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EDU-BUSINESS: PREREQUISITES FOR COMMERCIAL QUALITY MANAGEMENT IN UKRAINIAN HIGHER EDUCATION

Abstract: *Commercial methods of quality management in higher education are currently being applied in Ukraine. This article addresses the question of whether commercial methods of quality management can be applied in the context of higher education. This problem is important because the commercial quality management methods introduced by Ministry of Education and Science (as part of the updated HEIs financing system), by National Agency for Higher Education Quality Assurance are based on the assumption that “edu-business” has “customers” who pay for “service”. If these conditions cannot be applied to higher education, then the existing commercial methods of quality management are not applicable to HEIs and methods of quality management need to be rethinking, modifying and clarifying.*

Keywords: *Quality management; Quality assurance; Edu-business; Higher education; University.*

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1. Introduction

This article analyzes and summarizes the deliverables of the Ukrainian experience in quality management in higher education, identifies contradictions and inconsistencies between the reformed quality management system and the goals, roles, and interrelations in higher education. The attempts to solve this problem by applying the concept of stakeholders force universities to distort own understanding of their goals, roles, and interrelations in order to comply with the commercial model of quality management (Zaslavska et al., 2016; Bielova et al., 2018; Salun et al., 2020).

Prior to the 21st century, the issues of quality management of higher education in Ukraine were studied in the context of general issues of management of higher education institutions, as the quality improvement - in the context of pedagogical sciences. Nowadays changes in the quality management of higher education are taking

place according to the new edition of the Law of Ukraine “On Higher Education” (2020). A system has been created at all levels of management that should ensure the transition to the production of high value-added products by expanding the “knowledge economy”.

The components of this system in accordance with Ukrainian legislation are the quality assurance system in educational institutions (an internal system for ensuring the quality of education); system of external quality assurance of education; quality assurance system for the activities of governing bodies and institutions engaged in external quality assurance of education (On Education: Law of Ukraine, 2020).

However, the government is not ready to pay for it, as evidenced by the data on financing university expenses (State Budget Funds Distribution, 2020) and shifting the burden of expenses to students (The cost of contracted education, 2019).

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Currently, quality management processes require universities to collect data on an individual basis in order to prove that they achieve their goals and establish processes to ensure continuous quality improvement (The system for quality ensuring of education in Ukraine ,2018). These quality processes are subject to external audit of the Ukrainian center for assessing the quality of education (established in 2005), the State Service for the Quality of Education of Ukraine (established in 2017). At regional level, these bodies are represented by special units. The purpose of their activities is to assess the quality of educational activities, develop recommendations for improving the internal system for ensuring the quality of education, as well as bringing educational and managerial processes in accordance with the requirements of the law and licensing. Besides, the National Agency for Higher Education Quality Assurance (created in 2015) operates in Ukraine as a permanent collegial body in the field of ensuring the quality of higher education.

2. Methodology

This descriptive study examined the legal acts of the Ministry of Education and Science of Ukraine and the National Agency for Higher Education Quality Assurance which were developed and implemented to manage quality in higher education, to bring higher education to the norms and rules of quality management used by EU HEIs.

Changes in goals, roles and relationships in higher education were studied using a commercial approach to quality management in higher education and the application of the concept of stakeholders and client approach on the basis of comparative analysis methods to study self-analysis reports on educational programs submitted for accreditation to establish the feasibility and effectiveness of using a commercial approach to quality management in higher education and applying the concept of stakeholders.

In the study, the findings were confirmed by the results of similar studies by European researchers published in the open access databases with a high citation rating.

3. Results and Discussion

The goal of higher education in Ukraine (On Higher Education: Law of Ukraine, 2020) is to train competitive human capital for high-tech and innovative development of the country, self-realization of the individuals, meeting the needs of society, the labor market and the state in qualified specialists. The presented goal of higher education provides an understanding of the various roles and interrelations, the nature of the student's role, the nature of the academic environment and the nature of the interrelation between students and academic staff, universities and other stakeholders (Table 1).

Let's look at how highlighted educational goals for roles and relationships related to quality management in HEIs. According to the results of international survey «Quality management in higher education: developments and drivers» (Martin, & Parikh, 2017) as the main areas of HEIs quality management were highlighted (ranked by priority): teaching and learning, research and management, international cooperation. Therefore the main educational goal is university education for student development, so, academic quality (the quality of human resources development and the knowledge production) is highlighted. At the same time, academic quality is seen as a driving force for the competitiveness of national economies both for the country development and transformation of civil society so as for socio-economic development. In this interpretation of the goal of higher education in Ukraine there is no commercial component for which it is advisable to use commercial quality management and corresponding indicators.

Table 1. Educational goals for roles and relationships

	Students' role	Academic staff role	Students and Academic staff relationship	University and Business Relationship
1: University education for country development and transformation of civil society	Student as a researcher	Expert in the generation and dissemination of new knowledge	Social, research, educational activity	Higher education transforms people who transform society including business
2: University education for student development	Student	Teacher and mentor	Partnership	University prepares business leaders according to community values
3: University education for socio-economic development	Student as trainee	Expert in assessing professional competencies and work skills	Ensuring the value of graduates in the labor market through the formation of sufficient knowledge, skills, qualifications and a responsible attitude to work	The university responds to the needs of business and the labor market

According to commercial quality management higher education presents its effectiveness and efficiency through indicators which are not directly related to the teaching and learning activities such as availability of plans, procedures, number and qualifications of staff, student-staff ratios or various outputs regarding graduate employment rates, their salary level, etc. (Stensaker, 2018). So, in Ukraine, the main indicators of the effectiveness and efficiency of HEIs activities for state financing of university expenses (State Budget Funds Distribution, 2020) are:

- the number of applicants for higher education studying on a budgetary basis indexed by the level of higher education (for the first cycle the coefficient is 1, the increasing coefficient is provided for the second cycle, lowering for the third cycle and scientific level), form (for full-time, dual form the coefficient is 1, the decreasing coefficient is used for part-time, distance, evening learning), specialties (for the branches of knowledge – social and behavioral sciences, law,

management and administration, social work, services, public administration – the coefficient is 1, increasing multiplying coefficients are used for other specialties);

- an indicator of the scale of activity, which depends on the actual number of applicants for higher education studying on the basis of budget financing;
- an indicator of scientific activity, which depends on the special fund income according to the results of scientific and technical works on international cooperation projects, according to the results of scientific and technical works on business contracts and on the results of the provision of scientific services for one scientific and pedagogical workplace as average for the previous three calendar years;
- an indicator of international recognition based on getting into one of the international ratings of QS World University Rankings (2019), The Times Higher Education World University Rankings (2020) or

Academic Ranking of World Universities (2019) – World Top 500 Universities with the result of the first 1000 positions;

- graduate employment rate based on monitoring results.

The approach implemented by the Ministry of Education and Science of Ukraine for state financing of university expenses (State Budget Funds Distribution, 2020) is purely commercial on the one hand and, on the other hand, inhibits the setting up of e-university (Ismail et al., 2019) – the current trend of the university entering the global educational space with the commercialization of being developed curricula materials for a wide range of consumers. It should be noted separately that public ranking of universities does not answer the question: what specialties, faculties, university departments have become the basis for maintaining or increasing funding. So for the stakeholders, the question of the quality of higher education in the specialties and educational programs of universities remains unanswered. Similar findings were obtained during the study Gerdin J. and Englund H. (2019).

This approach is more related to the saving of budgetary funds but not to the increasing of the effectiveness of systems and procedures for assessing the quality of higher education after abandoning the traditional standardization of the system (development, implementation and use of the uniform educational standards for the specialty). Using the indicators linked to funding formed by the HEIs themselves possibly can be quite cost-effective, but this procedure more related to government goals that go beyond assessing the quality of higher education. In this terms the quality of higher education in the context of public administration provides: informing stakeholders based on regular reporting; make the use of public funds more open, understandable, accountable; reduction of state budget expenditures on higher education; deregulation of higher education systems; establishing close links between

universities and economic development; development of international competition among higher education institutions.

The same approach is used by the National Agency for Higher Education Quality Assurance. The main indicators of the effectiveness and efficiency of HEIs activities for Educational Program accreditation according to Self-assessment Report of the Educational Program (Regulation on the accreditation, 2019) are:

- design of educational program based on the standard of higher education for the specialty for level of higher education, the following are established: the uniqueness of the program (goals and learning outcomes) which is based on the interests of stakeholders, on modern trends in the development of the specialty and the labor market taking into account regional characteristics, based on experience similar to national ones and foreign programs and its compliance with the mission and strategy of the university is also checked;
- the structure and content of the educational program should provide the opportunity to establish an individual educational path for each student with a choice of academic disciplines, ensure the formation of soft skills and practical training of students, allowing them to acquire the competencies necessary for further professional activity, provide the possibility of using dual (cooperative) education;
- access to the educational program and recognition of learning outcomes are based on university rules on the use of student learning outcomes achieved in other universities or in non-formal education on the basis of providing access to competing programs;

- studying and teaching in the educational program demonstrates how the forms and methods of studying and teaching ensure the achievement of learning outcomes, meet the requirements of a student-oriented approach, comply with the principles of academic freedom, combined with the teachers research interests, associated with the internationalization of the university; is student satisfaction sufficient;
- assessment measures, student assessment and academic honesty focus on the timely delivery of information to students about the format, accuracy and fairness of assessment formats, criteria for reviewing learning outcomes, the procedure for preventing and resolving conflicts of interest in assessing students' knowledge, skills and requirements of a higher standard education is considered as "if appropriate";
- university staff is analyzed comprehensively from the point of view of their professionalism during the selection process, professional development and development of pedagogical skills, but at the same time, the organization and implementation of the educational process provides for the wide participation of professional practitioners, field experts, and representatives of employers (pedagogical skills may be absent);
- the educational environment and material resources of the university are evaluated on the basis of indicators of accumulated financial and technical resources, other infrastructure, educational, organizational, informational, advisory and social support for students and if its are enough to meet the needs and interests of students;
- the internal quality control of educational programs of the university is based on the regulation of the development, approval, monitoring and periodic review of the educational program, taking into account the comments, requirements, proposals of stakeholders and taking into account information about career prospects and employment paths of graduates.

The approach of the National Agency for Higher Education Quality Assurance to Educational Program accreditation according to Self-assessment Report of the Educational Program (Regulation on the accreditation, 2019), on the one hand, is purely commercial, and on the other hand, prevents the creation of an effective competitive edu-business, entrepreneurial universities (Global League of Entrepreneurial Universities, 2020) – the current trend is the University's entry into the global educational space with the commercialization of educational materials being developed for a wide range of consumers. It should be noted separately that the value of the developed state standards of higher education when using this approach is reduced and even leveled. Therefore, for stakeholders, the question of the quality of higher education in the specialties and educational programs of universities again remains unanswered.

Commercial quality management assumes the availability of a product (service), and a presence of client relationship between the business and the person who pays for the product (service). So what will happens with the higher education goals if commercial quality management methods will be applied to higher education?

4. Experimental

Modern student-centered learning represents the student as the main customer of the university. The students' role as a client of a university is easily consistent with a market

philosophy that underlies modern public policy and weakly matches with public policy where universities provide the activities to reach the goals of country's cultural, socio-economic, and innovative development. It is also weakly consistent with the benefits system of other stakeholders in higher education. However, quality management methods developed in a commercial environment, based on customer relationships, will be absolutely acceptable with this approach for defining higher education goals.

Just such an approach forces universities to express their success rates in the language of business, while goals, roles and relationships are distorted. The measurement methods contained in the quality assessments are consistent with the assumption that the university works with customers. For example, a survey of student satisfaction with a training course is an indirect indicator of the quality of teaching (the student acts as a university client); a survey of graduates on employment is an indirect indicator of employers' satisfaction with graduates (employers act as customers, and students act as a product); data on student performance, their movement (how many entrants, how many students were deducted, how many graduates) becomes an indicator of the effectiveness of the university (the student acts as a university product).

Even business hardly solves the problem of changing needs of clients, meanwhile in higher education we are faced with the problem of multidirectional needs of clients (student and employer) and product instability (the product is the training courses for a student and the knowledge, skills, and competencies of a student or graduate for an employer). Thus, if a student is a customer of the university, then he will be the person who defines the quality parameters of the selected courses, their content and no other stakeholders (government, business) according to market philosophy should have the legal right to interfere into this process.

Under these conditions, the role of universities in society will be minimal.

The stakeholder's approach solves some of the difficulties of the client approach and takes into account the significant role of universities in the society. In the field of higher education, the list of stakeholders usually includes students, graduate students, PhD students, staff, employers, external experts and advisors, venture partners, the regional community, as well as other stakeholders professional associations, accreditation bodies, parents, and regional and state supervisors. Thus, we come to a contradiction of a purely market approach (customer-oriented approach) in assessing the quality of higher education and the advisability of abandoning market ideology by universities in favor of a socially oriented approach. At the same time, there are the problems with identification and balancing the interests of stakeholders and ways of their involvement into the decision-making process about educational standards, as well as the effectiveness of functioning and funding of universities.

Bjorn Stensaker (2018) proposed several options for the development of higher education quality management system. By analyzing these development options of higher education quality management system, superimposing them on the reality of the development of higher education in Ukraine, we can introduce adapted different pathways opening up to Ukrainian higher education quality management system.

Scenario 1 is based on gradual changes in Ukrainian higher education, the phased development of a system for assessing the quality of higher education taking into account European practice (an integrated approach to assessing the quality of higher education based on both commercial and non-commercial indicators) and adaptation to accelerating internationalization and increasing globalization of the "industry" (purely competitive, commercial approach to assessing the quality of higher education).

This scenario will allow Ukrainian universities to adapt to the requirements of the global competitive environment, create an entrepreneurial environment within the university on the basis of academic, organizational, financial, personnel autonomy and at the same time not lose existing, formed competitive advantages.

Scenario 2 provides that the Ministry of Education and Science of Ukraine will continue the practice of financing universities according to the results of training on the basis of student satisfaction, employment opportunities for graduates, indicators of scientific activity, which depends on the special fund income. At the same time, the significance of academic expertise and internal standards of disciplines and professions will be underestimated. Using this scenario requires balancing the social, cultural and economic goals of higher education. According to implementation of this scenario the universities will lose their existing competitive advantages, which are usually underestimated by stakeholders. The implementation of the results of analysis of stakeholder interests in the practice of education will always be late and most likely will not correspond to the state educational standards and state interests, therefore this scenario can be considered as destructive.

Scenario 3 is based on the fact that increased competition will force universities to choose evaluators of the quality of higher education not within the country, but abroad based on the requirements of "paying customers". This will lead to the strengthening of the brands of some national universities, allow them to become leaders in national edu-business, but at the same time curtail the activities of the National Agency for Higher Education Quality Assurance due to a decrease in the number of players in the education market. This scenario, therefore, provides the creation of transnational educational structures with the losing part of state control over the quality of higher education, the complexity of introducing national and state interests in

student learning programs.

The introduced scenarios are likely to appear in some hybrid forms. Regardless of the scenario, the current pragmatism in financing higher education have not be entirely based on commercial quality assessment. It is necessary to understand the strategic goals of the development of the state and society, among which the Life Long Learning is one of the mainstreams. As well as the fact that public ratings form public consciousness in the field of higher education.

Although the central theme of this study is the use of a commercial approach to quality management in Ukrainian higher education, this phenomenon is considered through changing and reforming the public administration system of this activity and forming the new vision of development of universities and higher education in Ukraine in a global competitive environment without an emphasis on conducting edu-business.

5. Conclusion

The presented analysis shows that the stakeholder approach better suites to higher education goals than the client approach.

If universities operate with stakeholders, not with the clients, then the "simplifying" benefits of customer relationships will be lost. When stakeholders replace customers, things get more complicated. For example, in the context of universities, if the "economy" needs more engineers, the "society" needs more doctors and teachers, and students prefer to study literature and art, whose interests should be in priority? If universities respond to stakeholders, then balancing interests becomes a joint task for government and universities.

If quality were defined as a "customer satisfaction," it would be really easy to conduct a customer survey to find out if they are satisfied with the received service. But if quality is defined as "stakeholder satisfaction," then there is currently no easy

way to collect and interpret the data. In these circumstances, data on student satisfaction with the training course, on the employment of graduates, on student performance and their movement do not have a simple connection with the quality of higher education. That is why commercial methods of quality management are not suitable for use in universities.

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