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EMERGENCE OF AFFORDABLE PRIVATE  
EDUCATION CENTERS (APEC)*



Curtis B. Riep  
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This research was made possible through funding provided by Education International (EI). It is based on a review of literature, extensive internet searches and interviews with APEC teachers, administrators, clients and executives, as well as ministerial officials in the Department of Education (DepED) and Congressman Antonio L. Tinio conducted in the Philippines between May and June of 2015. The author is most grateful to the Department of Education, National Capital Region, including the Office of Regional Director and Office of the Undersecretary, Office of Congressman Antonio L. Tinio, and James Centenera and other APEC personnel, who gave their time to speak with him. His deepest appreciation to the Alliance of Concerned Teachers (ACT) in Quezon City for their support in this research project. This research was supported by the Social Sciences Humanities Research Council of Canada.

## ABSTRACT

This paper will examine how, why, and with what consequences, corporate-led privatisations in Philippine education are taking shape, through an analysis of APEC (Affordable Private Education Centers). APEC is a for-profit chain of low-fee private schools (LFPS) established through a joint venture between two major multinational corporations, Pearson Plc and the Ayala Group. Government failure to provide quality education for all Filipino youth has resulted in commercial opportunities for private corporations to participate and help fill the “governance gap” through market-based service delivery. With the implementation of the new “K-12” system the Department of Education (DepED) plans to grow public-private partnerships and the education services industry in the Philippines so that private enterprise can expand private high school provision and help absorb excess demand. APEC, and its shareholders, plan to capitalise on this situation through its corporately owned and managed chain of for-profit high schools that aim to serve “economically disadvantaged” Filipino youth who are charged nominally “low-fees.” The edu-business model implemented by APEC involves a number of cost-cutting techniques designed to minimise production costs, while increasing rates of profitability, which have had undesirable effects on teaching and learning. DepED remains complicit in this arrangement, however, since it has relaxed a number of governmental regulations for APEC so the company can undertake its low-cost, for-profit schooling venture with little constraint. APEC also aims to (re)produce the human labour required by Ayala and other multinational companies by aligning its educational services with the labour needs of industry. By “reverse-engineering” its curriculum, APEC intends to produce graduates of a particular disposition with specific skills, values, and knowledge that can be employed in the global labour market. In particular, APEC intends to address the skill shortage in business process outsourcing (BPO) and call center industries in the Philippines. This report aims to contribute to global debates regarding low-fee private schools as well as corporate involvement and influence in efforts to expand access to education.



# INTRODUCTION

Corporate sector influence and participation in public sector education is on the rise globally. As the global demand for quality basic education grows more rapidly than government provision and supply, private corporations have entered the sector to both fill the “governance gap” and pursue new commercial opportunities in education (see Ball, 2012; Bhanji, 2008). As a result, transnational corporations have increasingly become influential, yet unaccountable, actors, partners, providers, entrepreneurs and enablers of governmental logics and processes connected to neoliberal globalization that continue to transform education into a sector guided by market principles, financial imperatives, and capital accumulation strategies. However, by treating education as a commodity that is privately provided through market mechanisms rather than as a publically redistributed and de-commodified societal good, in various contexts education is increasingly becoming a source of social disparity and inequity. This study focuses on a case of corporatised education in the Philippines.

On April 24, 2013 the Philippines' Department of Education (DepED) along with Pearson<sup>1</sup> (the largest education company in the world) and Ayala Corporation<sup>2</sup> (one of the largest business conglomerates in the Philippines) signed a Memorandum of Understanding (MOU) that states:

*With the passage of the the 'Enhanced Basic Education Act of 2013' mandating the introduction of Grades 11 and 12, there is an urgent need to provide affordable quality education to millions of the Filipino children of secondary school age, whose only option, at present, is to enroll in an overcrowded public school. (DepED & APEC, 2013, p.1)*

The MOU further adds that in the Philippines:

*The Constitution 'recognises the complementary roles of public and private institutions in the educational system' and the unequivocal declaration by the state of the necessary role which private education plays in society. (DepED & APEC, 2013, p.1)*

In 2014, over 7.2 million students were enrolled in public and private secondary schools in the Philippines (5.9 million in public and 1.3 million in private) (Luistro, 2015). However, several hundred thousand Filipino youth still remain out of secondary school. An overburdened and under-resourced system unable to accommodate all students effectively will soon have to

<sup>1</sup> <https://www.pearson.com>

<sup>2</sup> <http://www.ayala.com.ph>

provide two more additional years of senior high school (Grade 11 and 12) given the implementation of the *Enhanced Basic Education Act* (or “K-12” system). An educational crisis, therefore, is looming in the Philippines given the “urgent need” to provide quality education to millions of Filipino children of secondary school age. In response, a corporate-led, state-sponsored “solution” involving private, for-profit provision is taking shape in the form of a large-scale chain of low-cost private high schools known as APEC (Affordable Private Education Centers).

APEC is a for-profit chain of low-cost private high schools (Grades 7 – 12) that currently serves more than 1,500 students in 12 schools in Metro Manila. It plans to double its chain to 24 schools by 2015/16, while serving more than 4,000 clients. Pearson – through its venture capital fund the Pearson Affordable Learning Fund (PALF) – along with Ayala Corporation – through its edu-business arm, Livelt Global Services Management Institute (LGSMI) – have created APEC, a new corporate entity that will manage and scale the secondary school chain. Pearson and Ayala have agreed to invest up to PHP400 million (US\$8.5 million) between 2013 and 2018 in order to scale the chain through a pilot of 50 low-cost private high schools (DepED & APEC, 2013).

APEC as a corporately-owned and operated chain of low-fee private schools (LFPS) aims to offset excess demand for basic education in the Philippines by selling for-profit services to low-income households that are charged nominally “low-fees”. LFPSs have been defined as:

*...independently funded through comparatively lower tuition fees (relative to elite or higher-fee private schools), financially sustained through direct payments from poorer or relatively disadvantaged households (though not necessarily the poorest or most disadvantaged) and independently managed and owned by a single owner or team, usually comprising family members. (Srivastava, 2013, p. 11-12)*

Yet, what differentiates APEC from other LFPSs is that it is not a family pact but a commercial pact between two major transnational corporations: Pearson and Ayala Corporation. APEC is a joint venture that “combines Pearson’s deep education expertise with Ayala’s operational experience in the Philippines”<sup>3</sup> in order to expand the educational franchise to as many low-income, fee-paying Filipino students and their families as possible. By offering “no frills” education at a price-point deemed “affordable” for the masses, APEC plans to attract students from overcrowded free public schools and more-costly private schools as part of a capital accumulation strategy designed to sell privatised services to low-income consumer/learners. Yet,

<sup>3</sup> <https://www.pearson.com/news/announcements/2014/january/pearson-announcesschoolchainjointventurewithayalacorporationinth.html>. Accessed on April 3, 2015.



with a price tag of PHP24,850 (more than US\$500) per year, or about PHP70 (about US\$1.5) per day, services offered by APEC remain far out of reach for the most “economically disadvantaged” Filipino youth.

LFPSs represent a form of non-state provision that is rapidly growing in parts of Africa, Asia, and Latin America. Two of the fastest-growing LFPS companies in the world, Bridge International Academies in Kenya and Omega Schools in Ghana, both of which are co-financed by Pearson through private equity investments, have shaped APEC’s LFPS model. James Centenera, formerly a business development manager with PALF who was instrumental in orchestrating the joint venture between Pearson and Ayala to create APEC, describes that in the Philippines, Pearson:

*...wanted to take the essence of this low-cost approach demonstrated by other chains invested in by PALF, including Omega Schools and Bridge International, and bring it to secondary schools to deliver high quality education in a low-cost manner and price it as such that parents can afford it, its flexible, and therefore sustainable, and can reach more kids. (J. Centenera, personal communication, May 1, 2015)*

While APEC is patterned after other low-cost private school enterprises, it is differentiated by its focus on secondary, rather than primary, schooling. Still, the underlying objective of these large-scale chains of LFPSs remains the same: serve the largest number of fee-paying students at the lowest possible cost in order to increase profit margins. APEC, for example, has deployed a number of cost-cutting techniques, such as hiring underqualified and underpaid teachers and renting unused office space in commercial buildings that function as APEC’s low-cost commercial school sites. Strategies implemented by APEC intended to reduce operational costs and increase profits will be elaborated further on in this report in relation to their effects on teachers and learners.

This report involves three overarching themes by which it is broadly organised: *origins*, *actors*, and *consequences*. First, in order to fully understand the emergence of APEC schools, the social and political origins of a market-oriented education system in the Philippines must be taken into account. By recognising an enduring history of neocolonial and neoliberal influence and interventions in the Philippines, and its affects on national education, we can better understand the state of Filipino education today. Second, the corporate actors behind the joint partnership to create APEC, that is, Pearson and Ayala Corporation, warrant further investigation. Given the lack of public accountability mechanisms in place that oversee (transnational) corporate activity in education, the interests of edu-businesses must be thoroughly identified, examined, and held up to public scrutiny in order to assess whether or not the interests of the



corporation(s) best serve the interests of the people, their nation, and its future development. Therefore, this study seeks to critically examine the business interests, principles, and objectives of Pearson and Ayala that guide their joint venture in the Philippine education market. In the final section, the implications of this corporatised system of low-cost, for-profit schooling will be examined through an analysis of APEC's edu-business model and its effects on school facilities, teachers' labour, curriculum, and learning objectives.

## COUNTRY BACKGROUND

National education in the Philippines has historically been influenced by the political and economic interests of colonial powers. Colonial education under Spanish rule (1565-1898) was designed to produce loyal colonial subjects under the direction of the Catholic Church. Similarly, during American occupation (1898-1946) the US military established a public school system (as part of the “benevolent assimilation” campaign) to pacify Filipino resistance to American colonial rule (May, 1980). English became an integral part of the colonial education system in the Philippines under American authority, a hegemonic effect still present in Filipino education today (Bernardo, 2004; Kramer, 2006; Tupas, 2008). Despite the Philippines having gained independence from the US in 1946, the national objectives of education have continued to reflect a neocolonial position of subservient dependency, intent on producing new sources of cheap labour for foreign powers while conforming to labour demands posed by the international market (Lumbera, Guillermo & Alamon, 2007). As will be discussed later on, the corporate interests that guide APEC continue to reflect a concern with human labour requirements necessary to sustain industrial growth.

During the 1970s and 1980s, the Philippine government became reliant on foreign loans to finance government spending. In turn, the World Bank and International Monetary Fund (or Bretton Woods Institutions) became increasingly involved in public policy matters, including educational policy. Since then the World Bank has “continued to impose curricular programmes designed to train students according to the manpower requirements of transnational corporations” (Remollino, 2007, p. 13). For example, the World Bank and Asian Development Bank sponsored the “Millennium Curriculum” that was implemented in 2002 by the Arroyo government in order to produce a “globally competitive” labour force by emphasising English, Math and Science at the expense of Social Sciences and Humanities. In addition, structural adjustment programmes imposed by the IMF since the 1980s have been oriented towards privatisation and reduced social spending in order to free up higher allocations for foreign debt servicing. This has included budget restrictions for public education and especially state colleges and universities. Deregulation has also been introduced as a policy measure to enable private sector participation in education, albeit with less restrictions and greater autonomy. Market-oriented restructuring in Philippine education implemented under Marcos’ regime (beginning in the late-1960s till 1985) has continued in the ensuing years under Aquino’s Education Commission, Ramos’ Education 2000, Estrada’s Philippine Commission on Educational Reform, the DepED under Arroyo and currently under Aquino III (Remollino, 2007). In the Philippines, therefore, an enduring neoliberal political project

has resulted in the education system becoming a laboratory for World Bank and IMF prescriptions and impositions.

Yet, the 1987 Constitution of the Philippines mandates that: “The State shall protect and promote the right of all citizens to quality education at all levels and shall take appropriate steps to make such education accessible to all.” The Constitution further stipulates that the State shall: “Establish and maintain a system of free public education in the elementary and high school levels.” However, to uphold these commitments a sufficient amount of resources must be allocated to tackle increasing enrolment rates and input gaps. PHP367 billion will be allocated to education in 2015, which is equivalent to 14% of the total national budget (Department of Budget and Management, 2015). However, this amount is still less than what the government expends on foreign debt repayments (nearly PHP400 billion in 2015). In relation to Gross Domestic Product (GDP) public expenditures on education remain chronically low at only 2.9% (Sandoval & Soriano, 2014). Government expenditures, therefore, are much lower than what the Education for All Global Monitoring Reports recommend countries should allocate to education, which is at least 6% of GDP (UNESCO, 2015). Since the government has not upheld its constitutional responsibility to provide free and accessible public education for all, the result has been an overcrowded and inadequately financed system that is unable to accommodate the most marginalised learners.

In 2013, the Functional Literacy and Education, Mass Media Survey (FLEMMS) revealed that “one in every ten or about 4 million Filipino children and youth were out of school”<sup>4</sup>. Costs associated with attending school were identified as the primary barrier among non-school goers. Transition from primary to secondary school rates also highlight another systemic inequality, since only 69% of primary school graduates from the poorest families go on to attend lower secondary compared to 94% from the richest households (UNESCO, 2015). Again, costs play a major role in determining accessibility. However, this inequality is more pronounced at the secondary level since 40% (5,130) of all secondary schools in the Philippines are privately owned institutions that charge tuition fees that are out of reach for the poor, while only 60% (7,748) are free public high schools<sup>5</sup>. At the primary level the numbers are quite different since 83% (38,658) are free public elementary schools, while only 17% (7,745) are private, fee-charging institutions<sup>6</sup>. Therefore, the government has prioritised funding for primary education at the expense of secondary education. In 2012, public expenditures on secondary education amounted to only 29% of total public expenditures

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<sup>4</sup> <https://psa.gov.ph/people/education-mass-media>. Accessed on June 25, 2014. Out-of-school children is defined in the FLEMMS as persons aged 6 to 14 years who are not attending school while out-of-school youth as persons aged 15 to 24 years who are not attending school, have not finished any college or post secondary course, and are not working.

<sup>5</sup> <http://www.DepED.gov.ph/datasets/DepED-facts-and-figures>. Accessed on September 30, 2015.

<sup>6</sup> Ibid.

on education (UNESCO, 2015). At the secondary level, in particular, the Philippine government has “chosen to pursue partnerships with the private sector to help them increase access to basic education services, to improve quality of the services (by leveraging private sector capacity and expertise), and to generate efficiencies in service delivery” (World Bank, 2011, pp. 11-12). As a result, the Philippines has one of the largest public-private partnership (PPP) programmes in education in the world.

The Government Assistance to Students and Teachers in Private Education (GASTPE) law was passed in 1989, and later expanded in 1998, representing a substantial commitment to public-private partnerships in Philippine education. Education Service Contracting (ESC) is the main component of GASTPE. The aim of ESC is to increase access to basic education at the secondary level by extending financial assistance from the public budget to “poor but deserving” primary school graduates so they can attend private high schools under contract with government. By “contracting the excess capacities of private high schools” the ESC scheme intends to “accommodate students from low-income families who would have otherwise enrolled in the public high schools” (Sandoval & Soriano, 2014, p. 222). In 2006, the Education Voucher System, which is also funded by GASTPE, was implemented to further support ESC<sup>7</sup>. Therefore, the ESC programme has expanded considerably over the years to become a productive strategy for transferring students to private high schools. In 2014, approximately 800,000 or nearly 60% of the 1.3 million students in private high schools were beneficiaries of ESC and GASTPE (Basilio, 2014).

The ESC public-private partnership represents a cost-saving strategy for government. In the Philippines, the direct cost per public secondary school student is estimated to be PHP9,048 (\$185) per year; however, the ESC cost per grantee is only PHP5,233 (\$107) per year (World Bank, 2011). Thus, the government is able to enroll a student in a private school at a cost that is only 58% of the unit cost of attending a public high school. The result of this “cost-effective” practice is a co-payment system, in which families are expected to pay for any difference between the ESC subsidy and fees charged by private schools. “On average, the families of ESC grantees pay PHP 4,298 (\$88) to cover the difference between the amount of grant that they receive and the actual cost of tuition at the private school attended by their child” (World Bank, 2011, p. 2). In turn, the constitutional commitment to provide free basic education is denied, since the right to access comes with a financial burden that may be too costly for students most affected by poverty. Many low-income learners cannot afford to pay school costs not fully covered by the subsidy and, therefore, “the nature of the programme

<sup>7</sup> As Congressman Tinio explains: “there were still not enough public high schools that could absorb all high school-aged students, so government needed help from the private sector to provide private high school. So students who could not be accommodated in the public schools would go to the private schools with some subsidy from the government.”

has kept the poorest of the poor from participating" (Sandoval & Soriano 2014, p. 230). It has been estimated that government allocations directed towards ESC and GASTPE since 2009 have grown to more than PHP31 billion, which could have financed the construction of more than 60 thousand classrooms and addressed the perennial backlogs in public school classrooms by housing approximately 3 million more students (Basilio, 2014).

With the ratification of the *Enhanced Basic Education Act* in 2013 the government declared a fundamental overhaul of the country's education system. Education Secretary, Armin Luistro, claims it is "the most comprehensive basic education reform initiative ever done in the country since the establishment of the public education system more than a century ago". Under the K-12 programme, two additional years of senior high school will be added, bringing the basic education cycle up to 12 years instead of 10, which DepED claims is the "global standard" and necessary for students and professionals who intend to study or work abroad. The K-12 programme is aimed to produce "regional and international recognition and competitiveness" (SEAMEO INNOTECH, 2012, p. 6) by ensuring that diplomas, degrees or other professional accreditations received in the Philippines are easily recognisable, transferable, and employable in the global labour market. In many ways, the K-12 scheme is an appendage of the Philippines labour export policy. Currently, the Philippines is among the world's largest "repositories of cheap labour" (San Juan, 2103, p.9). Approximately 3,500 Filipinos go abroad each day to work and become Overseas Filipino Workers. Critics of K-12, therefore, suggest that the underlying purpose of the programme is to produce a new generation of semi-skilled labourers who can be employed by transnational corporations for low-wages upon high school graduation (San Juan, 2013).

In the Philippines, a college or university degree is redundant for marginalised learners because it is not required for the deskilled labour positions presented before them, such as the emerging Business Process Outsourcing (BPO) sector (which will be discussed later on). Instead, the K-12 programme has been marketed as beneficial to families who cannot afford to send their child to college or university since "families can better afford education as the cost of the additional two years in high school" rather than costly rates faced at the tertiary level (SEAMEO INNOTECH, 2012, p. 5). "In the government's view, under the K to 12 system, its only necessary to spend for two years of senior high school instead of four years of college, for poor families to have an 'employable child'" (San Juan, 2013, p. 14).

In order to finance the K-12 system, the Philippine government plans to extensively expand the voucher programme to leverage private investment and resources to help grow more private schools. The DepED's *Senior High School Voucher Policy Brief* outlined in March, 2015 that:

*The Enhanced Basic Education Act explicitly expands the coverage of the Government Assistance to Students and Teachers in Private Education (GASTPE) to include Grades 11 and 12. The DepED would like to use this mechanism to enable 30-40% of its students to enroll in non-DepED schools which will offer SHS (senior high school), including private JHSs (junior high schools)... This public-private partnership (PPP) would serve to decongest public school, reduce or delay the need to construct DepED SHS facilities and hire government teachers, and provide less affluent students more options for SHS education. (DepED, 2015, p.1)*

As one School Manager at APEC explained:

*DepED needs a lot of help from the private sector in order to fulfil the need of providing Grade 11 and 12. That's why they are releasing those vouchers. They can't build enough buildings or hire enough teachers. They can't afford it. We've had a lot of favorable responses from government for our APEC schools to help provide Grade 11 and 12. (personal communication, May 26, 2015)*

The strategy adopted by government to use vouchers to expand private high schools that also charge user fees reflects a politics of cost-recovery and privatisation. Hence, the expectation is that the burden of finance will unduly fall on the backs of families that will be responsible to co-finance the added years of senior high school in a system barely stitched together with public-private partnerships and external linkages that are partially subsidised through government vouchers, contracting schemes and other GASTPE provisions.

Throughout periods of imperialism and neoliberalisation, national education in the Philippines has been structured and restructured in ways that benefit the profit-oriented political and economic interests of foreign and domestic elites. Intensifying privatisation in the form of expanded PPPs and vouchers in Philippine education has brought along commercial opportunities for private enterprise to participate in the sector. In the Philippines, the education services industry represents an enormous market opportunity for global edu-businesses. Consequently, Pearson, the world's largest multinational education corporation, entered the Philippine education market by partnering with Ayala Corporation to establish APEC.





# PEARSON / PEARSON AFFORDABLE LEARNING FUND

## SEEKING NEW GEOGRAPHIES, MARKETS, AND PARTNERS IN THE GLOBAL BUSINESS OF LOW-COST PRIVATE EDUCATION

Pearson was founded in 1844 by Samuel Pearson as a small construction company in England. By the end of the 19<sup>th</sup> century Pearson had become “one of the world’s largest building contractors at a time when the industry controlled development of the transportation, trade and communication links that fuelled world economies”<sup>8</sup>. Today, Pearson is again at the forefront of another growing industry expected to fuel an increasingly “knowledge-based” economy, that is, the global education services industry.

Pearson’s chief executive, John Fallon, claims: “We think education will turn out to be the great growth industry of the 21<sup>st</sup> century” (Pearson, 2012, p.8). This belief in the lucrateness of the education industry stems from socio-economic trends taking place on a global scale:

*As rapid advances in technology continue to disrupt the world of work, the economic value of education and skills will continue to increase. Governments spend trillions of dollars per year on education and training [their citizens so they can to compete in the global workforce]; and, each year, the still rapidly growing middle class invests more of its own increasing wealth in the education of themselves and their children. And yet, the world fails to meet the learning needs of far too many of our fellow citizens. One in five adults in today’s world still lack the written communication skills they need to progress in life, 57 million children remain out of school, and many millions more are in education, but not really learning anything very much at all. (Pearson, 2013, p. 9)*

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<sup>8</sup> <https://www.pearson.com/about-us/our-history.html>. Accessed on July 6, 2015.

For Pearson, the global “crisis” in education presents a lucrative business opportunity. By transitioning the company into a globally integrated education conglomerate, Pearson believes they “can build a stronger, more profitable and faster growing company” (Pearson, 2013, p. 9).

*For more than a decade now, Pearson's strategy has revolved around our commitment to become the leading global learning company. The company saw tremendous social and economic need for education and skills, giving rise to significant business opportunities. We have therefore initiated – and continue to pursue – a radical shift in our business portfolio towards education. (Pearson, 2011, p.5)*

Pearson’s extensive business portfolio in education includes: publishing, testing and assessment, curriculum, pedagogical instruments, information technology, digital learning products, administrative products, software packages, and customisable and integrated education services. The company “create(s) curriculum materials, multimedia learning tools and assessment programmes that help to educate more than 100 million people in over 70 countries worldwide — more than any other private enterprise”<sup>9</sup>. Pearson has 40,000 employees worldwide and in 2014 the company’s revenues grew to US\$7.9 bn. Pearson is the largest and most powerful multinational education corporation in the world.

Pearson’s corporate growth strategy involves capitalising on “the sustained and growing global demand for greater affordability, access, and achievement in education” (Pearson, 2014, p. 17). Profitability, therefore, is dependent upon the company’s ability to demonstrate its edu-business activities have “social impact”. As John Fallon states: “the bigger Pearson’s social impact – in improving access to good quality education and ensuring that translates into meaningful learning outcomes for far more people – the more we can create a faster growing and more profitable company, and do so in a sustainable manner”<sup>10</sup>. For Pearson, having a social purpose is “a form of justification of the company’s commercial activities, or a form of legitimisation for profit” (Junemann & Ball, 2015, p. 6). In order to secure social and political legitimisation and continue profit-making in education, Pearson also strategically and actively participates in global policy development and processes via new forms of network governance. As a result, Pearson has become a powerful policy actor in education (see Ball, 2012; Lingard et al., 2015).

In the company’s Annual Report (2014), it states: “Pearson is committed to playing our part and is active in helping shape and inform the global

<sup>9</sup> <https://www.pearson.com/content/dam/corporate/global/pearson-dot-com/files//international/Pearson-International-brochure.pdf>. Accessed on July 6, 2015

<sup>10</sup> <https://www.pearson.com/news/announcements/2015/july/pearson-2015-half-year-results.html>. Accessed on July 8, 2015.

debate around education and learning policy” (p. 56). Among some of its roles, Pearson represents the private sector as a board member of the Global Partnership for Education (GPE); is a founding member of the Global Business Coalition for Education; sponsors, collaborates, and participates in high-profile global policy forums and events including the World Economic Forum and World Innovation Summit for Education (WISE), and; markets its technical “expertise” and cost-effective service delivery methods to international governmental organizations such as the Organization for Economic Co-operation and Development (OECD), the World Bank, and UNESCO. Therefore, “at the same time as Pearson is contributing to the global education policy debate, it is constructing the education policy problems that will then generate a market for its products and services in the form of the solutions” (Junemann & Ball, 2015, p. 6). The global failure to provide affordable quality basic education for marginalised children and youth is a particularly marketable problem that Pearson is seeking to profit from, by aligning its social purpose with its commercial interests in the form a private sector solution referred to as the Pearson Affordable Learning Fund (or PALF). It is through PALF that Pearson created APEC.

Established in 2012 as a venture capital investment fund, PALF “makes significant minority equity investments in for-profit companies to meet the growing demand for affordable education across the developing world”<sup>11</sup>. By investing in low-fee private schooling services and products in Africa, Asia and Latin America, PALF is undertaking a for-profit experiment designed to “tackle access to and effectiveness of education where it is now absent”<sup>12</sup>. Michael Barber, formerly of McKinsey & Company and education advisor to Tony Blair’s administration in the UK as well as other governments, was hired by Pearson in 2011 and soon after established PALF as: “a for-profit venture fund, in response to the vital market and government need for low-cost private education in the developing world”<sup>13</sup>. PALF aims to expand the educational franchise to more of the world’s “poorest” students through market-making activities that include strategic investments in LFPS companies operating locally in low-income countries. PALF’s focus includes not only chains of LFPSs but also providers of support services to chains of schools. Pearson launched PALF in 2012 with \$15 million of initial capital and in 2015 it was announced an additional \$50 million would be invested over the next three years, bringing PALF’s total assets under management to \$80 million<sup>14</sup>. By 2020, Pearson expects PALF to be helping provide “millions of the poorest children in the world with a quality education, in a cost-effective, profitable and scalable manner”<sup>15</sup>.

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<sup>11</sup> <https://www.affordable-learning.com>. Accessed on July 23, 2015

<sup>12</sup> <https://www.pearson.com/news/announcements/2012/july/new-pearson-investment-fund-to-enhance-education-opportunity-amo.html>. Accessed on January 6, 2013

<sup>13</sup> <https://www.affordable-learning.com>. Accessed on July 23, 2015

<sup>14</sup> Ibid.

<sup>15</sup> Ibid.

PALF has been highly influenced by the work of C.K. Prahalad, author of *The Fortune at the Bottom of the Pyramid* and a board member for Pearson. Bottom of the pyramid (BOP) is an economic strategy that suggests multinational corporations “look at globalisation strategies through a new lens of inclusive capitalism” (Prahalad & Hart, 2002, p. 1). As Prahalad explains:

*Most companies target consumers at the upper tiers of the economic pyramid, completely overlooking the business potential at its base. But though they may each be earning the equivalent of less than \$2,000 a year, the people at the bottom of the pyramid make up a colossal market—4 billion strong—the vast majority of the world's population. (Prahalad & Hammond, 2002, p. 7)*

PALF represents a purposeful and deliberate BOP venture that aims to educate the world's poor, profitably and extensively, by selling a high-volume of low-cost education services to “millions of the poorest children in the world”<sup>16</sup>. When Pearson first announced the formation of PALF, the company noted in its press release:

*There are about 4 billion people around the world who live on less than \$2 a day, and this low-income population suffers the most from poor quality education. While there has been progress in meeting the UN Millennium Development Goal of universal primary education, there are still more than 70 million primary-age children not in school.<sup>17</sup>*

For Pearson, millions of learners at the “bottom of the pyramid” represent an immensely lucrative and untapped market from which it can profit through its provision of low-cost services. C.K. Prahalad has advised that: “companies might also create venture groups and internal investment funds aimed at seeding entrepreneurial efforts in BOP markets. Such investments reap direct benefits in terms of business experience and market development” (Prahalad & Hammond, 2002, p. 9). PALF is a paradigmatic BOP venture, which is also referred to by Pearson as “PEARSON BOP INVESTMENTS LIMITED”<sup>18</sup> – further indicating the nature and purpose of the Fund.

Currently, the global investment portfolio of PALF includes ten companies (listed and described in Table 1 below) that operate in the low-cost education sector in emerging markets such as India, South Africa, Nigeria and Ghana. PALF demonstrates three different types of investment approaches:

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<sup>16</sup> <https://www.affordable-learning.com>. Accessed on July 23, 2015

<sup>17</sup> <https://www.pearson.com/news/announcements/2012/july/new-pearson-investment-fund-to-enhance-education-opportunity-amo.html>. Accessed on January 6, 2013.

<sup>18</sup> As indicated in the MOU between DepED and APEC.

(1) *venture capital*, which focuses on financial sustainability, financial metrics, profit maximisation, scalability based on standardisation, and competitive market returns generated over the investment lifecycle; (2) *impact investing*, which involves long-term investment horizons in products or services that claim to demonstrate improved learning outcomes, and; (3) *emerging markets investing*, which focuses on creating and developing an enterprise and market-oriented ecosystem in regions that are presently underserved (Junemann & Ball, 2015, p. 15-16). PALF, therefore, aims to kick-start and stimulate the supply side growth of low-cost education markets through venture capital and private equity investments in edu-businesses that intend to serve “the bottom of the pyramid”<sup>19</sup>. On PALF’s website, the company claims: “We find and invest in entrepreneurs who are focused on delivering learning outcomes and scale to the affordable education sector. We bring our expertise in education, management and business models to enable and accelerate the success of our portfolio companies”<sup>20</sup>.

*Table 1: Global Investment Portfolio of PALF (excluding APEC)*

Company	Country	Description
Omega Schools Franchise	Ghana	<ul style="list-style-type: none"> <li>low cost private school franchise the currently consists of 38 profit-generating branches, serving over 20,000 pupils with plans to double that number by 2016</li> <li>“innovative” daily fee payment system (or Pay-As-You-Learn) in which each pupil pays \$0.65 per day for classroom services</li> <li>“school-in-a-box” franchising approach that involves standardised materials and scripted teaching and learning models as well as unqualified and underpaid teachers in order achieve scalability and economies of scale</li> </ul>
Sudiksha	India	<ul style="list-style-type: none"> <li>low cost chain of 21 pre-schools</li> <li>recruit local women to run branches under an incentivised profit sharing scheme</li> <li>Edupreneurs India 2013 - Winner</li> </ul>
Experifun Learning Solutions	India	<ul style="list-style-type: none"> <li>low cost, interactive science learning products that support teachers to integrate science products into the classroom</li> <li>Edupreneurs India 2013 - Winner</li> </ul>

<sup>19</sup> As part of the Fund’s strategic diversification of investments, in 2013, PALF also established its “Edupreneurs” initiative, which is a “three-month incubator programme, supporting the best affordable education start-ups that are delivering affordable, quality education solutions to low-income populations” (Affordable Learning 2012). By investing in start-up companies operating in the low-cost education sector, the Edupreneurs incubator programme intends to support edu-businesses that are in their early stages of development. As Pearson claims: “We’ve seen a lack of early support and risk capital in the low cost education space and we are pleased to take the lead in creating a robust ecosystem for impact-oriented edupreneurs and incubate innovative models of education to dramatically improve learning at scale (Pearson plc., 2013).

<sup>20</sup> <https://www.affordable-learning.com>. Accessed on July 24, 2015

Company	Country	Description
Advanti Learning Solutions	India	<ul style="list-style-type: none"> <li>blended learning after-school math and science exam preparation centres with 600 students in 9 learning centres and 4 schools across India</li> </ul>
Zaya	India	<ul style="list-style-type: none"> <li>implements scalable, affordable technology to increase access to quality education and bridge the achievement gap for students in low-income schools</li> </ul>
Bridge International Academies	Kenya	<ul style="list-style-type: none"> <li>low cost private school franchise that currently consists of more than 350 profit-generating branches, serving over 100,000 pupils who pay \$6 a month for classroom services</li> <li>By 2025, BIA aims to be the global leader in providing education to families who live on \$2 a day per person or less while operating in at least a dozen countries and having 10,000,000 pupils attending class every day</li> <li>"school-in-a-box" franchising approach that involves standardised materials and scripted teaching and learning models as well as unqualified and underpaid teachers in order to achieve scalability and economies of scale</li> </ul>
Lekki Peninsula Affordable Schools	Nigeria	<ul style="list-style-type: none"> <li>low-cost primary school company that aims to serve economically disadvantaged families in Nigeria</li> <li>Edupreneurs South Africa 2014 - Winner</li> </ul>
eAdvance/ Spark Schools	South Africa	<ul style="list-style-type: none"> <li>low cost chain of primary schools called Spark Schools</li> <li>plans to reach 64 schools and over 60,000 students</li> </ul>
Ubongo	Tanzania	<ul style="list-style-type: none"> <li>interactive "edutainment" for learners in Tanzania and across East Africa broadcast in households with functional televisions that intend to teach math skills through educational cartoons</li> <li>Edupreneurs South Africa 2014 - Winner</li> </ul>

Source: <https://www.affordable-learning.com>. Retrieved on April 16, 2015.

James Centenera, formerly a business development manager for PALF, explained that PALF makes investments in new geographies and markets based on three broad assessments: (1) "social opportunity," meaning "where are there large numbers of people not learning" or not in school; (2) "commercial opportunity," meaning "where are there people with some money who are willing to spend it on education" and; (3) "ease of implementation," meaning "the ease of doing business in a country, including regulations, corruption, ease of finding a local business partner, building a team, local capacity, skills, etc." (personal communication, May 1, 2015). According to Centenera, the "Philippines ranked the highest" compared to other shortlisted countries, including South Africa, Brazil, Colombia and Indonesia. "Pearson BOP considers the Philippines a major

priority because of the opportunity to help improve the education for millions and the support from government for innovative models to quality education" (DepED & APEC, 2013, p. 4). PALF partnered with local partner Ayala Corporation to develop APEC.

In the Philippines, foreign investment in strategic sectors such as mass media and education are constitutionally restricted. The Philippine Constitution states that:

*Educational institutions, other than those established by religious groups and mission boards, shall be owned solely by citizens of the Philippines or corporations or associations at least sixty per centum of the capital of which is owned by such citizens.*

In turn, foreign companies such as Pearson who wish to enter the Philippine education market, must find a local partner and majority stakeholder – reflecting at least 60% domestic ownership – before going into business. APEC, therefore, is 60% owned by Ayala and 40% owned by Pearson. This study will now turn its attention to Ayala Corporation: the local business partner and majority shareholder of APEC.

# AYALA CORPORATION / LIVEIT GLOBAL SERVICES MANAGEMENT INSTITUTE

## VENTURING INTO THE BUSINESS OF EDUCATION FOR BUSINESS PROCESS OUTSOURCING (BPO)

Ayala Corporation is the holding company of one of the largest and oldest companies in the Philippines. Since 1834, Ayala has demonstrated a strong commitment to national development in the Philippines, claiming that:

*We take seriously our responsibilities as corporate citizens over and above compliance with the rule of law. We believe that beyond our business objectives, we must also do our share in nation building through programmes in corporate social responsibility that help develop individuals, communities, and the country as a whole.<sup>21</sup>*

For over 180 years, Ayala has re-invented and expanded its business operations in order to pursue new market opportunities that contribute to social and economic development in the Philippines.

Ayala Corporation is an industry pioneer in the Philippines in real estate, banking and financial services, telecommunications, water infrastructure, electronics manufacturing, automotive distribution, business process outsourcing (BPO), power generation, transport infrastructure, and now, education. For example, Ayala Land Inc., which is owned by the Ayala Group, is one of the largest land developers in the Philippines. Bank of the Philippine Islands (BPI), also owned by the Ayala Group, is one of the largest and oldest banks in the country. Globe Telecom is a major provider of telecommunication services in the Philippines, which is another subsidiary of Ayala. When water services were privatised in Metro Manila in 1997,



Ayala formed the Water Manila Company, which is now the sole provider of water and waste water services to more than six million people in the East Zone of Metro Manila – one of the largest private providers of water services in the developing world. AC Infrastructure Holdings Corporation, another subsidiary of Ayala, selectively pursues road, rail, and airport projects through public-private partnerships with the Philippine government. Therefore, Ayala serves its own business interests by aligning its for-profit activities with the governments' mandate of neoliberal development based on cost-recovery and privatisation of public infrastructure and services in order to meet the demands of a growing Filipino population.

For Ayala, the growth of the company is directly linked to the social and economic growth of the communities it serves. In business literature, this approach is referred to as “creating shared value” (CSV). First introduced in a *Harvard Business Review* article by Michael Porter and Mark Kramer, CSV aims to improve business profitability and sustainability, while also improving the economic and social conditions in communities where the company operates. Porter was a former professor and mentor to Ayala Corporation's chairman and chief executive officer, Jaime Augusto Zobel de Ayala, during his time at Harvard Business School. Zobel claims that: “Many of us have sought to blur these lines of separation and align our profit goals more specifically with the needs of the communities we interact with”<sup>22</sup>.

In the Philippines, putting the concept of “shared value” into practice, according to Ayala, “can mean operating in the low end of the socioeconomic pyramid, which many businesses almost immediately dismiss as an unviable market”<sup>23</sup>. CSV, therefore, is highly congruent with “bottom of the pyramid” principles. As Zobel points out: “There are untapped opportunities across the base of the economic pyramid which, when addressed using market-oriented solutions, can become a viable market in itself. We are in a unique position as a business group to put resources to work to address this market effectively”<sup>24</sup>. Brought together by a shared corporate culture of “bottom of the pyramid” and “shared value” principles, Pearson and Ayala are venturing together into the affordable private education sector in the Philippines. Referring to national education in the Philippines, Fernando Zobel de Ayala, explains: “It's a massive requirement and we're doing everything we can to help the government in making more things happen. We felt that we have a unique role to play in bringing affordable education to the country” (Fojas, 2014).

Beyond “corporate social responsibility,” Ayala has entered the affordable private education sector because of its commercial interests in the BPO industry in the Philippines. Livelt Investments Ltd. is a subsidiary of Ayala

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<sup>22</sup> [http://www.ayala.com.ph/about\\_us/page/csr-and-beyond](http://www.ayala.com.ph/about_us/page/csr-and-beyond). Accessed on June 28, 2015

<sup>23</sup> Ibid.

<sup>24</sup> Ibid.

Corporation that operates in the BPO sector. And it is through Livelt Investments that Ayala is the majority stakeholder of APEC.

*As part of its continuing nation building efforts, [Ayala] has established Livelt as its investment vehicle in the education sector. Livelt's goal is to educate and equip students with the skills that will make them globally competitive and employable by Philippine and global businesses. (DepED & APEC, 2013, p. 3)*

A growing demand for Filipino labour in the BPO sector has motivated Ayala to “become one of the largest educators in the country specifically catering to the service sector like information technology-BPO” explained Alfredo Ayala, CEO of Livelt<sup>25</sup>. By selling for-profit education services tailored towards employment in the BPO sector, Ayala intends to capitalise on the growing demand for Filipino labour in BPO-related industries.

The BPO sector is a highly lucrative and growing industry in the Philippines. The Business Processing Association of Philippines, of which Alfredo Ayala is also the chairman, estimates that by 2016 the BPO sector will reach revenues of US\$25 billion with 1.3 million direct employees<sup>26</sup>. At this rate, the BPO sector would account for approximately 8% of the country's GDP. Essentially, the industry represents a cost-saving technique for companies that outsource or contract the duties and responsibilities of a specific business process to third-party service providers. The global outsourcing of business processes has increased competition for low-skilled operations such as data entry, word processing, and call center duties, as well as higher skilled activities such as software development and engineering services. The “bulk of employment (around 60%) in the Philippines BPO sector comprises call centre work (inbound customer and outbound telemarketing) and this reflects the dominance of lower value added services” (Beerepoort & Hendriks, 2013, p. 7). Since 2000, the exponential growth of call centers in the Philippines (for US corporations like Bank of America, JPMorgan Chase, Citigroup, Chevron and IBM) has resulted in the Philippines overtaking India as the call center capital of the world. An enduring legacy of US colonial influence in Philippine education, media, and culture has emphasised English and transformed the country into a huge repository of Americanised English language speakers, which has given the country a competitive advantage over India. Figure 1 on the next page demonstrates the recent growth of the BPO industry in the Philippines.

Growth in the BPO/call center industry remains concentrated in Metro Manila where nearly 80% of BPO companies and jobs are located. However,

<sup>25</sup> <http://www.philstar.com/business/2014/04/14/1312266/ayala-goes-education-uk-partner>. Accessed on May 14, 2015.

<sup>26</sup> <http://www.kpmg.com/PH/en/PHConnect/ArticlesAndPublications/Documents/IOS%20Debrief%20Final.pdf>. Accessed on August 5, 2015.

for the BPO industry in the Philippines to remain competitive, a sizeable and sustainable supply of cheap labour with the English language skills and accent necessary to work in call centers is required.

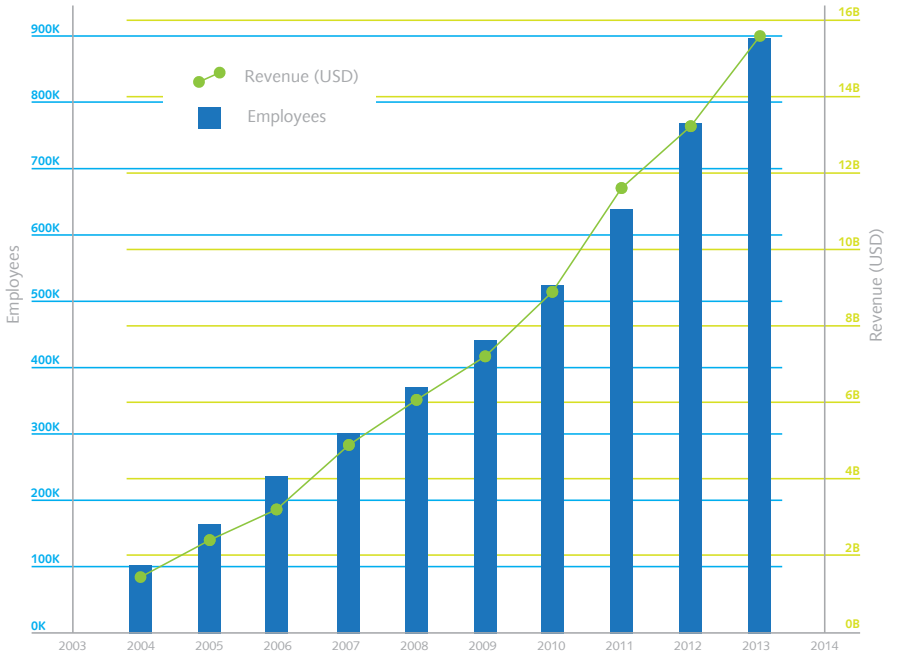
Ayala views the demand and looming skill shortage for BPO workers as a potentially lucrative market that can be addressed through for-profit education services that focus on employability and industry training. Centenera, who was principal in orchestrating the partnership with Ayala on behalf of Pearson, explained that:

*The scope and scale of English skills is not adequate enough here to facilitate the massive growth of BPO workers similar to India in relative terms. So Ayala has felt that skill shortage of English speakers but also other professional skills including punctuality, time management, planning, social skills, that type of thing. So these skill shortages that impeded growth in the BPO sector was the trigger that got Ayala interested in this education venture. Ayala was training so many people when they recruited them so they said why don't we just set up our own training institutes and universities and focus on higher education and that's what they were thinking when I met them. But when I met them I said actually the earlier you invest the more impact you can have, universities are really only a band-aid solution, it will hardly impact their English speaking ability unless you get them earlier on, you would be able to repair them a little bit but not as much as we needed. So I said why don't we start earlier and we decided to compromise and focus on high school and secondary education. (personal communication, May 1, 2015)*

By establishing its own chain of private secondary schools in Metro Manila, Ayala plans to (re)produce the human capital required for a growing BPO industry in the Philippines. Centenera further added that: "the trigger to make this deal happen was the skill shortage experienced by Ayala but since we could also drive national development with a business that would make money as well, it was a done deal" (personal communication, May 1, 2015). Therefore, Pearson found a local business partner in Ayala that shared a similar belief in the profitability of basic education. Ayala's chairman, Jaime Augusto Zobel de Ayala, claims: "Education is an important strategic focus for Ayala. There is strong global demand for Filipino talent and our vision is to deliver high quality, affordable education that can significantly enhance students' employment potential"<sup>27</sup>.

<sup>27</sup> <https://www.pearson.com/news/announcements/2014/january/pearsonannouncesschoolchainjointventurewithayalacorporationinth.html>. Accessed on April 22, 2015

Figure 1: Philippines' BPO Revenue and Employment Growth



Source: Business Processing Association of Philippines

# AFFORDABLE PRIVATE EDUCATION CENTERS'S EDU-BUSINESS MODEL

## LOW-COST, FOR-PROFIT SECONDARY SCHOOLING AND ITS AFFECTS

The low-cost edu-business model implemented by APEC is based on the following principles (DepED & APEC, 2013, p. 1):

- Build off global “best practices” in low-cost private schooling, such as BRAC in Bangladesh and chains previously invested in by Pearson including Omega Schools in Ghana and Bridge International Academies in Kenya.
- Inject a strong element of employability by leveraging industry training approaches and working closely with employer partners, particularly for Grades 11 and 12.
- Utilise standardised and replicable processes in order to achieve economies of scale and allow rapid development.
- Leverage low-cost, high-impact technology, implemented in other similar countries such as India.
- Reduce costs by leasing school facilities rather than owning them, and eliminating unused space.
- Maximise use and life of material through sharing and recycling approaches.
- Maximise the effectiveness of teaching staff [who are not required to be accredited teachers] by continuously providing them with training, feedback, mentorship and support materials.

APEC is patterned after other rapidly growing chains of LFPSs such as Bridge International Academies in Kenya and Omega Schools in Ghana. Similar to these other LFPS companies, APEC is based on long-term rates of return<sup>28</sup> and profitability achieved through economies of scale. APEC plans to benefit

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<sup>28</sup> An internal rate of return for its investors in the range of 10-15% is expected over 10-15 years (J. Centenera, personal communication, May 1, 2015).

from economies of scale by lowering the per-unit cost “to educate” each student/customer, while expanding the size of its operations, in order to increase rates of profitability.

The basis was to deploy a chain of schools starting with 20 schools in year one and up to 50 schools in year two. So, scaling up really fast just like Starbucks does. But only scaling in modular fashion, so starting with one grade at a time. All grade 7 in the first year and then grade 8 in the next and so on until we get to grade 12. Then in 10 years’ time maybe we’ll have 500 schools – that’s the vision. And with 500 schools each with 500 students or so, we could serve 250,000 students. (J. Centenera, personal communication, May 1, 2015)

By serving a large volume of fee-paying students, while reducing the costs of production as the company scales-up its for-profit services, APEC plans to increase its market-based returns as it continues to grow. With 250,000 students – each paying more than US\$500 per year – APEC is set to become a highly lucrative venture.

Minimising input costs through a number of cutbacks is integral to APEC’s capital growth model. Input costs, including labour and materials used in the production of services, are minimised by hiring underqualified and underpaid teachers as well as making use of standardised learning materials and processes that can be replicated across the chain in order to achieve scalability and economies of scale. APEC also rents unused office space in commercial buildings rather than purchasing land and constructing school facilities as a way to cut costs significantly. These cost-cutting techniques will be discussed in greater detail below along with APEC’s plan to “inject a strong element of employability” into their for-profit education services. Ultimately, this low-cost edu-business model is intended to be “replicable (i.e. follow standardised processes) and commercially sustainable (i.e. generate a reasonable commercial return for investors)” (DepED & APEC, 2013, p. 2). APEC intends to achieve this by utilising low-cost learning processes that can reduce operational costs, while increasing profitability.

APEC suggests that its low-cost chain of private schools will:

- Decongest overcrowded public schools by making private schooling more affordable to the economically disadvantaged segments of the population.
- Deliver quality education that prepares students for a successful future.
- Make students more employment-ready.
- Achieve impact at scale.
- Help pilot and develop a private sector approach to senior

high school (Grades 11 and 12) required by 2016, including an enhanced curriculum and teaching style, that will help alleviate the pressure of DepED to build schools for millions of children.

- Introduce new global best practices to advance student learning for Filipino students (DepED & APEC, 2013, p. 2).

A lack of political will to finance public education sufficiently in the Philippines has culminated in an overburdened system unable to accommodate all students effectively. This has legitimated the corporate sector “solution” put in place by APEC that aims to supply “affordable” private education to large numbers of “economically disadvantaged” Filipino students who are willing to pay for basic education. Therefore, DepED and its corporate partners, Pearson and Ayala, have agreed “that it is in the best interest of the Filipino children of secondary school age, particularly those from economically disadvantaged families, to roll out APEC Schools beginning in July 2013 [...] in order to prove its viability in the Philippines” (DepED & APEC, 2013, p. 4).

The growth strategy of APEC is based on: (1) *demand*, that is, a high concentration of lower income families (i.e. the target market) who may be underserved by existing schools (i.e. overcrowded public schools or expensive private schools), and; (2) *low cost*, that is, adequate services in the desired price range (DepED & APEC, 2013). For APEC, the secondary school sector in the Philippines represents the greatest market opportunity in which it can grow its chain of low-cost, for-profit schools. This is because, generally, the options available for secondary school goers in the Philippines include overburdened public schools or very expensive private schools. APEC, therefore, believes there is a distinct “gap” in the market due to the scarcity of “affordable” or “low-fee” private secondary school options in Metro Manila and throughout the rest of the Philippines. By underselling its private school competitors, APEC aims to capture an underserved yet potentially lucrative market willing to pay for low-cost private secondary schooling.

APEC has also focused on the secondary school market because of the introduction of grades 11 and 12 to the national education system. With the implementation of the new K-12 system, DepED is eager to engage the private sector to help accommodate increased enrolment at the senior high level. For instance, DepED plans to extensively expand the voucher programme to include grades 11 and 12, in order to leverage private investment and resources through public-private partnerships and external linkages that can help grow more private high schools. According to the Philippine government, an expansionary voucher system “would serve to decongest public schools, reduce or delay the need to construct DepED SHS [senior high school] facilities and hire government teachers, and provide less affluent students more options for SHS education” (DepED 2015, p. 1).

James Centenera claims that: “the long-term vision of APEC, once its been operating for long enough, is to participate in this voucher programme. Its not critical to our success but it definitely expands the market so that more students can access our schools” (personal communication, May 1, 2015). APEC has strategically set the price students pay – PHP 24,850 – more or less equal to the amount government provides through the voucher scheme – PHP 22,500)<sup>29</sup>. By doing so, if APEC becomes an eligible provider and is permitted to accept government vouchers (as they intend too), eligible students will only be required to pay the difference between the price in school fees and the value of the voucher. In turn, this could result in a significant transfer of public funds to private corporations. Congressman Antonio Tinio, who represents the Education-Party list in the Philippines’ Congress, explains:

*This is how privatisation has always been put into effect in the Philippines — where the government funds these ideas and decides to subsidise the profits of private corporations. From the big infrastructure projects to the social services sector we see the government handing over huge subsidies annually to private corporations. These big corporations, whether they are foreign-owned or not, see education in the Philippines as a profitable sector and so they are investing. (A. Tinio, personal communication, May 6, 2015)*

APEC, therefore, reflects a capital accumulation strategy in Philippine education that aims to take advantage of K-12 restructuring, current “gaps” in the secondary school market, as well as an expansionary voucher system. Offering low-cost private high schooling aligns with the government’s mandate to support and subsidise neoliberal development, including privatisations in/of education.

Although APEC claims its services will expand the educational franchise to more low-income learners who otherwise might not be able to afford private education, at a price of PHP24,850 (or more than US\$500) per year, these commercialised services are still far out of reach for the poorest students in the Philippines. Socio-economic classifications in the Philippines are broken down into the following:

<sup>29</sup> The value of the government voucher for senior high schools in the National Capital Region, where APEC schools are located.



Class	% Share in Number of Families	% Share in Total Income	Average Annual Income (PHP)	Average Annual Income (USD)
B	1	9	1,857,000	40,057.72
C	9	26	603,000	13,007.43
D	60	56	191,000	4,120.10
E	30	9	62,000	1,337.41
Total	100	100	206,000	4,443.67

Source: <http://www.pinoymoneytalk.com/sec-abcde-percentage-population/>

The lowest-income families in the Philippines (Class E) would have to expend, on average, an estimated 40% of their annual household income to send one child to an APEC school. The second lowest socio-economic class (Class D) would have to expend roughly 13% of their annual income to send one child to an APEC school. This dilemma is further compounded by the fact that the average number of children per household in the Philippines is more than three<sup>30</sup>. Therefore, user fees charged by APEC are not “affordable” for Class E or the majority of Class D households. “Currently more than 80% of APEC’s current students come from the D and lower C socioeconomic classes”<sup>31</sup>. Services offered by APEC, therefore, do not reach the most “economically disadvantaged” youth in the Philippines. Instead, APEC is serving a select minority of lower-middle to middle-income families that can afford to pay for commercialised learning. APEC itself has defined “affordable schooling” as that which offers “a price point affordable to low-income families (i.e., parents from C, D, and some E households that have the capacity to pay) as well as “a lower cost alternative to existing private schools” (DepED & APEC, 2013, p. 2). And while APEC has been able to provide a lower cost alternative compared to other exclusive private schools operating in Metro Manila, its services still remain overpriced, unaffordable, and therefore, inaccessible for a large majority of Filipino families.

As one APEC school administrator explained:

*At APEC we try to target low-income families and recruit them to our schools, but this has not really happened since about 50-60% of our students have shifted from private schools and the rest came from public schools. (APEC school manager, personal communication, May 13, 2015)*

This is common throughout the chain of schools. Several school administrators at APEC have explained that a slight majority of their students have moved from private schools, which is an indication of their higher

<sup>30</sup> <https://www.cia.gov/library/publications/the-world-factbook/fields/2127.html>. Accessed on September 6, 2015.

<sup>31</sup> <https://www.affordable-learning.com/portfolio/apec.html>. Accessed on July 18, 2015.

socio-economic background. Fee-paying private schools like APEC are more an elective for those who can already afford to pay their way into private school, rather than a system for extending access to the poorest and most marginalised students. Unless government fully subsidises the fees charged by APEC through vouchers, this chain of for-profit schools should not be expected to accommodate the most “economically disadvantaged” youth in the Philippines. “Fee-paying forms of commercialised learning for the poor involve a distinct and unmissable structural inequity, user fees, which deny access to those already marginalised by poverty” (Riep, 2015, p. 20).

DepED has been very supportive of APEC’s low-cost private school model in the Philippines. In an effort to reduce operating costs incurred by APEC, DepED has agreed to relax a number of policies and regulations so that APEC might be able to lower fees to a price-point that is affordable for economically deprived students in the Philippines. DepED’s decision to ease regulations for APEC has allowed Pearson and Ayala to conduct their for-profit experimentation in low-cost private schooling with less governmental restrictions. Yet, other school proprietors have not been given this type of special treatment by DepED. The following excerpt from the MOU between APEC and DepED reflects a structural shift in the balance of power between government and enterprise, from the former to the latter.

*The parties acknowledge that they have a mutual interest in the success of the APEC Model. The DepED acknowledges that they also have a duty to support the introduction of innovative models delivering quality private education such as the APEC Model. Hence, APEC Schools, with DepED’s assistance and cooperation, shall be established and operated in accordance with the APEC Model. The DepED, in recognition of the unique characteristics of the APEC School Model and the necessity of all its features for the success and scaling of the APEC schools, shall hence afford APEC Schools all assistance and the flexibility to operate in accordance with the APEC model. (DepED & APEC, 2015, p. 4)*

Here government is expected to concede its sovereign power over matters of educational governance in order to serve the interests of private enterprise – even though APEC’s edu-business model is in direct violation of a number of regulations concerning basic educational provision in the Philippines. Those violations, and their affects on teachers and learners, will now be discussed in further detail.

## SCHOOL FACILITIES

APEC has implemented a variety of cost-cutting techniques that have had detrimental affects on the quality and adequacy of school facilities. By renting unfit and unused space in commercial buildings, rather than purchase land and construct their own school buildings, APEC has drastically cut costs in order to increase profit margins. Yet, this has resulted in harmful consequences to the learning environment, since obsolete office space is leased and refashioned as commercial classrooms. The DepED's *Manual of Regulations for Private Schools in Basic Education* stipulates that:

*Unless exempted by the Secretary, each private school shall own its site, or shall have a definite and feasible program for ultimate ownership thereof within a reasonable period, which should be adequate and suitable for the buildings and activities of the school. (DepED, 2010, p. 82)*

Yet, APEC "facilities will be leased, initially under short-term arrangements (e.g. 4 years), then potentially long-term (e.g. 10 years) once a location is proven" (DepED & APEC, 2013, p. 4). Therefore, APEC has been given special permission to rent commercial property, with no plans for ultimate ownership, in which they operate their private, for-profit schools. As James Centenera explains:

*In the Philippines you must own the land and the building before you even apply for the permit. So before you even have any idea if you're going to be allowed to operate so you can generate revenue, you must have invested hundreds of thousands of dollars in Metro Manila and even in other provinces. So no one is going to set up a school as a business. Here in the Philippines we looked at all that and thought this wouldn't work. We would have to charge a high amount of money just like the other private schools to manage our risk and the upfront capital would just be so much for the number of kids we'll reach. So we decided we needed to get a rent model going and we need to have other regulations relaxed as well. So we talked to the government. (J. Centenera, personal communication, May 1, 2015)*

By engaging DepED directly, APEC has been able to bypass governmental regulation and implement a low-cost, short-term rent system as part of its edu-business model. Centenera further added that:

*The rent system is something that has worked in other countries as well by using facilities that are not being used and renting them — because try to find land in Metro Manila to buy, there's hardly anything. But, there are second floor and third floor spaces in commercial buildings that are not being used. The ground floor is always taken by retail but there's many other spaces. And then there are some buildings that are not being used at all and the landlord wouldn't mind it to be used as a commercial school. (J. Centenera, personal communication, May 1, 2015)*

However, the location, size, nature and surroundings of these rented spaces warrant further attention.

Property space rented by APEC is typically on the upper levels of vacated commercial buildings that include three to four office rooms, transformed into secondary classrooms that house approximately 30–45 students each. Retail businesses such as banks and auto repair shops occupy the ground floor. While the size and layout of classrooms vary, some APEC teachers have described their classrooms as “crammed” and “congested.” Minimising costs by downsizing school site facilities means there are no science laboratories, gymnasiums, or fully-stocked libraries at APEC schools. All of which are required in private secondary schools, according to DepED regulations. Instead, APEC is forced to be creative in their usage of operational space for classes such as physical education or laboratory-oriented courses. One APEC teacher explained that: “Physical Education is difficult in our space because it's so small the children can't really move around. But we try to maximise the space to try and get the children to move around a bit” (APEC teacher, personal communication, May 21, 2015).

A reoccurring complaint heard while visiting APEC schools and interviewing teachers was the “unbearable” conditions caused by poor air ventilation and overcrowded classrooms. APEC has cut costs by retrofitting their school sites with fans rather than air-conditioning. However, congested office spaces filled with secondary school aged students, and particularly in summer months, has resulted in overheated classrooms with poor air circulation. A School Head at one of APEC's school described their experiences in the following way:

*We are considering putting in air-conditioning but of course we have to take into consideration that it will add costs and part of that cost has to be passed onto the clients. So we are considering this. But will the school still be profitable? Because at the end of the day we are not a charitable institution, we are still a business. So is it going to be profitable for the company? But, on the other hand, are we depriving the students of something if we don't do it? (APEC school head, personal communication, May 19, 2015)*

Therefore, the quality of the learning environment is determined by concerns for continued profitability for APEC and its stakeholders. Concurrently, further investment required to upgrade inadequate facilities, such as air-conditioning, is the responsibility of the paying customer.

The low-cost, rent model deployed by APEC also involves a form of “modular” school development, meaning that:

*...a site will only be required to support the incoming population for that operational year (i.e. if the school only offers 2 sections for grades 7 and 8, then 4 classrooms will be required), rather than having excess space before it is needed. Under this approach, an individual school will slowly expand as students move through the grades and may therefore end up being a mix of several campuses to support all students at steady state operations. (DepED & APEC, 2013, p. 4)*

Due to the limitations of space for growth associated with APEC's commercial property leasing scheme, a significant dilemma is presented by this model: where will additional classrooms be situated when APEC schools begin to add more grades? Each year the company intends to introduce additional grades to each school site in modular fashion, beginning with grade 7, then adding grade 8, 9 and so on until reaching grade 12. Yet, school sites currently rented in commercial buildings by APEC may not have the space or capacity to facilitate these additional grades. As one senior level planner at APEC explained:

*We're looking at both renting out more commercial space in the building we're already in but if that's not possible we will lease out space in nearby commercial buildings. So we have started looking at other spaces nearby our existing sites to facilitate our grade 8 classes and the parents seem to be okay with that...At the most these different sites will be 3km apart. (personal communication, June 4, 2015)*

A consequence of APEC's low-cost rent model is an educational experience in which student/customers will likely have to move annually from one commercial building to another with each additional grade in order to maintain market relations with this corporate provider.

Another problematic aspect of this arrangement is that DepED has agreed to assess the adequacy of APEC facilities based on the company's own criteria. That is:

*The determination by the DepED of the adequacy of school facilities of APEC Schools shall be based solely on the APEC*

*Model...and shall be on an examination of the school facilities as a whole. Hence, individual components of the APEC Model relevant to facility adequacy shall not, by themselves, be considered grounds to declare the facilities of an APEC School inadequate, provided that the APEC School complies with the APEC Model and Health and Safety standards in determining adequacy of school facilities. (DepED & APEC, 2013, p. 4)*

According to this stipulation, therefore, the determination of APEC school facilities by DepED are to be based on the conditions set forth by APEC and not DepED regulations. This is highly problematic since it gives APEC permission to continue their for-profit schooling venture in commercial facilities that may be deemed inadequate according to DepED regulations. Below are photos taken of APEC school facilities in June, 2015.



*Figure 1:* Inside an APEC classroom.



Figure 2: Physical Education, and its discontents, in an unfit APEC schoolroom.



Figure 3: APEC school "library" (on the left) compared to a public school Library (on the right) in the same community in Manila.







Figure 4: APEC school on second on second level of street-side commercial property.

## TEACHERS' LABOUR

Beyond the rent system, APEC's other main source of cost-saving has come as a result of employing underpaid and underqualified teachers. Teacher salaries make up the majority of costs incurred by any education system. APEC, however, has drastically reduced its operational costs by hiring college graduates who are paid severely low wages. Newly hired APEC teachers earn PHP12,500 per month, which is "nearly 50% lower than what regular public school teachers make" (APEC teacher, personal communication, May 11, 2015). A household income of PHP12,500 per month puts APEC teachers in the second lowest socio-economic classification (class D) in the entire country. As one APEC teacher confessed: "I can barely survive on this wage. I have to work a second job to make ends meet just for myself. What if I had a family? I could never support a family making so little" (personal communication, May 11, 2015). APEC teachers receive less than minimum wage for an employee in the National Capital Region (NCR), which ranges between PHP13,320 and PHP14,430 per month<sup>32</sup>. APEC's low-cost school model, therefore, has resulted in low compensation for teachers. The Human Resources director of APEC explained that: "We're not paying very high, because we ensure that we will be able to balance our cost and revenue" (Rivera, 2014).

Most APEC teachers – approximately 70% – do not have the proper professional accreditation required to teach secondary school in the Philippines, that is, a Licensure Examination for Teachers (LET). Instead, a college diploma in any field is accepted by APEC instead of a teaching license or a Bachelor of Sciences degree in Secondary Education, both of which are required to teach in public schools.

*APEC teachers are all college graduates and most of them have some involvement in education. Some of them are licensed but we've been open to taking anyone. At APEC we look at character traits, mindsets and basic skills. They need to speak English well, they need to be organised, they need to be fairly engaging. (J. Centenera, personal communication, May 1, 2015)*

APEC teachers (also referred to as "Learning Facilitators") receive basic training when hired by APEC that focuses on pedagogy and instructional methods. APEC's method of teaching involves:

<sup>32</sup> [http://www.nwpc.dole.gov.ph/pages/statistics/stat\\_comparative.html](http://www.nwpc.dole.gov.ph/pages/statistics/stat_comparative.html). Accessed on June 14, 2015.

*...handing out lesson guides to learning facilitators that are prepared by our team of expert teachers, that tell them what to cover and provides them with activities to facilitate a class. We ask teachers not to deviate from the lesson guide because it can provide inconsistency across the chain and we don't know if all teachers are equipped to do it otherwise. (J. Centenera, personal communication, May 1, 2015)*

Standardised and replicable lesson plans delivered by underpaid and primarily unlicensed teachers represents a form of deskilled labour, in which the pedagogical autonomy of “learning facilitators” is delimited and narrowly structured by lesson guides that must be followed in class.

Unlicensed teachers are permitted by DepED to teach in private schools. However, the expectation is that all APEC teachers become licensed within three years of beginning their teaching career. Currently, APEC has a permit to provide private basic education but no recognition from DepED. After operating for a minimum of three years and passing all the necessary requirements, APEC can apply for recognition. However, as a senior official at DepED who oversees the operations of private schools explained: “We can give them a permit but we cannot give them recognition unless the majority of their teachers are licensed. If their teachers are not licensed, then how can we give them recognition?” This DepED official added that:

*As much as possible we want licensed teachers, but the truth is we lack licensed teachers. That is why in the private schools we have teachers who are not licensed but they are accepted and allowed to teach. But this is only in the private schools. In the public schools you will not be allowed to teach if you're not licensed. But in the private schools, because we call it 'reasonable supervision' we are giving them time to come up with private teachers. But the problem is once these teachers get a license, they move to the public school. And the reason is because small private schools pay less. The big private schools, the exclusive private schools, may pay more than public schools but the majority of the small private schools pay teachers less than in government schools. So once these teachers get the license they move to the public school and then private schools lose their teachers again, so they get fresh graduates who aren't licensed, again. The turnover is so fast in the private schools. The teachers move to public schools because they get better pay, better tenure, and better compensation when they retire. This is a common problem in the Philippines. (personal communication, June 1, 2015)*

It seems inevitable that this problem will reproduce itself, since several APEC teachers explained that “once I pass my LET exam I will try to get a job

teaching in a public school where I can earn more money" (APEC teacher, personal communication, May 20, 2015).

APEC also hires Coaches (also referred to as "Master Teachers") who are licensed and more experienced teachers, in order to help mentor inexperienced learning facilitators. "For every six teachers, we hire one coach who observes some classes, helps guide teachers on how to manage students and how to better ask questions to students" (APEC teacher, personal communication, June 4, 2015). Coaches support teacher development by providing on-site feedback, best practices, and mentorship to learning facilitators. Coaches also split their working hours among different APEC branches. APEC also hires school managers to oversee the day-to-day operations of each school. School managers are responsible for ensuring consistent implementation of the APEC model based on standards set out by the company as well as ensuring costs are managed properly and kept low. Under APEC's model,

*...the role of the principal has been divided. So the administrative role that has to do with everything related to finance, business operations and some parts of marketing is the role of our school managers. The role of school managers is not related to curriculum and content. The actual teaching provided and how teachers teach is the goal of our learning facilitators and coaches. (APEC executive, personal communication, May 14, 2015)*

The division of labour employed by APEC has effectively removed the position of principal and transferred the burden of teaching and learning onto underqualified and underpaid learning facilitators who are supported by teacher mentors, as a way to reduce the costs of production.

## “REVERSE-ENGINEERED” CURRICULUM: INCULCATING SKILLS & VALUES FOR INDUSTRY

APEC has developed its own “reverse-engineered” curriculum to address the skills gap in the local and global labour market. By focusing on skills and traits required by industry and reverse-engineering a curriculum to inculcate the necessary dispositions, APEC’s corporatised system of education has oriented learner outcomes to serve the interests of industrial capitalists. While pilot-testing APEC’s edu-business model in 2013, for example, the president of APEC, Alfredo Ayala, explained that: “We literally brought Ayala companies to the campus and asked BPI or Globe (Telecom) to tell us what they need to hire by March, what are the specs, observe the high performers and let’s reverse-engineer the curriculum”<sup>33</sup>. In turn, APEC students learned skills that included processing bank loans and selling Android phones<sup>34</sup>.

Alfredo Ayala claims that APEC “aims to bridge the gap between industry and academe by working hand in hand with employers, the HR [human resources department] of large companies and educators from high schools and colleges to ensure that the students are ready for the real world”<sup>35</sup>. By establishing its own chain of private, for-profit schools that utilise a corporate-led curriculum in order to manufacture the human labour required to sustain business growth and profitability, APEC aims to address the skill shortage experienced by Ayala and its many subsidiary companies. In particular, an inadequate repository of workers with the necessary English language and communication skills to be employed as call center/BPO workers has impeded the growth of this industry in the Philippines. As previously mentioned, Livelt (the subsidiary of Ayala focusing on BPO industries) is an equity investor and majority stakeholder of APEC. APEC has therefore focused on English communication skills required for employment in call centers.

The curricula designed and implemented by APEC puts particular emphasis on employability skills, values, and attitudes rather than core subject learning. Centenera, who was instrumental in developing the edu-business model implemented by APEC, explains:

<sup>33</sup> <http://business.inquirer.net/168342/ayala-ventures-into-education>. Accessed on April 25, 2015.

<sup>34</sup> Ibid.

<sup>35</sup> <http://newsinfo.inquirer.net/605684/here-come-the-new-high-schools>. Accessed on April 26, 2015.

*I think subjects are completely outdated and unnecessary. If I ask any employer around the world, regardless of which country or which job, and I ask them to describe to me the ideal new recruit, they will mention thinking skills. They'll mention leadership, communication, hard work, character traits and skills. They may mention they need to be good at math. They may mention English a little bit, but they'll talk more about communication because everyone will be expected to speak English. So yeah, sure you need the minimum, but [employers] won't mention deep knowledge of science or anything like that. So why are we focusing so much on these subjects when we could actually explicitly be teaching these skills, character traits, and attitudes? And sure, the subject could be kind of the context or medium of teaching but they should not be the focus. (personal communication, May 1, 2015)*

While APEC follows the Department of Education's K-12 curriculum by offering mathematics, science, English, Filipino, social studies, MAPEH (music, arts, physical education and health) and TLE (technology and livelihood education), APEC's curricula focuses on employability skills and traits at the expense of foundational subject learning. This emphasis on "education for employability" is advertised by APEC as an innovative model that can lead to increased "global competitiveness" for Filipinos graduates. Centenera further reveals that:

*APEC has a curriculum made up of three parts: knowledge, skills and values. Arguably values are most important and then skills are next and then knowledge for employers. Because you could have the most skilled person who is really knowledgeable but if they give up every time they encounter failure then you don't want them working for you. If they are really pessimistic than you don't want them working for you. If they have a bad personality then you don't want them working for you. So values are really important to employers and so that's what we are working on. Performance values, which are the character traits or behaviors you need to succeed: grit, curiosity, optimism, pro-activeness, self-control, discipline, understanding, bravery, compassion, integrity, appreciation – those are the moral values about being a good person. And then the thinking skills, social skills, leadership skills, professional skills like time management, planning, literacy – those are explicitly taught. Subjects are taught as well but they're mostly important for determining grades and assessment and just exposing kids to things. (personal communication, May 1, 2015).*

This industry-driven educational vision involves producing flexible and cheap labour that can be utilised by (multinational) companies in positions that require minimal area specific knowledge. In turn, the knowledge that is sold

by APEC is commodified and altered to align with the social relations of production that can sustain corporate capital growth.

APEC advertises its low-cost, for-profit education services as an investment that “significantly enhances students’ employment potential and readiness for competing in the global employment market” by equipping students “with real-world skills through programs designed in close partnership with prospective employers” (Ayala, 2014, p. 44). As Alfredo Ayala claims: “Our value proposition is your student will have the option to either directly go to a professional job in banking, telecommunications, IT, BPO or, if they want to continue to college, they will have that option, as well”<sup>36</sup>. APEC’s strategy for upholding its “education for employability” proposition is based on its private-sector perspective of “the skills that employers are looking for, based on conversations with industry, and the current jobs that Ayala needs filled and what they look for in their employees” (APEC executive, personal communication, June 4, 2015). In the future, APEC also intends to develop some type of a streamlined programme that would transition APEC graduates into positions working for Ayala Corporation. Yet, as Centenera explains, “unfortunately we’re not there yet but that is the plan to build some connection with the Ayala Group and their companies whether it be through internships, job placements, explorations and things like that for our graduates” (personal communication, May 1, 2015). Therefore, a “reverse-engineered” curriculum sold and administered by its own private chain of for-profit secondary schools is part of Ayala’s corporate growth strategy that aims to manufacture a repository of human labour that can be employed by its many subsidiary companies.

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<sup>36</sup> <http://www.businessmirror.com.ph/ayala-led-apec-schools-to-open-11-more-branches/>. Accessed on April 26, 2015.

## CONCLUSION

Corporatised education in the Philippines, reflected by APEC and its low-cost chain of private for-profit schools, has emerged due to a number of specific and interrelated factors, including: neoliberal restructuring in Philippine education (both historically and currently), government failure to supply and finance public provision adequately, and the ambition demonstrated by private enterprise (i.e. Pearson and Ayala) to seek out new areas and markets for capital growth. With the implementation of the new K–12 Programme, DepED has been eager to engage the private sector through partnerships and contracts to grow more private schools that can help accommodate increased enrolment. By subsidising the growth of private provision through an expansionary voucher system, DepED is delaying the need to construct more government high schools and hire more government teachers. Instead, a market-based approach involving increased private enterprise and participation has been encouraged in order to leverage private investment and resources that might help alleviate pressures on an overburdened public system. In turn, this has opened-up new commercial opportunities for global edu-businesses. Pearson and Ayala have entered the sector to both fill the “governance gap” and profit from its provision of low-cost education services. APEC intends to reduce production costs to “educate” each student so that it can lower consumer costs and serve the highest number of fee-paying students. The bottom line, however, is that APEC is a for-profit company concerned with business growth and profitability, which can have detrimental effects on the quality of learning.

Profits accumulated by APEC and its shareholder are “actually the difference between two sets of prices, the price of the goods produced and their cost, i.e., the price of the goods necessary to produce them” (Polanyi, 2001, p. 72). In an effort to minimise production costs while increasing profit margins, APEC has implemented a number of cost-cutting techniques. These include a low-cost rent model that involves short-term leases in unused commercial buildings that lack the adequate space for libraries, gymnasiums, science and/or computer laboratories. For APEC, this low-cost rent scheme is drastically cheaper than purchasing land and constructing proper school facilities. Teachers hired by APEC are also typically unlicensed and, therefore, paid severely low wages. All of these cost reduction techniques are intended to minimise operational costs so that the corporation can remain financially sustainable and profitable. Therefore, in the business of low-cost private schooling “sometimes quality is compromised because of the companies’ concern for making a profit” remarked one APEC school manager. Yet,



APEC is still advertised as “world class private education from Ayala and Pearson.” Further problematic is that DepED remains complicit in this arrangement, since it has relaxed a number of regulations that govern the provision of basic education in the Philippines, so that APEC and its shareholders can implement their low-cost, for-profit schooling experiment with limited government restrictions. The proliferation of private, for-profit basic education must be properly regulated by governments to safeguard education as a societal good.

APEC also represents a corporate strategy designed to manufacture cheap and flexible labour required by Ayala and other multinational companies through its provision of privatised basic education that aligns with the labour needs of industry. By “reverse-engineering” its curriculum, APEC intends to produce graduates of a particular disposition with specific skills, values, and knowledge that can be employed in the global labour market. In particular, APEC aims to address the skill shortage in the BPO/call center industry in the Philippines by focusing on English communication skills. In turn, APEC schools involve two forms of privatisation: *de facto* privatisation of basic education and privatization that exists because of the “increasing socialisation of productive forces and continuing private control in the social relations of production” (Jessop & Sum 2006, p. 343). By extending and intensifying private control and influence in the social relations of production through its provision of basic education, Ayala and Pearson aim to socialise the forces of production by inculcating skills and values that can be employed by multinational companies. As Congressman Antonio Tinio explains:

*Big business has moved into the education sector because they are motivated by the view that the quality of education in the Philippines is in decline, we're lagging behind, and we're no longer competitive in the global market. Business can't wait for government to fix the situation so they'll invest and do it themselves. So the key motivation is global competitiveness. The kind of education they are pushing for is one that will develop the skills for the global labour market. So, the impact of the corporatisation of education here in the Philippines is supposedly to strengthen ties with the global labour market. Will this lead to genuine development for the majority of Filipinos? We think not. Filipinos will not lift themselves out of poverty by exporting our labour or educating our students so they can become low-paid, low-skilled workers for foreign companies.*



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# CORPORATISED EDUCATION IN THE PHILIPPINES

*PEARSON, AYALA CORPORATION AND THE  
EMERGENCE OF AFFORDABLE PRIVATE  
EDUCATION CENTERS (APEC)*



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