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Governance of organizations in Curaçao

Abstract

Purpose – The purpose of this article is to present a case study of the governance in a Caribbean Small Island Developing State, Curaçao, and to explore governance in this type of society.

Methodology/Approach – The article contributes to the development of a framework for understanding governance. This framework is then applied to the case of Curaçao. After analysis, conclusions are drawn and ideas for further research are presented.

Findings – In Curaçao there is a specific transition planned towards a Pragmatic Corporate Governance Model. The small scale of society, and fragmentation that resulted from colonial historical development, makes governance difficult.

Originality/value of paper – The paper contributes to a framework for understanding the governance of Small Island Developing States.

Key words Small Island Developing States, Governance, Good Governance, Corporate Governance, Globalization, Curaçao, Netherlands Antilles

Paper type Case study

Introduction

In general the western world has moved from the hierarchical organization of the industrial age to the network of the post industrial area (Castells, 1996), from vertical to horizontal steering, and from government to governance (Hayer et. al., 2007, p. 60; Meulemans, 2008, p. 1).

In Curaçao over the last twenty years there has been an increase in the attention paid to good governance and especially to good corporate governance. But, even so, at this stage little is known about corporate governance in Curaçao (Bollebakker, 2005, p. 47). Therefore, in 2005 the Academic Chair of Good Governance was established at the University of the Netherlands Antilles to study and promote good governance practices. In mid-2008, in collaboration with the Chamber of Commerce of Curaçao, the education

of corporate supervisory directors was started by the Chair. The first two groups who followed this scheme are now certified board members (Gomes Casseres, 2008). This article is the result of the workshops with members of supervisory boards.

The objective of this article is to provide an account of the theoretical and historical background of corporate governance in general, especially in Caribbean Small Island Developing States (SIDS), and in Curaçao in particular, to provide a basic understanding of the power in and around organizations, and to raise awareness of the importance of local context in governance.

The article is structured as follows: after the introduction, a theoretical framework for analyzing the movement from government to governance is constructed, and this is followed by some background information on Curaçao and the application of the framework to Curaçao. The article ends with some conclusions.

Theoretical framework

To govern means to steer. Governance refers to decisions that define expectations, grant power, and verify performance. United Nations agencies define governance as “the process of decision-making and the process by which decisions are implemented (or not implemented)” (Gomes Casseres, 2008). Good governance conforms to certain principles. Good governance is related to the concept of checks and balances. In general, three domains are governed: the public domain, the market domain and the domain that straddles the two, NGOs or civil society (Greene, 2005, p. 58). Budd uses the terms Public Domain, Civil Society and Private Market (Budd, 2007, p. 532). This is illustrated in Figure 1.

Public Domain	Civil Society	Private Market
Intergovernmental Organizations (IGO)	International Non Governmental Organizations (INGO)	Multi National Corporations (MNC) or Global Corporations
Core Government	Associations	International Organizations
Semi Government	Foundations	Captive Market

Figure 1: Classification of organizations (Goede, 2008)

The first domain consists of governmental organizations, and these can be further subdivided into core government and semi-government organizations. Core government is comprised of government agencies. There are serious attempts to make them more market oriented but the hierarchical bureaucratic organizational model prevails and local culture has a strong presence. Semi-government institutions are the state-owned companies (SOEs) and organizations fully or partially funded by government. They are generally created to serve a public function of a predominantly business nature. Their function is a mixture, a hybrid, of characteristics of government agencies and the market, in the context of the local culture. The IGOs, organizations composed of sovereign states, are becoming increasingly important, as many issues facing government are global. This creates an ever increasing democratic deficit.

The second domain is the NGOs or civil society which can be divided into associations and foundations. Associations, while having some public purpose, primarily serve their members. Examples of associations are social and fraternal organizations, labor unions, political organizations and business and professional organizations. Foundations primarily serve the general public. Examples of foundations are service providers,

churches, action agencies and funding intermediaries. INGOs are associations of individuals or organizations for worldwide or regional action. In the era of globalization they are becoming increasingly important.

The third domain is the profit sector, which is subdivided into organizations operating in the global market and organizations operating in the international market and captive market. This is the domain where good corporate governance is primarily pursued. In an MNC the Anglo-American model is dominant. Organizations are structured on the basis of Principal Agent Theory in network organizations enabled by ICT (Castells, 1996). The principal is often operating from a western capital or major city. The business language is predominantly English (Inkpen and Kannan, 2007). The second category is composed of the local companies that operate internationally. The third is the captive market organizations, which are small organizations that operate in the local market, often protected by government regulation. They operate in the local cultural context.

Some consider second domain the glue between the government and profit domain and see it as an important corrector of the public sector and profit sector. Good governance requires the inclusion of all stakeholders in society. This means that good governance requires cohesion, producing interconnections between all the three domains (Gomes Casseres, 2008, pp. 3 - 4).

Corporate governance refers to governance of the domain of profit organizations. There are many definitions (Abor and Adjas, 2007). The essence of corporate governance relates to managers who need to direct and need to be controlled and to be held accountable. Bad governance is not the consequence of poor structures but of greed (Vermeer, 2006).

Mintzberg wrote about the corporate governance of organizations in 1987 in his book *Power in and around organizations*. The origins of the attacks on the corporation, according to Mintzberg, are related to the fact that economic power has become highly concentrated, in closed systems of questionable legitimacy. This has social consequences. Expectations of economic and social behavior have changed. Corporations are controlled by their administrators and there is no legitimate basis for this. There is a spectrum of positions that can be taken on the issue of corporate governance, ranging from nationalization to total deregulation. These positions can be placed on a political spectrum.

According to de Vrijer, referring to Adam Smith, corporate governance is not an economical or legal concept. It is a philosophical concept, which states that there should be a balance between the individual (the "Me") and society (the "We"). That "Me" should understand it is in their self-interest to be involved in society; people, planet, and profit. If this is not well understood there will be an imbalance in society. This is what happens when values are eroded. Values are important to calibrate norms. Codes of governance are norms, and too often they are not calibrated to values within society (van Rijn, 2008, pp. 24 – 27). This phenomenon reduces governance codes to a hollow substitute for values (in 't Veld, 2005).

Globalization implies that organizations are pressured and pushed to migrate from all other domains to IGO, INGO and MNC, although the pressure on the profit sector or the corporate governance domain to move towards MNC is strongest. From a critical perspective, today's globalization can be viewed as the import or adoption of the Anglo-American paradigm of corporate governance, based on the Principal Agent Theory, by developing countries (Ardalan, 2007; Goede, 2008).

The historical and theoretical context of corporate governance

Vermeer (2006; Cools, 2007) in his article: *Corporate Governance; Theory, History and Practice*, points to Adam Smith (1776) to illustrate that corporate governance is not new. From 1602 to 1799 the VOC (The Dutch East Indian Company) operated as a corporation and was governed by the Board of Seventeen Lords. The board neglected the shareholders, producing the first governance scandal. In 1622 this led to the establishment of the Committee of Nine to advise the Board and an Audit Committee. Other examples of old corporations are the Mississippi Company founded in 1720 and the British South Sea Company.

The theoretical framework is provided mainly by Agency Theory or Principal Agent Theory developed by Ross (1973) and Jensen (1976) (Vermeer, 2006). This theory deals with the conflict between management and owner. According to Vermeer there are two models of corporate governance. The Anglo-American or Financial Market Model, which is characterized by the fact that ownership is widely spread and the share price dictates decisions, and the Stakeholder Model, which is characterized by the fact that the big shareholders rule (Vermeer, 2006). Praveen Bhasa (2004) adds two more models: the Transition Governance Model, characterized by emerging markets that lack liquidity, and the transition from state-led enterprise to structures that become gradually more diffuse, and a Pragmatic Model combining features of the first two. Praveen Bhasa states that this last model is often overlooked.

The structure of organizations

We live in a world of organizations (Mintzberg, 1979; Drori et. al., 2006, pp. 48 - 49). These organizations operate in one of three domains. Contingency factors shape the structure of the organization, leading to five ideal typical organizational configurations: the Simple Structure for small starting organizations, the Machine Bureaucracy for large and mature production organizations, the Professional Bureaucracy for large service providing organizations, the Divisionalized Form for organizations operating in multiple markets and the Adhocracy for innovating organizations.

Spiral Dynamics

There are some considerations that are even more fundamental, namely the cultural context of governance (Ardalan, 2007; Goede, 2008). There is not just one type of society. Weber indicated that not all societies are rational societies; some are traditional and others are charismatic (Meulemans, 2008, pp. 12 - 14). The three societies described by Weber are related to three factors involved in shaping current globalization: efficiency or market incentives (rationality), social cohesion and justice or the force of community

(tradition and charisma), and security or coercion and regulation (rationality) (Shell, 2002). Spiral Dynamics distinguishes six types of society. These six are presented in Figure 2.

Color	Description	Country example
Beige	Archaic, instinctive, survivalistic, automatic, reflexological “Express instinctively and automatically for biological survival.”	
Purple	Animistic, tribalistic, magical, animistic tribal order “Sacrifice self to the wishes of the elders and the ways of the ancestors to placate the spirits.”	
Red	Egocentric, exploitive power gods, dominionist “Express self impulsively and without guilt lest one suffers unbearable shame.”	Curaçao
Blue	Absolutistic, obedience, mythic order, purposeful, authoritarian “Sacrifice self now to the one true way and obey rightful authority so as to deserve rewards later.”	Singapore (Dinan, 1999) Aruba ¹ Barbados New Zealand ² Ireland
Orange	Multiplistic, achievist, scientific, strategic “Express self calculatedly to achieve what self desires, but so as not to arouse the ire of others.”	The Netherlands
Green	Relativistic, personalistic, communitarian, egalitarian “Sacrifice self now, to obtain now, for self and others.”	Denmark

Figure 2: Spiral Dynamics (Cowan & Todorovic, 2000; Dinan, 1999)

The framework of good governance is applicable principally to societies that are beyond the color red, because it is only there that ‘We’ is a factor.

Curaçao

The Kingdom of the Netherlands is currently made up of the Netherlands, the Netherlands Antilles and Aruba. The Netherlands Antilles and Aruba are Dutch overseas self-governing countries. Defence and foreign affairs are Kingdom responsibilities, while the people hold Dutch nationality and citizenship and have full mobility to the Netherlands. The Netherlands Antilles is a federation of the five islands: Curaçao, Bonaire, Saba, St. Eustatius, and St. Maarten. At the present time the Netherlands Antilles are going through a process of constitutional change. Curaçao and St. Maarten will become countries within the Dutch Kingdom, just as Aruba has been since 1986. The other three islands will each become a sort of Dutch municipality. These changes are planned to take effect in October 2010. After the implementation, Curaçao will be freed from a double bureaucratic layer. Expectations are that this will not only lower the cost of government but will also lead to a more effective and decisive government that will be able to support the development of the island.

¹ After the constitutional changes Aruba arrived at the blue stage but after the last two elections there has been a regression to red.

² To deal with the economic recession New Zealand arrived at the blue stage, and after the crisis gradually became more red.

The society of Curaçao developed over time from a pre-colonial society, to a colonial society, based on the slave trade, to an industrial society with the arrival of the oil refinery in 1918, to a post-colonial society after obtaining internal self-rule in 1954 (Gibbes et al, 1999). The peak of the financial services started in 1965 and lasted until the 1980s. In the 1980s the tourism sector carried the economy and broke all records in 2007 and 2008.

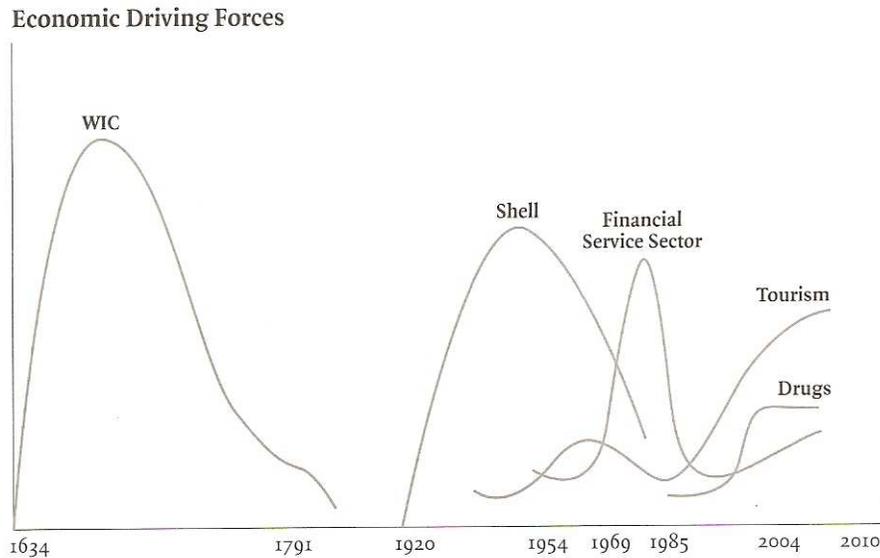


Figure 4: The Life-Cycles of Curaçao (Curiel, 2005)

Curaçao is a society struggling with cohesion. It is divided along social, economic, ethnic and even racial lines (Gomes Casseres, 2008).

It is ironic that Curaçao was shaped by two MNC: The Dutch West Indian Company and Royal Dutch Shell. Over time a small scale, segmented and fragmented society has developed. According to *Spiral Dynamics*, Curaçao is a predominantly red society, meaning that there is not a balance between “Me” and “We”. Curaçao is not a purely rational society; tradition and charisma still play an important role.

If we examine the key performance indicators of Curaçao, such as population growth, economic growth, the unemployment rate, the budget deficit and government debt, Curaçao has not done very well over the last twenty years. But the signs indicate that the economy has finally taken off in 2006 and 2007.

Year	Population in millions	Nominal GDP/capita (%)	Real GDP growth (%)	Unemployment rate (%)	Debt in millions NAf.	Budget deficit in millions NAf.	Inflation (%)
1980	0.148						14.6
1991	0.145	9,358		14.6%	868.4	-82.6	4.0
1992	0.145	10,079		16.9%	927.6	-154.4	1.4
1993	0.145	10,526		13.6%	993.6	-108.3	2.1
1994	0.145	11,152		12.8%	1615.0	-222.9	1.8
1995	0.145	11,536		13.1%	1684.4	-125.8	2.8
1996	0.145	14,043		14.0%	1646.8	-146.5	3.6
1997	0.147	14,256	-3.4	15.5%	1691.5	-62.6	3.3
1998	0.147	14,251	0.0	16.8%	1824.2	-70.6	1.1
1999	0.142	14,355	-2.3	14.8%	1785.5	-15.5	0.4
2000	0.137	14,663	-2.3	14.2%	2150.9	-29.7	5.8
2001	0.131	16,448	-0.7	15.8%	2155.1	42.4	1.8
2002	0.127	17,193	0.4	15.6%	2368.1	-89.8	0.4
2003	0.130	16,972	0.3	15.1%	2447.3	-79.9	1.6
2004	0.133	16,974	0.2	16.1%	2676.8	-134.9	1.4
2005	0.135		0.8	18.2%	2492.4	-75.3	4.1
2006	0.136		1.5	14.7%	2660.7	-101.6	3.1
2007	0.136	17,000	3.8	12%			3.0
2008	0.141		2.2	10.3%		-83.3	6.9

Table 1: Some Economic Indicators (Source: Bank van de Nederlandse Antillen). The population of Curaçao over time (Source: Central Bureau of Statistics)

Methodology

According to local experts the total number of members of supervisory boards in Curaçao is two hundred (N=200). The analysis presented in this paper was developed in discussion with two groups of members of supervisory boards in Curaçao (n=54). The first group of 28 members met in two sessions. The first session was held from Thursday 8 May 2008 to Saturday 10 May 2008. The second session was held from Thursday 5 June to Saturday 7 June 2008. The second group of 26 members met in two sessions: Thursday 20 November to Saturday 22 November 2008 and Thursday 15 January 2009 to Saturday 17 January 2009.

Both sessions were facilitated by a group of scholars and experts, including former Prime Minister Mr. Etienne Ys³. The following topics were discussed: Antillean corporate law, corporate finance, the structuring of organizations, corporate governance, performance measurement, the role of the public accountant, the relationship between SOEs and politicians, the role of the media.

Governance in Curaçao

Because of its constitutional status (not independent) the Netherlands Antilles has only limited access to IGOs. Involvement on this level is the competence of the government of the Kingdom of the Netherlands. A few exceptions are UNESCO (The Netherlands Antilles became the first Associate Member twenty-five years ago on 26 October 1983), the Economic Commission for Latin America and the Caribbean (Associate Membership of the Netherlands Antilles in 1981) and the Association of Caribbean States (Associate Membership of the Netherlands Antilles in 2001).

One of the consequences of the small scale is that most of the organizations are small and have a structure composed of simple triads, creating challenges for good governance. Social relations are very close, leading to close informal relationships which make a rational business-like approach more difficult. Often there is no distinction between business matters and personal matters (Denter et al, 2006; Oostindie, 2006). The government, with 1,600 employees, is the biggest employer on the island. According to the Bureau of Statistics of the Netherlands Antilles, only thirty-eight corporations employ more than 150 persons each. Only a handful of organizations are in the range of 1,000 employees or more. Among these are the refinery operated by PDVSA, which is almost a hundred years old, and the biggest commercial bank. The latter is one of the oldest banks on the island.

³ Mr. E. Ys was Prime Minister of the Netherlands Antilles from 3 June 2002 until July 2003 and from 3 June 2004 until 26 March 2006.

Number of employees	Number of organizations
0	751
1	1,852
2 - 4	1,948
5 - 9	969
10 - 19	302
20 - 49	263
50 - 149	126
150 or more	38
Total	6,249

Table 2: Businesses in Curaçao by number of persons employed (CBS, 2008)

All legal entities in the three main domains, with the exception of the core government, are basically governed in accordance with the New Second Volume of the Civil Code that was introduced on 1 March 2004, replacing the Code of 1939 (Bollebakker, 2005; Mezas, 2005; Frielink, 2006; Kunneman, 2005). The New Netherlands Antilles Civil Code contains many elements that correspond to Dutch Volume II, which also deals with legal entities. However, in relation to the Dutch Volume II, the Netherlands Antilles Civil Code has been modernized. In addition, it contains elements which are missing from the Dutch Volume II, such as the right to make inquiries for foundations (Kunneman, 2008). In this New Code the personal responsibility of board members if an organization goes bankrupt is specified (Mezas, 2005; Frielink, 2006). Under the New Code a one tier supervisory board is possible, as well as a two tier structure. This makes Curaçao, which has a tradition of two tier boards, attractive for foreign to corporations that are accustomed to one tier boards (Kunneman, 2006, p. 4; Frielink, 2006, p. 27).

The code makes a distinction between big and small companies. Big companies employ more 20 people, have capital of over NAf. 5 million and a turnover of over NAf. 10 million. The annual reporting obligations are more explicit for these big companies (Frielink, 2006, pp. 104 – 105).

	2007	2006	2005	2004	2003	2002	2001	2000
Proprietorships	7,530	7,586	7624	7,530	7,429	6,972	6,439	6,237
Open Partnership	248	252	255	255	261	263	267	283
Limited Partnership	163	160	164	168	184	191	204	204
Partnership	17	18	16	11	11	12	5	4
Limited liability companies	20,609	21,261	21,923	22,492	23,275	23,903	25,240	25,341
Private Limited liability companies	1,482	1,062	742	463	259	145	7	5
Shareholder managed Private Limited liability companies	22	19	12		9			
Cooperative society	29	30	29	30	30	31	35	40
Associations & foundations	34	26	24	22	24	25	27	28
Dutch Private Limited liability companies	552	573	593	679	755	780	806	747
Others (w Ltd. en SA)	147	160	176	169	213	230	233	242
Total	30,833	31,147	31,558	31,828	32,441	32,552	33,263	33,131

Table 3: Companies by legal status in Curaçao as of December 31st (Curaçao Chamber of Commerce, 2008)

The public domain

The public debate on corporate governance is dominated by the governance of SOEs (Ys, 2008). This may be because twenty-one SOEs contribute approximately 20 percent of GDP (Willem, 2008). Another reason may be that an interest that was originally a public interest is now taken care of by private corporations (Kunneman, 2005, p. 2). It should also be mentioned that the increasing importance of governance is a consequence of the incorporation of governmental tasks in the 1990s, the privatization process of SOEs and the attraction of foreign investment as part of the Structural Adjustment Program and associated programs. This is illustrated in Tables 4 and 5.

	1989	1993	2002
Agencies of the core government of Curaçao	46	45	26
SOEs and foundations	19	18	47

Table 4: The shift from government to governance in Curaçao (Goede, 2005)

	SOEs	Privatizations
1975	2	
1976	1	
1977	1	
1978		
1979		
1980	2	
1981	1	
1982		
1983		
1984	2	
1985	2	
1986	2	
1987	1	1
1988		1
1989		1
1990		
1991	2	3
1992		
1993		
1994		
1995	1	
1996	2	
1997		
1998	2	1
1999	1	
2000	4	2
2001		1
2002	1	2
	27	12

Table 5: Incorporation of agencies and privatizations in Curaçao from 1975 to 2002 (Goede, 2005)

This focus on SOEs is somewhat misplaced (Gomes Casseres, 2008, p.1). A great deal has taken place to promote good governance in the public sector. The Transparency Law (Landverordening Openbaarheid van Bestuur) was introduced in 1996. In recent years, since 1999, the public sector has invested in promoting good governance, starting integrity programs and opening an Ombudsman Agency. (One negative point is that elected officials have refused to attend integrity programs.) The Accountant General has improved, and the backlog in annual reports has been reduced considerably (Gomes

Casseres, 2008, p. 6). At this stage a new organizational structure has been developed for the whole Civil Service and a New Constitution is being written in the context of the constitutional changes. In 2008 the Commission for Financial Supervision was installed to supervise the public budget. The Commission is a direct outcome of the negotiations with Netherlands about how to implement the constitutional changes and is composed of local representatives of the Netherlands Antilles and representatives of the Netherlands. In October 2009 the government of Curaçao approved the Code of Good Corporate Governance. But still there are governance issues related to practices of nepotism and patronage.

Civil society

The civil society, consisting of association and foundations, is ruled on basis of the New Civil Code, the bylaws and internal regulations. In 2004 the Netherlands Antilles legislation also introduced a kind of inquiry right for foundations (Kunneman, 2008; Frielink, 2006, p. 180 - 184).

A NGO platform was created in 2000. There are about seven hundred NGOs of which approximately two hundred and fifty are active. The platform was created because the NGOs felt that they had a weak voice in society and in anticipation of Dutch funding that would become available. The NGOs are primarily financed through the AMFO (Antilliaanse Medefinancierings Organisatie), which was created in 2002 and became operational in 2004. The sole source of funding of the AMFO is the Government of the Netherlands.

This domain can be described by identifying several sectors. Associations of professionals can also be found in this sector. Several of them have a professional code or are discussing the need for one. The civil society is characterized by a few dominant organizations surrounded by a big number of small organizations, illustrating the fragmentation or diversity of society, or, in other words, the lack of cohesion. This applies to the political parties, labor unions, churches, schools and sports organizations. This domain is not only characterized by lack of resources and knowledge but also by practices of nepotism.

The private domain

The financial sector is also regulated by the New Civil Code and is supervised by the Central Bank based on the Central Bank Statute (PB 1985, nr. 183) and specific supervisory legislation such as the National Ordinance on Supervision of Banks and Credit Institutions, the National Ordinance on Supervision of Insurance Companies and the National Ordinance on Supervision of Investment Companies and Administrators. From this formal legislation, executive legal instruments, such as decrees and Central Bank instructions e.g. *Guidance Notes for the Supervisory Boards of Supervised Financial Institutions* of 2001 (Bank Nederlandse Antillen, 2001; Samander, 2006; Bollebakker, 2005; Gomes Casseres, 2008) have been derived. The local banks have a two tier governance structure. The members of the supervisory board are well informed on matters of corporate governance locally and internationally. Although much progress has been made regarding corporate governance, still information regarding pay is not disclosed and the publication of a complete annual report is not mandatory. Also,

reporting on the effectiveness of internal control systems is not required (Samander, 2006).

Curaçao is also a financial service center as illustrated in table 6 (Van Erp, 2003; Kunneman, 2008). The fact that Curaçao is part of the Kingdom of the Netherlands gives confidence and attracts foreign corporations.

	2007	2006	2005	2004	2003	2002	2001
As of January 1st	31,147	31,558	31,828	32,441	32,552	33,263	33,131
International	14,776	15,444	16,135	17,224	18,147	19,777	20,101
Local	16,371	16,114	15,693	15,217	14,405	13,486	13,030

Table 6: Registered companies in Curaçao illustrating the importance of the financial service sector (Curaçao Chamber of Commerce, 2008)

The preparations to start a local stock exchange are apparently concluded. This was again announced in November 2009. After years of discussion it will be possible to trade stocks of local companies. This will change the structure of corporate governance on the island. But in Curaçao, in these matters, seeing is believing.

In recent years international cooperation in the battle against the laundering the proceeds obtained from criminal activities and the financing of terrorist activities has intensified considerably. Many organizations are involved in investigations into unusual transactions. In addition, various systems of operational exchange and transfer of data have been set up. There is a large-scale exchange of knowledge and experience in the field of the battle against money laundering and the financing of (international) terrorism. The Netherlands Antilles and Curaçao participate fully in this battle (Kunneman, 2008).

In the category of organizations operating in the local market there is also a lack of cohesion, and the practices of nepotism persist in many places. This is illustrated by differences in representative organizations. The local companies are mainly small. The main governance issues are in the area of succession; new leaders are not selected and trained in time. Offspring often do not take over the family business (Gomes Casseres, 2008; Gomes Casseres, 2004, pp 147 - 150). This succession problem is not limited to this domain, but can also be detected in government departments, SOEs, NGOs, political parties, labor unions and religious organizations.

Conclusion

The issue of governance is high on the agenda in Curaçao. In 2004 a New Civil Code was introduced. This forms the basis of corporate governance. Good governance is partly promoted by the Netherlands through the negotiations about constitutional change, and other actors, like the International Monetary Fund (IMF) and Inter-American Development Bank (IDB), pushing the globalization agenda. One of the conclusions from the above is that governance in Curaçao is dominated by SOEs and this shaped the Corporate Governance Code that has been produced. But the financial sector has also been active.

Due to these developments Curaçao has a very complex mix of several governance systems: a combination of the Stakeholder Model and the Anglo-American or Financial Market Model, the Transition Governance Model and the Pragmatic Model. It is a combination of a one tier and a two tier system. But it is also a mixture of a rational society, traditional society and charismatic society at the same time. Faced with these difficulties, one might conclude that There Is No Alternative (TINA) (Shell, 2002; 2007). Curaçao must comply with the international rules and standards of good governance to interface with global actors. Curaçao is in a transition. It is unclear what will be the nature of the governance regime that finally emerges. There is a swing from government to governance, searching for a new balance.

At the beginning of 2010 the following picture develops. The Post Company is taken over by the island government from Canadian Post. The shares of the utility company Aqualectra are taken also taken over by the island government from the Japanese corporation Marubeni. The shares of the SOEs are no longer managed by the government foundation StIP, but are directly controlled by the island government. This indicates that there is a swing towards more government involvement. This follows a pattern that reflects the worldwide trend of government bailouts after the last quarter of 2008.

Curaçao has introduced governance by sector (Bollebakker, 2005, p. 61). This has as an advantage in the sense that sectors do not have to wait for each other. The disadvantage is that harmonization is difficult. Governance in Curaçao is best illustrated by this quote from Dr. Boeli van Leeuwen, one of the leading authors of Curaçao: “All chiefs, no Indians” (van Leeuwen, 1990, p. 71). It is the struggle of a red society to transform into a blue society.

This raises the question whether Caribbean SIDS are facing governance issues produced by the small scale of these societies and the fragmentation caused by colonial history. These SIDS should focus on the governance of organizational structures which can be characterized as Simple Structures, and must be pragmatic when it comes to good governance issues.

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