years, most of which—as mentioned—tend to be either politically motivated and regulation oriented or economically related and market driven.

### ***Political Forces***

The most important global political trend shaping higher education is the emergence of new international accords to harmonize higher education priorities, systems and services within and between regions. The goals of these tend to include convergence (inter- and intra-regional) of programs; harmonization of curricula; facilitation of student and faculty mobility; implementation of quality assurance mechanisms; and increased attractiveness and competitiveness of programs. Except for North America<sup>1</sup>, most regions of the world are currently engaged in discussions aimed at creating more accords toward these ends. The forces driving many of these agreements and declarations of the past two decades are closely linked to the Bologna Process, Europe's ongoing effort to create a unified European Higher Education Area.

The Bologna Process began in the late 1980s and is generally regarded as having led the global movement toward university standard convergence across the world (Charlier and

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<sup>1</sup> North America has been less active than the rest of the world in pursuing convergence of higher education systems and structures with other regions. Even from the perspective of trade, the North American Free Trade Agreement (NAFTA) and successive bilateral agreements include few implications for higher education (Altbach 2004). This may reflect a North American perception of superiority and dominance in this area, which would seem to be upheld by even those outside the region since much of the higher education convergence activity worldwide is moving in line with established U.S. standards.

Croche 2004). This movement and the accords generated, in turn, have begun to affect countries' national higher education legislation and regulation.

For Latin America (Panama included), the significance of the Bologna Process is that it spearheaded the Florianapolis Declaration of 2000, which brought the countries of the region together in a similar convergence initiative for the first time.

Beyond Latin America, the Bologna Process has propelled initiatives similar to Florianapolis in Asia, Africa and elsewhere.

Alongside Bologna Process efforts with the international higher education community to pursue convergence and related quality assurance issues, international organizations have also stepped up their participation in this area. In response to demands by the international community that it take a more proactive role in this regard, UNESCO has led numerous regional and global conferences on the issue in the past decade. From these and related initiatives, the UNESCO/OECD guidelines on quality in cross-border provision of higher education were published (UNESCO 2004). While still a work in progress, this represents the start of a global reference and a new role for UNESCO in the process of higher education convergence.

### ***Economic Forces***

While the ideal of convergence has been at the heart of the political forces affecting higher education internationally, the power of technology is what lies behind most of economic trends affecting higher education worldwide. Globalization and information technology (IT) are inextricably connected, with the Internet serving as the primary vehicle for the global dissemination of knowledge and communications (Castells 2000). As a result, IT has serious implications for higher education in relation to online learning; publishing and copyrights; information storage and retrieval; and networking and research and development collaboration.

The increasing importance of technology and the speed with which it propels information transfer has given rise to the evolution of the "knowledge economy," a society more dependent for its economic welfare on the production and management of knowledge than on the production of manufactured goods. This trend is reflected in increasing investments in knowledge industries (including higher education and training) and the expansion of the services sector, particularly those classified as advanced business services—typically, banking and finance, insurance, IT, legal services, real estate, and media and communications (Sassen 2001). With the growing dependence of many economies on knowledge products, highly educated personnel have become critical for continued growth (Altbach and Knight 2006; Friedman

2006). This has had the effect of linking higher education to earning potential, leading to increased demand for higher education (Thomas 2004). It has also led to efforts to include knowledge services in global trade regulation. The Global Agreement on Trade in Services (GATS) is the first multi-lateral agreement on this and seeks to open markets for all service and knowledge products.

This is significant not only because of its potential scope but also for what it indicates about globalization; conceptually, GATS positions knowledge and education as commodities on par with rice and computer chips—an idea that is discomfiting to many. The GATS negotiations also carry implications for relations between developed countries, the chief exporters of education, and developing countries, the main importers. These fuel considerable debate

on potential benefits and risks, most of which revolves around issues of quality assurance, professional mobility and recognition of qualifications (Knight 2003).

The rise of technology, knowledge economies and trade-able knowledge services has had an internationalizing effect on higher education worldwide. Institutions can link beyond nations and regions quickly and easily, which means that higher education now corresponds to a global, not national, marketplace. This is evident in the multitude of multinational higher education programs now available. These programs range from co-sponsored “twinning” arrangements linking two or more academic institutions in different countries to franchising agreements to universities in one country setting up branches in another. Online distance learning programs offer yet another means for the multi-nationalization of higher education. While some traditional public higher education institutions have invested in these multinational educational initiatives, the major players have come primarily from the private sector. Nationally and internationally, private higher education suppliers have been far more responsive to increased demand for higher education, have expanded the university offer exponentially around the world, and continue to grow in number. In several Asian countries, nearly 80 percent of university enrollments are at private institutions and in Latin America the figure oscillates between 20 and 40 percent (Altbach 2007). This new public-private mix includes actors beyond universities; unaccredited commercial enterprises that offer a range of post-secondary courses and degrees are becoming increasingly common throughout the world. As these corporate entities are involved in the higher education business primarily for the purpose of earning a profit as opposed to imparting knowledge, they have met with a certain resistance from traditional university operators.

With more post-secondary educational options available on the market, the resulting rise in enrollment has propelled a global “massification” of higher education, particularly in places where demographic trends have inclined toward a larger youth population. This massification is the major force behind recent trends and policy guiding the development of higher education worldwide at every level. The concern about the massification of higher education and its many service providers is linked to the commoditization of learning and the “McDonaldization”<sup>2</sup> of higher education constructive, but generally the application of the fast-food metaphor in this context reflects societal concern for maintaining the university as a liberal institution whose primary mission is the pursuit, generation and dissemination of knowledge. For both sides, questions continue to surface about the capacity and qualifications of the graduates being turned out by the new systems. Issues of quality assurance are (Hayes and Wynyard 2002). Some view this commoditization as potentially moving to the forefront as existing regulatory systems become overwhelmed and ill-equipped to deal with the present array of higher education alternatives (Thomas 2004). And while quality assurance is a major concern within countries, it is becoming an even bigger problem internationally. Critics grumble about the low standards of many international higher education programs, but few have proposed specific measures with which to gauge quality (Altbach and Knight 2006; Bello 2003).

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<sup>2</sup> The term “McDonaldization,” coined by sociologist George Ritzer in his book *The McDonaldization of Society* (1995), describes how society has taken on many of the characteristics most associated with fast-food restaurants. Ritzer uses McDonaldization to reconceptualize rationalization and emphasizes four principal components of it: efficiency, calculability (the ability to be quantified), predictability (through standardization), and control (often achieved with the implementation of mechanized, instead of human, processes).

### ***Implications for Developing Countries***

To complete this review of global trends, it is important to mention the implications for developing countries. Developing countries are the ones that will experience the bulk of the higher education expansion projected to take place in the coming years (Task Force on Higher Education 2000). The topics discussed here—technology, knowledge services, mobility, quality assurance, internationalization—all carry for the developing world repercussions related to issues of center and periphery. The globalization of higher education has the potential to increase the inequality gap, both within the developing countries themselves and between developing and developed countries (Torres Shugurensky 2002; Bello 2003; Garnier 2004). Since developed countries are better able to invest more in higher education and research and development, the major gains and the vast majority of corresponding publications tend to come from the developed world (Altbach 2002, 2004).

Higher education does have the potential to narrow the inequality gap, too, but most developing countries face formidable obstacles with higher education and with utilizing it as a driver of the national economy. With demand for increased access projected to continue, both public and private sectors will likely persist in their attempts to meet the growing demand with a wide range of new higher educational alternatives. The result of these efforts, however, is often an accelerated, chaotic expansion—usually with the public sector lacking sufficient capacity for funding, technical expertise, and regulatory oversight and the private sector lacking sufficient facility for establishing quality programs that address requirements beyond short-term, market-driven needs (Task Force on Higher Education 2000). To be able to participate in today's global knowledge economy, developing countries are left with the enormous challenge of simultaneously expanding their higher education systems and improving their quality—all within the context of tightening budgetary constraints. This is proving to be a daunting task for most.

### **Conceptual Framework**

The work done on general global trends in higher education is considerable, but there is still comparatively little theorization focused on the effects of globalization in higher education systems and particular universities. Rather, there is a tendency to read globalization deductively into higher education from more general theories on globalization (Mohamedbhai 2002, Marginson and Sawir 2005).

In order to examine more precisely the higher education trends presented above as they relate to globalization and, in turn, to the changes that are taking place at the national level, several scholars have begun to elaborate frameworks for isolating and analyzing specific factors that may determine how universal, global shifts manifest in the local setting (Vaira 2004, Douglass 2005, Marginson and Sawir 2005, Marginson and vanderWende 2007). Though such frameworks provide considerable potential for developing a better understanding of how global influences affect specific national higher education systems, there are still relatively few. And of the existing frameworks, even fewer have been applied to empirical studies, though global higher education research is beginning to move in this direction and acknowledge the need for the kind of tool that facilitates the interpretation of global change on local environments (Mohamedbhai 2002, Marginson and Sawir 2005, Yoder 2006).

The conceptual framework presented here is original. It is based on an examination of constructs derived from the literature on global higher education developments over the past two decades, as discussed in the previous section. The framework takes its inspiration from existing models, particularly that of Douglass (2005), which offers one of more developed and workable theoretical examples and emphasizes how the effects of globalization on a given university system will be the result of an interactive combination of universal “mega-global” forces and unique local (national) “countervailing” forces. As with the Douglass model, the constructs used here combine factors in the international arena with those in the national environment and can be synthesized broadly as follows:

- **Globalization**, defined as the cross-border economic, political and social forces associated with increased connection worldwide.
- **Global higher education trends and priorities**, most of which tend to fall into two major categories: (1) those associated with worldwide convergence priorities (regulation oriented, politically driven, and aimed at the creation of international standards and quality assurance mechanisms); and (2) those associated with transnational business opportunities (market oriented, economically driven and related to the broadening market for services, the knowledge economy and growth of advanced business services, technology assisted learning, and the recent massification and multi-nationalization of higher education).
- **National economic development**, which examines the macro- and microeconomic drivers for the country in question.
- **National participation in international higher education initiatives**, as indicated by a country’s involvement with various bilateral and multilateral international higher education agreements, initiatives and regulatory bodies
- **Potential business opportunity and political vision** associated with higher education in the country being examined and how the two interact to produce the existing university system.

These different constructs are presented in the diagram of the framework below. In most countries, at both international and national levels, there are the simultaneous influences of economic, market driven forces and political, regulation oriented forces affecting the development of the university systems—both of which incorporate various social forces as well. This conceptual framework attempts to organize and examine the different aspects of these global forces in an effort to determine which appear to be the predominant influences on a country’s existing university system.



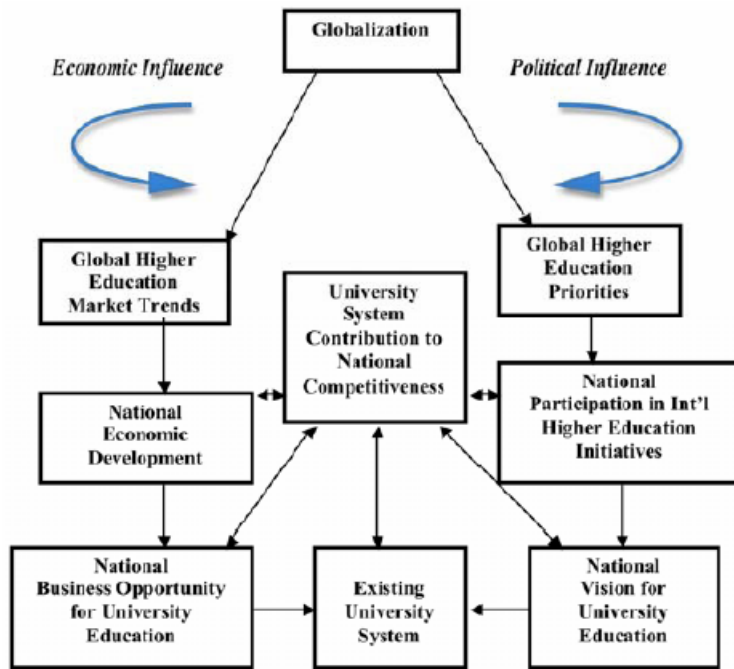


Figure 1: Conceptual Framework the Effects of Globalization on a Country's University System

Given the basic conceptual framework introduced above, the specific research questions that guide the investigation into how global economic and political forces interact with the national environment to affect university system development are as follows:

1. How many and what types of universities are available?
2. What factors have contributed to shaping the regulatory environment of university education?
3. What factors have contributed to making university education an attractive business proposition?
4. How are the regulatory and business factors reflected in the current university offer?
5. What are the current perceptions of business, government, academic and civil society leaders regarding the strengths, weaknesses, opportunities and threats associated with the university offer?
6. What are the implications of these perceptions for national competitiveness?

### Methodology and Application to the Case of Panama

The examination of the research questions above in the application of the conceptual framework to the case of the Republic of Panama was carried out within the design of an embedded, single-case study as described by Robert K. Yin (2002).

The research incorporated both qualitative and quantitative data to present a descriptive review of Panama's recent globalization and economic growth, trends in the globalization of higher education and Panama's involvement in this process, the structure and composition of the university system in Panama, and implications for the future. Specific methodologies employed include document and secondary data analyses and semi-structured interviews.

Documents reviewed include public registry data, Ministry of Education and other institutional records related to the university system, national assembly legislation and international accords, newspaper articles, websites, other mass media communication. National and international statistical databases were also consulted.

The semi-structured interviews used non-probability, purposive sampling techniques.

They were conducted with representatives from selected universities, government entities, business associations, and national and international non-governmental organizations.

Though Panama is a small, middle-income country in Central America, its experience in recent years with higher education is similar to that of many countries in the region and in the developing world in general. Panama has historically served as a global crossroads, so its economy, politics and culture have always been subject to the effects of global forces. In the past few decades in which technology and markets have advanced with unprecedented speed, the effects of globalization have been especially impacting—for the economy in general and also for specific sectors. Higher education is one sector that has changed dramatically.

Until the early 1980s there were only two universities in Panama, whereas, the Ministry of Education now officially recognizes 36 institutions and the Public Registry lists as many as 90. Alongside this growth, several independent studies on higher education in Panama have begun to reflect concerns about ambiguous regulatory legislation, lack of evaluation and quality assurance mechanisms, and weak relationships with both government and the productive sector. These reports suggest that existing program quality does not meet with international standards (Bernal 2002, IADB 2003, UNESCO-IESALC 2005) or prepare students for market demand (COSPAE 2007, Goethals 2008). Within this context, Panama's overall competitiveness—which has risen steadily in recent years (WEF 2008)—is now sluggish and at a critical juncture. In connection with this, higher education and human resource capacity has been identified repeatedly as a weak link and the factor that will determine much of future development (UNDP 2002; Euromoney 2006; WEF 2008). Therefore, information on globalization and how it is affecting the university system, capacity development and competitiveness is particularly important for Panama at this moment; however, the fundamentals underlying the importance of the research are similarly applicable to most countries in the region and the developing world.

## **Summary of Findings**

### ***The Existing University System***

Skipping directly to the bottom of the model presented in the conceptual framework above and focusing on the existing university system in Panama, a significant finding from this research was the lack of consistent, centrally database information on universities in the country. There is a general list Ministry of Education recognized institutions, but it represents only around a third of those listed in the Public Registry and does not include much beyond the name of the institution.

Institutional contact data, course and degree offerings, information on faculty and facilities are all difficult to obtain for many of the universities in Panama and nowhere is this general information warehoused in a central database.

There is a broad range of university education now available in Panama; however, the general consensus from the research was that little of it offers a quality learning experience. Grouping findings on institutional dimensions, the table below provides a general overview of characteristics noted in the current university offer.

**Table 1: General Characteristics of Universities in Panama 2007**

<b>Organizational structure</b>	
<b>Governance</b>	5 public universities 90 registered private universities
<b>Public Registry</b>	60 public limited companies 16 privately held organizations 3 privately held foundations 11 universities registered under a different entity name
<b>Ownership</b>	Several universities have distinctly foreign connections, Florida State University (FSU), Quality Leadership University (QLU)—representing the University of Louisville and Towson—San Martin and Isthmus of Colombia, and the Laureate and Aden groups, for example, but specific ownership breakdowns are difficult to obtain.
<b>Financial</b>	Non-profit universities include the state universities, the Catholic university USMA, and UNESCPA; the rest are profit generating.
<b>Religious</b>	The only Catholic run university is the USMA; others with a religious affiliation appear to include the Kabbalah and Hosanna universities and the Specialized Christian University. The majority of universities in Panama do not have religious affiliations.
<b>Educational structure</b>	
<b>Program level</b>	Almost all universities in Panama now offer undergraduate and graduate degrees along with various types of certifications.
<b>Program focus</b>	There are several specialized universities, mostly public institutions—the UMIP (maritime), UNESCPA (public accounting), UTP (science and technology) and UDELAS (special education); the rest offer a varied mix of general programming.
<b>Instructional-Research</b>	Many universities claim to do research, but only the state institutions and the USMA have conducted documented projects, and even then very few. All universities in Panama tend to concentrate on teaching.

<b>Transnational programming-Degree options</b>	FSU, QLU (representing Louisville, Towson and others), San Martin and Isthmus grant degrees in coordination with their affiliate foreign universities; The state technological university UTP, via its FUNIBER virtual PhD program, combines foreign university programming with a local degree; and the rest of the universities offer mainly local programming and local university degrees.
<b>Instruction modality</b>	Many are beginning to experiment with various aspects of online instruction, but only the two distance universities (UNADP and UNEIDPA) and the UTP offer formal online degree programs.
<b>Professors</b>	FSU, QLU, Isthmus and San Martin boast a majority of foreign national professors, but the rest rely principally on Panamanians. Most Panamanian university professors do not hold doctoral degrees and many do not hold Master’s degrees.
<b>Infrastructure</b>	
<b>Physical structures</b>	There are no resident university institutions in Panama. Those with traditional structures that include separate library and laboratory structures are limited to the state institutions and a few of the private universities (such as the USMA), with many of the public structures in states of disrepair. An increasing number of universities operate out of converted apartment and office buildings.
<b>Information-technology</b>	Access to journals, databases and virtual libraries is limited, even in the larger, more traditional universities. Access to computers and internet services is improving in the largest of the private universities.
<b>Official status</b>	
<b>National recognition</b>	36 universities have Ministry of Education permission to operate and University of Panama curricular approval.
<b>International accreditation</b>	FSU and QLU offer programs accredited by U.S. accrediting agencies.

Most of the university sector growth has occurred in the last 15 years, so most schools have been operating for only a decade or less. Private, for-profit institutions account for the majority. There are five public universities, representing about 75% of enrollment, the oldest and largest of which is the University of Panama (UP). The others have evolved more recently from former UP departments or regional centers.

The private sector represents only about 25% of university enrollment, but is the fastest growing segment in terms of numbers. It accounts for all Public Registry institutions and 31 of the 36 Ministry recognized universities. Many of these universities are products of transnational agreements with international providers that involve branch campuses, online programs, “off-shore” degrees, franchising arrangements, or multinational corporations.

International institutions with representation in Panama include Florida State University (FSU), University of Louisville, Towson University, College of Notre Dame of Maryland, Florida International University, Universidad de San Martin of Colombia, McGill University, University of St. Louis, School of International Training (SIT), and ADEN Business School.

Only FSU has a full branch campus and market presence that spans decades. The others are recent entries and tend to franchise specific degrees or courses. Several run study-abroad programs for outside students only. Thus, though the international university presence is growing, the overall impact on the sector is still weak. Multinational university corporations include Laureate International Universities and Whitney International University System, both of which own multiple schools and offer programs targeting lower income populations. These have had more impact on numbers enrolled.

Among the legally registered private universities are dozens for which no general information is available. A number of others could be considered “garage universities”—apartments or offices with signs in front that tend to disappear as quickly as they appear. Both of these trends raise concerns of diploma mills and fraudulent business practice, but because Panama does not have a functioning accreditation system, there is little to stop the proliferation of questionable operations.

### ***The Influencing Political and Economic Forces***

The description of worldwide trends affecting higher education in recent decades put forth in the second section of this paper dealt with the political and economic influences operating at the global level and shown in the top layers of the conceptual framework presented. Dropping down to the national level of the framework, a host of local political and economic issues mix with the global forces to influence the development of the university system and produce the current offer.

On the political front, like many countries in Latin America, Panama has signed many laws and international accords reflecting its commitment to higher education globalization and objective of moving its universities toward international norms. Chief among these are the 1998 law establishing Panama’s City of Knowledge, designed to bring international business, technology, and academia together in a former US military facility; the 2003 accord founding the Central American University Accreditation Council; and the 2006 law creating Panama’s National Council for the Evaluation and Accreditation of University Education (CONEAUPA). These last two are a direct consequence of Bologna Process efforts and subsequent European Commission sponsored regional convergence follow-up.

The visionary international accords compete, however, with more firmly established legislation: (1) the 1927 law facilitating creation of corporations for any non-illegal enterprise, including higher education; and (2) the 1972 Constitution, which centralizes university system control and private institutional oversight in the University of Panama (UP), an institution perceived to be seriously deficient academically and highly corrupt. This normative set-up abets university proliferation since it is not difficult to obtain Ministry of Education recognition but complicated for authorities to thwart those who fail to do so. It also provides a business for the UP and impedes establishment of autonomous quality assurance; CONEAUPA, three years after inception, is still not operational.

Economically, Panama has always been a dollar-based service economy that, due to its geographic location, caters to international services. The economy is based primarily on a highly developed services sector that now accounts for three quarters of GDP. Major services include the Panama Canal, the COPA-Continental airline hub, the container ports, the railway, the Colon Free Zone, and banking and insurance. In the past decade, tourism and construction have also become major contributors and the country has been able to attract increasing foreign

investment. All of this has begun to push rapid economic growth (Table 2). In spite of this progress, however, a third of the population still lives in poverty, the country’s Giniindex, which measures income inequality, is among the highest in the region, and unemployment (and informal employment) rates continue to be high.

**Table 2: Panama, Selected Statistics: 1990-2006**

	1990	2006	Average annual growth (%)
<b>Population (millions)</b>	2.4	3.3	2.3
<b>Labor force (millions)</b>	0.9	1.5	4.2
<b>GDP (US\$m)</b>	5,313	17,097	13.9
<b>GDP per capita (US\$)</b>	2,214	5,970	10.6
<b>GDP composition by sector</b>			
Agriculture	10%	8.0%	-1.3
Industry	15%	19%	1.7
Services	75%	73%	-0.2
<b>Foreign Direct Investment (US\$m)</b>	136	2,574	112
<b>Population below poverty line (1997)</b>	--	37.3%	--
<b>Gini index (2003)</b>	--	56.1	--
<b>Inflation rate (consumer prices)</b>	1.1%	7.1%	37.5
<b>Unemployment rate</b>	14.7%	10.3%	-1.9
Source: <i>World Development Indicators</i> 2006, 2008			

In addition to the booming service economy and the normative factors mentioned above, certain non-regulatory factors—a large, national pool of low-paid adjunct professors, an increasing demand for skilled labor, and limited vocational education options—further contribute to making university education an attractive business in Panama. These factors also make it profitable for universities to sell short-term modules for generic proficiencies like English, office protocol and computer skills in addition to degree courses.

**Implications for Competitiveness**

The general consensus in Panama, based on the interviews conducted for this research, is that the content and relevance of most university programs do not coincide with international standards or market demand. Without a solid, operational quality assurance body supported by both public and private sectors, short-term oriented economic forces will continue to dominate the longer-term political vision. The upshot of this is that although higher education may become available to more of the population, the worth of local degrees diminishes. Without immediate implementation of effective quality assurance measures and programs directed toward the country’s actual educational needs, the university system will soon be relegated

to a position of relative insignificance for Panama's development. This portends an increased reliance on foreign education and labor for Panama to be able to continue its trajectory of growth in the provision of international services, the motor driving the national economy. Evidence of this is already beginning to surface; a recent national study reports that 80% of mid- and high-level management holds degrees from universities outside the country (Goethals 2008).

Panama is well positioned geographically, historically, politically and economically to meet this challenge of developing a more adequate and responsive university system. But it will require considerable changes in the country's current academic power and decision-making structure, as well as the importing of necessary expertise and higher education programming, with sufficient mechanisms for knowledge transfer. More than anything, this will require a shift in thinking; national mentality must move away from equating university development with short-term business opportunity and toward equating it with long-term strategic necessity.

## Conclusion

The purpose of presenting the conceptual framework put forth in this paper along with an empirical example of its application is to introduce a comprehensive model for analyzing how global forces influence university system development in a given country. It may be applied to any country, but was constructed specifically with developing countries in mind as they are now, for the most part, in a position of serious disadvantage with regard to their university systems. They must react quickly to a shifting global scenario that affects national development and competitiveness—without having the benefit of university systems that are as stable, established, productive and endowed as those of many industrialized countries.

The issue of content and relevance of university programs not corresponding to either international standards or market demand is not unique to Panama. Rather, it is a common problem for developing countries. The framework presented here and the stock-taking exercise it propels is useful not only for Panama but for developing countries everywhere. It is the first step toward taking the decisions and actions necessary for better positioning the university system to contribute to national development. At international and national levels, a collection of forces works to affect the evolution of a country's university sector. These forces can be categorized into two major groupings: economic, market driven forces and political, regulation oriented forces, both of which incorporate multiple social forces as well. Existing studies on globalization and university systems all mention various economic, political and social factors at play in the development of these systems, but none have offered away to group or classify these factors or forces in an effort to determine where and how the agendas corresponding to these forces may converge or diverge. And this is critical for better understanding and harnessing these forces for application to a country's sustainable development. The framework presented in this study attempts to organize and examine the different components of these economic and political forces and facilitates the application of development oriented analysis and decision-making to national university system policy.

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Nanette Archer Svenson was born and raised in California and has lived and worked for the past 20 years in Tokyo, Barcelona and Panama. She has experience in the private sector, international development and academia, and currently works as a consultant for the United Nations Development Programme (UNDP) and various Panamanian public and private entities. She received a BA from Stanford University, an MBA from IESE in Barcelona, and an MS and PhD in International Development from Tulane University. She has teaching and research experience, most recently with Panama's Catholic University (USMA), the Panamanian Secretariat for Science, Technology and Innovation (SENACYT) and the universities of Tulane and UC Berkeley. She helped found and head Pro Artesana, the leading NGO for Panamanian artisan capacity development and is a member of Panama's FUDESPA, a private foundation for national economic and social development. Nanette lives in Panama with her husband and two daughters.

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