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Business education outcomes in Kazakhstan: predictability versus uncertainty.

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Abstract

With the pressing need for accountability in Business education, standardized outcomes assessments have been widely used to evaluate graduates' skills. However, the critical issue on how scores influence graduates future income remained suspended for Kazakhstani MBA graduates. Using random assignment, the author administered a structured questionnaire for 64 MBA graduates and a focus group interview for 10 coordinators of the MBA groups. The analysis revealed substantial positive changes in wages and job position of graduates, and the research examines the growth of MBA graduates' skills and abilities. The article discusses the graduates' subjective attitude towards what they have learnt during their study. This pattern sends signals to authorities and reveals the challenges to be faced by all Kazakhstani Business Education stakeholders to increase the long-term competitiveness of local Business schools.

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1. Introduction

Despite an increased share of Kazakhstan's state budget being spent on education in general, business education, such as MBA and DBA programs, is not considered a government responsibility or an item of government expenditure in Kazakhstan anymore. Since business education is not on a priority list and its development is handled by the private sector, private business schools have to operate relying only upon their attendees' contributions, while

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the State Committee on Monitoring and Control is putting pressure on private business schools to better comply with government standards for master's and doctoral degrees in management. Being affected by numerous external local factors beyond their control, Kazakhstani business schools have to compete in the global market. On the other hand, the global market facilitates the growing demand for MBA and DBA degrees, including local degrees, providing increasing enrollment of Kazakhstani managers in postgraduate business degree programs and rapid growth of business schools in Kazakhstan. However, in many instances, this expansion has been accompanied by a decline in business schools' attendees and graduates quality, so the image of a MBA degree in Kazakhstan remains low for many people. The authors of the paper conceded that the marketing for existing MBA programs provided no clear guidance for attendees as to how and when the substantial investment, made by attendees to their studies, would be returned.

2. Literature review

Business schools bear a central mission in our society and are responsible for training business managers who work in, lead, and indeed control our corporations and drive our economy's wealth (Lana S. Nino, 2011). In the extant literature, various scholars enumerated the problems that weigh upon business education. The promise of a profession in terms of prestige, compensation, and social network is a desired goal for individuals, stimulated by society (Abbott, 1988; Brint, 1996), but it is resulted proliferation of programs in business education (Benson, 2004; Crainer & Dearlove, 1999). Business programs have traditionally developed curriculum in response to the needs of the market place and emphasized students' skills that have high demand in industry (Khurana, 2007; Pierson, 1959).

3. Problem

Entrepreneurs and individuals contribute labor, time, and part of their income to cover the tuition for education and they also lose part of their income, allocating time and efforts to their studies. As a return on this investment, MBA graduates receive some uncertain expertise, experience, skills, and increased incomes, living standards, and social status.

Companies allocating resources for training and retraining receive immeasurable improvements in productivity, some uncertain profit growth, and an unnoticeable shift from short term to strategic vision.

The government, by providing financing, grants, loans, scholarships, tax credits to business, and labor market policies, simply hopes to receive some feedback in the form of intensive economic growth, competitiveness of the national economy, social responsibility from business, and the cultural development of society.

4. The objectives of the research

The objectives of the research's are: to identify the main challenges for the development of Kazakhstani Business Education, evaluate the skills acquired by MBA graduates, and assess the impact made by a business education on attendees' careers and income.

5. Methods

The increasing market value of MBA graduates can be manifested in several ways: employment, promotion, wages, and the ability to perform one's job properly. The major forms of measuring the progress of MBA graduates can be distinguished by objective methods such as testing the improvement of human capital which graduates possess, subjective methods such as asking managers (and/or their employers) if they experience the growth of their skills and abilities, and by measuring graduates' wages and career growth. The first two methods are direct methods to measure skills progress, whereas the last two methods measure the growth of human capital indirectly by indicating the effects of skills growth.

Due to the absence of any official statistics concerning business education in Kazakhstan, the research is exploratory in nature. The author interviewed a target group of 10 top managers and senior coordinators from two business schools located in Almaty city, who, besides the interview, handled the statistical information regarding their internal analysis of employment, promotion, and income growth of their graduates, although the information was not systematic. Some theoretical evidence collected by the author supported the results of the analysis. Also, data was collected by means of a structured questionnaire. The target respondents of the questionnaire were 64 MBA graduates, who obtained their degree between 2008 and 2012.

The 14 skills, which chosen to be mentioned in the questionnaire, were Planning, Organizing, Effective Communication, Leadership, Project Management, Meeting Management, Application and Use of Technology, Ethics and Responsibility, Written Communication, Disciplinary Expertise, Oral Communication, Teamwork, Interpersonal Skills, and Critical Thinking. A factor analysis was conducted with these fourteen skills to identify the subjective attitude of MBA graduates toward their progress, with the results as follows:

	Self-assessment of graduates (out of 10)	Out of marked*, thanks to your personal abilities	Out of marked*, thanks to your initial educational background	Out of marked*, thanks to MBA degree	Progress allocated to MBA program in %
Leadership	8*	5	0	3	37,5%
Disciplinary expertise	10*	2	3	5	50%

In the end of the article the authors works out some trends on the development of MBA programs and gives some recommendations to promote business education in Kazakhstan.

6. Results

Business education stakeholders in Kazakhstan are committed to building a high quality business education system that will prepare all managers to engage successfully in the local and global economy and society. The interests are distributed as follows in Table 1:

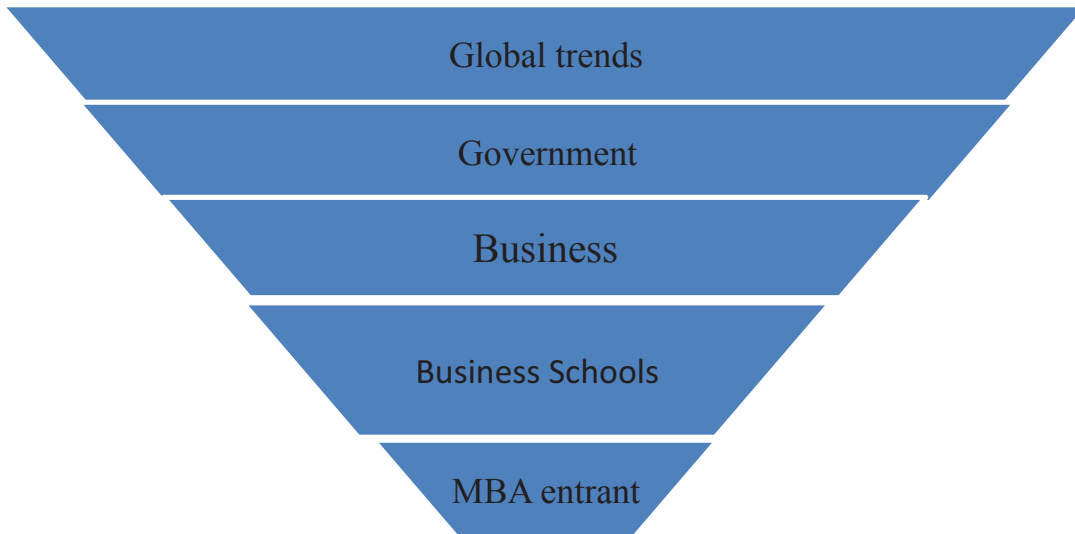


Figure 1: Interest of Business schools stakeholders in Kazakhstan

Global trends put pressure on Kazakhstani Government to develop education policy, industry and human capital, to comply with international obligations whereas Business needs Business community development (corporations need financial result, senior managers vision and strategy, individuals need promotion, entrepreneurs need personal success in business), Business schools earn income, develop amenities, reach high technological and methodological basis for status and brand growth along with teachers' and employees' personal interests and motivation. Altogether Government, Business and Business Schools stimulate MBA programs intake.

The additional revenue from a business education for individuals, companies, and the government is an incentive to invest in MBA and DBA programs, as the total earnings over the lifetime of managers with an MBA degree should surpass the earnings of managers without one (figure 2). The income is represented in times the month income of graduates covers minimal cost of living in Kazakhstan, which is 18 660 tinge.

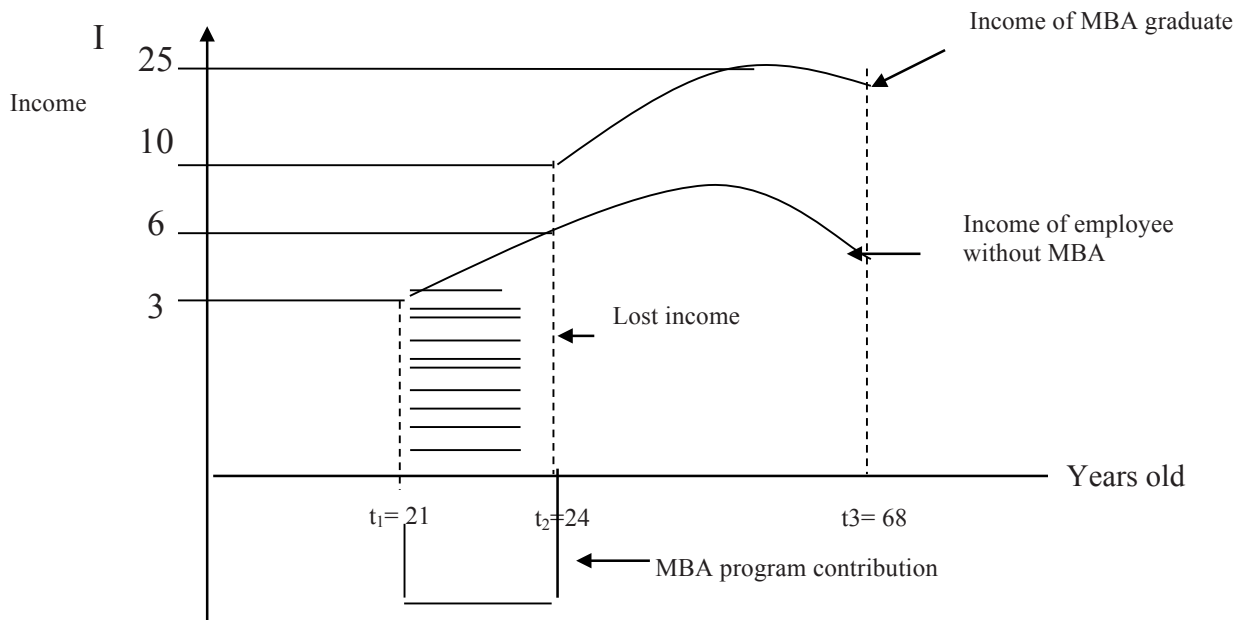


Figure 2: Additional revenue from Business education

The first part is the level of income that a manager would have received without an MBA degree, the second part is the income generated after investment. The total additional revenue associated with their education far exceeds the investment in education, as discounting future income reduces their value.

According to the data analysis made by the International Academy of Business in Kazakhstan, the average income of MBA graduates increases by at least a third for the period of two year training. The average income of eighteen attendees of the MBA “Corporate finance” program at the International Academy of Business was 90,000 tinge in 2008, but two years later, in 2010, the average income of the same group was 180,000 tinge, according to information given by the attendees. The information was collected from thirteen groups of different specializations at the International Academy of Business at the same time and it represents 50% growth (total inflation in 2008 was 9.5%, 2009 – 6.2%, 2010 – 7.8%, which is 23.5% altogether). Their coordinators found that the better the academic results the group has, the higher income growth they demonstrate. Also, there is a similar correlation with individuals: students with an “Honors Diploma” show even a hundred percent income growth. The employment of graduates on average was 100%, but at the time of their enrollment 91% of them worked full time. 27% out of 225

attendees of 13 groups reported that they had been promoted while studying and 47% were expecting a promotion. So, the positive changes in wages and job position are obvious and impressive.

Regarding the subjective attitude of MBA graduates towards their progress in skills, it is positive, though less impressive compared to wages and promotion. The average progress credited to MBA program participation is ranked as follows (from highest to lowest): Disciplinary Expertise (50%), Leadership (37.5%), Teamwork (33%), Oral Communication (19%), Planning (19%), Project Management (19%), Meeting Management (16%), Application and Use of Technology (13%), Ethics and Responsibility (10%), Written Communication (10%), Interpersonal Skills (10%), Critical Thinking (5%), and Effective Communication (5%). In this case, there is negative correlation between good academic results and high progress in skills, credited by attendees to the MBA program.

It should be a simple relationship model between growing income, which managers with an MBA receive, and the number of them available in the labor market. Labor supply curve S in Figure 3 is up, as the higher the income MBA managers receive, the more managers and specialists are willing to get an MBA. As a result, there are a growing number of managers with an MBA in the labor market. On the other hand, the demand curve D is downward, as a drop in wages causes the growth of market demand for managers with an MBA degree. If the market potential is large and expanding rapidly, the demand for specialists is shifted to the right - up to D_2 , which indicates simultaneous growth in income of managers with an MBA and the quantity of them in the labor market. It gives us the idea that the MBA graduates labor market has high potential for growth and all stakeholders will benefit from growth.

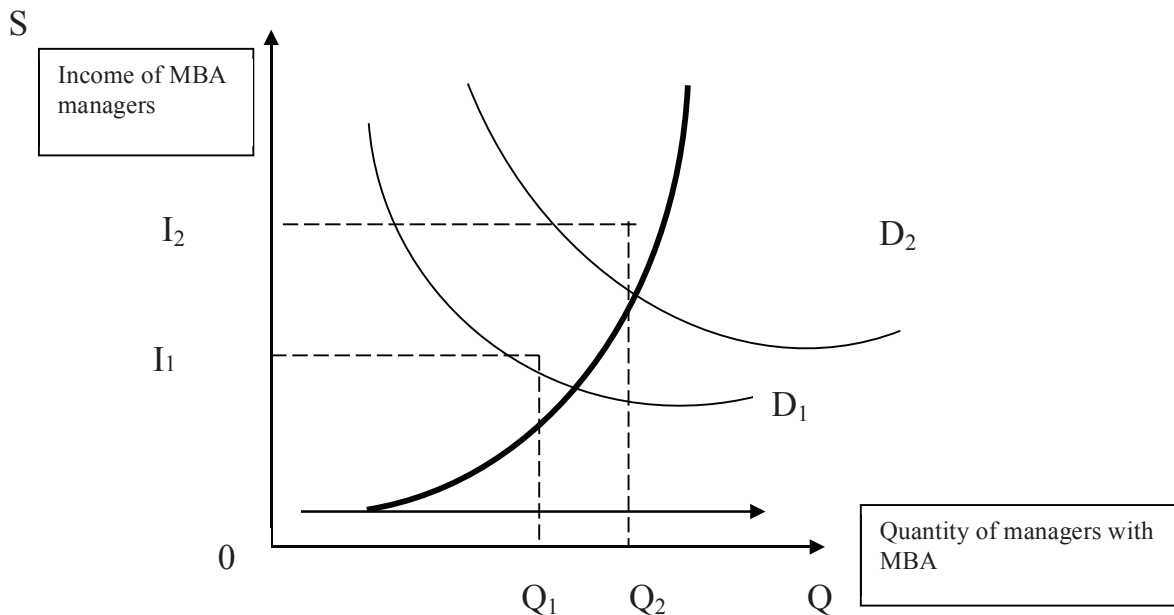


Figure 3- Income of managers with an MBA and the quantity of Managers with an MBA in the labor market.

The interview of MBA programs' top managers revealed that Kazakhstani Business Education definitely lacks:

- MBA programs at the National University;
- Research and statistics in business education in the country;
- Strategy for business education in Kazakhstan;
- National professional rankings of business schools and programs;
- Selection of participants in the programs; the programs accept people without practical management

experience;

- Qualified teachers and practitioners, who are able to teach in Kazakh and English;
- Internationalization of the faculty (Kazakhstani teachers do not teach abroad);
- Students' mobility both inbound and outbound;
- Career centers at business schools for MBA graduates;
- State standards for business programs (MBA, DBA);
- Practical component - no cases about Kazakhstani companies;
- Educational grants for MBA, DBA;
- Professional associations of business schools.

6. Conclusion

The desire for better quality and a measurable impact on attendees' careers, business schools, and the country's competitiveness is a generally shared feeling in Kazakhstan, as in many other countries. Though business education development is the responsibility all of stakeholders, the business schools, in particular, play a key role in the quality process and the growth of the market. Business schools in Kazakhstan should put all necessary efforts in order to prepare their graduates with a proper set of management skills, communicate the clear benefits and measurable returns (income or impact growth), and persuade individuals, corporations, and the government to invest and contribute to the development of MBA and DBA programs. But, in today's situation of global competition, survival of business school in Kazakhstan is questionable due to the lack of professionalism in teaching and management practice. On the other hand, the growth of business education in Kazakhstan may lead to bright global prospects, which will carry new responsibilities and commitments from individuals, organizations, and society.

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