

Increasing Business Value for Stability in the Need Private Schools amidst Pandemic

Edgardo S. Delmo & Sheryl R. Morales

Polytechnic University of the Philippines – Quezon City Branch

Abstract: In 2020, the COVID-19 pandemic struck every part of the world, disrupting every government economic mantle and not sparing the private or non-state education sector. In the Philippines, the Department of Education (DepEd) announced in September 2020 that 864 private schools were closed for the S.Y. 2020-2021 due to declining family income along with a 107-year-old Catholic school. With the current government policy of free Basic and Higher Education, the business value of the private education sector has declined over time. As a way forward, this theoretical research paper aims to provide a possible approach for the private education sector to modify its business value creation in this increasingly demanding valuation environment. The recommendation is that the private-own or non-state education sector must forge partnerships with organizations providing free and open-source platforms. Reevaluate to migrate from face-to-face classroom to online learning institution on a post-COVID world. Finally, seek government support made available for the private or non-state education sector enacting legislation that would allow funding for a blended learning system.

Keywords: Business value, value creation, private or non-state education sector, competitive positioning, COVID-19

I. INTRODUCTION

The last pandemic that occurred in this 21st century disrupted the lives of the people. The year 2020, brought by the COVID - 19 pandemic hit every part of the world and is recognized to have largely disrupted the economic mantles of each government. The private education or non-state education sector was not spared. In 2018, prior to pandemic, 42 percent of pre-primary school children were in the non-state sector, 18 percent of primary school children, and 26 percent of secondary school children also in the non-state sector, according to the UNESCO Institute for Statistics. And March 2021, UNESCO reported that COVID-19 pandemic has been extremely tough on low-cost private schools (LCPS). The economic shock caused by the pandemic has put LCPS under severe financial strain; teachers have reported losing jobs, having their salaries reduced, or not being paid at all. Thousands of LCPS have already closed permanently, and thousands more are on the verge of doing so (Alam & Tiwari, 2021).

Meantime in the Philippines, according to the 2018 census of Philippine business and industry (CPBI), there were 14,576 learning institutions active in private education in total. Concerning the number of establishments, institutions participating in secondary/high school education led with

3,409 (23.4 percent), followed by primary/primary education with 3,1255 (21.4 percent).

The declining income of families led to the shift of enrollment from private to public education, shuttering 865 private schools closed for the School Year 2020 - 2021, as the Department of Education announced in early September 2020. One of these private schools that decided permanently close down is a 107-year-old catholic school. Over the years, the gradual drop in enrollment and the current government policy on K-12 and no tuition on higher education have led to the decline in the business value of the private education sector.

Making matters worse, enrolment at private schools is already decreasing, and the pandemic accelerated the decline. UNICEF reported that in the Philippines roughly 2 million of 4.3 million former private school children had re-enrolled as of the start of the academic year 2020-2021. Hence, this theoretical research paper aims to provide a possible approach for the private education sector to modify its business value creation in this increasingly demanding valuation environment.

II. PRIVATE EDUCATION AS AN INDUSTRY SECTION IN THE PHILIPPINES

Private education in the Philippines is part of the industry section on education (Section P) containing six industry groups covering educational activities at any stage or several occupations, either orally or in writing, through radio, television, or other means of communication. Also, it involves schooling at various levels by various institutions in the formal school system, likewise adult education, literacy services, etc. At their respective stages, military schools and academies, prison schools, and the likes are in like manner included, as are guidelines mainly dealing with sports and leisure programs and designed to improve education. The 65.6 percent of these 14,576 private education institutions are specialized in basic education, and 14.9 percent, or 2,179 school establishments, are situated in the National Capital Region. The computed revenue is at 17 centavos for every peso cost for the private education section in 2018 (Philippine Statistics Authority, 2021).

However, while discussing the importance of private education, it does not refer alone to large universities in the National Capital Region and other urbanized areas, but rather to remote communities with a scarcity of public schools. Private or non-state funded schools are also considered community schools since they serve communities when there

are no public schools or where public schools are congested. It is critical to emphasize that these private educational institutions are not-for-profit organizations whose modest earnings are utilized solely to support their operation (The Manila Times, 2021).

III. VALUE CREATION CONCERNING STAKEHOLDER'S THEORY

Value is the difference between the benefits enjoyed by a business' stakeholders and its costs to produce those benefits. Broadening the concept of stakeholders (Argadoña, 2011) means that stakeholders refer to the shareholders (business

owners), the customers, the employees, the suppliers, and the society (Sufi, 2017). The introduction of value creation for all stakeholders develops the framework of private education regarding managing scarce resources and sharing a non-exclusive value that everybody needs. Private school owners and administrators must reconsider the critical nature of value creation of stakeholders and their economic value viewpoint. In an article published by Tapaninaho & Kujala (2019), categorized stakeholders value creation narratives. Table 1 presents an excerpt from Tapaninaho & Kujala (2019) categories.

Table 1: Stakeholders Value Creation

<i>Categories</i>	<i>Theory</i>	<i>Findings</i>
Stakeholders identification	Factors affecting salience and decisions regarding different stakeholder issues were linked to...	<ul style="list-style-type: none"> stakeholder status (Perrault 2017), directors' personal values and roles (Adams et al. 2011), organizational life cycle (Jawahar and McLaughlin, 2001)
Stakeholders management influencing firm performance	The relationship between stakeholder management and firm performance when...	<ul style="list-style-type: none"> They expect positive effects on financial performance (Berman et al., 1999). there is evidence of positive effects examined impacts on shareholder value (Hillman and Keim, 2001), Financial performance (Choi and Wang, 2009).
Stakeholders orientation and the economic value perspective	Thrust in cooperation networks is influence when...	<ul style="list-style-type: none"> Stakeholder relationships positively affects firm performance (Wicks et al., 1999). Different organizational stakeholders value various elements of trustworthiness differently (Pirson and Malhotra, 2011). there is strategic partnerships (Ireland et al. 2002) there is innovation networks (Dhanaraj and Parkhe, 2006), and Interorganizational relationships highlighted the fact that productive and cost-efficient cooperation and value creation require building trust into these relationships (Barringer and Harrison 2000; Connelly et al. 2015).

A management method can generate new cooperative value and overcome future conflicts (such as similar pandemic events) to achieve closer actual economic optimization. Environmental crises and regulatory reforms like as COVID-19 have emphasized the importance of value cycle evolution, as it helps enhance productivity and long-term profitability. Value is created equally during the process of contact between the organization and its customers, implying that both parties contribute to value creation (Taherina et al., 2021).

IV. ALTERNATIVE SOURCE OF DIGITAL TECHNOLOGY IN EDUCATION

The COVID-19 pandemic undeniably has changed education. Adoption of different digital platforms and other learning modalities emerged and created a sudden shift of the demand for a physical classroom structure to home-based education, especially to the younger population. The private education sector has embraced new approaches to new policies imposed by the government. The teachers grasp an outcomes-based curriculum that answers to the nontraditional instructional mode. The students with their parents have seen themselves complying with limited interaction with teachers and school authorities. They struggle to adopt the new learning modalities that suit the economic status of the family.

In an immediate response to answer the ongoing crisis, the International Commission on the Futures of Education (ICFE) of UNESCO presented concrete actions today that will advance education tomorrow. To which one is to make free and open-source technologies available to teachers and students. UNESCO calls for global collaboration among governments, philanthropy, and non-profit organization to develop and distribute open educational resources and open platforms, not to advance the interest provided by private companies but to showcase that the purpose of technology is to achieve the interest and capabilities of learners.

Educational institutions scrambled to put online educational tools and facilities, taking the global community to a shared forum, and sparking investors' interest. Online education shows vast promise despite continuing technological challenges. In providing the best accessibility of online learning, open-source software offers a standardized solution to solving technical challenges.

V. TOWARDS MORE HUMANE CURRICULUM

The private education sector in all pre-elementary, elementary, and secondary education adheres to the policies, plans, programs, and projects of the Department of Education. Every curriculum implemented is within the mandatory

requirement of the state. In the context of the global citizenship education of UNESCO, the valuation of a curriculum that is increasingly integrating and addressing the themes and problems of the society—inclusiveness, culture, and gender-sensitive, and allowing scientific literacy is advancement toward a relevant education.

This COVID-19 pandemic makes everybody question - what is learning for? It enables society to think about what kind of knowledge, skills, and values we need. The school closures during this pandemic limit the humanistic value of education—reassessing how to incorporate the importance of human dignity, peace, democracy, and intercultural understanding in every curriculum is an added premium to share sympathy with the rest of the stakeholders.

VI. COMPETITIVE POSITIONING

As a non-state education sector, private education needs to collect service fees from its clients to ensure its continued operations and the delivery of quality education. However, the financial difficulties brought by the imposition of COVID-19 to families make it undeniably even more challenging. Often, private education competes on tuition prices—a stiff position to sustain over the long term. Instead, win and influence mindshare through brand differentiation is used in delivering value on operational excellence, product leadership, and customer intimacy (Treacy & Wiersema, 1995). Re-thinking how private schools develop strategies for more sustainable growth and profit. Expecting disruptive events such as the continuing pandemic is a critical component of business strategy in order to maintain a competitive position in the education service industry. Huy (2020) identified four new strategic targets for securing competitive positioning in context of threats and power: (1) put survival and resilience ahead of economic efficiency; (2) quantify and plan for ecological and environmental threats rather than simply describing them; (3) develop an organizational immune system rather than relying strictly on short-term profit maximization; and (4) integrate government politics rather than focusing entirely on business economies. The International School of Business in Barcelona (2021) also suggested that the business agility is important—how quickly an organization can adapt, respond quickly, be creative, lead change and keep its advantage in the market when faced with difficult problems and uncertainty. Operational excellence is a concept that facilitates problem solving and leadership to enhance the efficiency of organizations—providing customers with reliable service at competitive tuition, delivering education in minimal difficulty and inconvenience.

Product leadership in private education about providing their customers with appropriate new applications of the services served is now consistently striving. Hence, Creativity, agility, and fast resolve the occurred situation is the acceptable strategy to increase business value.

Customer intimacy is an approach of private education in continually delivering quality services offering the - best total solution. Remember that a private education client stays for

years in building customer loyalty and allows the school to convey a much broader and deeper level of support.

VII. SOLUTION

The economic viability of private schools, particularly in low-density areas, the ability of the bottom income quintile to afford any form of private education, particularly for households with large families (Asian Development Bank, 2017), and the affordability of any form of private education have all been raised as counter-arguments. Thus, private education must form partnerships with organizations that provide free and open-source platforms to mitigate the risk of high-cost infrastructure and technology. It will help ease families of the high cost of education in the private sector and expand educational opportunities for students who lack access to government-run institutions.

We must promote the use of open educational resources and digital tools with open access. Education cannot thrive in the absence of ready-made content created outside of the pedagogical space and interpersonal experience between teachers and students. Similarly, education cannot be reliant on privately held digital platforms (UNESCO, 2020). Open-access can be used to further customize any learning management system or similar educational tool.

In a post-COVID world, it is necessary to rethink how to transition from a physical face-to-face classroom to an online learning institution. Overall, being a course instructor can be a rewarding experience whether you work in a traditional, virtual, or blended environment (Esani, 2010). It is becoming increasingly difficult for instructors to fulfill their responsibilities in traditional and virtual classrooms.

To create a learner-centered environment, instructors must recognize the unique characteristics of online learning and adapt their instruction accordingly. Teachers will be better able to manage the demands of web-based instruction if they create a climate of social presence, pay close attention to course design, make strategies, and encourage knowledge sharing.

Our educational system's radical transformation necessitates the use of emergency remote teaching. Despite the fact that we are temporarily shifting instructional delivery to a different mode as a result of crisis circumstances (Hodges et al., 2020), we cannot restore the world to its previous state. The COVID pandemic has shaped a new learning environment and ushered in a new era of new teaching and learning delivery.

Seeking government support for the private education sector through the enactment of legislation allowing for the funding of blended learning systems and strengthening the public-private partnership. This would strengthen the innovative strategies highlighted in the Asian Development Bank (2017) report, by allowing public funding to be utilized to promote private education institutions to operate in underserved urban, suburban, and rural areas and deliver a high-quality education. Reiterating the key points made by Alam and Tiwari (2021) in their UNICEF report, private schools in need of assistance

from the COVID-19 response should be eligible for grants or low-interest loans to cover the cost of teacher and staff reskilling, as well as cost effective learning tools for their students.

VIII. CONCLUSION

This pandemic provides the opportunity to make structures of education more inclusive, adaptive, and resilient education. As predicated on the premise, the market forces such as competition, choice, and accountability drive up quality in private schools. Educational quality perceptions play a significant role in the decisions of parents to enroll their children in private schools. Some private education institutions have been unable to survive due to the COVID-19 pandemic, while others struggle to stay afloat. It is paramount to provide high-quality education to students. But private education institutions are inevitably businesses too, and they must generate profit to sustain the quality of service they provide.

CONFLICTS OF INTEREST

The authors declare no conflict of interest.

REFERENCES

- [1] Alam, A., & Tiwari, P. (2021). (issue brief). Implications of COVID-19 for Low-cost Private Schools. Retrieved June 14, 2021, from https://www.unicef.org/globalinsight/media/1581/file/UNICEF_Global_Insight_Implications_covid-19_Low-cost_Private_Schools_2021.pdf.
- [2] Argadoña, A. (2011, April 11). <https://www.youtube.com/watch?v=y7H5t8qWAqg> [Working paper]. IESE Business School University of Navarra, Barcelona, Spain.
- [3] Asian Development Bank (2017). Innovate Strategies for Accelerated Human Resource Development in South Asia Public-Private Partnerships for Education and Training. 6 ADB Avenue, Mandaluyong City, 1550 Metro Manila, Philippines; Asian Development Bank. Retrieved.
- [4] B2U. (2018, October 23). Value Disciplines: Customer Intimacy, Product Leadership and Operational Excellence. Retrieved February 21, 2021, from <https://www.business-to-you.com/value-disciplines-customer-intimacy/>
- [5] Calleja, J. (2020, November 23). Century-old Catholic school to close in the Philippines. Union of Catholic Asian News. Retrieved from <https://www.ucanews.com/news/century-old-catholic-school-to-close-in-the-philippines/90411#>
- [6] Esani, M. (2010). Moving from face-to-face to online teaching. American Society for Clinical Laboratory Science, 23(3), 187–190. <https://doi.org/10.29074/ascls.23.3.187>
- [7] Global Education Monitoring Report Team. (2019). Concept note for the 2021 Global education monitoring report on non-state actors. Retrieved February 21, 2021, from <http://data.uis.unesco.org/>
- [8] Hodges, C., Moore, S., Lockee, B., Trust, T., & Bond, A. (2020, March 27). The difference between emergency remote teaching and online learning. EDUCAUSE Review. Retrieved October 15, 2021, from <https://er.educause.edu/articles/2020/3/the-difference-between-emergency-remote-teaching-and-online-learning>.
- [9] Huy, Q. (2020, May 18). Four strategic priorities for the post-covid-19 world. INSEAD Knowledge. Retrieved June 17, 2021, from <https://knowledge.insead.edu/blog/insead-blog/four-strategic-priorities-for-the-post-covid-19-world-14086>
- [10] International Business School of Barcelona. (2021, May 13). 5 business strategies for surviving the pandemic. ESEI Business School in Barcelona. Retrieved July 3, 2021, from <https://www.eseibusinessschool.com/5-business-strategies-for-surviving-the-pandemic/>
- [11] International Commission on the Futures of Education. (2020). Education in a post-COVID world: Nine Ideas for Public Action. Retrieved from https://en.unesco.org/sites/default/files/education_in_a_post-covid_world_nine_ideas_for_public_action.pdf
- [12] Lakhani, S. E., & Jhunjhunwala, K. (2008, May 5). Open-source software in education. Retrieved February 21, 2021, from <https://er.educause.edu/articles/2008/5/open-source-software-in-education>.
- [13] The Manila Times. (2021, March 8). Private Schools hit hard by Pandemic. The Manila Times. other, Manila. Retrieved April 8, 2021, from <https://www.manilatimes.net/2021/03/08/news/private-schools-hit-hard-by-pandemic/848204>.
- [14] Mapa, D. S. (2021, January 28). Census of Philippine Business and Industry-Philippine Statistics Authority. Retrieved February 21, 2021, from <https://psa.gov.ph/content/2018-census-philippine-business-and-industry-education>
- [15] Philippine Statistics Authority. (2021, January 28). 2018 Census of Philippine Business and Industry: Education. Census of Philippine Business and Industry. Retrieved March 6, 2021, from <https://psa.gov.ph/content/2018-census-philippine-business-and-industry-education>.
- [16] Rubio, B. P. (2020, September 14). Low enrollment, PANDEMIC shutter 865 private schools FOR 2020-2021 academic year. Retrieved February 21, 2021, from <https://www.philstar.com/headlines/2020/09/14/2042374/low-enrollment-pandemic-shutter-865-private-schools-2020-2021-academic-year>
- [17] Sufi, S. (2017, October 23). Understanding Value Creation in 10 Minutes for CFOs. Retrieved February 21, 2021, from <https://www.youtube.com/watch?v=y7H5t8qWAqg>
- [18] Taherina, M., Nawaser, K., Sharianetjad, A., Saedi, A., & Moshtaghi, M. (2021). The Evolution of the E-Business Value Cycle Through Value Co-Creation during the COVID-19 Pandemic: An Empirical Study from Iran. The Journal of Asian Finance, Economics and Business, 8(10), 19–28. <https://doi.org/10.13106/jafeb.2021>
- [19] Tapaninaho, R., & Kujala, J. (2019). Reviewing the stakeholder value creation literature: Towards a sustainability approach. World Sustainability Series, 3–36. https://doi.org/10.1007/978-3-030-03562-4_1
- [20] UNESCO Office Bangkok and Regional Bureau for Education in Asia and the Pacific, & Asia-Pacific Centre of Education for International Understanding. (2020). GCED learning and assessment: An analysis of four case studies in Asia. Retrieved February 21, 2021, from <https://unesdoc.unesco.org/ark:/48223/pf0000375112>