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## THE IMPLICATIONS OF THE COMMERCIALIZATION PROCESS OF PRIVATE UNIVERSITIES IN BRAZIL IN RELATION TO THE EXPANSION OF SOUTH KOREAN PRIVATE HIGHER EDUCATION

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**Abstract:** This article discusses the differences in the process of commercialization of higher education between Brazil and South Korea, with emphasis on the creation of private higher education in both countries and the differences in the quality of teaching and labor supply in the market. This analysis is used to understand the expansion dynamics of an emerging country (Brazil) and a country considered to have one of the best education systems in the world. The discussions presented show that South Korea has a higher proportion of its population with higher education and lower unemployment rates compared to Brazil, especially for those with higher education. These differences can be attributed in part to the successful implementation of government policies to promote education and workforce training in South Korea.

**Keywords:** Commercialization, Universities, South Korea, Brazil, Education, Financialization.

## INTRODUCTION

The commodification of higher education is a global phenomenon that has been the subject of many discussions in academia and society in general. In Brazil and South Korea, this process presents some significant differences in relation to the creation of private higher education institutions and the quality of education and labor supply in the market.

In Brazil, private higher education began in the 1960s, during the military regime. The opening of new private universities was encouraged by the government, which saw education as a profit opportunity for businesspeople and a way to limit social and political criticism.(MARTINS, 2009). Since then, the number of private higher education institutions in the country has grown significantly, especially in recent decades. Today, private higher education institutions account for around 75% of enrollments at this

level of education.

In South Korea, private higher education emerged after the country's democratization in the 1980s. Before that, higher education was completely controlled by the state(CHAE; HONG, 2009). After the liberalization of the educational market, many private higher education institutions were created, attracting many students. Currently, private higher education institutions in South Korea are responsible for around 60% of enrollments.

Although both countries have experienced a significant increase in the number of private higher education institutions, there are notable differences in the quality of education and labor supply in the market. While private universities in Brazil have often been criticized for the lack of quality of teaching and for offering courses aimed at the job market at the expense of general training, in South Korea, the quality of private education is generally seen as high, with many institutions being considered the best in the country.

Furthermore, the supply of labor in the labor market also differs between the two countries. In Brazil, private higher education is often seen as a way of obtaining a diploma to obtain a job, without due preparation for the demands of the job market. On the other hand, in South Korea, higher education is seen as a means of broad and solid training, which prepares students for the demands of the job market.

## THE GROWTH PROCESS OF BRAZILIAN PRIVATE HIGHER EDUCATION

Private higher education in Brazil, from the beginning of its conception, emanated the characteristic of a reactionary system, which depended directly on the market to implement a consolidated business model.

There are three distinct moments to characterize what these education systems

have become, and we will work with them: the demand from students for supplementary public higher education, the implementation of public student financing systems, the consolidation of large educational oligopolies.

## **THE RISE OF A REACTIONARY MARKET**

The first point that highlights a reactionary market is the creation of the LDB in 1968 and the University Reform of the same year.

To outline the scenario in which private educational institutions emerged, we must highlight that until the 1970s, higher education was formally public, however, with few institutions, difficulty in admission and a curriculum that was barely approved by students.

In the 1960s, the lack of places in higher education institutions in Brazil was a worrying issue. In 1960, around 29 thousand students who had been approved for a higher education institution were unable to enroll due to a lack of available places. The situation worsened over the following decade, with the number of students without a place increasing to 162,000 in 1969.(MARTINS, 2009).

To supplement this demand for access to higher education, the military regime initiated a substantial volume of actions to study issues of implementing a larger scale offer of this education. It is important to verify that, in this process, the main study that stands out is the Meira Mattos Report (EAPES, 1969), written by American professor Rudolph Atcon, beginning to introduce studies and begin a strong characteristic of a globalized market with a great commercialized expression.

The 1961 LDB defined education as a right for everyone and established a set of guidelines for the Brazilian educational system. One of the main innovations of the 1961 LDB was the creation of the Federal Education Council, which was responsible for

formulating guidelines for national education and regulating the creation of new educational institutions.

The main effect of the LDB of 1961 and the University Reform of 1968 was the opening of the higher education system to the private sector. The 1961 LDB allowed private educational institutions to be created as long as they met certain requirements established by the Federal Education Council. The University Reform of 1968, in turn, introduced a new category of higher education institutions, private universities, which could offer a wide range of courses and academic programs, in isolation.(MARTINS, 2009).

The University Reform carried out in Brazil aimed to give universities the responsibility of developing not only teaching, but also research and extension. Before the reform, Brazilian higher education was mainly concentrated in isolated, independent professional schools and often structured in a similar way to private institutions. According to Schwartzman and Schwartzman(2020), research was little valued in this scenario.

With the University Reform of 1968, higher education in Brazil began to be divided into two distinct systems. The first, public in nature, was meritocratic and selective, with a strong emphasis on research and postgraduate studies. The second system, in turn, was composed of private and isolated institutions, offering an education of shorter duration and distinction, without links to research. (CORBUCCI et al., 2016).

According to Sampaio(2011), the creation of these two education systems contributed to the increase in the supply of places in higher education, however, it resulted in a great heterogeneity in the quality of the courses offered. Furthermore, the disorderly expansion of the private sector has led to a series of problems, such as the lack of adequate supervision and regulation, as well as the

offering of courses without adequate quality and structure.

Given this context, it became necessary to create a student financing system, aiming to enable access to higher education for those who do not have the financial resources to pay the monthly fees at private institutions. Authors such as Schwartzman & Schwartzman(2002)highlight that, despite the challenges, the University Reform was an important milestone for the development of higher education in Brazil, contributing to improving the quality of courses and bringing teaching and research closer together.

Year	Total Enrollment	Private Institutions Enrollment	Public Institutions Registration	% of public enrollments over the total
1961	98,892	43,560	55,332	56%
1962	107,299	43,275	64,024	60%
1963	124,214	47,428	76,786	62%
1964	142,386	54,721	87,665	62%
1965	155,781	68,194	87,587	56%
1966	180,109	81,667	98,442	55%
1967	212,882	91,608	121,274	57%
1968	278,295	124,496	153,799	55%
1969	342,886	157,826	185,060	54%
1970	425,478	214,865	210,613	50%

Table1– Evolution of enrollments in public and private higher education between 1961 and 1970

**Source:** adapted from Levy(1986).

By analyzing the table presented, it is possible to note that higher education in Brazil underwent significant changes during the 1960s. Even though public institutions lost space to private ones over time, they still remained the majority until the 1960s. 1970, when private institutions still had the exclusive character of non-profit institutions.

After the 1968 reform, two higher education systems were created in the country. The public system, which began to focus on research and postgraduate studies, assuming

an appreciation of intellectual capital and limiting access to a select group of people with a high purchasing level or a high cultural level. On the other hand, private higher education was created, more simplified and with greater access to the general public, with low costs and financed with public resources (SAMPAIO, 2011).

## PUBLIC FINANCING AND THE CONSOLIDATION OF BRAZILIAN PRIVATE UNIVERSITIES

The 1980s were marked by an intense contraction in the economic activity of the Brazilian State. During this period, the country faced a series of economic difficulties, which resulted in negative variations in the Gross Domestic Product (GDP).

In 1981, Brazil presented a negative variation of -4.25% of GDP, which was a worrying sign for the country's economy. Over the following years, the country faced a series of crises, such as increased inflation, high external debt, a drop in industrial production, among other factors.

These difficulties were reflected in the country's economic result in 1990, which recorded a negative variation of -4.35% of GDP(CENTRAL BANK, 2022). This worrying scenario generated significant impacts on the lives of the Brazilian population, affecting employment, income and quality of life in general.

As previously demonstrated with the presence of American teachers in the formulations of Brazilian private education, the 90s were no different. In this scenario of major economic recessions around the world, the International Monetary Fund created some guidelines for financing and investment priorities for countries. During the 90s, investments in education were insufficient due to these fiscal adjustment measures adopted by the IMF, which sought to combat

the economic stagnation of the time. In his document entitled “Priorities and strategies for education”(WORLD BANK, 1996),the IMF justified the prioritization of financing basic education to the detriment of the expansion of public higher education.

This decision resulted in a pause in the growth of public higher education and a greater rise in private education, which became more attractive to students due to the lack of investment in public education. This policy had significant impacts on the training of qualified professionals and the democratization of access to higher education, in addition to reflecting on the country’s socioeconomic inequalities.

Year	Public	Toilet	Total	% Public	% Toilet
1960	59,624	47,067	106,691	56%	44%
1970	210,613	214,865	425,478	50%	50%
1980	492,232	885,054	1,377,286	36%	64%
1990	578,625	961,455	1,540,080	38%	62%
2000	887,026	1,807,219	2,694,245	33%	67%
2010	1,461,696	3,987,424	5,449,120	27%	73%
2020	1,956,352	6,724,002	8,680,354	23%	77%

Table 2: Evolution of enrollment in face-to-face undergraduate courses – Brazil (1960-2020)

**Source:** Author’s elaboration based on INEP data.

Above, we can clearly see the decreasing stagnation of public higher education, which after the 1980s resulted in a decrease in demand for places. Private higher education, on the contrary, remains mainly used by students, which became even more accentuated in 1999 and 2010, possibly with the creation and expansion, respectively, of student financing programs.

With the stagnation of public higher education, Brazil was going through another moment of need to expand private universities, which had already been taking place since the 1980s. This new expansion, necessary

due to the low volumes of investments in the public higher education system, was carried out through student financing in 1999, with the creation of FIES(SGUISSARDI, 2005)tanto nos países centrais como nos da periferia e semiperiferia, isto é, diante dos constrangimentos econômico-financeiros e da nova concepção de economia, de Estado e de direitos ou serviços públicos, verem-se identificadas como bem público ou privado/mercantil. Visa-se a mostrar que é a multissecular identidade universitária que está em jogo. Para tanto, partindo de fenômenos bastante universais como os da extraordinária expansão do setor privado, em especial privado/mercantil, da redução dos investimentos estatais nas universidades públicas e do trânsito da autonomia para a heteronomia universitária, problematizam-se o tema do conhecimento - provido pelo ensino superior - como bem público ou bem privado, as principais teses envolvidas nesta questão e suas decorrências para a identidade universitária. O material empírico do estudo constitui-se de alguns documentos do Banco Mundial, da OMC e da UNESCO, assim como de dados sobre financiamento e expansão da educação superior no Brasil, entre outros. À guisa de conclusão, e de modo sucinto, são examinados alguns novos ou renovados traços e marcas da universidade de “modelo anglo-saxão”, modelo que parece tornar-se hegemônico em países do Norte e do Sul. With this article we intend to contribute to the debate on the dilemma the state public universities would face nowadays, both in the central countries and in those countries of the periphery and semi-periphery, that is, before the economic-financial constraints and the new conception of the economy of state and rights or public services. The state public univerties see themselves identified with knowledge as public good or private/mercantile. We aim to show that the identity of the classical

university is at stake. For this purpose, considering the very universal phenomenon like the extraordinary expansion of the private sector, specially the private/mercantile, the reduction of the state investments in the public universities, and the transit from the autonomic to the heteronomic university the theme of knowledge problematizes - due to the higher education - as a public or private good, the main theses involved in this question, and their consequences to the university identity. The empirical material of the study is constituted by some documents from the World Bank, WTO (World Trade Organization).

The Higher Education Student Financing Fund (FIES) aims to facilitate low-income students' access to private higher education, offering financing for tuition fees. In addition to promoting social inclusion and reducing educational inequalities, the program seeks to encourage the quality of teaching in private institutions, as the financing amount is linked to the IGP-M. This financing model, however, faced problems with both transfers and defaults in its execution.

From the 2000s onwards, there was a significant increase in access to private higher education, driven by programs such as FIES and the University for All Program (PROUNI), implemented by the governments of Fernando Henrique Cardoso and Luiz Inácio Lula da Silva. These programs, combined with the growth of the economy at the time, allowed a greater number of students to have access to private higher education, contributing to the democratization of access to education in the country.(CORBUCCI et al., 2016).

Year	Number of FIES financing	Total FIES Transfer to Private Universities
2010	75901	R\$ 246,601,425.74
2011	154065	R\$ 1,299,644,196.46
2012	377372	R\$ 3,915,055,856.51
2013	559259	R\$ 8,053,175,441.11
2014	731957	R\$ 13,585,099,517.84
2015	287347	R\$ 13,232,647,375.36
2016	203392	R\$ 16,213,050,443.83
2017	258395	R\$ 18,058,665,710.43
2018	258395	R\$ 14,414,386,250.54
2019	85037	R\$ 7,986,389,678.78
2020	32323	R\$ 3,901,783,839.24

Table3: Number of FIES financing and transfers - 2010/2020

Source: Adapted from Ferreira and Sindeaux (2022), based on data from the FNDE.

The table presents relevant data on the evolution of FIES over the last ten years, with emphasis on the number of financing granted and transfers made to private universities. When analyzing the numbers, it is possible to notice a significant growth in the number of financing granted, especially between 2013 and 2014, when there was an increase of more than 30%. Furthermore, the total value of FIES transfers also increased significantly, reaching its peak in 2017, with more than R\$18 billion transferred. However, from 2018 onwards, there was a drop in the total value of transfers, which can be justified by the changes implemented by the government, such as the reduction in the program's interest rate and the limitation on the number of financing granted.(FILIZOLA, 2019a).

Below, we can see the impact of FIES on the main Brazilian educational groups and the clear relationship between the amounts of state financing for the growth and consolidation of this large oligopoly:

During the period from 2010 to 2016, there was a significant increase in FIES transfers to all groups of private higher education institutions. In 2016, Kroton led with the

Year	`Kroton`		`Estacio`		`Being Educational`		`Cheer up`	
	FIES transfer	Net Revenue	FIES transfer	Net Revenue	FIES transfer	Net Revenue	FIES transfer	Net Revenue
2010	39.35	802.06	57.57	1,495.95	-	-	26.32	330.62
2011	192.01	833.21	14.36	1,540.55	-	-	71.85	366.91
2012	525.11	1,192.70	372.48	1,735.18	104.53	387.93	122.97	443.27
2013	926.63	1,534.53	765.78	2,231.98	210.48	588.95	245.63	538.58
2014	2,128.96	2,926.85	1,374.43	2,915.85	425.98	855	361.86	785.56
2015	2,928.73	4,151.80	1,558.46	2,824.85	532.64	1,148.32	419.24	925.82
2016	2,496.95	4,019.03	1,440.57	2,893.11	553.26	1,151.08	344.35	931.29

Table4: Direct impact of FIES on large groups of Brazilian universities (2010-2016)

Source: Written by the author based on the article byKeys; Saints; Kato (2020).

largest transfer, surpassing the 2.4 billion reais mark, followed by Estácio, with around 1.4 billion reais. Although Ser Educacional had a small drop in net revenue in 2015 and 2016, Kroton, Estácio and Ânima showed significant growth in this indicator, with Kroton having the highest net revenue in all years, reaching almost 4.2 billion reais in 2016. It can be concluded that the FIES transfer had a considerable impact on the net revenue of these institutions and that the program was fundamental for financing the educational sector in Brazil during this period.

### THE CONSOLIDATION OF LARGE EDUCATIONAL GROUPS INTO AN OLIGOPOLY OF PRIVATE UNIVERSITIES

As seen previously, large educational groups made extensive use of public financing resources for growth.

Higher education institutions, when receiving large amounts of public resources and expanding their structures, found in mergers and acquisitions (M&A) a solution to maintain their greatness.

M&As are commercial transactions that fall under the category of “business succession”(PISSINATO; COUTINHO, 2019). The merger process involves the purchase of shares above the market price,

being approved by the board of directors of the acquired company, with the aim of generating mutual benefits(DODD, 1980; PORTER, 2008; SHERMAN, 2010).

In a merger, two companies come together to form a new organization that controls all operations, while the merged companies cease to exist and a new company is created in their place.(SHERMAN, 2010).

In order to find increasingly solid investments, universities used their own resources or resources from the opening of their capital to merge or acquire smaller universities or even other large groups that held a share of competition in the market.(FERREIRA; SINDEAUX, 2022). These large groups largely took advantage of these smaller universities, often in financial difficulties or with idle productive capacity.(GOMES; MACHADO-TAYLOR; SARAIVA, 2018; PRADO, 2016) disseminando ideias e adequando-se aos processos de desenvolvimento econômico e social. As universidades públicas no Brasil foram criadas a partir dos anos 1930, com a junção de escolas superiores de formação profissional e com a transformação das escolas confessionais existentes, expandindo-se em todos os grandes centros. A partir dos anos 1970, observa-se o aumento na quantidade de universidades estaduais, assim como de IES privadas e o ensino superior particular ganha

força. A Lei de Diretrizes e Bases da Educação Nacional (LDBEN).

The commercialization of the educational sector also manifests itself through other practices, such as acquisitions of companies by private funds and the public offering of shares of educational institutions on the Stock Exchange. These financial transactions mainly aim to satisfy the interests of shareholders and maximize the value of shares in the capital market. However, this type of financial approach, together with other organizational strategies, contradicts the principles that guide the educational process.(CARVALHO, 2013; OLIVEIRA, J. A. DE; CARVALHO, 2016).

According to data from INEP (2021), the higher education market has seen a rise driven by interest in profits. Between 2013 and 2017, the number of higher education institutions in the private sector increased from 1.3 million to almost 1.8 million, an increase of more than 27%. In the last 20 years, since the opening of the sector for economic exploitation by the private sector, large groups have been formed or established in the country, through financial movements such as mergers, acquisitions, purchase of shares and opening of capital on the Stock Exchange.

For example, there were major mergers between already consolidated educational groups, such as Kroton and Anhanguera, FMU and Rede Laureate, as well as the purchase of Estácio shares by GP Investimentos(BEZERRA, 2013). There was also the entry of global companies into the market, such as Advent International, which in 2011 acquired the holding company Pitágoras Administração e Participações (PAP), now indirectly holding around 28% of the total capital of the Kroton group.(EXAME, 2011).

Furthermore, the 2008 global economic crisis favored mergers and acquisitions by larger groups, as smaller companies were more heavily affected by the crisis.(FERREIRA;

SINDEAUX, 2022; OLIVEIRA, R. P. DE, 2009; PRADO, 2016). These practices of commercialization of higher education are not restricted only to the formation of oligopolies in the provision of places, but extend to the production of instructional materials, books, handouts and others. According to Oliveira (2009), this reflects the view of education as a commodity, where everything that can be bought or sold is considered valuable in the market.

Institution	Market Shares	Share value	Market value
Cogna Educação SA (BVMF:COGN3)	1,876,606,000	R\$ 2.02	R\$ 3,790,744,120.00
YDUQS Participações SA (BVMF:YDUQ3)	309,088,800	R\$ 8.16	R\$ 2,522,164,608.00
Ser Educacional SA (BVMF:SEER3)	128,721,600	R\$ 3.17	R\$ 408,047,472.00
Anima Holding SA (BVMF:ANIM3)	403,868,800	R\$ 2.54	R\$ 1,025,826,752.00
Cruzeiro do Sul Educacional SA (BVMF:CSSED3)	367,048,700	R\$ 2.35	R\$ 862,564,445.00
Bahema Educação SA (BVMF:BAHI3)	23,897,720	R\$ 9.85	R\$ 235,392,542.00

Table5: Publicly traded Brazilian educational groups (April 2023)

Source: written by the author based on data from B3(2023).

Above, we can see that the largest group still remains COGNA, formerly Kroton. The group has a direct dispute with YDUQS, controller of large companies such as Estácio and Wyden.

Regarding this process of financialization of higher education with the formation of these large oligopolies, with great benefit from public subsidies, private universities created these large conglomerates in order to offer their courses on a scale, reducing costs and expanding market share.



This expansion process occurred at the possible expense of the depreciation of the quality of education. According to a study carried out by Pissinato and Coutinho(2019), it was possible to verify that, of the 38 private higher education institutions that were acquired or are part of large groups of universities, five had a score of 2 in the result of the General Course Index (IGC) in 2007. However, in the 2017 IGC, all institutions obtained scores above 2, indicating a significant improvement in their teaching quality. It is important to highlight that the Ministry of Education (MEC) establishes deadlines for institutions that receive unsatisfactory evaluations to comply with the body's requirements, and may be deaccredited if they do not do so. Despite this improvement, no private institution reached the maximum score of 5 in the 2017 IGC, which suggests that none of them reached a level of excellence in this index. Ânima was highlighted positively, obtaining a score of 4 in all the institutions it controls, while Ser Educacional received negative emphasis, achieving no score higher than 3 in the IGC.

On the other hand, in the analysis by Ferreira and Sindeaux (2022), it was possible to observe a clear relationship between the value of acquisitions and the number of students, indicating that there is a priority in the search for operational potential. However, this relationship was not reflected in the General Course Indexes and grades from the National Student Performance Exam (ENADE), suggesting that the amount invested in acquisitions is not necessarily directly related to the quality of education offered by the institutions.

## **ON THE OTHER SIDE OF THE WORLD: THE COMMODIFICATION AND GLOBALIZATION OF HIGHER EDUCATION IN SOUTH KOREA**

South Korea is a country that has been very successful in economic and technological development in recent decades. To this end, education played a fundamental role in the formation of human capital and the generation of knowledge. The history of the creation of private universities and colleges in South Korea has its roots in the country's modernization, which occurred after the Second World War.

The process of creating public universities in South Korea began after the war, with the founding of Seoul National University in 1946. However, most Korean public universities were founded during the authoritarian military regime of Park Chung-hee, in the 1960s and 1970s. During this period, the government invested heavily in education in order to promote the economic development and industrialization of the country(BAIK et al., 2011).

In parallel with the emergence of public universities, private colleges also emerged, which peaked in the late 1970s and early 1980s. The creation of these private institutions was driven by the growing demand for higher education and the government's inability to meet all the educational needs of the population(MOON, 2011).

The government of South Korea has recognized the importance of private colleges in the development of higher education in the country and has adopted policies to support their expansion. The Higher Education Institutions Act of 1982 allowed private colleges to be established more easily, while also establishing guidelines for the quality of teaching.

Starting in the 1990s, South Korea

underwent a series of political, economic and social changes that affected higher education in the country. One of these changes was the transition from the economic model based on manufacturing to a model based on technology and services. As a result, there has been a change in the profile of available jobs, with a growing demand for qualified professionals in areas such as information technology, engineering and financial services.

To meet this demand, private colleges have expanded their course offerings in the areas of technology and business, attracting large numbers of students. The expansion of private colleges was also driven by the growth of the South Korean economy, which allowed an increase in income and the ability to pay school fees.

According to Kim(2002) In 2000, the private sector's share of enrollment was 20% for high schools, 55% for postsecondary schools, and 78% for four-year universities. The high degree of privatization was accomplished through a coherent set of incentive mechanisms. Financial incentives included public subsidies, tax exemptions and other measures. The government did not provide direct financial assistance to private secondary schools until the 1970s, when admissions policy was reformed. As mentioned previously, private high schools began receiving government subsidies in 1971 and private post-secondary schools in 1979. The amount of this subsidy is generally determined by the difference between the school's budget and a standard budget for a public school. with the same number plate size. The degree of privatization has increased for both secondary schools and higher education schools, reflecting the private sector's positive response to this subsidy incentive. Thanks to the subsidy and other equalization policy measures, there was no discernible difference in quality between private and public schools. Since the early

1990s, the government began to subsidize private higher education institutions on a competitive basis.

Despite the importance of private colleges to the development of higher education in South Korea, these institutions have also faced challenges over time. One of these challenges was the increasing pressure to improve the quality of education and ensure the employability of graduates. This pressure led to the development of policies for the creation of high-ranking private universities and colleges, which meant that the government began to encourage the creation of higher education institutions focusing on specific specializations. These initiatives paved the way for the creation of a large number of private colleges and universities in South Korea, which gradually gained popularity and increased their reputation.

The 1990s and 2000s were particularly important for the private education sector in South Korea. During this period, there was a major change in the structure of the country's education system, with the government working to ensure that the education system could compete globally. This change led to the creation of more private colleges and universities, as well as the expansion of existing ones.

However, the expansion of the private higher education sector in South Korea has faced significant challenges. One of the biggest concerns was the quality of teaching. Many of the new private colleges and universities were considered to be of low quality, with problems such as a lack of qualified teachers and inadequate teaching materials. This led to the negative perception of private education and the belief that public universities were of better quality(KIM, T., 2011).

Another challenge was the growing concern about rising tuition costs and inequalities in access to higher education. With the increase

in tuition fees in private institutions, low-income families found it difficult to pay tuition fees and, therefore, were deprived of access to quality higher education.(CHAE; HONG, 2009).

In response to these concerns, the government began implementing policies to improve the quality of education in private institutions and make higher education more accessible to all students, regardless of their income or socioeconomic background. These policies included providing subsidies to help cover tuition fees and improving the quality of teaching in private institutions.(CHAE; HONG, 2009).

However, it is interesting to visualize the unique South Korean characteristic in relation to the arbitrariness between public and private in universities. There is no substantial difference between public and private institutions except in their financing, since these private universities are also governed by the same state regulations, with only a difference in the form of admission. In this scenario, South Korea's universities have been underfunded and regulated on a massive scale by the government(KIM, T., 2011).

It is still worth highlighting a relationship between oligopolies and Korean higher education. In South Korea, there are large conglomerates of companies that form oligopolies or large monopolies, called chaebol(CHOI, H.; CHO, 2021; CHOI, M.; HONG, 2022; HONG, 2019). The chaebol represent a substantial part of the country's social and developmental intervention, being present in all areas of South Korea's actions, however, also in education.

Chaebol are largely responsible for the success of Korean private universities, with major sponsorship of university achievements, such as the realization of Vision 2020, at Sung Kun Kwan University, sponsored by Samsung Digital School. In addition to this sponsorship,

the chaebols also worked like large Brazilian groups, in M&A with smaller universities, however in this case, the chaebols' M&A in education configures a vertical market(KIM, T., 2011). An example of such M&A is Chung-Ang University, a private university among the top 15 universities in South Korea, was purchased by Doosan Group in 2008, and Sung Kyun Kwan University is now operated by Samsung.

## **IMPLICATIONS OF COMMERCIAL AND GLOBALIZED PROCESSES IN BRAZILIAN AND SOUTH KOREAN PRIVATE UNIVERSITIES**

### **THE QUALITY OF TEACHING**

Data from the Organization for Economic Cooperation and Development (OECD) from 2013 show that South Korea invests almost three times more than Brazil in basic education, with an expenditure of US\$9,300 per student per year, compared to the US \$3,822 in Brazil. Even taking into consideration, the economic differences between the two countries, the distance is still significant: in South Korea, for every dollar invested in basic education, \$1.50 is invested in higher education, while in Brazil four dollars are spent on education. higher education for every dollar spent on basic education(BASSO, 2017).

In South Korea, high schools are subsidized for 80% of their budget by the Ministry of Education, Science and Technology, while the other 20% comes from annual fees paid by students' parents. Admission is done through standardized tests, administered by the government, which also subsidizes annual fees for low-income students. The same occurs in higher education, where all universities charge annual fees, including public ones.

Investments in secondary and higher education grew only after the universalization of primary education, with a portion focused

on teachers, who are highly trained, have an exclusive career plan and high salaries in basic education. In Brazil, on the other hand, the situation is opposite: teachers with greater training and higher salaries are in higher education.

In Brazil, completion of secondary education at the right age is low, with only 19% of adolescents completing this phase by the age of 17 in 2014 and a worrying school dropout rate. In South Korea, 93% of young people finish this phase on time and the dropout rate is practically non-existent.

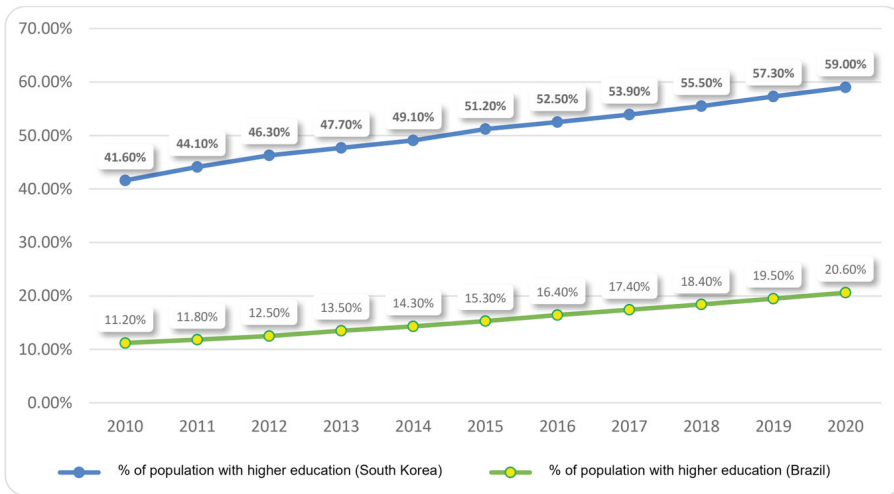
PISA 2018 results(OECD, 2019), also indicate that Brazilian students scored below the OECD average in reading, mathematics and science, with only 2% showing proficiency at the highest levels and 43% below the minimum level of proficiency. Although average mathematics performance improved between 2003 and 2018, most of the improvement occurred in the first PISA cycles. Socioeconomic status was a strong predictor of performance, with advantaged students performing better than disadvantaged students. However, 10% of disadvantaged students managed to score in the top quarter in reading, indicating that disadvantage is not destiny. Low-performing students in Brazil are less concentrated in certain schools than the OECD average, and high-performing students are more concentrated in certain schools. Some disadvantaged schools do not have sufficient teaching staff, which hinders their ability to provide instruction. Finally, about 1 in 10 high-achieving disadvantaged students, but 1 in 25 high-achieving advantaged students, does not expect to complete higher education.

Regarding the economic implications of the university expansion process in Brazil and South Korea, we highlight some shared characteristics, such as the demand from the student market for a supplementary supply of

vacancies(KIM, T., 2011; MARTINS, 2009), and the IMF's intervention in the process of expanding higher education, which in Brazil was seen as a strategy to direct resources to basic education instead of higher education, but through the creation of student financing systems with high favor to private universities, the higher education system teaching grew in the form of economies of scale, with a great loss of teaching quality(CHAVES; SANTOS; KATO, 2020; MARTINS, 2009; SOUZA; SANTOS; SILVA, 2020). In Korea, there was strong support from the IMF to also supplement basic education, but instead of moving towards the opening of large educational oligopolies, the presence of chaebols meant that these organizations were merged or acquired from these large groups, but in general, with the great regulation of the state, the commercialization of education is rarely seen in Korean universities(KIM, T., 2011).

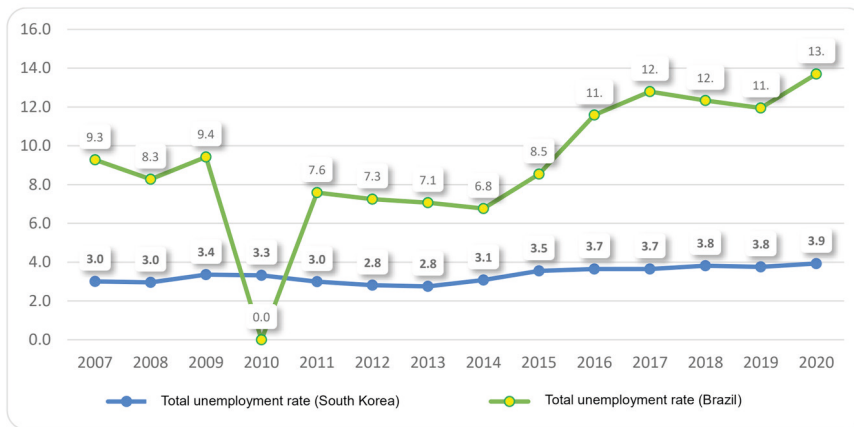
While Brazil saw an intense formation of financialized education markets, with a strong mercantile characteristic and a depreciated quality of private higher education, South Korea supported investments in basic education, a path to great developmental returns. To summarize, the basic difference between the two countries lies in the point where Brazil used public financing to self-regulate the market, almost as if it were a form of abandonment of the sector. Korea continued, despite underfunding, to allocate a substantial portion of regulations to the private sector. Therefore, the quality of education has little space in the country's theory, which is, in fact, very important to analyze the relationship between its labor market and quality of labor with its neighbors, China and Japan, which is seen in the bibliography consulted(CHAE; HONG, 2009; KIM, G.-J., 2002; KIM, T., 2011).

The table presents the percentages of the



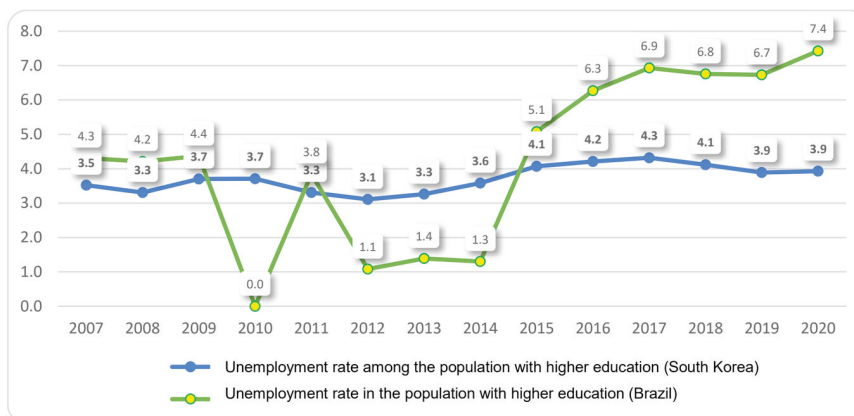
Graph 1: Population with higher education – Brazil and South Korea (2010-2020)

Source: written by the author based on data from the World Bank(WORLDDWIDE, [S.d.], [S.d.]).



Graph 2: Unemployment rate – Brazil and South Korea (2007-2020)

Source: written by the authors based on data from the World Bank (MUNDIAL, [S.d.], [S.d.]).



Graph 3: Unemployment rate among individuals with higher education – Brazil and South Korea (2007-2020)

Source: written by the author based on data from the World Bank.

population with higher education in South Korea and Brazil, from 2010 to 2020. South Korea shows a constant and significant increase in the percentage of its population with higher education, increasing from 41.6% in 2010 to 59.0% in 2020. Brazil presents a more modest increase, going from 11.2% in 2010 to 20.6% in 2020. It is important to highlight that, despite the increase in Brazil, the country still presents a percentage much lower than that of South Korea in all years presented in the table. This data reflects the inequalities in the distribution of resources for education between the two countries, as well as the differences in public policies aimed at promoting higher education.

Total unemployment rates in South Korea have been relatively stable over the years, while in Brazil there have been significant variations, reaching their peak in 2020. There is no data for the total unemployment rate in Brazil in 2010.

A relationship between education and unemployment is observed: South Korea, with a higher percentage of the population with higher education, had lower total unemployment rates compared to Brazil. This may indicate a positive correlation between education and employability.

There is also an even greater distinction in the indication of the use of skilled labor in both countries. Below, we can see the unemployment rate for individuals with higher education:

It is important to see that, while Korea presents attenuated and constant unemployment rates among the population with higher education, Brazil is totally inconsistent. We can see some very characteristic points in Brazil, after 2010, where FIES is expanded in order to supplement the market's need for skilled labor. On the other hand, after 2015 we see the decline of the labor market for specialized labor,

where there is the beginning of an almost collapse in FIES transfers and the creation of a substantially high mass of superior labor in sub-functions (FILIZOLA, 2019b; MORENO, 2015).

## FINAL CONSIDERATIONS

It was possible to see throughout the study that Brazil and South Korea, in a way, had the same triggers for the expansion of private higher education in their markets, however, while Brazil set out for state independence where private universities took advantage of public financing resources to expand its oligopolies, South Korea invested substantially in its basic education before investing heavily in higher education, which, even in private spheres, is highly regulated by the state.

It is also seen that while Brazil emerged some large publicly traded educational groups, Korea presented the presence of chaebols, which actually have a presence throughout the market and governance in the country.

Regarding the implications of teaching quality, some statistics can be calculated from these data, where the average percentage of the population with higher education in South Korea is approximately 48.5%, while in Brazil it is around 14.5%. The average total unemployment rate in South Korea is around 3.4%, while in Brazil it is approximately 10.6%. The average unemployment rate for those with higher education in South Korea is around 3.8%, while in Brazil it is around 4.3%.

It is observed that, in general, South Korea has a much higher percentage of the population with higher education than Brazil and, at the same time, has lower unemployment rates than Brazil both for the general population and for those with higher education.

Another interesting observation is that although the unemployment rate for those with higher education is relatively low in both countries, the unemployment rate for those

with higher education in Brazil is significantly higher than the overall unemployment rate in South Korea.

In summary, Brazil expanded its market by giving resources and autonomy to private universities, while South Korea formulated a plan to pre-fund its basic education base, until

it started investing in higher education and, with major regulations on universities, both private and public. While Brazil created a mass of diplomas without quality and market demand, Korea has the highest educational quality concepts in the world and a low unemployment rate.

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