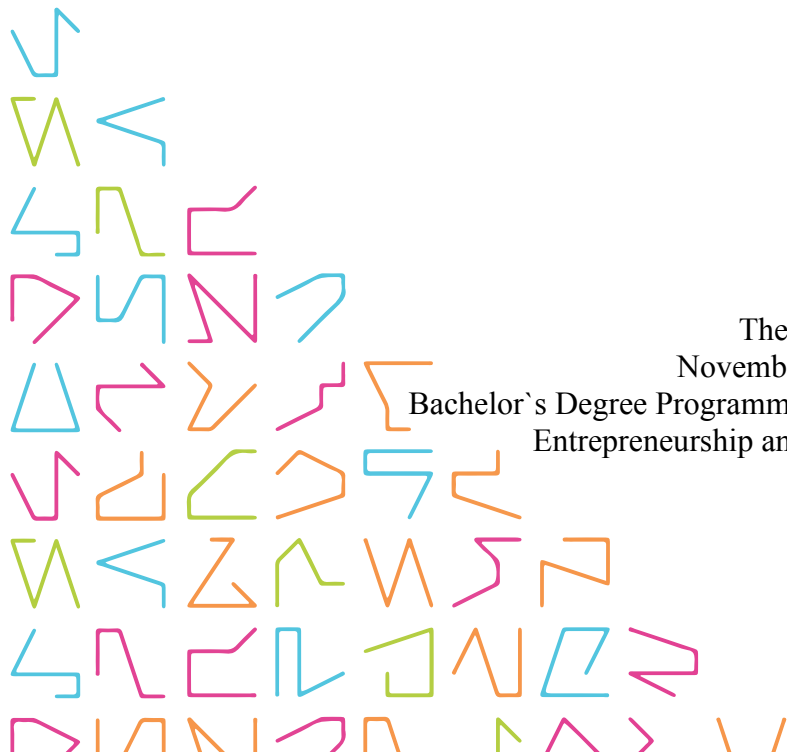




TAMPEREEN  
AMMATTIKORKEAKOULU

# MARKET ANALYSIS OF THE EXPORT OF FINNISH EDUCATION INTO BRAZILIAN MARKET

Aleksi Orenius



Thesis

November 2018

Bachelor's Degree Programme in Business administration  
Entrepreneurship and Team leadership

## **ABSTRACT**

Tampere University of Applied Sciences  
Bachelor`s Degree Programme in Business Administration  
Entrepreneurship and Team Leadership

ORENIUS, ALEKSI

Market Analysis of the Export of Finnish Education into Brazilian Market

Bachelor`s thesis 71 pages, appendices 2 pages  
November 2018

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The export of Finnish education has been growing steadily in recent years, and the Finnish government has set high expectations of it. Brazilian education market is still new to the actors in the export of Finnish education, and the export figures have been quite small. As a country, Brazil has great potential in the education export market, together with other Latin American countries, it is one of the five target market areas in the governmental education export programme called Education Finland. However, the Brazilian education system differs significantly from the Finnish education system, and there are big cultural differences. Before a Finnish education export company can enter the Brazilian market, it is necessary to find out what kind of opportunities and challenges companies could face in Brazil.

The objective of the thesis was to study the possibilities that a Finnish education export company has to succeed in Brazil, and to find out what kind of activities are needed if an education export company wants to do business in the Brazilian education field. The purpose of the thesis was to give a market analysis of the Brazilian education market, which enables the education export companies to make decisions, when considering Brazil as an option to expand their business in the future.

Method selected for this study was semi-structured theme interviews, which were conducted in Brazil in March and April 2018. The purpose of the theme interviews was to ask questions related to the same theme areas, and thus find similarities in the interviewees' answers.

The thesis was completed by first building a theoretical framework of the market analysis. Then, background information was gathered on Finnish education export actors and the current state of the Finnish education export, as well as on the Finnish and Brazilian education systems. Subsequently, based on the results of the theme interviews and the background information, a market analysis of the threats and opportunities of the Brazilian education market, from the education export company's point of view, was made.

Based on the results of the study, the Finnish education export could have great opportunities to succeed in the Brazilian education market. The brand of Finnish education was considered highly valued in Brazil, which makes starting and marketing Finnish education export easier for companies. The different culture and habits create the biggest challenges for education export companies but with the right partners and networks, challenges can be solved.

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Keywords: market analysis, education export, Brazil

## TIIVISTELMÄ

Tampereen ammattikorkeakoulu  
Tradenomi  
Yrittäjyys ja tiimijohtaminen

ORENIUS, ALEKSI:

Markkina-analyysi suomalaisen koulutusviennin mahdollisuuksista Brasiliassa.

Opinnäytetyö 71 sivua, joista liitteitä 2 sivua  
Marraskuu 2018

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Suomalainen koulutusvienti on viime vuosina ollut kovassa kasvussa ja Suomen hallitus on asettanut sille kovia tavoitteita. Koulutusvienti markkinana Brasilia on suomalaisille toimijoille vielä uusi, ja vienti sinne on vielä tähän asti ollut melko pientä. Maana Brasiliassa on kuitenkin suuri potentiaali koulutusvienti markkinoilla, ja se onkin yhdessä muun Latinalaisen Amerikan kanssa yksi viidestä kohde markkina-alueesta opetus-, työ- ja ulkoministeriön Education Finland koulutusvienti ohjelmassa. Brasilian koulutusjärjestelmä eroaa kuitenkin suuresti suomalaisesta, ja myös kulttuureiden välillä on suuria eroja. Ennen kun suomalainen koulutusvientiyrittäjä voi lähteä Brasilian markkinoille, on selvítettävä millaisia mahdollisuuksia ja haasteita Brasiliassa voi näillä markkinoilla olla.

Opinnäytetyön tavoitteena oli tutkia, millaisia mahdollisuuksia suomalaisella koulutusvientiyrittäjällä on menestyä Brasiliassa, ja selvittää millaisia toimenpiteitä tarvitaan, jos koulutusvientiyrittäjä haluaa harjoittaa liiketoimintaa Brasilian koulutusmarkkinoilla. Opinnäytetyön tarkoituksena oli luoda markkina-analyysi Brasilian koulutusmarkkinoista, jonka avulla koulutusvientiyrittäjä pystyy tekemään päätöksiä mahdollisesta koulutusviennin aloittamisesta Brasiliaan tulevaisuudessa.

Tutkimusmenetelmänä käytettiin puolistrukturoituja teemahaastatteluita, jotka toteutettiin Brasiliassa maaliskuussa ja huhtikuussa 2018. Teemahaastatteluiden tarkoituksena oli kysyä samoihin aihealueisiin liittyviä kysymyksiä haastateltavilta ja sitä kautta löytää yhteisyyksiä vastauksista.

Työ toteutettiin rakentamalla ensin teoreettinen ymmärrys markkina-analyysin rakentamisesta. Lisäksi kerättiin taustatietoa ja aineistoa suomalaisen koulutusviennin nykytilasta ja toimijoista, sekä Brasilian ja Suomen koulutusjärjestelmistä. Tämän jälkeen luotiin markkina-analyysi, jossa teemahaastattelujen vastauksiin sekä taustatietoihin pohjautuen selvitettiin Brasilian koulutusmarkkinoiden mahdollisuuksia sekä uhkia suomalaisen koulutusvientiyrittäjän näkökulmasta.

Tutkimustyön tulosten perusteella suomalaisella koulutusvientiyrittäjällä todettiin olevan hyviä mahdollisuuksia menestyä Brasilian koulutusmarkkinoilla. Suomalaisen koulutuksen brändi todettiin myös todella arvostetuksi Brasiliassa, mikä helpottaa koulutusviennin aloittamista ja markkinointia. Erilainen kulttuuri ja toimintatavat luovat suurimmat haasteet koulutusvientiyrittäjälle, mutta oikeiden kumppanien sekä verkostojen avulla haasteisiin löydetään ratkaisuja.

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Asiasanat: markkina-analyysi, koulutusvienti, Brasilia

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#### List of Abbreviations

OECD – Organization for Economic Cooperation and Development

PISA – Program for International Student Assessment

MEO – Ministry of Education Finland

GERM – Global Educational Reform Movement

GDP – Gross domestic product

ENEM – *Exame Nacional do Ensino Médio* (National High School Exam)

FUNDEB – *Fundo de Manutenção e Desenvolvimento da Educação Básica e de Valorização dos Profissionais da Educação* (Fund of the Development of Primary Education and Appreciation of Teachers)

FUNDEF – *Fundo de Desenvolvimento do Ensino Fundamental e de Valorização do Magistério* (Fund for the Development of Basic Education and Appreciation of Teachers)

TAMK- Tampereen ammattikorkeakoulu (Tampere University of Applied Sciences)

MEC – Brazil Ministry of Education

Finpro – Finnish Foreign Trade Association

FGV – *Fundação Getulio Vargas* (Getulio Vargas Foundation)

UNICAMP – *Universidade Estadual de Campinas* (Campinas State University)

USP – *Universidade de São Paulo* (Sao Paulo University)

UFRJ – *Universidade Federal do Rio de Janeiro* (Federal University of Rio de Janeiro)

BNCC – *Base Nacional Comum Curricular* (National Common Curricular Base)

FAUBAI – Brazilian Association for International Education

SEMESP – Association for Brazilian private higher education institution policy-makers

ABMES – Association for Brazilian higher education policy-makers

EBITDA - Earnings before interest, taxes, depreciation, and amortization

Finnish based school – School concept based on Finnish education localized to target markets environment

# 1 INTRODUCTION

## 1.1 Background

Finland has a good reputation as a high-quality education country all over the world. Especially when the first PISA results came out in 2000, and Finland was highest-performing nation of the OECD countries, the world media immediately wanted to know what was behind this success. Despite of fact that in PISA results in 2009, 2012 and 2015 Finland has not anymore been in the top 5 countries, Finnish education brand has remained strong. Finland has a high-quality brand and significant international interest in education but still Finland has not been able to exploit this reputation in education export sector. (Schatz 2016.)

In June 2009 Finnish Minister of Education and Science Ms Henna Virkkunen established a research group of 17 people to identify the challenges and bottlenecks of Finnish education export. The results of the group were used to create the strategic lines for the Finnish education export strategy, published in April 24, 2010. The aim of the strategy was to make Finland one of the world's leading education-based economy. One of the main points in the strategy was to create better co-operation between private and public sector in education and together offer more coherent services for the customers. (MEO 2010)

Brazil is known as a country that have currently a lot of economic and political challenges. It is still one of the biggest countries in the world and fifth largest education market in the world. Brazil has 48,8 million students in its basic education system and the education sector is a high priority for the Brazilian government. In 2017 the education expenditure was approximately 34 billion US dollars. The goal set in the government's National Plan for Education is to increase the expenses 10 percent by 2024. The internationalization of education is highlighted in both private and public sector. The main challenge for many Brazilian students and for companies in globalization is their lack of basic English language skills, so there is a demand for international education in Brazilian market (US government 2018.) Finnish education exports to Brazil have been increasing every year in recent years but, so far the main business has been between Finnish and Brazilian universities. However, there could be possibilities for Finnish education export companies in basic education and higher education sector. (Wickström 2018.)

The idea for this thesis came from my own interest in Finnish education exports. I got an opportunity to live and work in Brazil for 2 months in spring 2018. I decided to contact Finnish education export company Polar Partners Ltd and ask if they would like me to explore the business possibilities in Brazilian market during my trip. Brazil was not a target market for Polar Partners but they still accepted my request to do the study for the future, because Brazil has a big potential in education export business.

## **1.2 Introduction of the client**

Polar Partners Ltd is delivering Finnish education worldwide and it was established in January 2017. Three founders have a strong background in entrepreneurship and in teaching. During their career founders realized that Finnish education export is still quite small comparing to many other countries and there are lot of small individual actors but no one is offering the products that include all the educational services, that Finland could offer.

The main business idea of the company is to deliver Finnish based K-12 schools worldwide. K-12 is a term used as a short form for school grades from kindergarten to 12<sup>th</sup> grade. To be able to deliver all the services and products included to the modular school concept, they have been gathered a network of over 40 partners from Finnish education sector. These partners include universities and private companies from Finland. Polar Partners is the first company in the world, which has integrated different educational product and services to a modular K-12 school concept from Finland. (Polar Partners 2018.)

Target customers for the K-12 school concept are private school owners, who want to establish a new school with Finnish based methodology. Polar Partners modular K-12 school concept is designed of five main elements which are school leadership training, teacher training, curriculum and content, physical and digital learning environment and individual student support services. Polar Partners mission is to co-create the project together with the local and Finnish team to gain permanent results. (Polar Partners 2018)

Right now, their two main target markets are India and Southern Africa and MENA region (Middle East and North Africa region). but they have representatives in Pakistan, Latin America and United States. Polar Partners are a member of Education Finland group which is a national education export program that promote and support Finnish



education exporters and match their offering with international customers. (Polar Partners 2018.)

### **1.3 Objective and purpose of the thesis**

The main objective of this thesis is to determine what kind of opportunities Finnish education would have in Brazil and to find out what kind of activities is needed, if export companies want to do business in education sector in Brazil. In addition, to determine possibilities and difficulties of Brazilian education industry from Finnish point of view. Purpose of this thesis is to create market analysis of the business possibilities in Brazilian education sector. Market analysis enables companies to have help with the decision making when considering Brazil as an option to expand their business. Purpose of the analysis is to provide different market entry options for the companies with an intention to start exporting education to Brazil.

### **1.4 Implementation of the study**

The qualitative study was used as a research method. The purpose of qualitative study is to clarify certain thing or phenomenon without statistical methods or other quantitative means. Instead of data and statistics the qualitative study uses words and phrases to research the subject under investigation

Qualitative study does not aim at generalizations. Instead, the intention is an accurate description of the phenomenon or the case. The result of quantitative study cannot, according to the theory, be a wrong interpretation of the subject, because the aim is not to produce an objective interpretation and the result always depends on the researcher. (Kananen 2012, 29-30.) The study was conducted as semi-structured theme interviews in spring 2018 in Brazil in three different cities Sao Paulo, Varginha and Uberaba.

### **1.5 Theoretical framework**

The theoretical framework of the thesis was based on printed and electronic sources. The theory was needed for the background of the thesis and for planning the collection of the materials. In order to study the data, the theoretical framework was used to structure the

observations and results. In addition, the theory helped in interpreting the results and comparing the findings with the theoretical material. (Saaranen-Kauppinen & Puusniekka 2006, 11-12.)

The first part of this thesis is the theory of market analysis. That is followed by background information on Finnish and Brazilian education, which is important to understand before reading the study itself. The last section before the study deals with the theory and background of education exports.

## **2 MARKET ANALYSIS**

This chapter focuses on basic theory of market analysis and the issues to be taken under consideration when a company wishes to expand business into the new markets. Making a market analysis becomes topical, when company want to expand or start their business in a new country. (Äijö 2008, 100.) Market analysis should consist of following parts: operative environment, difficulties of entering the market, demand, size and development of the market, customer analysis and the competition analysis. (Äijö 2008, 105.) This thesis focuses on the most important things for education export company to take under consideration when entering the Brazilian market. Based on the analysis, the intention is to create different target groups and segments for companies, who wants to enter the education market.

### **2.1 Operative environment**

Especially companies focusing to expand on international market should research the environment where they are about to start their business. This particular step in market analysis is called environment analysis and the idea is to research the external operating environment and overall economic development. This information is usually easily available from internet because there are many kinds of reports and statistics already completed in the past. With this information, it is easy and affordable to get a picture of the common situation of the country. (Leskinen 2017, 5.)

Information that environment report should include has been visualized in figure 1.

ENVIRONMENT ANALYSIS		
AREA	INFORMATION	TREND GHANGE
<b>Economy</b>	GDP, taxation, inflation	The development of demand, economic development
<b>Politics</b>	International relations, bureaucracy, corruption, governmental support	Development of politics
<b>Socio- economics</b>	Distribution of income, standard of living, employment	Development of standard of living
<b>Culture</b>	Habits, religion, culture, language, business culture	Social trends (values, attitudes, way of living)
<b>Jurisprudence</b>	General legislation, international law, product approval	New laws and standards
<b>Physical factors</b>	Geography, surroundings, infrastructure	Development of techonology, energy or raw materials
<b>Demography</b>	Population, age distribution	Development of population

FIGURE 1. Environment analysis based on Leskinen 2017.

Figure 1. shows which factors should be taken into account when moving to a new country and to the new market area. In addition to current factors, it is good to think about the future trends because internationalization is a long process. Those things have been shown in trend change section at the figure 1.

## 2.2 Analysis of the industry

When considering expanding the business to the new market area a company should research the industry in which they are going. Things to consider in this part of the analysis, for example price level, customer groups and structure of those groups. It is good to evaluate the supply in the destination country as it has an effect on competitive situation in the industry. In addition to competitive situation, marketing tools of the competitors should be taken into consideration because the way of marketing could be different in a different country and culture. (FINTRA 1999, 19.)

The product that is intended for export to the market should be taken under evaluation. In a new market area, the expectations and standards for the product may deviate from the former markets or countries. Many products need to be modified for different markets and cultures. Questions related to demand should pay attention to what is the potential customer group of a company and its size and what are the quality and purchasing habits of the customers in the target country. In addition to these things, it is good to think about

how the company stands out from other companies and what would be the company's advantage in the competition. (FINTRA 1999, 19.)

### **2.3 Customer analysis**

The idea of every business is to make a profit and to do so companies need customers. When expanding the business to the new market area companies need to evaluate what kind of customers they can reach in the area. When measuring the business potential in the area companies need to know what kind of customers are interested about the product or service, what kind of features the customers appreciate and how the company is able to reach the customers. To be able to do that the company needs to have the right product or service, a proper target group and the right channels to reach the customers. At this point company needs to choose a customer segment, because it is easier to handle customers in larger groups. (Koski & Virtanen 2005, 51.)

Segmentation means dividing the target market into smaller parts, according to customers' needs and buying behavior. The meaning of the segmentation is to create customer groups that have the same needs. If segmentation is done successfully, it is easier for a company to meet customer needs. The segmentation is usually based on the different customer features such as age, gender, occupation, social status etc. (Aarnikoivu 2005, 41-42.) If the customer is another company segmentation features could be a little bit different. Segmentation of market involves product differentiation, in which the idea is to produce a product that suits the needs and hopes of the segment as well as possible. (Koski & Virtanen 2005, 51.)

### **2.4 Competitor analysis**

Competition could be hard in international market, so it is really important to get to know the competitors before starting the export business. Competitor analysis could be divided into three sections: structure of the competition, competitors' activities and the ability of competitors to compete. (Leskinen 2017, 9)

First step for the company is to find out who are the main competitors in the industry and how many competitors there are. Local companies and other companies who export same business to same market area can be seen as competitors. After knowing who are the competitors, next step is to find out their potential. The potential could be determined by

looking at the market share, role and position of the company in the market. It is good to look at the development of the company to find out what could be the future potential. To determine how the competitors are operating at the market the company should research following areas:

1. Objectives of the company (goals, strategy, future development)
2. Companies` production capacity
3. Competence of the company
4. Product or service of the company
5. Finance of the company
6. Marketing and brand of the company

(Vahvaselkä 2009, 159-160)

When evaluating the competitors` ability to compete, things to consider are company`s leaders management skills, marketing and special strengths. It could be very difficult to find information about many competitors` operations because companies protect their business really strictly. (Vahvaselkä 2009, 160.) In Brazil, there are thousands of competitors in education sector but information could be hard to find without Portuguese skill because all the information is only in Portuguese.

## **2.5 Difficulties of entering the market**

All the things where local competitors are in a better situation than the exporting company could be seen as difficulties of entering the market. In a new country, nobody knows the company and when people don`t have any picture about the company, it could cause some problems. In the beginning, it could be hard to build trust and credibility among the locals because customers sometimes prefer familiar companies and products. Differences between culture, language and religion could cause different buying and consumption habits. Other things that could cause problems and difficulties in a new market country are lack of knowledge in marketing, customers and competitors, and lack of contacts. (Äijö 2008, 105.)

Possible problems with different laws could cause problems for companies who plans to expand their business to a new country. Every country has different permits and regulations and it is really important to research these laws in a new country before starting the

exporting. Also, different currency causes risks and expenses for the exporting company. (Äijö 2008, 105.)

These things could cause difficulties for the company who wants to enter the new market. To overcome these obstacles exporting company needs to have enough money and time to resolve the problems and clarify the laws and regulations in a new market area. To be able to compete in a new market area, exporting company has to be considerably better than local competitors in things that are important for the customer. (Äijö 2008, 60-61.)

## **2.6 Stages of the analysis**

After all the information for marketing analysis has been gathered with different data acquisition methods next step is to go through the whole material and cut away irrelevant and useless information. At the same time, it is good to think if there is a need for more information from different sources. After going through the material, based on the data, analysis and conclusions are done. The market analysis should be done in a way that the exporting company will be able to make a decision about exporting and plan how to start the export. (Selin 2004, 35, 42.)

The report includes common picture about the implementation of a market survey, received information, summary and conclusion about the results. The most important and difficult part of the report is the presentation of the conclusions. At this stage, the results are introduced shortly. This part should give answer to questions what was measured, what were the results and what is the meaning of the results. From conclusions reader should see the summarized results. (Lotti 2001, 195.)

### 3 EDUCATION SYSTEMS

This chapter is focusing on basic theories of Finnish education system and the reasons behind its success. After that chapter focuses on Brazil and to the current education system in Brazil and its problems.

#### 3.1 Education system of Finland

Since 1970 Finnish education has been developing to better direction every year. Finland has been able to create a school system where almost everyone succeeds and failure is rare. Education system is based on basic principles that could be seen in all education levels. These principles are equity, trust, responsibility, life-long learning and highly educated teaching personnel. These principles are based on cultural background of Finnish people and have started from decisions made by the educational policy-makers in 1970's. (MOE 2017, 6.)

The Finnish education system is separated into early childhood education and care (ages 0-5), pre-primary education (age 6), basic education (age 7-16), upper secondary education, that is separated into matriculation examination and vocational education and higher education that includes universities and universities of applied sciences. Education for the students who need special attention is included in regular schools, as much as possible. The Finnish education system is shown in figure 2.

Early childhood education happens in kindergartens, daycare groups or private homes. Pre-primary education starts at the age of 6 but it is not compulsory for children to attend. However, almost all children are participating in the pre-primary education. Basic education is mandatory and includes both primary and lower secondary education. Upper secondary education lasts for three years and in this part of the studies students can choose from two different tracks to follow. First option is general upper secondary schools, which ends with Matriculation examination that provides access into universities and polytechnics. Second option is vocational institutions, which prepares students to be ready for the working market. Important thing is that the system allows students from both options to enter higher education. Higher education is divided into universities of applied sciences, which concentrate more profession oriented skills, or universities with traditional research orientation and polytechnics. All of the institutions offer bachelor and master's degrees.



Doctorate and licentiate degrees are only available in traditional universities and polytechnics. (MOE 2017,3.) Education exports activities are conducted on all levels of education. In recent years, the focus on Finnish education exports activities have been shifted more from basic education to higher education. (Schatz 2016, 57.)

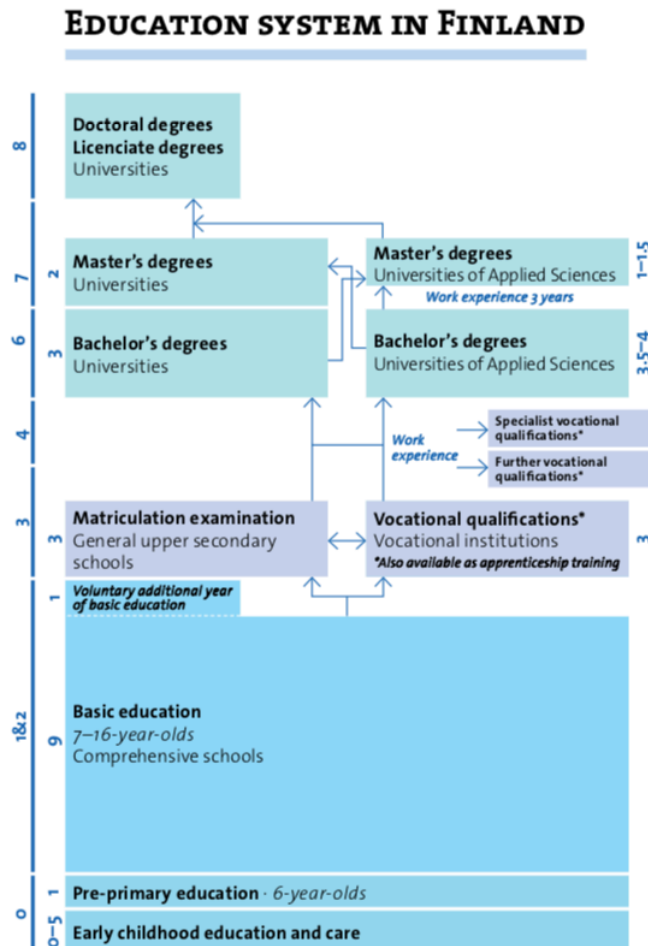


FIGURE 2. Education system in Finland (MEO 2017, 3)

### 3.1.1 Finnish model of educational change

According to professor of education policy Pasi Sahlberg's book *Finnish Lessons 2.0* (2015) the Finnish educational reform is mainly based on the institutional structures and institutions established in the 1970s and 1980s. The social capital generated by the state is created through government rules and motivated by the responsibility to supply basic conditions of well-being for all has provided supportive social conditions for educational achievement. (Sahlberg 2015, 142.)

Internationalization has shaped Finland already nearly two decades and of course globalization effect on education sector. According to Sahlberg (2015) Global Education Reform Movement, or simply GERM has shaped the education in other countries since 1980s. GERM is not a global policy program but more like an unofficial educational movement that relies on a certain set of suppositions to make countries improve their education systems. It has been used as a new educational orthodoxy recently in many countries educational reform. Example in United States, Canada, United Kingdom, Sweden and in many developing countries. (Sahlberg 2015, 143.)

However, in education, Finland has not followed other world educational reform and has not adopted elements from GERM in their education system. According to Sahlberg there are 5 key differences between the Global Education Reform Movement and The Finnish Model of Educational Change. (Sahlberg 2015,149.)

The first difference is the competition versus collaboration. In GERM, the basic assumption is that the competition between the schools will increase the quality, productivity and efficiency of the teachers and students. Competition will create a market situation between public schools, private schools, charter schools and free schools and that will improve the teaching and learning. In Finnish Model the basic assumption is that when different schools and educating people make cooperation, networking and together share ideas about the good teaching methods and tools, the quality of teaching and learning will increase. In this model teachers share the culture of collaboration in their own classrooms (Sahlberg 2015, 152.)

The second difference is the standardized learning versus personalized learning. In GERM supposition is that when schools set clear, high and centrally prescribed targets of performance for schools, teachers and students, that will improve the quality of teaching and equity of outcomes. Because of this schools have standardized teaching and externally designed curriculum to secure the coherence and common criteria for testing process. In Finnish Model, everything is based on personalized learning. Which means that the national framework for school curriculum is flexible. This model lets the schools design their own curriculum and encourage them to find the best ways to create personalized learning opportunities for all. This will lead for example, to the fact that the schools are able to plan own study plans for those with special educational needs (Sahlberg 2015,152.)

The third difference is in teaching areas that the schools are focused on. In GERM, the focus is on numeracy and literacy. Skills in mathematics, writing, reading and in natural sciences are the prime targets in education. Normally these subjects are in the main focus in curriculum and in order to teach these subjects enough, the time is taken from other subjects such as arts and music. In Finnish Model the aim is to find each student's talent. Teaching and learning focus on deep, broad learning. Main point is to give equal value to all subjects in order to support the growth for individual students. Which means that in the curriculum there is subjects such as music, arts and domestic science (Sahlberg 2015,152.)

Difference between the test-based accountability in GERM and trust-based responsibility in Finnish Model is the fourth main point when comparing these two educational reform movements. In GERM teacher pay and school budget is determined by students test scores. The system is based on rewards and sanctions. If students are getting good results from those standardized tests mentioned earlier, the pay of the teachers and school budget is bigger. But if the test results are poor the sanctions often include terminations and, in some cases, closing down the school. In Finnish Model building a culture of trust and responsibility is the key for successful results. The trust for the professionalism of the teachers and principals are high. People trust that teachers and principals know what is the best for their students. The salary of the teacher doesn't depend on the students' tests scores. The targeting resources are used to students and schools who are in danger to fail or to be left behind (Sahlberg 2015, 153.)

The final difference is in fact of how the students choose in which school they are attending. In GERM parents must be given the freedom to choose their children's education. Schools compete against each other to get better students and of course in better schools semester fees are bigger for the parents. That leads to the situation that the people from richer family are in better situation because usually in more expensive schools the quality of the teaching is better. This leads to inequity in the quality of education and in the prospects for success in life starting from kindergarten. In the Finnish Model the basic premise is that all the children should have equal opportunities to success in school. All the schools are free, and the quality of teaching should be same in all of the schools. It doesn't depend on children's family background that what kind of education he or she will have.

Schools are funded according to their real needs to ensure the equity of outcomes (Sahlberg 2015, 153.)

### **3.2 The cornerstones of Finnish education**

According to Finnish Ministry of Education and Culture, education system in Finland is based on few core principles. These principles consist of values, life-long learning and the quality of teaching. This chapter focuses on these principles that are known as cornerstones of the Finnish education.

#### **3.2.1 Equity, trust and student support**

The fact that Finland didn't decide to follow other countries educational reform in 1970s but decided to create their own educational reform based on equity, trust and responsibility is the key behind the Finnish educational success. Education must be free in all levels from the pre-primary to higher education. Schools offer nutritious meal for free until the upper secondary level. In higher education meals are supported by the government. To ensure the opportunities to study for everyone in higher education there is a well-developed system for study grants and loan. Every pupil and students have right to educational support and students with special needs must be supported. The aim is to prevent existing problems from becoming more serious and expensive. (MOE 2017, 6-9.)

#### **3.2.2 Life-long learning**

Life-long learning is on big focus in the Finnish education. In education system, there are no dead-ends. It doesn't matter what choices students make in their study path, learners can always continue their studies in upper level education. Adult education has a long and strong tradition in Finland. The first Finnish folk high school was established in 1889 and still nowadays the adult education is really popular. The main objectives for adult education is to ensure the competence and availability of labor force and to offer equal opportunities for adults to develop themselves during their careers. The results of these objectives should be seen in extended working life, raised employment rate and in improved productivity. (MOE 2017, 10.)

### **3.2.3 The quality of teaching**

The quality of the teachers and teaching is one of the cornerstones of Finnish educational success. Comparing teachers job in Finland to other countries example to United States, United Kingdom or Brazil there are some big differences. Finnish education system don't have a lot of school inspection, and it does not use external standardized student testing to point out the achievement of the school or effectiveness of the teacher. In Finland teachers have professional autonomy to create their own study plans and curriculum. (Sahlberg 2015, 99.)

Teaching as a profession is highly valued in Finnish society and it is tied to sustaining Finnish national culture. According to teachers own opinions, they think that they are in important role when building Finnish welfare society. According to the reports that Finnish media has published, the teacher's profession is consistently rated as one of the most admired professions, ahead of medical doctors, architects, and lawyers. Core social values in Finland are social justice, caring for others, and happiness. The profession of the teacher is considered to be identical with these core values. (Sahlberg 2015, 100.)

In a national opinion survey, about 1300 adult Finns were asked if their partner's profession has influenced their decision to commit a relationship with them. Surprisingly the teacher profession was rated second in the list only medical doctors ahead of them. These surveys tell that the profession of the teacher has high professional and social status in Finland. (Sahlberg 2015, 101.)

Teachers in general and upper secondary education are required to have a master's degree and teachers in vocational education have to have a higher education degree. The high-level education for teachers have seen necessary as teachers are autonomous professionally. At most levels teachers are required to attend on further education courses as a part of their agreement on salaries. Continuous training is funded by the state because teachers are recognized as the key to quality of the education. (MOE 2017, 24-26.)

### **3.3 Education System of Brazil**

According to the study of Christina Stanek from Kent State University (2013) current education system is based on the 1988 Constitution, which highlighted education as a

common right: The educational system should be highly promoted and secured by the government. In 1996 a new law called *Lei de Diretrizes e Bases da Educação* (National Education Guidelines and Framework Law) was launched. This law demanded a new national basis curriculum for primary and secondary education increased the length and number of teaching days, accounted for the evaluation of courses and institutions at all education levels, allowed integration for vocational education and made recognitions for special and innovative education. Subsequently, there have been some additions to the law after. Example the establishment of a compulsory nine-year primary education system and creation of National System of Higher Education Evaluation (SINAES). Still the basis of the system has been the same almost 30 years (Stanek 2013.)

Education in Brazil is managed by a system of ministries and government offices that work together at the federal, state and municipality level. Responsible for providing and managing early childhood education is municipalities. Federal district and the states are responsible for the primary and secondary education and the federal government has the responsibility for the arrangements of education in its universities and the regulation of private institutions. The Minister of Education (*Ministério da Educação*) response is to provide financial and technical support for municipalities, the states and the federal district (Stanek 2013.)

Currently primary and secondary education in Brazil follows a 9+3 pattern. This change was implemented in 2010 in to education system as the previous system has 8+3 pattern. Primary education is mandatory and free at public institutions. Pre-primary and secondary education are not mandatory but are available for free at public institutions. In all education levels, there are private institutions available. Private institutions must be evaluated and approved but the Ministry of Education. There is a big difference in the quality of education in primary and secondary schools depending on the individual institution. Primary education is for children ages 6-15 and secondary education ages 15-18. After students have passed primary education and have the certificate of *Ensino Fundamental* they can choose between secondary education *Ensino Médio* and vocational secondary education *Educação Profissional Técnica de Nível Médio*. (Stanek 2013.)

All the most prestigious universities in Brazil such as UNICAMP, USP and UFRJ are public institutions, where the studying is free. Admission to universities in Brazil is based on the success of the studies in secondary education as well as the entrance exam score.

Traditionally, each university has their own entrance exam called *vestibular*. The *vestibular* is different between different institutions but usually exam tests students on a variety of subjects, not depending on which field of study they are applying.

Nowadays one of the most important exams in secondary education in Brazil is called ENEM. Most of the secondary education institutions students participate ENEM as their final exam before graduation. The ENEM was launched in 1998 as a means of assessing the quality of Brazilian education. In 2009 ENEM was announced as the official university entrance exam by the Brazilian Ministry of Education. After that most of the universities replaced their own entrance exam with ENEM or added it to their own vestibular to make admissions decisions (Stanek 2013.)

Nowadays for primary and secondary institutions the results of their students in ENEM is the main indicator of institutions quality. Because of this, the schools' curriculums have been designed in the way that prepares students to be as good as possible in ENEM. (Interviews 2018.)

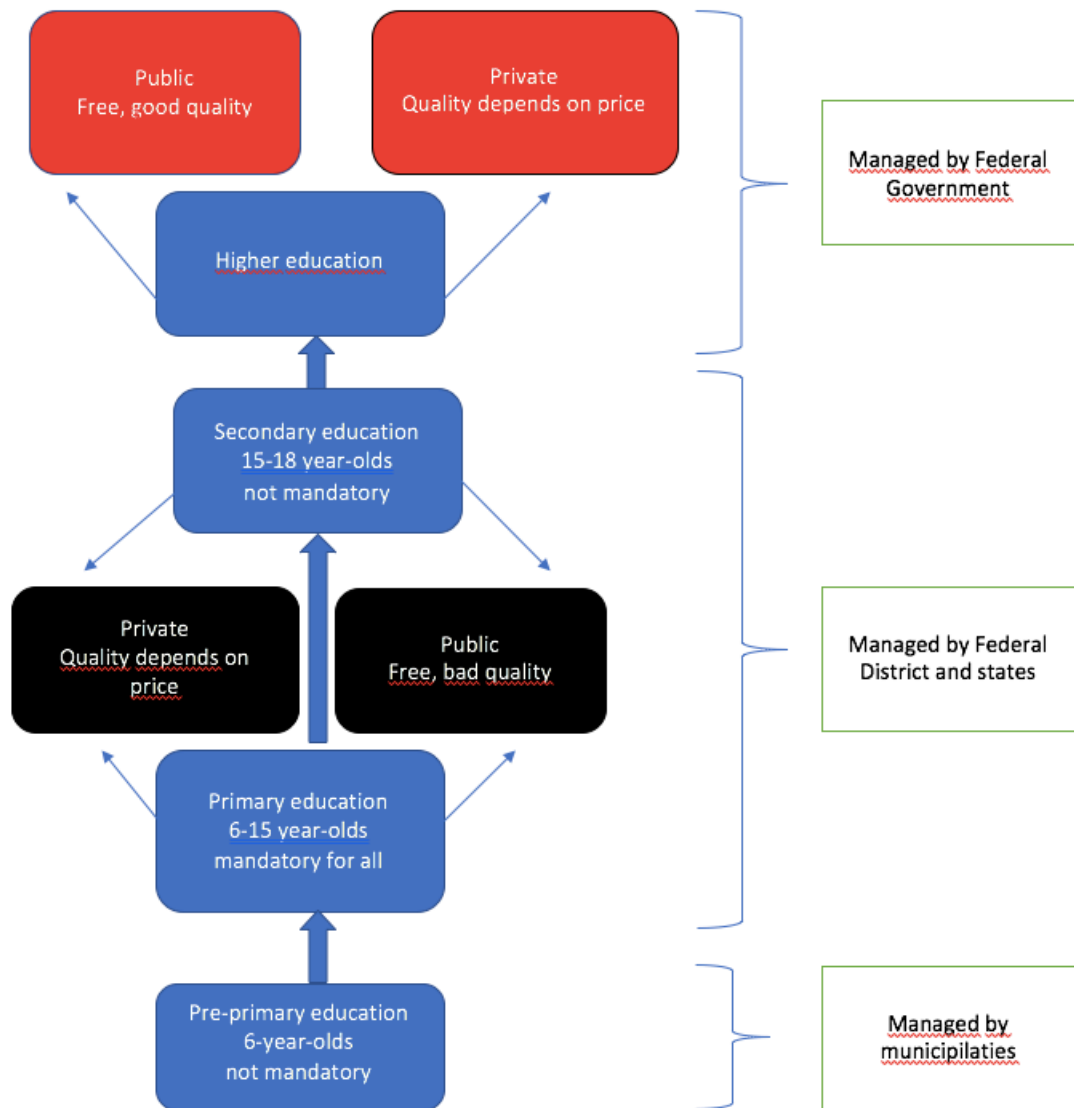


FIGURE 3. Education system in Brazil based on Stanek 2013.

### 3.3.1 The challenge of inequality

According to Colin Brock's and Simon Schwartzman's book *The Challenges of Education in Brazil* (2004) education in Brazil has changed a lot in recent years but it is still far from the level it should be. Main problems in Brazil education system in 1970s was that there were not enough schools, children abandoned school in large numbers in early ages and government didn't spend enough money for education. When policy makers realized that problem, they started to build a lot of new schools and started to convince the families to put their children to school. Eventually this led to the situation that there were more studying places in schools than there were students. This in turn led to the situation where primary and secondary schools started to have a competition of the students because in



most prestigious public universities, where the studying is free and in best quality, there were not enough studying places for all. (Schwartzman & Brock 2004, 11.)

Nowadays situation is still the same. Primary and secondary institutions compete against each other and the schools whose students get most places in public universities, are the ones who get the best students. Usually those schools are expensive private schools where the pay for the teachers is much bigger than in public schools. Better salary makes teachers to be more involved in to their teaching. Social background of the students in private schools is one of the key points in the fact that private schools produce better students than public schools. Brazil is known as one of the most unequal countries in the world and this effect lot in education sector. (Schwartzman & Brock 2004, 12.)

This inequality affects a lot to the people possibilities to success in their life. Everywhere in Brazil public schools in poor neighborhoods, regions and municipalities are tended to be of worse quality. Achievement in school depends a lot of family`s economic and social situation and cultural background. The children of the middle and upper-class people are attending private basic education where the quality of teaching is better and which prepares them to get admitted in to highly valued public higher education institutions. Students from families with poorer background are attending public basic education, where the quality of the education is not in good. That leads to the situation, where students from poor families usually don`t get in to the universities at all or if the get in, they can only access the private universities, where they have to pay to study. (Georges 2017, 38.)

The issues behind the low educational attainment of children from poor families have become over time more and more complex. In poor areas, the schools have many different kinds of problems with students. There are problems with social issues (teen pregnancy, gang and drug involvement), family issues (unemployment, domestic violence, homelessness) and learning issues. In some secondary schools, there might be drug dealing, violence and threatening of the teachers inside the school. These issues affect to the quality of teaching and to the common culture in school, and to the willingness and ability of students to make use of the educational services they are offered. In high-fee private schools the social background of the students is totally different and the students learning is dramatically higher than in public system (Bruns, Evans & Luque 2012, 36-37).

### 3.3.2 The challenge with quality of teaching

Unlike in Finland, in Brazil teaching is a low-status job and don't attract the high academic performers. Teachers are usually recruited from bottom third of students and example in study in 2005, 11 percent of the students who graduated and were on the top quintile, were interested of becoming teachers, while in the bottom quintile percentage was 30%. In 2010 researchers documented that most of the students, who goes to teacher training come from poorer and less educated families, and have not attended private high schools. (Bruns, Evans & Luque 2012, 57.)

In Finland, there is usually approximately 9 applicants per one starting place in teachers education but in Brazil usually there is no need for qualification of candidates in teacher programs. There are many different programs in both private and public institutions for teacher education. The variety of the programs brings issue with the quality of institutions. A study in 2010 of a sample of graduates from 532 different pedagogia programs showed that according to the students results in exit programs the average institutional quality is not high. (Bruns, Evans & Luque 2012, 57)

One of the reasons behind the poor quality of teaching is the teachers job applying process. The process is highly decentralized, which means that states and municipalities decide their own criteria and hiring process. In many cases the hiring process is only based on written examination and a review of formal qualifications. Typically, there are no interviews or real-life situations such as running a sample class or preparation for sample lesson. In some situations, there may be a probation period but it is not mandatory. In total, there are over 5000 separate education systems in Brazil, which makes it difficult for the government to aspire single national teacher training or selection system as example in Finland (Bruns, Evans & Luque 2012, 58.)

According to the Global Teacher Status Index study in 2013 by Professor Peter Dolton and Dr Oscar Marcenaro-Gutierrez from VARKEY GEMS Foundation the teacher's status in Brazil is really low. This study is based on different questions that demands teachers' status and was conducted from 1000 representative respondents in each of the 21 different countries selected to this study. The index is based on four main questions that were asked in the study:

1. Ranking primary school teachers against other professions

2. Ranking secondary school teachers against other professions
3. Ranking of teachers according to their relative status based on the most similar comparative profession
4. Rating perceived pupil respect for teachers.

Brazil was 20<sup>th</sup> out of the 21 countries compared in Teacher Status Index, only Israel behind it. (Figure 4.) In the same study the pay of the teacher in Brazil was on average 18550 US dollars per year and that was second lowest pay out of the 21 countries in the study. Only in China (17730 US dollar) the pay was less than in Brazil (Dolton & Marcenaro-Gutierrez 2013, 12.)

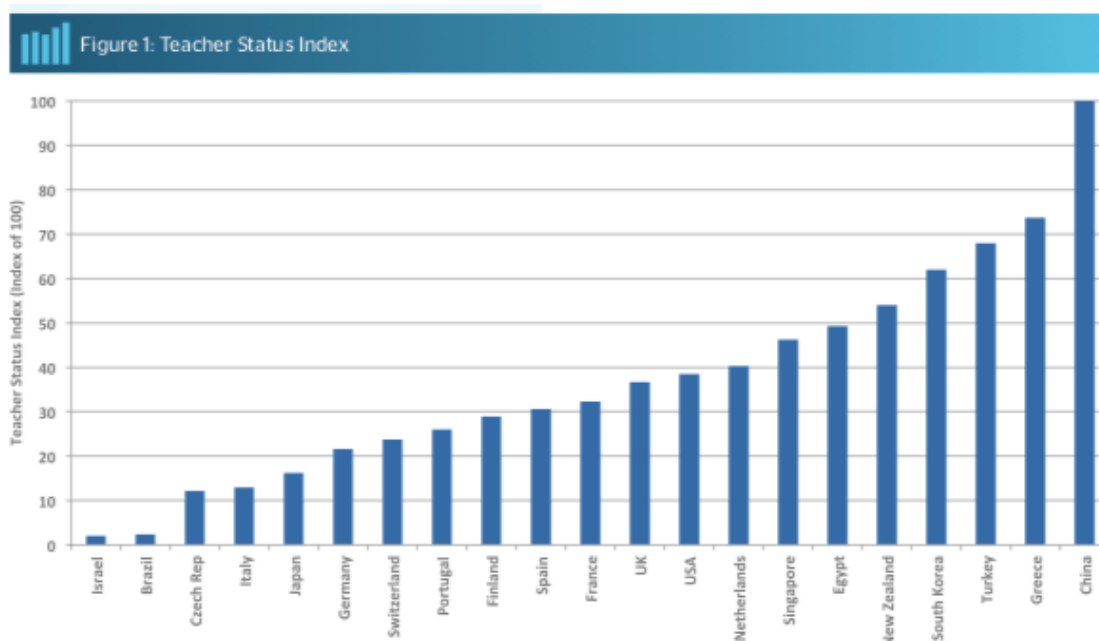


FIGURE 4. Teacher Status Index (Dolton & Marcenaro-Gutierrez 2013, 12)

Teacher training and hiring process, low teacher status and low salary are part of the reason why the quality of the teaching is not in good level everywhere in Brazil. In addition, the quality of teaching is affected by the student's social issues mentioned in previous chapter.

### 3.3.3 The challenge with finance

In 1995 Brazil spent only 3,7 percent of GDP to education comparing it to the OECD countries where the average was 5,5 percent. But in nowadays the percentage is 5,9 percent comparing to OECD average of 5,7 percent. GDP is growing faster in Brazil that in

most OECD countries so over time they should have more resources per student in education field than in most of the OECD countries. In recent years fast growth of GDP In South-Korea and China has enabled them to achieve significant achievements in their education systems. In Brazil, the education system has been getting better but not as impressively as example in South-Korea or China. Brazil has not been able to correlate their spending's in the same way (Bruns, Evans & Luque 2012, 43). There are several reasons why current spending in Brazil is not producing better results.

First issue is allocation of spending between education levels. In OECD countries spending of public funds to higher education in 2007 was on average twice as much as in primary education level. In Brazil, this same ratio was almost 6 times. The problem is not only the share how much Brazil spends to tertiary education but the fact that most of the higher education students are studying in private institutions so really small part of the students in public higher education is relative to spending. (Bruns, Evans & Luque 2012, 46.)

This poor allocation between different education levels leads to the fact that Brazil has low per student spending in secondary level. Only in few OECD countries (all from the former eastern bloc) spending per secondary student is lower than spending per primary student but that is the situation in Brazil. This leads to the situation that in public secondary schools the common way is to give night classes for students in primary building after primary students have ended their school day. Courses are short only 3 to 4 hours a day and there is a limited availability of laboratories and other facilities. (Bruns, Evans & Luque 2012, 46.)

Teacher pay is typically really low and they have to work in several different schools. That leads to the fact that teachers don't have enough time for joint planning with colleagues, lesson preparation or in some cases even to homework grading. Secondary education is preparation for tertiary education and should equip students with strong analytical, literacy and numeracy skills. In most OECD countries, secondary education level is in high demand and they give it increasing attention and resources but in public secondary education in Brazil that is not the situation (Bruns, Evans & Luque 2012, 47.)

Secondary education should prepare students for universities entrance exams in Brazil so that they will have better possibilities to get admitted in to public universities. No wonder

that the middle and upper-class children study in private institutions, which gives them much better possibilities to success in their life.

Second issue is the high repetition rate and high costs per graduate. According to OECD survey in 2010, in Brazil there is one of the highest-grade repetition rates in the world. Many students remain in school until age of 18 but complete only primary education even they would have had time to complete secondary education. In public education in Brazil there is no extra classes or extra one-on-one tutoring available for students who are falling behind. If students are failing courses or exams they just have to repeat them until they can move in to next school year. (Bruns, Evans & Luque 2012, 47.)

High repetition wastes students' time and system resources but leads to higher dropout rates. Approximately 30 percent of Brazilian students drop out before completing primary school after they have been already 11 years in primary school that should last 9 years. In secondary education, approximately 25 percent of students drop out before graduating after having stayed 4 years in the school that should be completed in 3 years.

These problems contribute to greatly elevated costs per graduate and eventually Brazilian education system spends over 11 billion BRL per year on students who are repeating grades. That is around 12 percent of the total budget in basic education spending (Bruns, Evans & Luque 2012, 48.)

Third problem in financing the education sector in Brazil is the rising teacher costs. In the late 90s Brazilian government realized that if they want to improve their education, everything starts from teachers. In that time teacher qualifications and salaries were really low in public education. During the years Brazil has managed to raise the salaries and teachers' qualification closer to the level of private education. At the same time over the past 15 years government have had policy of lower class size. At the primary level, average class size has fallen from 33 in 1999 to 25 in 2008 and at secondary level from 39 to 30. All of these policies have contributed to higher unit costs in education (Bruns, Evans & Luque 2012, 48.)

Last issue with financing is really common in many South-American countries. That issue is called corruption. In 2016, Brazil ranked 79 among the 176 countries on Transparency International's Corruption Perceptions Index. Big part of the population in Brazil think

that corruption is the county's biggest problem worse than example health or violence. Corruption is a systematic problem in Brazil and it is impacting not only to public budget but to peoples' image and trust on public institutions. (Georges, 2017, 69.)

In Brazil, public education is funded by many different government and in many of those programs there is no data of how the money is spent. However, the biggest source of education funding is called FUNDEB/FUNDEF programs and there is a data based on the efficiency of those transfers. When these programs were established the goal of FUNDEF/FUNDEB was to break the patterns of funding transfers in education. To do so, FUNDEF established a transparent system for allocation of education monies across states and municipalities. FUNDEF established local commissions to monitor how funds were used. (Bruns, Evans & Luque 2012, 51.)

In May 2003, the federal government launched an unprecedented anticorruption program and introduced random investigations for municipalities to track their use of FUNDEF money. Investigations showed that the local commissions were in many ways corrupted. Of the first 790 municipalities audited there were corruption in 35 percent of them through techniques such as fake receipts, over invoiced goods and services, and payments for companies without having anything back. Corruption is a huge problem in Brazil and even there have been efforts to eliminate the corruption it is still effecting to the finance in public education sector (Bruns, Evans & Luque 2012, 52).

## **4 EDUCATION EXPORTS**

This chapter focuses on Finnish education exports, actors in the education export field and to the ways of how education exports is promoted and supported by the government of Finland and by other alliances and organizations. After that this chapter focuses on weaknesses and strengths of Finnish education exports.

### **4.1 Finnish actors in the education export sector**

According to Monika Schatz dissertation (2016) education exports is an ambiguous concept and because of that it is hard to define. From wider perspective, any conscious or unconscious education sharing could be seen as an education exports. According to Lindberg (2011) education exports have two essential criteria: The first is that the intention is to make money with it and the second is that it is done over national borders. According to Schatz (2016) in Finland there is no clear structure of what is counted as education exports. Finnish education exports includes many different kinds of products and actors. Schatz (2016) still comes to the same conclusion with Lindberg (2011) that education exports is expedient business of educational materials and services and it is done between countries. (Jaakkola 2017, 6-7.)

Higher education institutes have a significant role in education export field because they have a lot of expertise and export potential (Council of State 2010). According to Ministry of Education and Culture the most demanded services and fields among other things are teachers' pedagogical education, principals' leadership skills, curriculum designing, consultation with education systems, early childhood education and pre-school education, education technology, E-learning, evaluation of education development projects and vocational education in secondary education level (Haapaniemi 2016, 27.)

In addition to higher education institutions many IT companies, entrepreneurship universities, professional associations and international organizations offers different kind of educational services and products. (Altbach 2007). In Finland cooperation between governmental actors, institutions and education export companies have faced some challenges earlier but in recent years the cooperation has been improved because of different kind supportive actions and promotions done by government (Haapaniemi 2016, 28).

In 2017 the value of Finnish education service and product exports was 310 million euros. The overall growth was 16 % comparing to last year and in that time 150 new jobs were created. For year 2018 government of Finland has set the target goal of 350 million for education exports business and it is likely to be achieved this year. (MOE 2018.)

Main target market areas for Finnish government in education exports sector are Persian Gulf, China, Southeast Asia and Latin America. 54 % of the education exports turnover came from those areas in 2017 and in 2018 the share is expected to increase to 60%. 29% of education export companies received funding in 2017 to promote the growth of education exports. (MOE 2018.)

#### **4.1.1 Education Finland & Team Finland**

Team Finland is a network whose aim is to boost and support success of the Finnish organizations abroad by giving them information, tools and contacts. One of the missions of Team Finland is to strengthen the awareness of Finnish education. Behind the Team Finland is many different actors. Unit for Economic External Relations of the Government Office is responsible for coordinating the cooperation between different actors. There are three different ministries involved in Team Finland. Ministry of Employment and the Economy of Finland is responsible for business and innovation policy and as part of that promoting the internationalization of companies and take care of the acquisition of foreign investment. Ministry for Foreign Affairs is responsible to effect on the operating environment of Finnish companies abroad and give help for entering the new market area. Their job is to promote foreign companies to invest to Finland and to create good image about Finland. Ministry of Foreign Affairs has appointed responsible person for education exports to the main target market areas designated by the government of Finland. Ministry of Education and Culture supports education exports by organizing business visits abroad and by receiving influential guests from other countries. (Haapaniemi 2016, 28-29.)

Education Finland is governmental education export programme coordinated by Finnish National Agency for Education. Companies and institutions of education field are able to apply to Education Finland register for free and if they are accepted their supply will appear on the Education Finland web page. Polar Partners are part of Education Finland program. Education Finland programme is aimed to education companies and institutions



who want to develop and grow their business internationally. Education Finland boost and supports the internationalization by offering events and services for the companies involved the program. Education Finland activities include, for example, networking events, membership parties, seminars and workshops. They receive international delegations and organize match making events between international guests and domestic education actors. Currently Education Finland includes 93 different companies, who are focusing to develop Finnish education exports together. (Education Finland 2018.)

#### **4.1.2 Education export companies & institutes**

The challenges and strengths between educational institutions and companies are opposite. Strengths of the institutions are big staff and finance resources and the fact that they already have lot of partner institutions abroad, who will be able to help them to boost the exports. The possibility of granting diplomas is a big advantage for the institutions. Challenges for Finnish educational institutions in education exports are the inexperience in international business and lack of commercial interest. Laws of Finland limit the possibilities of institutions to sell their educational services. After government decided to set education exports to one of the county`s top projects the laws have been changing to better direction but slowly. Right now, the situation is that there are more interest and demand in Finnish education export industry than supply and possibilities to make business. (Haapaniemi 2016, 30.)

Educational companies know how to make business and they know how to price and sold their products but the challenges are the lack of contacts, partners and money. To be able to compete in international education market companies needs a lot of initial investments and staff resources. These things have been seen as a challenge for Finnish companies. The image that education business happens only between the institutions causes troubles for the companies who tries to sell their services. Because of the reasons mentioned earlier it is really important for the education companies and institutions to make cooperation if they want to success in international education market. (Haapaniemi 2016, 31.)

### **4.1.3 Associations and clusters**

In Finland, there are many different associations, alliances and clusters, who support the education exports example Global Tampere Education and Finland-China Education Association FICEA. For Brazilian market, there are not same kind of private association established. The biggest associations and clusters are established by higher education institutes which operate in the same area. Their aim is to boost and develop the education exports together. This kind of organizations are example EduCluster Finland which is the organization for institutions in Jyväskylä region and Finland University which is the export company for universities from Eastern Finland, Tampere and Turku. (Haapaniemi 2016, 32.) In recent years Finland University has been growing their business a lot in Brazilian market. Example in March 2017 they signed a co-operation agreement with one of the largest private organizations of higher education in Brazil called Anima. (Finland University 2017.)

In addition to earlier mentioned networks, Polar Partners network is the biggest network in Finland that is focusing on sales in Finnish education export industry. (Polar Partners 2018.)

In education export strategy of Ministry of Education and Culture of Finland one of the most important principle is the cooperation and networking between different actors in Finland. However Finnish institutions and companies still compete against each other in international education market. (Haapaniemi 2016, 32.)

## **4.2 Education exports to Brazil**

Despite of the fact that Brazil has a huge private sector market in all education levels, Finland has not been able to export education to Brazil in a big scale. The visits of Education Minister Krista Kiuru and her delegation in 2013 and Education Minister Sanni Grahn-Laasonen and her delegation in 2016 were a big step to the right direction. After the visits, the interest to buy Finnish education has been increasing every year. So far, the cooperation has been focused more on students exchanges and teacher training between Brazilian universities and Finnish universities. As an indication of the potential of Brazilian education market is that the Council of Finland in Brazil designated Jarkko Wickström as a Coordinator for Education and Science at the beginning of 2016: His job is to

give more speed to Finnish education exports in Brazil in the future. (Council of Finland 2016.)

Local laws are in most cases really complex so it is almost impossible to start business without local partner. Local partners could be found through Council of Finland because almost all of the business export from Finland to Brazil in education export sector goes through Council of Finland. Team Finland Brazil is other actor that supports Finnish companies to expand their business to Brazil. Through Team Finland it is easier to find local investors, who are interested to invest in Finnish education. (Wickström 2017.)

## **5 RESEARCH METHODS**

### **5.1 Method for data collection**

A semi-structured theme interview turned out to be the best data collection method for this study. This method made possible to interact directly with the examinee, which created the opportunity to guide the data acquisition in the desired direction. At the same time, it was possible for researcher to find out the motives behind the interviewees answers and to notice non-verbal hints that together helped to understand the answers better. The interview proceeded with its own weight allowing the researcher to control the order of the questions in the interview. In this way, the interview situation was more logical and interactive, and the interview situation didn't feel to be like investigation.

There was one frame for the theme interview (Attachment 1). Purpose of the interview was to survey what kind of business possibilities would be for Finnish education in Brazilian market and what are the difficulties and possibilities in Brazilian education sector and generally throughout Brazil as a country. Questions were divided in to 5 categories which were business, location, education system and law, Finnish brand and school environment. All of the questions were not used in each of the interviews because the purpose was to give freedom for researcher to choose best questions according to the interviewee background and the flow of the interview.

### **5.2 Implementation of theme interviews**

The purpose was to find interviewees from different regions in Brazil. The goal was to find interviewees who would have experience in both Finnish education and Brazilian education. 7 people were chosen for the interviews and all of them were working in education industry. 6 of the interviews was held in English and one in Finnish. Interpreter was used in one of the interviews. The interview was voluntary for the participants and all of them had opportunity to refuse. Permission was asked from each interviewee to record the interview for later transcription and analysis. One of the interviewees was Jarkko Wickström, who was currently the Coordinator for Education and Science in Finnish Embassy of Brazil, gave permission to use his interview as a specialist source and his name is mentioned in the interviews. The opinions of 6 other interviewees are presented anonymously and the names of the individuals are not mentioned. All of the anonymous

interviewees were working in education industry. Two of them were school owners, one Vice Rector of private university, one Chief Operating Officer of private university, one teacher of public university and one principal of private primary school.

### **5.3 Analysis of the material**

Recorded interviews were transcribed into text. Transcription means writing material from theme interview in text almost word-to-word so that the manual handling of the text is easier. (Kananen 2012, 109). Various methods can be used to analyze the text. A specialty of qualitative study includes the fact that different interpretations can be made of the same material. However, different interpretations do not automatically mean different solutions but can be analyzed from many different perspectives. The purpose of analysis of the content is to find out the core of the text and make it condensed core content. (Kananen 2012, 116.)

## **6 MARKET ANALYSIS OF BRAZILIAN BASIC EDUCATION MARKET**

This chapter focuses on market analysis of Brazilian basic education market. Analysis consist of 5 different sections: operative environment, analysis of industry, customer analysis, competitor analysis and difficulties of entering the market. Information for analysis is based on interviews made in Brazil and information gathered from internet.

### **6.1 Operative environment**

Operative environment consists of research of economy, politics, socio-economic issues, ecology, culture, jurisprudence, physical factors and demography. This section focuses on operative environment around the education industry and how operative environment effect on exporting education to Brazil.

#### **6.1.1 Economy**

Brazil is the biggest economy in Latin America and 8<sup>th</sup> largest economy in the world with 1,8 trillion US dollars, and 2,4% of the world economy. (World Economic Forum 2017). In 2017 GDP was 2,055 billion US dollars and GDP per capita 9,896 US dollars. The GDP growth 1% from previous year and it is expected to increase 2,5% in 2018. (Focus Economics 2018). From the GDP of 2,055 government expenditure on education is around 5,9 % like mentioned in section 3.2.3.

Like mentioned earlier Brazil is known as one of the most unequal countries in the world. Brazil is a multiracial country that has a history of black slaves when they were Portugal's colony. There are strong correlations between ethnic origins, income and opportunities in education. Nowadays the opportunities for attending the schools are almost the same for every child everywhere in Brazil but there is a big difference between the quality of the education in different areas and regions in Brazil.

In 2015 the richest 5% of the population concentrated 50% of the income. Brazil has been getting better in inequality and example in past 15 years Brazil has managed to pull over 28 million people out of poverty. Still Brazil is one of the worst countries in the world regarding to inequalities. Over 16 million people is living under the poverty line (Georges 2017,15-18).

Inside the big cities there are a lot of inequalities. Example in city of Sao Paulo the difference in income and life quality is huge between different areas. According to Georges (2017) in Marsilac district, which is one of the poorest in Sao Paulo, the average income of people in 2010 was 347 BRL per month and in Maoma district, which is the richest area in Sao Paulo, the average monthly income was 4967 BRL per month. More recent data shows that in Cidade Tiradentes neighborhood average age of death is 54 and in Pinheiros district 79 so the difference between the age of death inside the same city could be 25 years (Georges 2017, 37.)

There is a big difference between income in racial. According to Rafael Georges report (2017) in 2015, white people on the average earned twice the income of blacks. Also, income differences between different states and regions is quite big. The highest incomes are concentrated in biggest municipalities in South and Southeast regions. The data from 2010 shows that in Southeast states such as Sao Paulo, Parana, Rio de Janeiro and Rio Grande Do Sul the average income per month was over 2000 BRL. Comparing these numbers to the poorer states in North and Northeast the average income was under 1200 BRL in a month. Example in Northeast state Maranhao the average income of the people was only 40% of the people living in the state of Sao Paulo (Georges 2017, 28-29.)

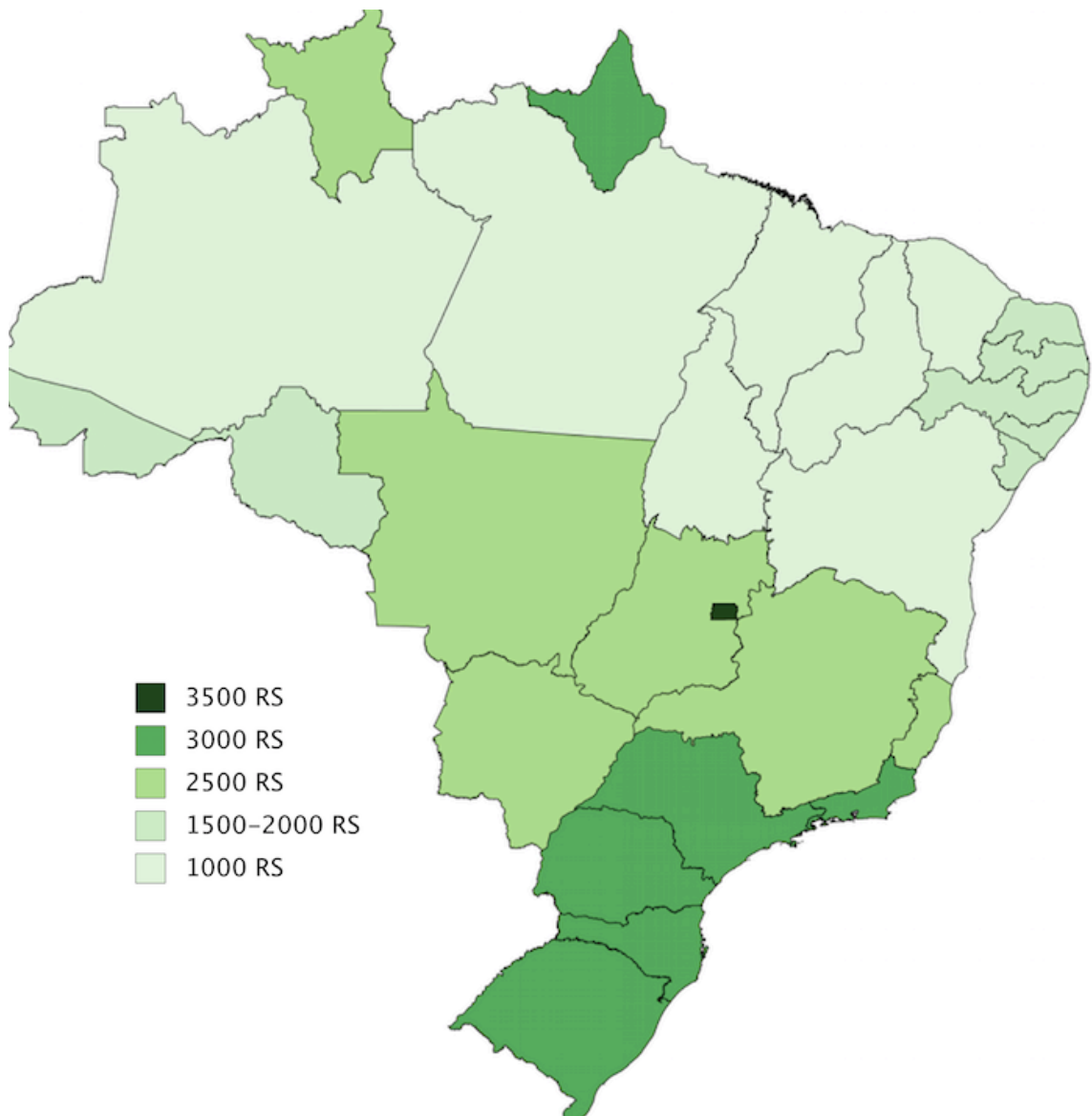


FIGURE 4. Average monthly per capita income in Brazil based on Georges 2017, 29

According to interviews city of Sao Paulo is the main business area to start the education exports. The interviewees justified Sao Paulo to be the best city for education exports because of the several reasons. First reason was money. According to interviewees most of the investors want to invest to companies that do business in Sao Paulo area. Also, people who live in Sao Paulo are wealthier like mentioned earlier so they have more money to spend on their children's education. One of the big advantages in Sao Paulo is the openness and internationality of the people. All of the interviewees said that in Sao Paulo citizens are more international and open for the new things. In Sao Paulo, there are already international schools and people are used to pay in some cases a lot of their children's education. Jarkko Wickström said in his interview that according to the example of the local market all new and innovative schools have been specifically created in Sao Paulo in Brazilian market. (Interviews 2018.)



Cities mentioned in interviews to be the possible places to start the education exports business are shown in the table below:

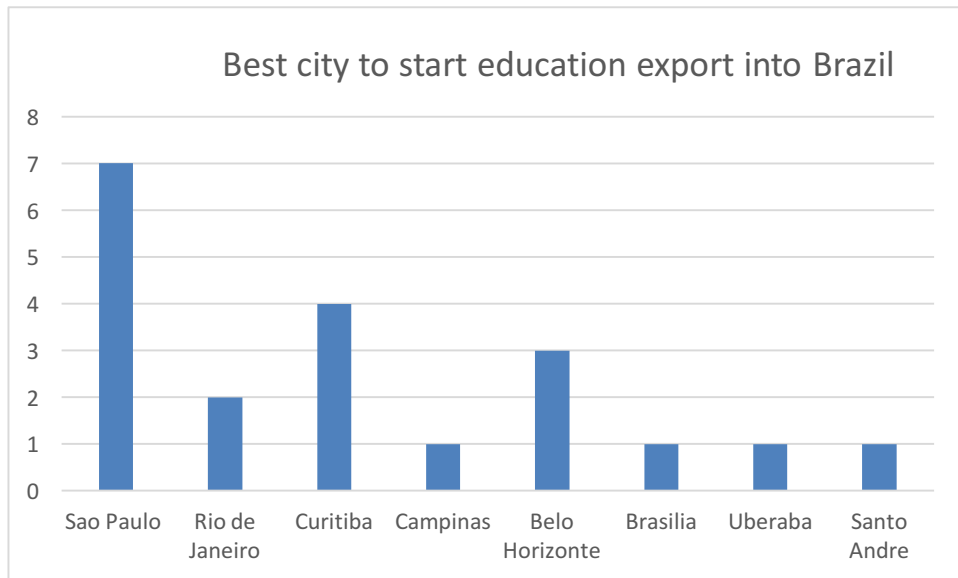


FIGURE 5. Cities mentioned in interviews as best place to start the education exports. (Interviews 2018.)

### 6.1.2 Politics

Politics are effecting a lot to Brazilian education sector and not always in a good way. Governmental support for education is in quite good level comparing to example OECD countries, like mentioned in chapter 3.2.3 but the corruption is still a big problem in Brazil. According to Timothy J. Power and Matthew M. Taylor journal *Corruption and Democracy*, Brazil performance in cross-national corruption surveys have not been dreadful and example in The World Bank's *Worldwide Governance Indicators* show that Brazil places second among the Latin American economies in income category on three relevant indicators "voice and accountability, "rule of law" and "control of corruption". International rankings of Brazilian corruption are considerably more optimistic than the views of Brazilian citizens. According to *Global Corruption Barometer*, which was a survey for fifty-two thousand people across the world Brazilians were displaying the biggest overall concern with corruption with 99 percent of respondents regarding corruption as a very or fairly big problems. (Power & Taylor 2011, 4.)

This distrust on government and politics appears in the interviews. Private primary school owner mentioned wealthier people always put their children to private basic education institutions because they automatically think the private school is better than public even if that is not the case if comparing the quality of the schools.

I think that is the mindset that they have, that the private schools are better than public schools, okay. Because the things that comes from the government's. People don't trust because we have a lot of problems with our politicians. So, it comes through education as well, you know, so we are always thinking about what is public, it's not good in Brazil. (Owner of the primary school)

One of the interviewees pointed out that media in Brazil can affect a lot to politicians and to people's mindset about different things example about image on Finnish education. So sometimes politicians do the decisions just to please the media no matter what would be the most reasonable decision.

The media, the media here in Brazil can put a lot of information for the people and also in politics, in education, in varying science, so they can convince people that this is Finland, Finland is like this. So that that's why I think is it's still this way. And when I went there (to Finland), I saw that that's not what we have heard here there's some difference. (Primary school professor)

### **6.1.3 Socio-economics**

Socio-economic part in this analysis includes research about the distribution of income and standard of living. Inequalities in income and in standard of living in Brazil has been under observation already in chapter 3.2.1. This part is concentrating more on interviewees opinion on how standard of living and distribution of income effect in education sector.

First thing that comes out from interviews is the difference between the cost of private basic education in different parts of the Brazil. The price difference between the best schools in cities and regions in Brazil could be significant. School fees depends on the price of living in particular regions and the differences are quite big. In poorer regions in North and Northeast the price of the best schools could be 10 times lower than in regions in South and Southeast. This fact is interesting for the company, who is planning to start the education exports to Brazil. One of the interviewees, who is living on the countryside

of Brazil in city which has approximately 80 000 citizens said that his children are studying in the most expensive school of the city and the fee is 1000 BRL (250€) in a month per student. In bigger cities, same kind of school could cost easily 5000 BRL (1250€) in a month per student. According to survey of British Council 2015 the average cost of private secondary school in Brazil cost 2756 BRL in a month. (British Council 2015.)

In city of Sao Paulo there are many private schools with many different prices depending on their location and brand. German school in the southern border of Sao Paulo is around 3000 BRL / month /student. The concept school of SEB group is around 5000-7000 BRL/month/student depending on class level. Then traditional international schools like St Paul and St Nicolas are around 8000-12 000 BRL/month/student. (Wickström)

Second opinion that comes up from the interviews is the difference between private and public elementary school student's behavior and social background. Like mentioned in chapter 3.2.1 public schools in poor neighborhoods could be dangerous to teach or attend because of the behavior of some students. Same kind of opinions could be seen in interviews. One of the interviewees who has been a teacher in both public and private elementary schools answered to question: Is there a difference between private and public school students, in a following way:

In the public school, this social background of the students for example, the poverty and violence affects more our working in classroom. So the students usually talk more during the class and they talk and don't let the teacher gives his class, for example there is a lot of aggression in the schools. In private schools, it's less I think, and about the knowledge usually the private schools, students know more about the content, we see this, because teacher can work better with the students. (Primary school professor)

In Brazil 73,5% are studying in public education and 26,5 % in private education institutions like mentioned in chapter 3.2. When asking about the reason why wealthier people but their children to private education there are two reasons that stands out. First is quality of the teaching, which is in most cases measured by the results of ENEM test. Second is the personal status which is according to interviews the most important thing why parents put their children to private institutions.

Talking about the basic education the people puts the children to private schools because of quality. Quality measure is the result of ENEM, basically some parents look like the structure the infrastructure of the school like the sports and classroom and other things.. the size of the school. But I think

most of the parents starts to see the results of ENEM, results of the exam. (Vice rector of the university)

First status. Second safety because they think that in public schools they might get a lot easier access to like drugs and other people that might not be well educated or well raced at home. So it's about violence too. (Private English school owner)

I think it is two things. The structure. The parents choose the schools. If structure is good, has a good classroom, technology, if have a field for example. If the children have more space. Second thing is the learning systems. If the professor is good if the material is good. To prove these things, in Brazil we have the ENEM. It's a best so if the school has a good grade in ENEM is a one indicator that prove that school is good because if your children was good in ENEM is because your professor or school system. (Chief Operating Officer of university)

Jarkko Wickström mentioned in his interview that in Brazil children have to go to school that guarantees them good access to the top universities that are in Brazil FGV, USP, UNICAMP, Mackenzie Presbyterian University and UFRJ. In Brazil, it is not indifferent in which university people graduate. All of the pressures associated with the primary and secondary school is connected to the parent's pressure to get their children in to best higher education institutions. (Wickström)

#### **6.1.4 Culture**

Culture part of the analysis includes analysis of religion, language and business culture. Brazil is a big country and has a big diversity between religions. The main religion is Catholic as around 75 % of the population is Catholic. (Harvard divinity school 2013.) In Brazil there are more Catholics than in any other country in the world but there are still a lot of other Christian religions and non-Christian religions in Brazil. As the Brazil is the largest catholic country in the world, Catholic education is highly valued in Brazil. Still according to interviews most of the people are not that religious that they would choose Catholic school for their children because of religious reasons. None of the interviewees mentions the religion as the part of criteria on how parents choose the school where to put their children.

The main language in Brazil is Portuguese and to be able to do business in Brazil the Portuguese language skill is necessary. In Brazil, the level of English skill is low and that effect a lot on making business and exporting education to Brazil. In English Proficiency

Index EPI, survey made by company called Education First, Brazil score was 51.92, which means low proficiency. For comparison, to name a few other countries, Finland score was 65.83, Portugal 58.76, India 56.12, Russia 52.19 and Argentina 56.51. Like mentioned earlier there are big differences in many things between different regions and cities. Same could be seen in EPI. In wealthier region in South and Southeast the EPI score was 52.60-53.73 comparing to five poorer states where the score was 45.40-48.45. In the capital cities of the states the score was bigger in every city than in the rest of the state. (Education First 2017.) In figure 6. has been presented the results of the states in Brazil.

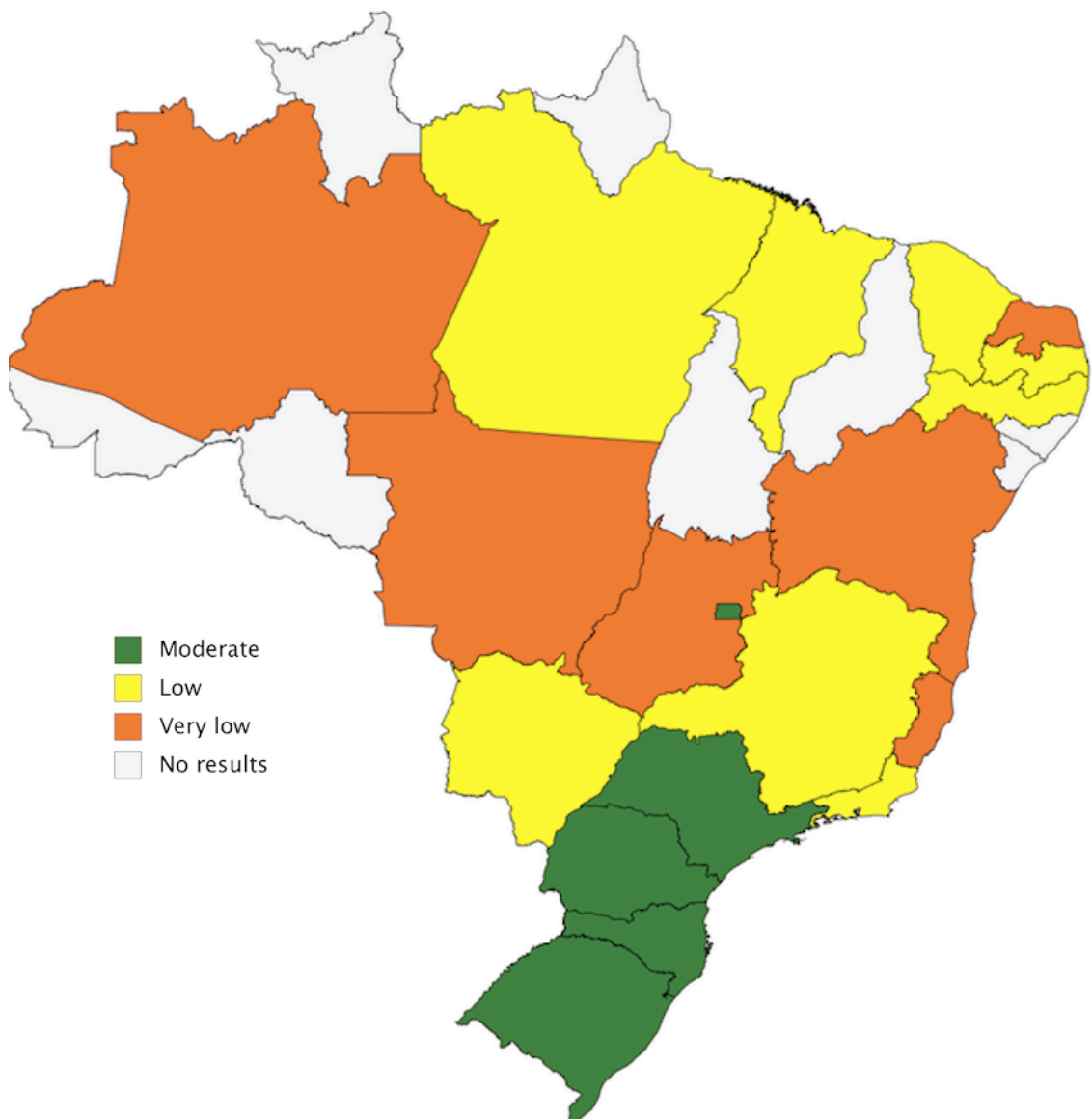


Figure 6. English Proficiency Index in states of Brazil 2017 based on Education First 2017.

British Council has made a long survey related to English skills of Brazilian secondary school students. Results tell that only 30% is in fluent or advanced level in reading 22% in writing and 20 % in speaking. In poor level was almost 50% in every category. When asking about the reason why students have not learned English around 62% answered that learning English is too expensive. Usually, public schools don't teach English enough and in some private schools English is not amongst the important subjects to teach. If students want to learn more English they have to take extra English classes which usually cost extra. Most of the English courses are too expensive for people from low or middle socio-economic class to attend. (British Council 2015, 32-36)

Jarkko Wickström says in his interview that the level of English language education should be improved everywhere in Brazil. All of the international schools nowadays are bilingual in English and Portuguese and this should be the case if there would be school based on Finnish methodology.

Business culture is important to understand, especially when doing business in Brazil. Brazilians value a lot personal communication and partnerships are in many cases based on personal contacts and relationships. According to interviews Brazilians are quite hierarchic people so usually there are no deals made in first meeting. Brazilians are quite casual people so in the meetings people don't go straight ahead to business. Jarkko Wickström said in his interview that when starting business it is really important to find personal connection with the customers or partners. Meaning that in the intention to find customers or partners flying to Brazil personally is necessary. Brazilians love technology but in business meeting video calls are not valued.

I think it's also something you have to think when you build a school or try to build a methodology. Brazilian people are really much more familiar and also with the business, if you try to start to find like companies or partner from Brazil. I think they appreciate more if you come here by yourself, not just with the Skype. (Owner of the English School)

One interesting point that come up from two interviews was that if in education sector something is free or cheap it is automatically judged to be bad quality or fake. Example in Wickströms interview he mentioned that the price of the school has to be in a same level than other similar schools or the people think something is wrong with that school.

People usually don't want to pay. But if it's free, they don't want to do because it's free. Because when you pay it's better. When it's free, you don't

go, but they don't want to pay. It is something like this it's contradictory. But this is how it works here in Brazil, usually. (Primary school professor)

### 6.1.5 Jurisprudence

Different laws effect a lot to education business in Brazil. In interviews, there was not a clear answer on what kind of laws should take under consideration when exporting education to Brazil but still there was some answers that was common in interviews.

All of the interviewees recommended to find local partner who helps with the local laws when starting business or a new school in Brazil. Generally, it was really hard to find good answers from interviewees on what kind of laws should notice when establishing school but when asking about the laws according to curriculum there was lot of good answers.

According to the interviews the current education law is about to change right now. In interviews, in April 2018, Jarkko Wickström said, that right now the government of Brazil is preparing a new national curriculum. The curriculum should have been ready in November 2017 but still government is discussing about the details of the new curriculum. It seems that the new curriculum should be more flexible and allows schools to make more individual curriculums for themselves.

Two other interviewees mentioned the same change in their interview:

We have national base for the curriculum so every school has to follow it. But now it is in transition. The transition was voted last year but it still in action for a new high school curriculum. There will be a bigger part that it's like the same for everyone. And then a little part where each school can choose which area they want to go. Our school is already planning this for next year. This law starts to work in Brazil in 2020 but we are going to start some modifications for next year. (Principal of primary school)

It's going to change right now. They vote a few days ago about the new government document that schools have to follow, and they are reducing many subjects that are not important. Today have to integrate subjects and areas you know, knowledge areas, and I think this affect schools pretty much because it's really new and they don't know how to do that. (Owner of the primary school)

These news about more flexible curriculum is good for companies who want to export their education to Brazil and maybe fix their curriculum more. Right now, there are some of the most famous curriculums or accreditations accepted in Brazil example Cambridge and International Baccalaureate (IB). IB accreditation is available in 35 different schools around the country in all of the biggest cities such as Rio de Janeiro, Brasilia, Sao Paulo, Curitiba and Belo Horizonte. Cambridge is available in 17 different schools but it is more concentrated in the city of Sao Paulo because there it has 11 schools. The most famous and expensive international schools such as St Nicholas and St Paul in Sao Paulo offers both IB and Cambridge accreditation in their school.

According to email conversation with employee from German school located in Sao Paulo it would be possible to mix Finnish curriculum and Brazilian curriculum. In that particular German school grades from 1<sup>st</sup> to 4<sup>th</sup> uses bilingual curriculum that is mixed from Brazilian and German curriculums. After 4<sup>th</sup> grade students have to choose between Brazilian and German curriculum to continue their studies. The Brazilian curriculum follows Brazilian ministerial standards of education and is guided by BNCC. The German curriculum is guided by the German state called Baden-Württemberg and inside the curriculum there is some special aspects designed for German schools in other countries. There are about 160 German schools outside Germany and 3 of them are located in Brazil. Two in Sao Paulo and one in Rio de Janeiro.

#### **6.1.6 Physical factors**

This section is concentrated on physical factors of the environment such as infrastructure, surroundings and technological development. According to interviews there are couple of things that company, who are starting to export education or start a new school to Brazil should notice.

First thing is the technology. Brazilians love technology and in many especially private school's technical devices are sponsored by big companies like Apple, Microsoft or Samsung. To have the sponsorship of big technology company, schools needs to prove that the education has a good quality so the sponsorships are proof for the parents, that the surroundings and infrastructure is in good quality and that is in many cases important for parents when they decide the school for their children. One of the interviewees commented the question about the importance of partnership in a following way:



I think the most important to make partnership with technology for example Google for education. If you work together with good school systems with good technology and software that help you learn fast it is so good. It is really important to make partners with association, with majors, with universities but I think the most important is to make partnership with any technology company. (Interviews 2018.)

Important to notice when speaking about the technology is access to internet connection. In big cities internet connection works well but in many parts of the Brazil the internet connection could be really weak or is completely missing. The map below shows the usability of the internet connection in schools in different parts of Brazil.

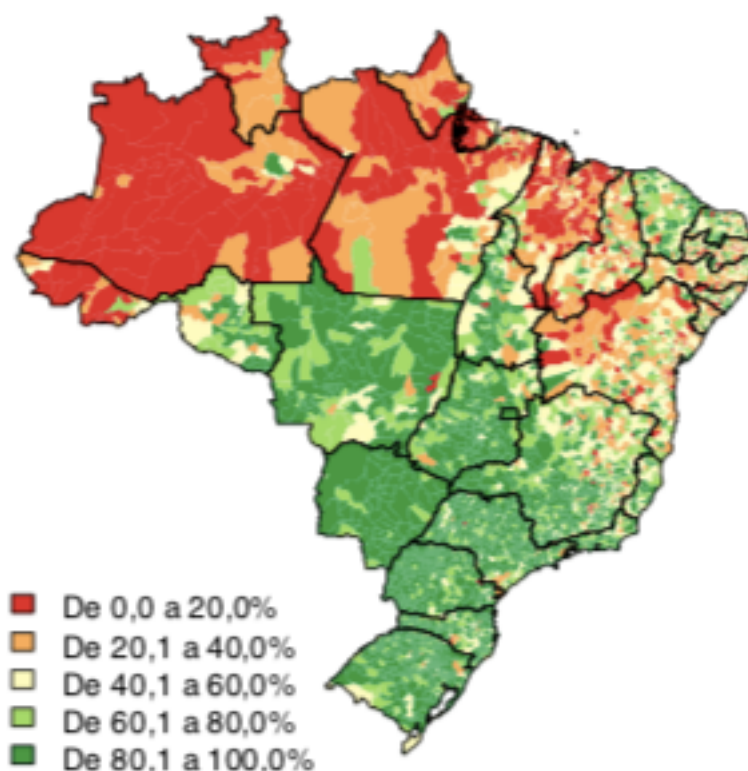


Figure 8. Usability of internet connection in schools in Brazil based on Brazil Ministry of Education 2016.

The second thing that effect a lot to school's infrastructure is safety. Brazil is known as unstable and sometimes dangerous country to live. Because of the big economic differences, for wealthier people the safety of their children in the school is important. That effect a lot example to the way the schools are built and how the environment can be used to support the learning. All of the interviewees mentioned that safety is important thing for the parents when choosing the school, and school need to prove that the students are secured especially in big cities like Sao Paulo and Rio de Janeiro. Jarkko Wickström says

in his interview that safety is effecting in private schools' operations in many ways example there needs to be guards who protect the students when they walk from car to inside the school and all the schools are surrounded with high walls. This means that city infrastructure or museums cannot be used as teaching platform. In smaller cities, the safety problem is not as big but still all the schools are surrounded with the walls. (Wickström 2018.)

The third thing is the location of the schools. In big cities like in Sao Paulo, where the population is around 13 million in the city are and metropolitan area around 20 million, people are used to travel long times to work or to school because of the traffic jams. Which means that the location for the private schools needs to be in good area but it doesn't matter if it is far for some of the customers to arrive. Jarkko Wickström mentions that for example in Sao Paulo there are German school that takes 2,5 hours for some people to reach, and still parents send their children to that school because they think that the quality of education is good there and it is cheaper comparing to more expensive private schools near city center.

### **6.1.7 Demography**

Population of Brazil is currently 211 255 326 million citizens and 10 biggest cities by population in Brazil according to World Population Review (2018) are following:

Sao Paulo: 10,021,295

Rio de Janeiro: 6,023,699

Salvador: 2,711,840

Fortaleza: 2,400,00

Belo Horizonte: 2,373,224

Brasilia (Capital): 2,207,718

Curitiba: 1,718,421

Manaus: 1,598,210

Recife: 1,478,098

Belem: 1,407,737

In education sector, approximately 48,8 million students are studying in basic education and of those 48,8 million students 73,5% are studying in public education and 26,5 % in private education institutions. (MEC 2017; Agenciabrasil 2017.) In state of Sao Paulo

there were 5 365 948 million students in basic education system in 2015 (State of Sao Paulo 2015). The number has been falling since 2007 and it in the future it is assumed to continue falling because the birth rate has been falling every year since 2008. (The World Bank 2018).

## **6.2 Analysis of industry**

This chapter includes analysis of the different options to do business in Brazil in basic education sector and analysis of Finnish brand in Brazilian education market. The size and diversity of the Brazil creates lot of different options for education export companies. When considering entering Brazilian market, education exports company needs to think about the different options to make business. Competition is tough in every field and there are big companies in the market, so it is important for smaller Finnish company to focus properly on a specific field.

### **6.2.1 Business possibilities in basic education sector**

Like mentioned earlier in Brazil there are many different possibilities to do business in basic education sector. When thinking about the education industry, it could be shared in two separate markets: public sector and private sector. When asking from interviewees that which sector company who exports the basic education to Brazil should focus, all respondents urged to focus on private sector. Jarkko Wickström said in his interview, that it would be possible to sell Finnish education to public sector, but it is much more complicated and longer road and there are more things that can go wrong than in private sector. It would be more effective socially for the country but if the purpose is to make money then the private sector is better option. There is already some cooperation with Finnish universities and Brazilian public education but it is only based on selling teacher education. Example of that is Gira Mundo Finlandia program that is hosted by Tampere University of Applied Sciences and Häme University of Applied Sciences.

When talking about exporting education to private sector, according to interviews the business possibilities could be divided in three different areas: Establishing Finnish primary school to Brazil, selling education to associations or organizations and selling Finnish educational services individually according to needs of the customers. In this chapter, the focus is on the possibilities of these three areas.

For the first option where the idea is to establish a Finnish primary school from the beginning, according to the interviews the first step is to find partner from Brazil. Jarkko Wickström said in his interview that Finnish Council already has contacts for persons, who would be interested to establish Finnish based school in Brazil and especially in Sao Paulo. According to interviews there are no Finnish primary schools in Brazil yet even there are example German, Swiss, British, French and American primary schools, so citizens are used to international schools and those have high-class image in Brazil. From interviews could be seen, that people want to change and develop their education system in Brazil, so new methodologies would be welcome to Brazil.

I think the Brazilian people want to change. I think our education model is old. It need to change the concept of education. So, the people study when there is a system already. But when there are a new school arrive in Brazil example Finnish school. The people start to see that is possible to change the model or to change the rules, for example. (Vice rector of the university)

Jarkko Wickström mentions in his interview that there has been only few attempts to start establishing Finnish based school to Brazil but so far, they have not been successful, usually because of the reason mentioned earlier in this section. Wickström says that there are no reasons, why Finnish based school would not success in Brazilian market, especially now because the government education support has been focusing more to basic education in recent years.

The second option to enter education industry is by selling the Finnish education for associations or organizations. Brazil has a lot of different associations and clusters, who buys education and trainings from abroad. Interviewees mentioned these kind of associations as partners, when starting to export the education to Brazil.

In my opinion, the partnership is very interesting for starting this and that I would say these associations. We have associations that represents the segment of basic education and have the groups that are investing in basic education. Maybe because we have a lot of good and big higher education institution and they start now to think about to invest. So maybe with something different something that have good results outside they can do some approach. (Vice rector of the university)

In many cases the members of these associations are higher education institutions but In Brazil, biggest higher education institutions own primary schools.

The third option, which is to sell separate educational services according to customers need is possibility. According to Jarkko Wickström this kind of business is already running in Brazil. There are actors from all over the world in Brazilian basic education industry, who are selling individual educational services for the customers according to their needs, example most of the biggest universities in Finland are doing this. There are already some primary schools, who are using Finnish education brand as part of their marketing strategy but they are not Finnish based schools. In those schools there are just teachers, who have attended teacher trainings in Finland.

### **6.2.2 Image of the Finnish education in Brazil,**

Finnish educational brand is really strong everywhere in the world and according to interviews Brazil is not an exception. Jarkko Wickström said in his interview, that in last 10 years the Finnish educational brand has been more and more known every year in Brazil. Everywhere he goes in Brazil and mentions Finland, people knows the quality of Finnish education. So basically, the branding for the product is already done. All of the interviewees said that Finland is known as the best educational country in the world. One interviewee mentioned that in Brazil they always compare all the results to United States. In his opinion, in education Finland is better than United States. Still even people know in Brazil about the quality of Finnish education, they still don't know much about the reasons behind it because in Brazil people follow numbers and data. (Vice rector of the university)

According to interviews the fact that people in Brazil don't know how Finnish education works, could cause some problems for education export companies. One of the interviewees, who has been living in Finland, mentions about the problem in a following way:

I think the image is like Finnish is the best education. That is the image that came through us everything we talked about education in Brazil. People go and talk like because in Finland is like this, we should do exactly like Finland. Some mistakes are made by people, for example, the idea that in Finland, the children won't learn how to write anymore, they will learn to type. So, this this idea past through the population. The population has idea that in Finland, they don't write they just use cell phones the whole time in the classroom and there's no subjects. There is just one subject, the life, so you go to school and learn about life, there is some false ideas of Finnish concepts about education here. (Primary school professor)

Interviewees mentioned about the differences between cultures. Brazilian educational culture is still mainly based on standardized testing, status and competition. These are things that are not part of Finnish educational culture, and would need time, patience and understanding of Brazilian culture, before even parts of Finnish educational system could be adapted to Brazil.

You have to have a concern about the methodology of the ENEM. You can't do everything different. I've seen new things technically but the principal is ENEM and the results of exam. You have to mix the things. It's my opinion. You can't forget that we have unique national exam here. You have to prepare for ENEM with different methodologies. ( Vice rector of university)

### **6.3 Customer analysis**

This chapter includes analysis of the possible customers for the education export company in Brazilian education market. Like mentioned in previous chapter according to interviews there are three different business possibilities in Brazil. This chapter goes deeper on those three areas, which are named as Finnish primary school in Brazil, selling education to associations and selling separate educational services.

#### **6.3.1 Finnish based primary school in Brazil**

According to interviews if Finnish based primary school would be established to Brazil the customers for the school would be the wealthiest people of the big cities. Finnish education already has a high-class brand in Brazil and there is high demand for international schools in Brazil. To the best international schools there is a queue to them and only 30 % of applicants are accepted in, says Jarkko Wickström in his interview. In 2017 there were approximately 64,500 millionaires in city of Sao Paulo and 35,300 in Rio de Janeiro. (visualcapitalist 2018.) To reach and find these customers, the help of the local partner is mandatory. Like mentioned earlier Brazilian business culture is still mainly based on personal contacts. To find these kind of partners, Wickström says that contacts could be find from Finnish council or from Team Finland Brazil.

#### **6.3.2 Selling education to associations**

The second option, which is to sell education to associations is a good possibility. In interviews associations mentioned were SEMESP, ABMES and Lemann Foundation.

SEMESP is a syndicate for private university owners and leaders. ABMES is the association for all the owners and leaders of the universities in Brazil. From these associations members could have financial advisory, educational advisory, funding programs, academic innovation and networks all over Brazil. (Interviews 2018.)

The Lemann Foundation is a nonprofit organization founded 2002 by the richest man in Brazil called Jorge Paulo Lemann. The goal of the foundation is to ensure good quality public education for all the children and to create a network of talented people to solve social problems in Brazil. Foundation develop different programs to support the public institution to raise their quality of education.

Fourth possible association is called FAUBAI, that is the Brazilian Association for International Education. FAUBAI has over 180 managers and responsible parties for international affairs in Brazil in their association and they manage trainings, seminars and workshops for them members. Their goal is to develop the international education in Brazil. (FAUBAI 2018.)

### **6.3.3 Selling separate educational services**

When selling separate educational services to Brazil, the segmentation is harder to do because almost all of the private and public education institutions could be possible customers. According to interviews there could be some possibilities to do cooperation with other big educational institutions. In interviews mentioned institutions were Kroton, SER, Estacio. (Interviews 2018.)

Kroton is the biggest for-profit college operator in Brazil and has over million students inside their institution. Nowadays they are offering educational services from kindergarten to university. Kroton has 143 campuses in 101 cities in Brazil. (Kroton 2018.) Ser educacional is the leader in Post-Secondary Education market in North and Northeast regions in Brazil. In the future, their goal is to become more relevant in other regions in Brazil (Ser educacional 2018). Estacio is a second biggest private educational company in Brazil after Kroton. They started their business by focusing on higher education services but nowadays they are offering services from kindergarten to university like Kroton. (Estacio 2018.)

## 6.4 Competitor analysis

In previous chapter customer segments are shared in three areas, so competitor analysis is based on those three different segments.

All the international primary schools could be seen as competitors for Finnish primary school in Brazil. In Sao Paulo city there are 24 different international schools and monthly fees are changing between 1800 BRL to 10000 BRL in those schools that the fees are public. Like mentioned earlier in chapter 5.1.3 in the best traditional international schools like St. Nicholas or St. Paul the fees can be 12 000 BRL in a month. In Rio de Janeiro there are 8 different international schools but in those schools all the fees were not public. (International school database 2018.)

The reputation of the schools is mainly based on their status. The status is evaluated in numbers of how many children are getting in to the best universities from the school. There is a social status of the schools and that is the reason why most of the prestigious international schools are really expensive. For upper-class parents, it is important to know that all the children in the school are from same social class, which enables good network for the children in the future. With high fees international schools can guarantee the social class of the school. So, in some cases, the reputation of the school is not dependent only on the good results of education but on the reputation inside particular social class. (Interviews 2018.)

As competitors for Finnish education export company in two other customer segments could be seen all the companies and universities who are doing education exports to Brazil from other countries. Like mentioned in chapter 4.1.2 despite of fact that the Finnish education export companies and institutions could be seen as a competitor for each other, they should do cooperation to be able to compete in international market. The education market in Brazil is so huge that it is really hard for any Finnish institution or company to compete there alone. It still could be hard for a new Finnish education company to find market space in these two areas because Finnish universities and education export companies are already doing exporting business in both of these areas.

Biggest competitors for Finland in education exports sector in Brazil are United States, France, United Kingdom and Switzerland. All of these countries have long tradition in



education in Brazil. Finland has a vantage as the people image of Finnish education is really good in Brazil like mentioned in chapter 5.2.2. Interviewee 2 mentioned in his interview that in Brazil people always follow United States and compare things to United States. In education Finland has better reputation in Brazil than United States. (Interviews 2018.)

## **6.5 Difficulties of entering the market**

This section goes through the main difficulties the education export company could face in Brazil. According to interviews the biggest difficulties could be faced because of cultural differences and lack of finance, contacts and knowledge. Brazil is completely different culture than Finland. The basic values that are the base for Finnish society and education system are not the values in Brazil. That could cause some problems for company who export Finnish education to Brazil.

From the interviews could be seen that the importance of standardized testing is quite big for Brazilians. That could be a problem for company, who is planning to export Finnish curriculum, methodology or whole school system to Brazil. Like mentioned in chapter 3.2, some of the universities have their own entrance exam and in some schools the admission is based on exam called ENEM. In both of these exams the score is based on knowing the basics of many subjects such as biology, physics, chemistry, history, geography, Portuguese and English language, math's, geometry and writing. (Interviewee4.) This means that the secondary schools need to prepare their students to be as good as possible in these exams because only thing that matters for the parents is that their kids will be accepted in to the best universities. Implementing the Finnish curriculum, where should be time for arts, domestic science and handicraft could be hard to understand for Brazilians. The curriculum should be designed in a way that supports the entrance exam or ENEM as much as possible.

Private school has simulation test every month, some schools every week. Example here in our private school, we have simulation test like ENEM every month so we put the students inside the classroom like in ENEM. Every week professors work with questions similar to ENEM during the class. Like I said the most important test is ENEM and private schools works with this goal ENEM ENEM ENEM. For example, we here during the marketing the school we market like this " study here and you get better grade in ENEM". (Chief Operating Officer of the university)

The above-mentioned issue relates to how to prove the quality of a new school or methodology. Finnish education has a good brand in Brazil, but it has not yet been proven that it is working in Brazil. Solution for that according to interviews is to find highly valued Brazilian partners, who can support and guarantee the quality of the product for the customers.

Another difficulty could be in lack of contacts. According to Jarkko Wickström, business is based on personal contacts and face to face communication, which means that exporting company needs to travel to Brazil personally to look for the possible business contacts. Luckily there is a lot of support for finding the contacts from Team Finland and Embassy of Finland. Traveling to Brazil and finding the contacts could take quite a long time and of course, company needs to have enough money to be able to invest in the beginning.

Third thing that could be seen as difficulty is lack of knowledge in business skills. Jarkko Wickström says in his interview that so far, the reason behind the export attempts that has failed has been lack of knowledge in business skills and knowing the business culture of Brazil. According to the interview, the biggest problems so far in attempts to export Finnish education to Brazil has been in entry strategies. In many cases Finnish actors have offered packages with considerably too high price because with that price they have sold it in Asia or in Africa. Brazil has a long history in education business and because of that it is important to have good business plan for possible investors or partners when starting to sell the product. Education is a big business in Brazil and investors needs proof of how they earn or benefit of the cooperation. When talking example about how much profit schools want to make, something that is good in Finland could be too little in Brazil.

One of the interviewees answered to question about how much profit schools should make in a following way:

I can tell you about higher education. I don't know much more about basic education. In higher education, we have a term EBITDA. That's the earnings before interest, tax, amortization. It's something like approximately 30-35 % in these high education groups. In basic education, I already heard something about 50% is a good number, but higher education it's 35-40 %. Kroton for example has 45% and it is the best in this area. (Vice Rector of the university)

## 7 CONCLUSIONS & DELIBERATION

This chapter consist of my own suggestions and conclusion based on the study. Later this chapter focuses on deliberation of the whole thesis process.

According to study, Brazilian education system is far from principles that are the base for Finnish education system. There is no equality, trust or social support for students in the schools. Brazil as a country has one of the biggest differences between income and living conditions between people. In basic education quality of the education is much better in private schools than in public schools and there is a big difference in possibilities to success in life between private school students and public-school students. Poor level of education in public sector creates huge market potential for private education in Brazil. Quality of teaching and the appreciation of the teachers' profession is according to study low in Brazil and demand for teacher education in Brazil is huge.

### 7.1 Market entry

When Finnish education export company decides to start exporting education to Brazil first step is to choose the product for market entry. In the analysis, there are three different choices presented for education exports: To establish Finnish based primary school, to sell educational services to associations or to sell educational services to customers according to their needs. There are demand for all of these three areas in Brazilian education sector.

The brand of the Finnish education is already good in Brazil so there is no need for branding and possible partners and customers should be easy to find. An important point is to highlight the results that Finnish education has achieved, and in that way to stand out from the other actors, who has been longer time in the industry. According to study and interviewees' opinions, when selling the educational services there is a demand for services in the basic education and in the higher education, and in both private and public sector. The biggest demand is in teacher education, English education, curriculum design and consultation with education systems.

## **7.2 Suggestions when starting to export Finnish education to Brazil**

When establishing the Finnish based primary school, there are no Finnish actors yet in the Brazilian education market. According to study, a new Finnish based school would be unique in Brazil and would attract attention from the media and among the people in education industry. This option needs time, financial resources and the risk to fail is bigger. In the beginning exporting company needs to have enough time and financial resources to be able to create networks and contacts in Brazil. According to the opinions of the interviewees to be able to establish business relationships in Brazil traveling to the country is necessary.

When only selling educational services to Brazil, there are already Finnish universities and companies doing similar business so it could be hard to find market space in this sector without causing any harm for other Finnish actors in the market. However, the cooperation between different Finnish actors is the key point in exporting education to Brazil because the volume is big and there is competition from other countries.

### **7.2.1 Challenges**

The competition in international school sector is hard, especially in bigger cities. Education system and habits of students, parents and teachers are different. The main problem will be with mixing the Finnish and Brazilian curriculum. There are some European curriculums mixed with Brazilian, so it is possible to mix two different curriculums but the main focus needs to be in the subjects that are important in entrance exams and ENEM. There will be a new educational law coming which will enable the curriculum to be more flexible for modifying. Some parts of Finnish education system could be easily adapted to Brazilian system but not all of them. To be able to find those things that could be adapted or could not be adapted, it is really important to find local partner and make more deeper analysis of the industry example by benchmarking local actors.

Another challenge that education export company could meet when entering Brazilian market are related to jurisprudence, politics and language. Jurisprudence could be hard to understand without local help and in the study interviewees suggested to find local partner who knows the local laws. Politics effect a lot to education sector in Brazil and corruption is still a huge problem in Brazil. Mistrust on government could be seen everywhere in

public sector and it affects a lot to peoples' picture about the public education. Poor English language skill could cause challenge for Finnish education exports company because in many cases people don't speak good English in Brazil and it is almost necessary to speak Portuguese to make deeper cooperation with people.

### **7.2.2 Target group and location**

When thinking to establish Finnish primary school into Brazilian market, according to study, it would definitely need to be private school and target group wealthier people who are living in big cities. In big cities people are already used to international schools and the salary level of people is much bigger than in countryside. Best city to establish first Finnish based primary school is Sao Paulo because investors want to invest on international business there. Brazil is a big country and there are opportunities in other regions but the starting place should be city of Sao Paulo. The reason behind choosing the private sector as a target group is the problems that Brazil is having with public education. According to the study the problems in public education sector in Brazil are deep in the culture and are slow to change.

The problems of public education system in Brazil are mainly based on the culture and it will be slow to change. Problems of poor public basic education comes from distrust on government and politics and leads to inequalities. As long as public primary and secondary schools continue to be bad in quality of teaching and in some areas dangerous to attend, the popularity of private basic education will grow among the wealthiest people. People who are in charge of public basic education, are usually the ones whose children are studying in the best private schools. It is sad to say, but as long as Brazil can't get rid of corruption, the level of public basic education does not rise and the gap between rich and poor remains high. With Finnish education exports, it is not possible to change the quality of public education in Brazil immediately, but maybe step by step it is possible to change the mindset of educational leaders of public institutions by selling the Finnish educational services, or to change mindset of children of the wealthier people by establishing private Finnish based primary school.

### 7.2.3 Partners

According to analysis best place to find the partners is the Embassy of Finland, who already has contacts of people who are interested to implement Finnish education to Brazil. Other Finnish universities and education export companies, who are already running business in Brazil would be good partners to start. Third way to find partners are through associations and foundations. Brazil has a lot of different associations in education sector. This kind of associations mentioned in the study are for example SEMESP and ABMES. These associations are already doing cooperation with Finnish actors and are continuously looking for new partners. According to study, biggest private school groups would be interested to start cooperation with Finnish education export company in right circumstances. This kind of groups mentioned in study were Kroton, Ser and Estacio.

When only selling educational services to Brazil, there are already Finnish universities and companies doing similar business so it could be hard to find market space in this sector without causing any harm for other Finnish actors in the market. However, the cooperation between different Finnish actors is the key point in exporting education to Brazil because the volume is big and there is competition from other countries.

# Finnish education exports to Brazil



Figure 9. Finnish education exports to Brazil in a nutshell. Based on interviews 2018.

### 7.3 Deliberation of thesis process

Thesis process was really challenging from my point of view but really interesting and developing for myself. Finnish education exports and Brazil as a country would be good combination and it was easy to see the business potential of this industry.

It was quite easy to find source material for marketing analysis, theory of Finnish education system and theory of education exports because there has been lot of hype around this topic in recent years in Finland. Brazilian education system instead was much more difficult to explore because almost all of the information is in Portuguese and there are not lot of books in Finland about the Brazilian education. Luckily, I was able to find online sources from Google Scholar and my friends in Brazil helped me with materials that was in Portuguese. Still there could have been more sources about the Brazilian education system, so that the information would have been more deep and relevant.

The study part could have been deeper than it was. Interviews were made in too early stage, because the trip to Brazil was in March. Because of that I was not able to ask right questions to some parts in the analysis example to customer or to competitor analysis. However, in my opinion, analysis gives good common picture of the Brazilian education industry and offers three different market entries for exporting company. Still, when company decides to start the exporting to any of these market areas, deeper analysis should be done. This study provides a good basic idea of Brazilian education market but does not go deeper into any market area.

The purpose of the study was to analyze the Brazilian education market industry from Finnish education export company point of view and based on the study to explore the business possibilities and difficulties in the industry. Brazil is a big country, so it was impossible to find interviewees from many different parts of Brazil. This means that the results of the study are not relevant all over Brazil but more in the states in South and Southeast. Despite the fact that interviewees lived in different parts of South and Southeast Brazil and worked in different positions in education industry there were similarities in their answers. This gives reliability for the study. The interview and answers of Jarkko Wickström were really important for the study as he is an expert in education sector in Brazil and have good common picture of the industry from Finnish point of view. It was



important to notice that there were similarities between Jarkko`s answers and answers of other interviewees.

It was quite hard to find any concrete action suggestions based on the analysis because like mentioned earlier the analysis was not deep enough for that. However, based on the analysis it is possible for the company to make decision if the Brazilian education market is good for them or not.

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## ATTACHMENTS

### Attachment 1. Frame of theme interviews

1(2)

#### Education system / Law

- What is the current education system in Brazil? Levels?
- Do you have national curriculum or different curriculums between states?
- Is there some other curriculums recognized nationally? What are those? (IB, Cambridge?)
- How much of the basic education schools are public / private?
- What laws you have to notice when establishing a school to Brazil?
- Are the laws different between cities or states?
- How is the current education system? What things are good? What could be improved?
- What are the key differences between public schools and private schools?

#### Finnish brand/education

- What is your image about Finland and Finnish education?
- What do you know about Finnish education?
- What do you think is the common image in Brazil?

#### **Teaching**

- What is the role of the teachers in general?
- What kind of education teacher have and further education?
- Can teacher decide how to teach and what methods to use? or what content to use?
- How is the assessment done (test, oral, feedback, projects)? How often students have exams? Exam weeks?
- Do teachers assess also life skills (team work, creativity, listening) and the learning processes?
- How much students usually do work at home? How long days they have at school?
- How are the students compared with each other?

#### **School**

##### *Student support*

- What kind of healthcare/ physical services schools usually have for students?
- What kind of breaks students have during the school day? Duration? Outside the building in open air?
- How the school lunch is organized? Free? Nutritious?
- Do parents help students at home or do they expect that students learn everything at school?
- Do schools expect that parents will help students at home?

##### *Physical environment*

- Are there places where students can work alone or together during studies? How are the classroom build?
- Is the learning environment always best possible for studying? Air? Lightning? Noise?
- Is there usually dedicated places for science experiments or language learning?
- How much students usually have physical education in one week? Do school have an outdoor area for that?

##### *Digital environment*

- Are there technological devices and digital solutions used to support the learning?
- Does every school have a working internet connection for staff and students?

2(2)

**Content/Subjects**

- What are main subjects in the curriculum?
- If some of these are not in your curriculum do you think it would be good to have some of those subject in your curriculum? Why? Why not?
- Is there one or many publishers for school books? Who designs them?

**Management**

- Who chooses what curriculum can be used? School? Government?
- Who designs the curriculum? (teachers, principal, board of trustees)
- Do schools have special emphasis on certain subject area? (music, sports, language)
- Do teachers have continuous professional training to methods? Is it mandatory by law?
- Can teachers effect on school's decision making?
- Is the school usually safe place for students and staff?

**Business**

- How much studying usually cost in private school?
- Is it common to study in private school?
- What is the main reason parents put their children to private school?

**Location**

- In which city you would establish a Finnish school? Why?
- What things you should consider in location when you are establishing school to Brazil?
- If you would have a change to establish any kind of school you like. What kind of school it would be? What would be the main values of that school?