

ANALYSIS OF THE MARKET OF MERGERS AND ACQUISITIONS BY BRAZILIAN EDUCATIONAL GROUPS

ANÁLISE DO MERCADO DE FUSÕES E AQUISIÇÕES POR GRUPOS EDUCACIONAIS BRASILEIROS

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Abstract

The present study is a documental analysis of the relevant facts that highlighted the mercantilist process in the expansion of private HEIs (Higher Education Institutions) in Brazil. The objective is to demonstrate that large private educational oligopolies were created, and the *formation of publicly traded holding* companies that acquire smaller HEIs, ended up causing a possible depreciation of the quality of education, since the educational concepts of these institutions never obtained the maximum measurable quality (score 5 in the Ministry of Education and Culture - MEC). In addition, we also hypothesized that the oligopoly of Brazilian HEI uses mergers and acquisitions as a form of survival, more than expansion.

Keywords: Commodification of higher education. Educational oligopolies. FIES. Graduation. Financialization.

Resumen

El presente estudio es un análisis documental de los hechos relevantes que destacaron el proceso mercantilista en la expansión de las IES privadas (Instituciones de Educación Superior) en Brasil. El objetivo es demostrar que se crearon grandes oligopolios educativos privados, y la formación de sociedades holding que cotizan en bolsa que adquieren IES más pequeñas, terminó causando una posible depreciación de la calidad de la educación, ya que los conceptos educativos de estas instituciones nunca obtuvieron la máxima calidad medible (nota 5 en el Ministerio de Educación y Cultura - MEC). Además, también planteamos la hipótesis de que el oligopolio de las IES brasileñas utiliza las fusiones y adquisiciones como una forma de supervivencia, más que como expansión.

Palabras clave: Mercantilización de la educación superior. Oligopolios educativos. FIES. Graduación. Financiarización.

Resumo

O presente estudo é uma análise documental dos fatos relevantes que marcaram o processo mercantilista na expansão das IES (Instituições de Ensino Superior) privadas no Brasil. O objetivo é demonstrar que foram criados grandes oligopólios educacionais privados, e a formação de holdings de capital aberto que adquirem IES menores, acabou causando uma possível depreciação da qualidade do ensino, uma vez que as concepções educacionais dessas instituições nunca obtiveram o máximo mensurável de qualidade (nota 5 no Ministério da Educação e Cultura - MEC). Além disso, também levantamos a hipótese de que o oligopólio das IES brasileiras utiliza as fusões e aquisições como forma de sobrevivência, mais do que de expansão.

Palavras-chave: Mercantilização da educação superior. Oligopolios educativos. FIES. Graduação. Financeirização.

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1 INTRODUCTION

Private Higher Education Institutions (private HEIs), although they have been treated differently over time due to the peculiar nature of their activities, encounter difficulties and challenges similar to most companies in various branches (BIANCHETTI, LUCÍDIO; SGUISSARDI, 2017).

However, it is necessary to highlight that, despite the common challenges, the sector has a great complexity, because it involves issues related to public management, public funding, legislation and regulation and with a broader vision, the sector involves the fate of the country, because it will be from these institutions that most professionals of the future will emerge (CHAVES, V.L.; SANTOS, M.; KATO, F., 2020). This research focused on market movements – acquisitions of Brazilian private higher education institutions by large educational groups listed on the stock exchange and the characteristics of these acquisitions.

In this scenario, the study of mergers and acquisitions in private higher education is relevant, because, according to the theory of management, mergers and acquisitions have the role of maximizing shareholder wealth, so that it allows an expansion of operational efficiency and market maintenance (DODD, 1980). The formation of educational oligopolies thus involves this theme and the formation of educational holding companies, whose examples will be brought throughout the work.

The general objective of the research is to understand the dynamics between acquiring and acquired institutions, to analyze the elements in the value of these private institutions of individual maintenance higher education (acquired) by the educational groups listed on the Stock Exchange (acquirers).

Among the specific objectives, seek a better understanding of the trajectories and financial results of acquirers, analyze the profile of acquiring companies through their governance manuals and other available information, identify the profile of acquired institutions based on information from their stories, trajectories, courses, competitive differentials, communication, value proposition and other relevant points for research and with this, group the profiles of the acquired institutions and the profile of the acquirers, evaluate the academic results of the acquired institutions, analyze the sale value of the acquired institutions.

This work aims, in summary, to investigate and analyze the characteristics of educational groups, acquired institutions, identify possible parameters that guide the evaluation and, finally, present a representative picture of this market and these factors. We must consider that this study promotes the debate on private higher education as a central point, while addressing issues related to the evolution of research and, finally, in the construction of improvements in private HEIs in Brazil.

Elsewhere, this study also aims to serve as a tool to support the learning of undergraduate and graduate students in Business, Economics and Accounting. Finally, it seeks to structure the development of a manual for the HEIs to expand the value of its companies, maximizing the quality of the actions, so that it contributes to the business development of these institutions.

2 THEORETICAL AND EMPIRICAL REVIEW

Companies operating in the private sector of higher education (HEIs) encounter disputes with the same level of complexity and as challenging as those of companies in other market segments today. However, Sampaio (2011) points out that this scenario has changed substantially, because the loosening of regulation, the need to serve society, the inability of the State to meet the demand and digitization of teaching, built the perfect universe for the expansion of the offer of private higher education in a disorderly way, but also for the search for the concentration of this market in the form of educational groups.

2.1 Creation of LDB 1961 and 1996

The initial milestone for the privatization process was the 1968 Reform. To better understand this reform, we need to chart a path that begins years earlier, with the creation of the Law on Guidelines and Bases of Education (LDB in Portuguese), a text approved by Congress in 1961 (BRASIL, 1961). However, the text enters into force only in 1966 (MARTINS, 2009).

LDB presented itself as a restructuring of the entire Brazilian educational system, opening a set of innovations that can make access to higher education less elitist. For example, compulsory evening courses in public institutions, the regulation and institutionalization of distance education, support for continuing higher education programs.

In relation to the object of this research, the Law of Guidelines and Bases of National Education allowed the existence of HEIs for profitable purposes and only from this mercantilization arise publicly traded educational groups in Brazil.

The new law instituted changes in higher education. The following stands out: (1) in the old law (1961), all entities that maintain private institutions of higher education (universities and isolated colleges) had to be constituted in the form of foundations or non-profit association, already in the new law (1996), maintenance entities can be constituted by any form of civil society, with or without profit; (2) the new legislation has created new forms of HEIs, for example universities by field of knowledge and university centers; (3) the new law created new modalities of higher education courses and programs, such as sequential courses and professional master's degree; and finally, (4) the new law established a strict system of institutional evaluation and institutional development plan, not provided for in the previous legislation.

Private maintenance entities can have profit or non-profit, causing a difference in the tax regime of private HEIs to emerge in the Brazilian higher education system. Thus, non-profit HEIs can practice more competitive monthly rates than those with profitable purpose, increasing their competitive potential, regardless of the quality of their educational services. At this point, some reflections arise, because, in principle, non-profit institutions would have as greater objective education (professional and civic training of people), and as a secondary objective the financial viability of their activities; institutions with a profitable purpose, would have as their main objective the profit and as secondary objective education as pointed out Dourado (2008).

One of the government's actions to minimize this dichotomy among private HEIs was the proposal of the University for All Program, which has as main objective the filling of idle vacancies in private HEIs in exchange for tax exemption, through the access of students and teachers from the public network, and there is also the possibility of including quotas (black and indigenous) and people with special needs. With the program it was possible to treat the tax regime of private ISS, and increase competitiveness among them, which directly reflects in the scenario that is intended to analyze, that of the oligopolies that emerged from the incorporation of numerous institutions.

What is extracted from the analysis of constitutional legislation in relation to higher education is that, to guarantee this right, the State, alongside promoting supply directly through public institutions, encourages the offer by the private sector in order to meet the demands of access to higher education. Thus, the action of state control is strengthened to ensure the development of the purposes of education as a fundamental social right.

2.2 The University Reform of 1968

With the beginning of the military regime after the Coup of 1964, there was pressure from students to restructure higher education in the country. The system at the time had no structure for the country's demand, causing the government to begin to study the possibilities of an adequate model for teaching.

Martins (2009) points out that the reform should focus on structural flexibility and rationalization of resources, thus aiming at a possible strategy of economic factors. It is also important to remember that, when ordering studies to restructure higher education, Rudolph Atcon's documents, the Meira Mattos Report and the Report of the Consultative Team of Higher Education, where North American teachers had an active participation in studies (MARTINS, 2009), which contributes even more to the process of commodification of teaching that would arise.

Martins is still aware of the objective that restructuring follows principles that held that higher education could no longer serve only a restricted public, should be expanded in a rationalized way and with structural flexibility. In this sense, the Higher Education Advisory Advises the government to stimulate the creation of private universities, ensuring greater supply for students with lower purchasing power (EAPES, 1969).

While students, warmed by university reforms in several countries, maintained popular pressure for the University Reform to stimulate the offer and quality of courses, the University Reform Working Group was created by the government in 1969. This Group must be the voice of the students, so that they present possible conduct scans for the reform in process. In this sense, the Group proposed the institutionalization of the academic career, the creation of a departmentalized system and a credit regime. In this period also the entry into universities became by meritocrat and vestibular classificatory. It was the Working Group that would enable the presence of private HEIs, since they raise the issue of rationalization of resources, highlighting private institutions as complementary to the offer of courses (MARTINS, 2009).

The Table 1 shows the evolution of enrollment in higher, public, and private education. This Table 1 show that, even if it lost space, it still remained as a majority until the 1970s, where private institutions are already more exclusive as non-profit institutions. The reform of 1968 created two systems: the public system, which strengthened and focused on aspects of research and graduate studies, thus assuming an appreciation of intellectual capital, with its restricted access only a specific group of high level of purchase or high cultural level; and second, more simplified higher education and greater access to the public, being private with low costs, shorter duration and financed with public resources (SAMPAIO, 2011).

2.3 The decline of public higher education and the rise of student financing in Brazil

The 1980s was a period of intense retraction of the financial activity of the Brazilian State. In 1981 Brazil achieved a change in its GDP in the amount of -4.25%, between increases and depressions, in 1990 there was a financial result again worrying with a variation of -4.35% (BRAZILIAN CENTRAL BANK, 2022).

Table 1 - Evolution of enrollment in the public and private spheres of higher education between 1961 and 1970

Year	Total Registrations	Registrations Private Institutions	Registration Public Institutions	% of public registration in total
1961	98.892	43.560	55.332	56%
1962	107.299	43.275	64.024	60%
1963	124.214	47.428	76.786	62%
1964	142.386	54.721	87.665	62%
1965	155.781	68.194	87.587	56%
1966	180.109	81.667	98.442	55%
1967	212.882	91.608	121.274	57%
1968	278.295	124.496	153.799	55%
1969	342.886	157.826	185.060	54%
1970	425.478	214.865	210.613	50%

Source: Adapted from Levy (1986).

Table 2 shows the variation in Brazilian GDP (gross domestic product) in the decade, with the objective of revealing the economic scenario of the moment.

Table 2 - GDP change (Brazil, 1980-90)

Year	Var. % annual
1980	9,23
1981	-4,25
1982	0,83
1983	-2,93
1984	5,4
1985	7,85
1986	7,49
1987	3,53
1988	-0,06
1989	3,16
1990	-4,35

Source: Central Bank - Time Series Management System (BRAZILIAN CENTRAL BANK, 2022).

The low investments in education during the 1990s, justified by the fiscal adjustment measures dictated by the International Monetary Fund (IMF), more specifically in its document combating economic stagnation of the time, the "*Priorities and strategies for education*" (WORLD BANK, 1996). This document advocated the priority use in the financing of basic education, causing the expansion of higher public education to be paused, ensuring an even greater increase in private education.

Table 3 identifies the evolution of enrollment in public and private undergraduate courses in 50 years, demonstrating the expansion of private education.

Table 3 - Evolution of enrollment in undergraduate courses in person - Brazil (1960-2020)

Year	Public	Private	Total	% Public	% Private
1960	59.624	47.067	106.691	56%	44%
1970	210.613	214.865	425.478	50%	50%
1980	492.232	885.054	1.377.286	36%	64%
1990	578.625	961.455	1.540.080	38%	62%
2000	887.026	1.807.219	2.694.245	33%	67%
2010	1.461.696	3.987.424	5.449.120	27%	73%
2020	1.956.352	6.724.002	8.680.354	23%	77%

Source: Elaborated by the authors based on data from the Higher Sense of Education (BRAZIL, 2021).

Table 3 demonstrates the effects of fiscal policies in force during the years of crises that fostered the growth of the private HEI market. Between 1980 and 1990, enrollment in private institutions grew by only 8%, as they had seen significant increases in their demands.

To enable increased access to private institutions and meet a demand that public higher education could no longer achieve, in 1999 the Higher Education Student Financing Fund (FIES in Portuguese) was developed under then-President Fernando Henrique Cardoso. The program was responsible for being self-financing, since its predecessor, The Educational Credit, was not (CORBUCCI *et al.*, 2016). Between 2000 and 2010, there was a substantial increase of 121% in the number of enrollments in undergraduate courses in the private area.

2.4 The history of oligopolies in the HEI

During the second half of the 20th century, Brazil began to use a more market-based perspective for higher education goods, similar to the American model. For Rodrigues (2007) higher education passed: "[...] be a business governed by the sign of the globalized economy in which the most varied products are marketed, from sandwiches to undergraduate courses."

During this period, there was an exponential increase in demand growth so that the public sector could not keep up, alternating the priority for the private sector. This expansion caused the market to seek new forms of expansion, being part of the "[...] consolidation of the sector that refers to the movement of expansion, acquisition and merger of HEIs, generating large institutions that start to concentrate a large part of the student of the country" (MONTEIRO; BRAGA, 2012). This movement of commodification of higher education may have had its initial milestone in Brazil with the beginning of the partnership between the Pitágoras Group, in Minas Gerais, and Apollo International. This partnership lasted until 2006, when Pitágoras bought Apollo's share of the assets.

Two more milestones for the creation of HEIs conglomerates are notable. The first refers to the purchase of the group laureate of The University Anhembi Morumbi in 2005. The sale of 51% of Anhembi Morumbi University had an investment value of U\$ 69 million (GOIS, 2005).

In the second framework, 70% of Anhanguera Educational was acquired by an investment fund of Pátria Bank. Thus, the companies Anhanguera, Estácio de Sá, Kroton and Brazilian Educational Society (Sociedade Educacional Brasileira- SEB in Portuguese), opened their capital on the stock exchange, starting in 2007, increasing the process of buying and selling Brazilian HEIs. Anhanguera Educational was the first company to join the opening of the capital.

In general, this movement resulted in the formation of the largest educational groups that operate in Brazil: Anhanguera Educational, Estácio de Sá, Kroton Educational and SEB S.A. This

movement for the growth of educational groups remained, bringing with it a new dynamic to the market, because large oligopolies minimize their costs and bet on a scale production, prices remain low, encouraging the market to join the product. These strategies also make more profitability for shareholders, which can be defined as the final point of the process (MOTTA *et al.* , 2013) .

In the course of this study, concepts, techniques and stages of oligopolies formation and commercialization of education will be summarized through the acquisition of private Brazilian higher education institutions. This information will also contribute to the construction of quantitative and qualitative data until the final considerations of the research.

2.5 Mergers and Acquisitions in private higher education

Mergers and Acquisitions are key parts for the maintenance and growth of organizations, especially in large oligopolies. In a way that manages I, we can see that the principle of mergers and acquisitions is strongly linked to the Firm Theory, where, for classical and neoclassical economists, the development of the organization is linked to the notion of rationality of efficiency, defined by the allocation of productive factors in order to maximize profits for shareholders. It is a primary characteristic of M&A, based on the demand for maximizing profits and expanding the management utility, so that in the process both companies seek reciprocal gains and proactive and joint maintenance of the inserted market (CAMARGOS; COUTINHO, 2008).

However, if we consider M&A as a principle, we begin to come into critical considerations about the business expansion process, where there is not necessarily a growth in the usefulness of reciprocal management between companies. For Tanure and Cançado (2005):

The merger involves a complete combination of two or more companies, each no longer legally existing to form a third, with a new identity. Despite the supposed equality between partners, what usually occurs is control by one of them. And, in fact, the number of "real" mergers is so low that, for practical purposes, the term "mergers and acquisitions" basically means acquisitions.

For Camargo and Coutinho (2008), Spovalori (2016) and Santos (2016), M&A has the role of maximizing shareholder wealth, in order to allow an expansion of operational efficiency and market maintenance.

Sarfati (2013) underscores a critical vision that projects the M&A process into a synthesis of synergies, agencies and arrogance. Thus, it is assumed that the company expands seeking reciprocal gains to meet the maximization of shareholders' profits, but still taking into account that the process is much more "acquisition" than "merger".

The M&A process ends up causing damage to the group of professionalism the HEIs, where the large subsidy begins to reduce the number of teachers, due to cost reduction and search for a larger scale on offer (CHAVES, 2010).

Almeida, Novo and Andrade (2012) also point out, as mentioned earlier, that the HEIs assume a merchant role and start offering, in addition to generic courses, handouts and video materials. In other words, the HEIs now offer products and services that are parallel and complementary to their courses, making a complete maintenance of the market itself.

Thus, the M&A market process is only a formal explanation for acquisitions, and this fact is even more evident in Brazil, as presented throughout the article. Large HEIs become holding *companies* and make mergers with smaller HEIs.

The process of commodification of Brazilian HEIs becomes substantially more visible when we allow ourselves to visualize a common characteristic of large companies, especially those of

publicly traded: mergers and acquisitions. This process of market growth, supported by a constant maintenance line of the oligopoly, so that large companies seek to destroy competitors or expand their size, thus evidencing a clear characteristic of capitalism (CANO, 2002).

Since 2007, when large educational groups opened their capital on the Brazilian stock exchange, a capital speculation strategy has been seen, where groups use *holding companies*, that is, entities that subsidize the financial activities of the HEIs in their possession (CARVALHO, 2013).

The M&A process allows these companies to add growth at the time of buying and expanding THE HEI in the future, in addition to enabling the relationship of synergistic gains between acquirer and acquirer (SANTOS, 2016).

The M&A strategy also relates to a mercantilist characteristic of maintaining competitiveness. The structure of the HEIs after the LDB, accompanied a pattern of demand, where there were large monopolies of higher education, such as PUC. With increasing competitiveness, the institutions felt the need to convert this attention into demand for attention to supply, generating the maintenance of a structure that seeks multicampus, offering a series of products for more specific demands, with greater variation (CALDERÓN, 2000).

In 2011, we can see one of the most aggressive periods of acquisitions and mergers in the education sector, particularly due to Kroton. In the table below, we see some of the group's biggest acquisitions from 2011 to 2013 (Table 4).

Table 4 - Largest HEIs acquired by Kroton group (2011-2013)

Year	Acquirer	Acquired College	Purchase price (mi)	Number of students
2013	Kroton	Anhanguera	R\$5,000.00	450.000
2011	Kroton	CEAMA	R\$28,40	5.000
2011	Kroton	Fais	R\$7,00	1.302
2011	Kroton	Unopar	R\$1,600.00	145.600
2012	Kroton	Uniasselvi	R\$ 510,00	86.200

Source: Elaborated by the authors based on media vehicle InfoMoney (TOLOTTI, 2013).

In 2015, the Kroton group had already 970,152 students enrolled, a large part represented by the large acquisition of UNOPAR (SANTOS, 2016). We also see that, along with the acquisition of Anhanguera, the largest acquisitions of HEIs of the group are formed (1.6 billion and 5 billion, respectively).

Table 5 - Largest educational groups in the country in 2016 (in relation to the number of students)

Groups with the highest number of students - 2016	
Group	Students (in thousands)
Kroton	877
Estácio	436,3
UNIP	403
Laureate	245
Ser Educational	137

Source: Adapted from Hoper Educational (BRAGA, 2011).

This process of mercantilization brings great immersion needs to the theme, with regard to the academic and social quality of private higher education (DINIZ, J. *et al*; 2021). Thus, a subjective notion in the prediction that this large-scale offer and the market characteristics that these large groups assumed, promote the idea of loss of academic quality, an aspect already worked on in the theory around the theme.

When we open the question about the quality of higher education of these HEIS, it is necessary to analyze a clear example of the assumption. UNOPAR, after being acquired by the Kroton group, assumes a franchise characteristic, where the company expands its business in the form of standardized establishments in several cities in the country, evidencing a large-scale offer and possible loss of teaching quality and assuming a posture of treatment of students as customers (DINIZ, J. *et al*; 2021).

These HEIs begin to regulate themselves in market laws, and lose *the intention of universitas*, beginning to work with students in order to maximize profits (BIANCHETTI; SGUISSARDI, 2017). Thus, it is clear the relationship of the ISIs of these educational groups with a mercantilist process, already demonstrating a tendency to loss of quality of teaching. The effects of this process can be severe and the need for deepening in these relationships is increasing.

One of the greatest effects in this process of oligopoly formation is the labor issue, which was highly influenced by the ISS subsidized by *large holding companies*, where the curriculum of employees is pressured to stay connected in the institutions that are already present, being difficult to access, working in another institution of rival groups (LIMA, K., 2018).

Another major impact refers to the loss of social bias, where capitalist supremacy overlaps with the Welfare State, maximizing the role of the State in regularizations that benefit the financial market (LIMA, J. P. C. *et al.*, 2019).

However, the private ISS market has not necessarily owed the financial bias in all its time, in fact, it is possible to affirm that the mercantilization process was a reflection of the survival of these ISIs. As mentioned throughout the article, the higher education market has become a synthesis of the offer of mass courses, aiming at scale. New private HEIs emerge and expand through state incentives until they reach their operational capacity, at which point they need to remain competitive and end up being acquired by large holding *companies*. According to Pizetti, (2006):

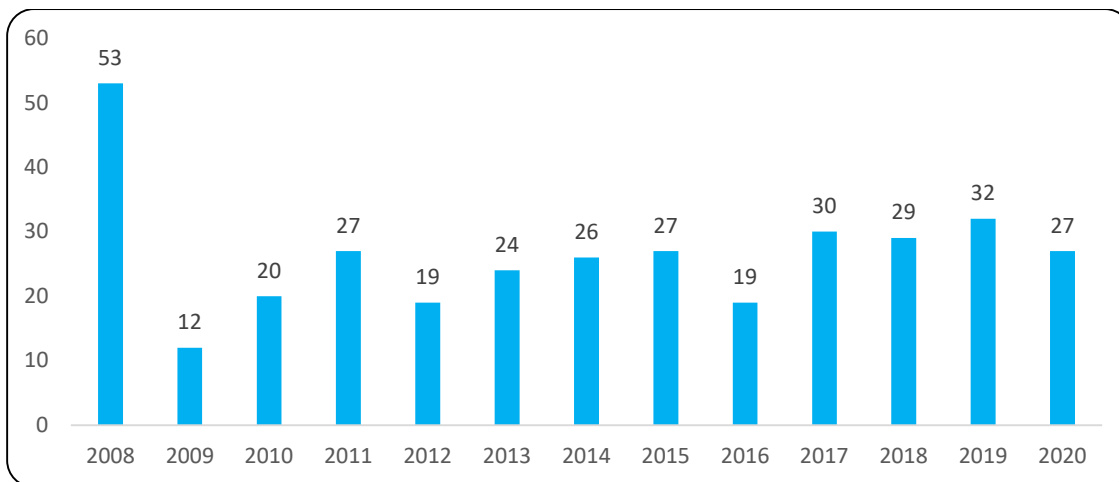
The intensification of competition in the provision of private higher education led to actions that enabled the optimization of activities in order to rationalize the costs of private HEIs. The most significant, the formation of teaching conglomerates through the union of several institutions under single seal, emerged as a viable alternative to offer a service with consistent costs customer playability.

Thus, the acquisition and merger strategy enables cost control and increases the expertise of organizations, as mentioned above (SANTOS, 2016). These HEIs are acquired as a means of survival, however, they go even deeper into capitalist environments, with products offered at scale and substantially standardized.

Now, in a brief history of the M&A's in the Brazilian private education sector, we can see how this market has reached great proportions. In the 2020 PwC survey (2021), 1,038 transactions were recorded and the acquisition of Laureate Education in Brazil ranked 5th in the largest of the period, with \$770 million. The Ser Educational group also expressed great influence in the market, buying Anima Educational ASPEC and SOCEC assets for R\$ 180 million.

In the first half of 2021, significant figures were also presented in the M&A of the educational sector in Brazil, where 20 transactions were carried out. The chart below shows KPMG data (2021) on the cumulative total of transactions in the educational sector in Brazil from 2008 to 2020 (Figure 1).

Figure 1 - Accumulated Transactions of the Educational Sector in Brazil



Source: Elaborated by the authors based on KPMG data (2021).

We can see that the sector has an average of 26 annual transactions involving publicly traded companies. We also visualized the effects of IPOs made in 2007, where in 2008 there was the M&A boom, with 53 such operations, in what was a historic year for the sector.

However, 2021 was marked by the aggressiveness of the sector and the resumption of this 2008 M&A record. Fifty-two transactions were recorded, 46 of which were M&A transactions carried out by Brazilian capital companies and 6 by foreign companies (MERGERS&ACQUISITIONS, 2022)."

The M&A process is already inserted in the sector and presents possible trends and even greater expansion. According to McKinsey&Company (2021), industries have always sought ways to expand to add value through M&A, and this systemic process was one of the key keys to surviving economic cycles.

The definition of the mercantilist process in which these ISS begin to be inserted is condescendingly related to the structures of industries, classically the sectoral symbol of capitalism. The process of searching for franchise models, M&A, supply in scale, all this reflects the structural mechanisms of the industrial market, which has consolidated and, very well, through these means. The issue of great importance is to understand the harmful or non-harmful effects of this market process, not excluding the need for competitive maintenance of HEIs.

3 METHOD

The Documentary Research Strategy is characteristic of studies that use documents as a source of data, information and evidence. The documents are of the most varied types, written or not, for this work it is intended, for the understanding and characterization of the educational institutions acquired the use of documents from the platform: National Registry of Courses and Institutions of Higher Education Registration e-MEC, and the Institutional Development Plans (PDI) of these institutions. With regard to the acquiring educational groups, it is intended to search for

and present the values, visions, strategies of each of the groups, in addition to the presentation of their relations with investors and governance manuals. Finally, the purpose of the market is to search for documents in electronic portals of stock exchange movement information, information obtained from the Brazilian Securities and Exchange Commission (CVM in Portuguese) and documents produced by INEP (National Institute of Educational Studies and Research Anísio Teixeira). The institutions were deliberately chosen. The HEIs under analysis are faculties acquired by educational groups from 2006, one year before the entry of these companies and groups in the stock exchange, so it is not possible to generalize the results of the sample to the population, because such samples do not guarantee the representativeness of the population. It also becomes accidental when being formed by those elements that are possible to obtain until you complete the desired number of elements of the sample.

3.1 Documentary Research Relationship

The documentary research of this work uses a consubstantiation between two objects of analysis, which translate as stages of the research: the first, is what refers to the database used to analyze market movements. The second refers to the epistemological process of the data obtained; it is defined as the crossing of the data with the main theories of the field of mercantilization of Brazilian higher education.

The first phase of the present study focuses on conceiving a significant sampling of acquisitions of large educational groups. We also embody the analysis with a descriptive statistic about possible derogatory effects on the higher education labor market, with the unemployment rate in historical series.

That said, it now focuses on describing the means used to extract acquisitions in major media outlets, in Table 6 we will see the main media vehicles to which we use to conduct documentary research of data from acquisitions and mergers of some private HEIs in Brazil, soon after, we will substantiate the study with data from CIA World Factbook, about Brazil's annual unemployment rate, relating to the evolution of financing in FIES.

Table 6 - Research Sources - Acquisitions of Large Educational Groups

Acquirer	Acquired College	Reference
Kroton	CEAMA	(TOLOTTI, 2013)
Kroton	Fais	
Kroton	Unopar	(TOLOTTI, 2013)
Kroton	UNIASSELVI	
YDUQS	Radial University Center	(ESTÁCIO, 2007)
YDUQS	SEAMA	(ROSTÁS, 2012)
Ser Educational	UNIFASB	(SER EDUCATIONAL, 2020)
Ser Educational	Ung	(GUTIERREZ, 2015)
Ser Educational	Unespa	(MEIBAK, 2014)
Ser Educational	FAEL	(JULIANI, 2022)
Anima Holding	Cesuc	(REUTERS, 2018)
Anima Holding	FACED	(ENSINO SUPERIOR, 2018)
Anima Holding	FASEH	(MACIEL, 2020)

Source: Elaborated by the authors.

4 RESULTS

After obtaining the values of the acquisition of HEIs by large educational groups, documentary research was carried out on the number of students and grades of the National Student Performance Exam (ENADE) of these institutions in the year of acquisition.

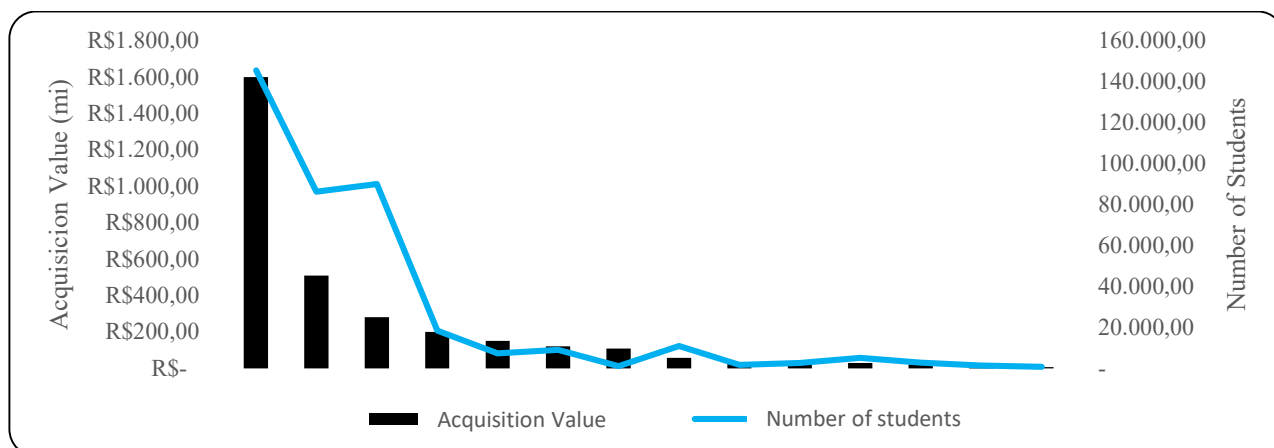
Thus, a sampling of 14 transactions involving these large holdings was *made*, with their data pertinent to our complete analysis (Table 7).

Table 7: Acquisitions in relation to ENADE and number of students

Year	Acquirer	Acquired College	Purchase Price (mi)	ENADE Score	Number of Students
2011	Kroton	Unopar	R\$ 1,600,00	4	145.600,00
2012	Kroton	Uniasselvi	R\$ 510,00	2	86.200,00
2021	Ser Educational	FAEL	R\$ 280,00	2	90.000,00
2015	Ser Educational	UNG	R\$ 199,08	3	18.300,00
2014	Ser Educational	Unespa	R\$ 151,20	3	7.253,00
2020	Anima Holding	FASEH	R\$ 108,90	3	1.000,00
2007	YDUQS	Radial University Center	R\$ 56,67	2	10.800,00
2020	Ser Educational	UNIFASB	R\$ 34,00	3	1.600,00
2018	Anima Holding	Cesuc	R\$ 32,25	2	2.500,00
2011	Kroton	CEAMA	R\$ 28,40	3	5.000,00
2018	YDUQS	SEAMA	R\$ 21,72	2	2.750,00
2011	Kroton	Fais	R\$ 7,00	3	1.302,00
2018	Anima Holding	FACED	R\$ 5,50	4	700,00

Source: Elaborated by the authors based on the e-MEC system (BRAZIL, 2022).

As we see above, the UNOPAR group provides the highest value in its acquisition of R\$1.6 billion, carried out by Kroton in 2011, where it had a 4 ENADE score and more than 145,000 students (Figure 2).

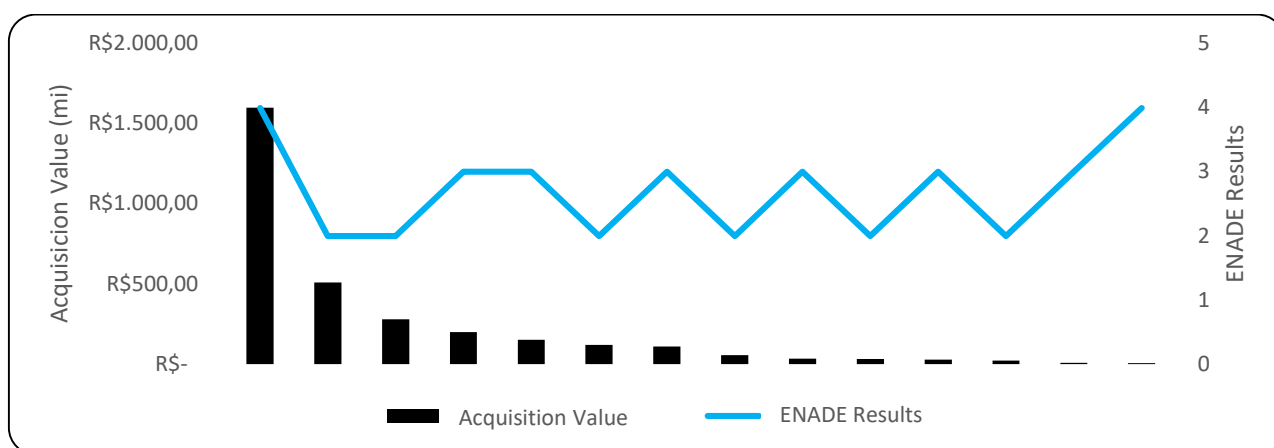


Source: Elaborated by the authors.

Figure 2: HEI acquisition price in relation to the number of students

The number of students may be the main factor in the stocking of these HEIs, due to their position in elucidating the company's billing capacity. However, we can see that HEIS such as Radial, acquired by YDUQS (R\$56 million), had more than 10,000 students in 2007, the year of acquisition, the acquisition value is relatively lower than others with smaller student numbers. In our sample, it is behind 7 other HEIs in relation to its acquisition value, but only 4 of these HEIs have a higher number of students.

Even though it is one of the hypotheses of the present study, in table 7 we can already see that the ENADE score does not seem to be conclusive to justify the acquisition values. In Figure 3 we will observe that the pattern is not linear, unlike the previous relationship between acquisition values and number of students.



Source: Elaborated by the authors.

Figure 3: Acquisition price of HEI in relation to ENADE score

Thus, we define that, while there is a relationship between the acquisition values and the number of students, there is not the same objectification as to the ENADE grades. Given this, this second hypothesis of correlation becomes inconclusive.

4.1 Effects of the commodification of HEI

The question of the mercantilization process and the effects on the quality of education is then raised. The use of FIES' public resources is visible, mainly by large educational institutions, for enrichment and transformation of courses into commodities.

The fact is that the demand for profit, moving away from the social sense that the organization proposes to offer, represents a process that devalues the concept of education (OLIVEIRA, 2009). The federal government, in this sense, makes a mistake prioritizing only the amounts of students enrolled, concluding in a tendency to devalue the quality of teaching in search of an increase in its offer.

Unemployment figures in line with the number of funding granted over the period may indicate a situation where the supply of the number of graduates exceeds the demand for new employees.

This relationship between FIES and Brazil's unemployment rate is shown in Table 8.

Table 8 - Relationship between number of financings granted by FIES and the country's unemployment rates - Brazil 2010-2020

Year	Number of funding by FIES	Unemployment rate in Brazil (% population)
2010	75901	7
2011	154065	6
2012	377372	5,5
2013	559259	5,7
2014	731957	4,8
2015	287347	6,4
2016	203392	11,8
2017	258395	12,8
2018	258395	12,3
2019	85037	11,93
2020	32323	14,4

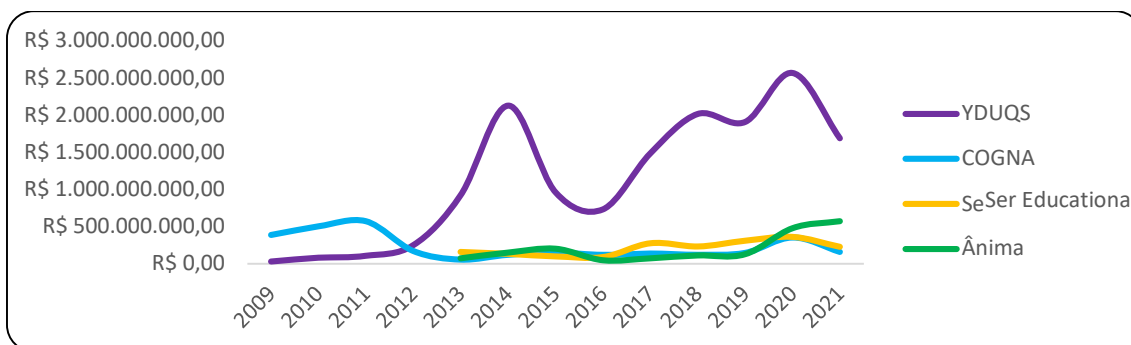
Source: Elaborated by the authors based on FNDE (2022) INDEXMUNDI (2022).

In the Table 8 we can notice a trend in the offer of courses and their implementation of enrollments begin to increase the offer of jobs. Attention is drawn, at this point, to only the offer of courses aimed at gains through student financing programs, generating a subsequent default for the state and a large number of graduates in unemployment.

More currently, in the first quarter of 2020, about 40% of Brazilians with higher education were occupying vacancies that did not require higher education (LIMA, B.; GERBELLI, 2020). Between the fourth quarter of 2019 and the fourth quarter of 2020, the unemployment rate of people with higher education increased from 5.6% to 6.9% (CARRANÇA, 2021). The expressive results are really remarkable regarding this relationship of 40% of Brazilians with higher education being in a situation of subfunctions.

4.2 Impacts of M&A on large HEIs Holding

Based on the *holdings* studied, and their acquisitions, it was possible to enunciate a trend of mergers and acquisitions as maintenance of a competitive market. Large *holdings* start to expand voluptuously, and to reduce transaction costs, gain in scale and scope models, and consolidate into new territories, these companies bet on M&A with smaller groups (BERKOVITCH; NARAYANAN, 1993.)

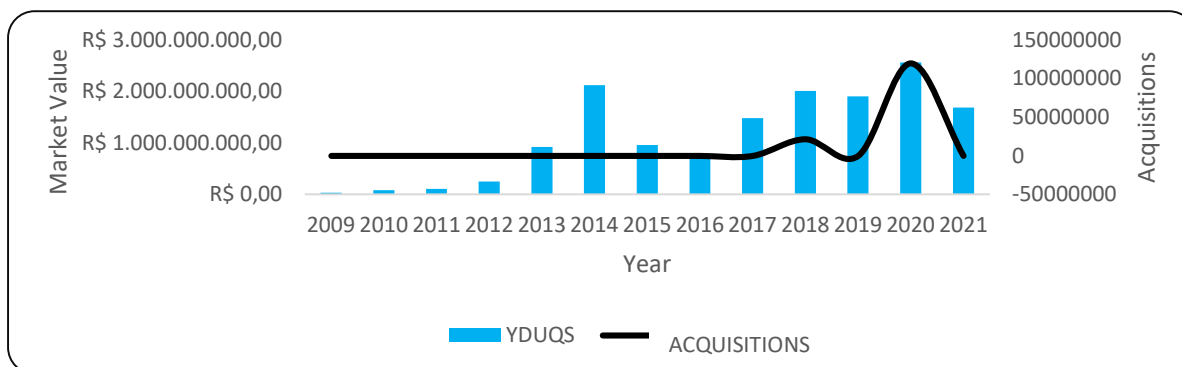


Source: Elaborated by the authors based on data from the São Paulo Stock Exchange (BOVESPA, 2022).

Figure 4 - Historical Equity Value of the HEIs listed on the BOVESPA (2009-2021)

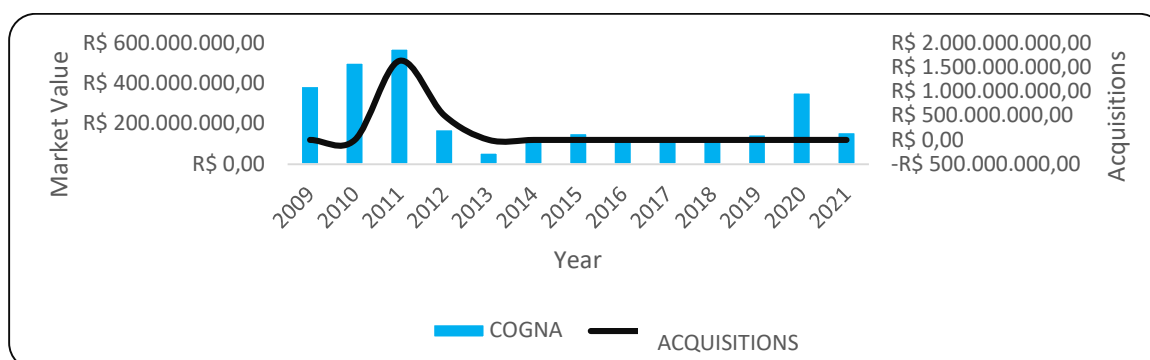
We relate the acquisitions previously presented with the market value of the large groups analyzed. It is important to see from now that only previous acquisitions were possible to be mentioned, due to the lack of documentary or information about all acquisitions in the sector.

In Figures 5 and Figure 6 we see YDUQS and COGNA that demonstrate the largest singular amounts of acquisitions in a year, where they also show a large volume of increase in their average annual market value. In 2020 YDUQS obtained a market average of R\$2. 6 billion reais, making a contribution in the acquisition of Athenas for R\$ 120 million. This demonstrates a possible reaction to the market, regarding the volume of investments being positive in the year.



Source: Elaborated by the authors.

Figure 5: Average Market Value in relation to YDUQS acquisitions (2009-2021)

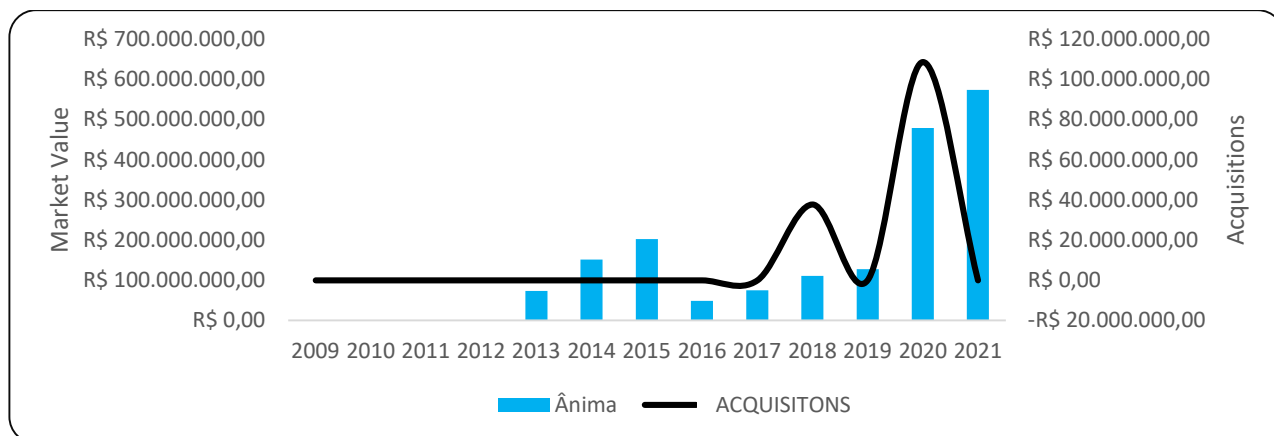


Source: Elaborated by the authors.

Figure 6 - Average Market Value in relation to COGNA - Kroton acquisitions (2009-2021)

COGNA (Kroton), on the other hand, showed a market growth trend in relation to its investments in 2011, where it obtained an average market value of R\$570 million and acquired CEAMA, FAIS and Unopar, a movement of R\$1.63 billion, where Unopar alone already corresponded to R\$1.6 billion of annual investment.

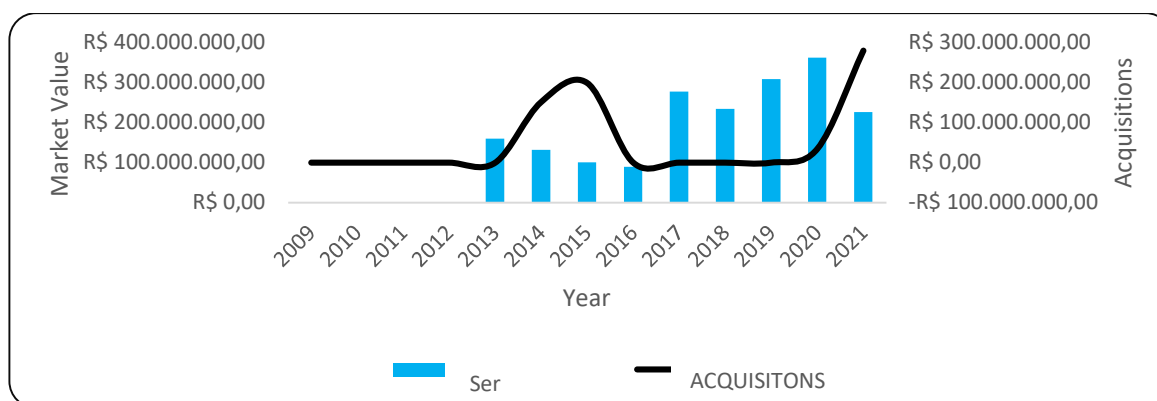
In the chart below, we can already see the constant movements of Anima, which in 2018 did not obtain a possible satisfaction of investors with its acquisitions, however, 2020 acquires FASEH for R\$ 108 million and reaches an average market value of R\$ 479 million, indicating a possible positive reaction from investors.



Source: Elaborated by the authors.

Figure 7 - Average Market Value in relation to Anima acquisitions (2009-2021)

Finally, we have Ser Educational, which did not show trends to stimulate investors in their contributions.



Source: Elaborated by the authors.

Figure 8 - Average Market Value in relation to Ser Educational acquisitions (2009-2021)

As mentioned in the first paragraph of this section, we see that companies, even after making large acquisitions, do not perpetuate large volumes of market value, but we can visualize a possible reaction to the market in the year of acquisition. This fact contributes to a possible configuration of the oligopolies scenario in Brazil, where the M&A acquire the character of maintenance and, not so much, expansion. We have seen that this movement of M&A only attracts a volume of investment, this market reaction can induce the use of capital as a way of survival and maintenance of the market of the large oligopoly of the HEI.

FINAL CONSIDERATIONS

In the first case, we can see a clear relationship between the values of acquisitions of HEIs by *large publicly traded holding* companies and the number of students of these institutions. We define, therefore, that there is a possible rise of attractiveness by the capacitive volume of these HEI.

However, our analyses on the ENADE score were not conclusive, where the data do not linearize and do not present samples of values that substantiate our hypothesis about this attractiveness by quality.

Also, we present the hypothesis of commodification worked throughout the article, where the HEI lose their teaching and quality bias, starting to assume a capitalist perspective of scale, offering courses in large volume and taking advantage of public funding, making the offer of these courses exceed the offer of work in the market, generating possible damage to the quality of teaching, due to the large allocation of professionals with higher education in subfunctions.

Finally, we emerge the discussion of how and why the configuration of private HEIs in Brazil is made through M&A for maintenance of oligopolies, where it is *possible that the holding* companies take advantage of acquisitions more for survival and maintenance of their market, than for expansion, justified by the large contributions made by these *holdings, accompanied* by a momentary increase in their average market values, but not perpetuating this increase for over the years.

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