

M<sub>5</sub>M

MAASTRICHT SCHOOL OF MANAGEMENT



# Partners' Conference 2007

## Paper proceedings



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## PECULIARITIES OF EDUCATIONAL SERVICES: LOCAL VIEWS ON GLOBAL TRENDS

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It is known that services are products consumed by ordinary people along with such consumer goods as food, clothes or furniture. In the listed cases consumers deal with something tangible, that can be evaluated at the moment of purchase – by its color, odour, shape, and other physical evidences. But services “cannot be seen, tasted, felt, heard or smelt before they are bought”, according to Philip Kotler<sup>1</sup>. As well as marketing deals with so called “4Ps” named “the marketing mix”, so a service industry relies on its “four pillars” – four distinctive service characteristics known as “4Is”.

1. intangibility
2. inseparability
3. inconsistency
4. inventory.

All these features significantly differ from physical goods because they can be found only in services, but not in goods.

Let us analyze that “4Is” for educational services.

A. The **first** feature shows how it is difficult to feel a service as it cannot be tasted or touched – because it is INTANGIBLE. Though the concept of intangibility in that case exists for to show that a service cannot be placed at the same level with those products that are tangible – bread, dresses, perfume – namely, for the sake of comparison. Some people may say that services can be tangible, too, in terms of money they pay for that. Probably one can think so if consumers paying for a service choose one that responds to their abilities, but does not comply with their demand.

Nowadays, in order to be successful, companies should change their strategies from those that are oriented to the philosophy of goods and sales to those that are oriented to consumers. It is not only about companies that produce goods, but it mostly for those companies that operate in the service markets. To win in the market companies should provide its target consumers with the highest value being proficient not only in “creating” a product, but in “creating” a consumer. So, companies should be very skillful in so called “marketing engineering”.

As it is shown on the picture #1, the value delivered to consumers can be compared to a profit that is received at the exchange of the consumers’ costs expressed in money, time, and spent psychological and physical efforts.

	Total value for consumer	(Value of a product, service, image and a company’s personnel)
<i>minus</i>	Consumer total costs	(Costs: money, time, psychological and physical efforts)
<i>equal</i>	Value delivered to consumer	(“Profit” of a consumer)

Picture 1. Consumer delivered value (adapted from: Philip Kotler, John Bowen, James Makens “Marketing for hospitality and tourism”, 1996, Prentice-Hall, Inc., p. 344).

So, how can intangibility of an educational service be expressed? What for is a consumer ready to pay to feel (sense) that service? In that particular case a client can expect a value that can be derived from the following components:

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<sup>1</sup> Kotler, Philip et al, “Principles of marketing”, 2002, Pearson Education Ltd., p.537

- *university's name*. The name of a university should be closely related to the image and brand in the mind of consumers. It will mean for the consumer of educational services that the higher the price he has paid for the education in that university the higher the evaluation of the university's brand is, so the bigger the value of that service provided by this institution for the consumer will be;
- *value of a specialty obtained in that institution*. The more the specialty is unique the bigger is the value for the client of that institution. Coming from that statement, institutions can be oriented to diversification of their activities, or to narrow specialization, that would finally give better value to the consumer only in case if the specialty is demanded in the labor market;
- *value of received knowledge* – it is a very different (from the previous one) component that would depend on the quality of the whole educational process – from conducting classes to processes of management in that institution.

B. The **second** feature of a service as a product of an educational institution's activity is inseparability of a client receiving a service from the institution or university from those who provide that service to him.

For to increase the value for the consumer an educational institution should clearly define the client's area and one that is its own. As it is hard to imagine the educational process without students and teachers, so in the most cases we assume that the exact educational process is one where two parties are presented – a student as an object of education (as well as a client of an educational institution) and a teacher.

Recently educational reforms in the Republic of Kazakhstan have been launched. The reforms deal with the transfer of Kazakhstani educational institutions to the European Credit System of students' progress evaluation. Currently 40 institutions have already accepted the system and much more are undergoing the process.

Due to the transfer to new educational technologies in Kazakhstan recently there has been a significant change in the view of a teacher's role in the educational process. Now a teacher is considered neither as a source of knowledge, nor as a machine that reproduce the knowledge that has been obtained by him from various sources and his life experience, but as a guide and supporter for students who should now obtain the knowledge themselves. Despite of the transfer to the new credit technology – that implies that the biggest part of the educational time has been defined as the time for the student who should study a course independently and restricts the contacts between the teacher and the student by only credit hours, – there is a right for a Kazakhstani educational institution to set so called "student independent work under instructor's supervision". Through the concept of such "work" the second feature of a service as a product becomes more powerful. The value of such work is very big as during this time a teacher not only receives a feedback in the form of answers to homework assignments, but if this concept is applied correctly, students acquire skills in making decisions in situations similar to actual ones, but those that have been modeled by the teacher.

Nowadays, the feature of a service as inability to separate a client from a company has been undertaken some corrections. A new form of education has appeared – distance education – where students can meet his teacher virtually without being physically presented in classes. But the educational process itself cannot happen without active participation of teachers not necessarily the meeting occurs in an "on-line" mode. The role of the teacher in this is great – no one can provide the students with needed guidance to knowledge that is presented in different than the traditional form of transferring this knowledge from teachers to students. All these requires from the teacher's personality a lot – computer literacy and skills in using various computer softwares.

Distance learning has great advantages in terms of attainability of education. Though this attainability can be exercised by one group of population, it cannot be the same for another. There are some people who are considered "socially unsecured", that is why Kazakhstan, trying to be in the row of most developed countries in the World, undertakes some measures that would improve the living standards of the country's population. For the last years this idea appears in the Annual Address of the President Nazarbayev to the country's citizens. In the Address of year 2006 President Nazarbayev coined the idea about reforms in education "...as one of the most important instruments that would allow real competitiveness of Kazakhstan".<sup>2</sup> Saying that the country "...needs a modern system of education that complies with the requirements of economic and social modernization..." he pointed out that these reforms are only part of the undertaken measures.

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<sup>2</sup> Nursultan Nazarbayeva, Annual Address to people of the Republic of Kazakhstan, Astana city, March 1, 2006

Only if these measures are undertaken and the living standards will have risen as a consequence of this, distance learning as the most efficient and less costly form of education like in many countries of the World would be attainable for many people. As Russian scientists' research shows, the market of educational services can be expanded exactly because of those students that can study distantly. That research has revealed the potential students of that category in Russia.<sup>3</sup> These categories have been identified as follows:

- students themselves
  - students of state educational institutions those who study on the part-time basis
  - students of non-state licensed institutions who study on the part-time basis
  - students of special educational institutions who also study on the part-time basis
- employees
- unemployed
- military
- condemned and those who work in penitentiary system
- housewives
- handicapped (who have deficiency in moving, hearing, seeing).

It is assumed that in Kazakhstan groups of students for distance education might be of similar categories plus the market can be extended because of those who live in remote regions – in rural areas and pastures.

C. The **third** feature of a service – inconsistency – has to do with the fact that the quality of services would certainly depend on a person who provides that service, and in terms of education – on who or what kind of institution renders educational services.

Quality of educational services can be different from institution to institution as well as it would differ from teacher to teacher. That this difference won't be as a huge abyss there should be developed standards that would unify as approaches to education as requirements to students.

In the Republic of Kazakhstan the standards that regulate relationships between clients and educational institution have been developed. The National System of Quality of Education has been created in accordance with the State Program named "Education", that was confirmed by the Decree #448 of the President of the Republic of Kazakhstan of September 30, 2000. "...National System of Quality of Education – is the aggregation of methods, tools, and organizational structures for establishing correspondence of quality of education to requirements of the Compulsory Educational Standards and conditions of its [correspondence] attainment through external and internal assessment. The aim of the National System of Quality of Education is to reach quality of education that would assure competitiveness of the National System of Education and specialists of the Republic of Kazakhstan in the International Educational Area as well as in the labor market"<sup>4</sup>.

One of the major objectives of the National System of Quality of Education is "...assessment of activities of teachers and instructors; sophistication of educational and learning processes..." and "...assurance of sustainability of results of evaluation between different levels of the continuous system of education".

A client should receive the value of a product, and the value would be received if only the client is satisfied with the quality of the service. Only in this case the client will feel the "benefit" if his expectations if not exceed, but at least are equal to that payment that the client has paid.

Above mentioned scientists from the Institute of Management and Business in Nizhniy Novgorod (Russia) have defined the levels of quality for distance learning as low, middle, and high having in mind the presence of so-called methodical complexes – teaching materials for students. As the levels are different the amount of teaching materials is different, too, for various methodical complexes. One contains traditional set of materials for part-time learning; others even have multimedia textbooks and tests that can be filled on-line. By fulfillment of methodical complexes of an educational institution one can judge the work of the institution, its efficiency, as well as prices can be differentiated, too, because of that parameter.

An educational institution that works in accordance with the State and International Standards, especially one that has day-time students, should pay attention not only to fulfillment of methodical complexes but also to such aspects as relations between students and teachers, teachers and teachers, and teachers and management (administration). To diversify educational services can only

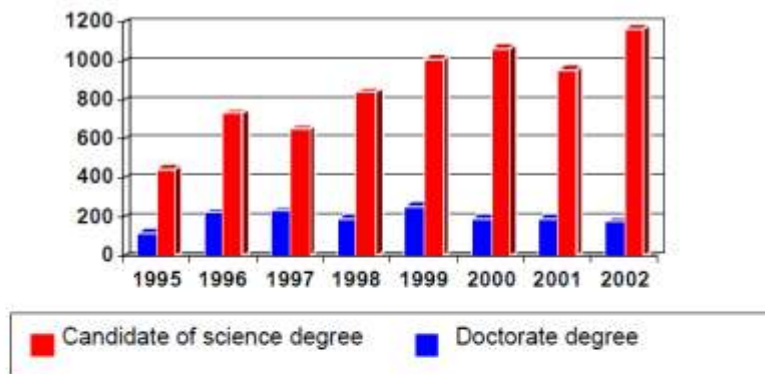
<sup>3</sup> [www.nimb.nnov.ru](http://www.nimb.nnov.ru)

<sup>4</sup> [www.edu.gov.kz](http://www.edu.gov.kz)

that institution that correctly approaches the issue of a Curriculum design according to the number of credits that has been prescribed by the State Educational Standards for obtaining a degree. The credit technology exactly allows universities and educational institutions to diversify Curricula by elective courses.

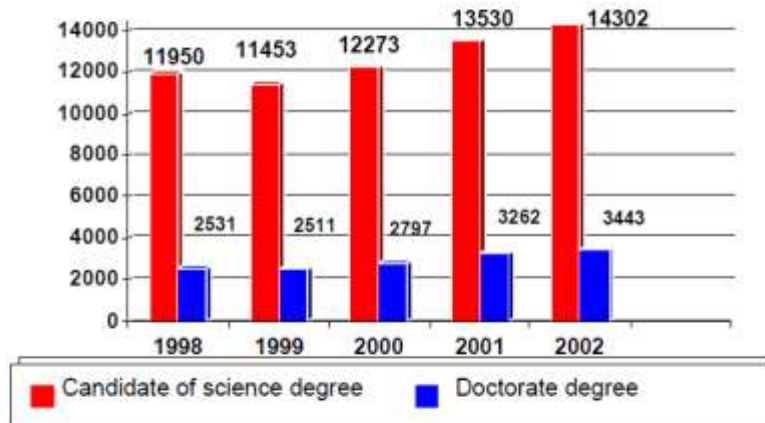
Diversification of educational services means not only having a number of modern courses to be taught, but also the extended number of teachers and instructors. So, diversification of educational processes is not only the obligation of a teacher, but mostly it is the obligation of an institution as the major strategy developer. Once, when the number of courses and teachers is extended due to the credit technology, the administration of a university should find some compromises by reconstructing or attuning the curriculum and teachers' workload. The quality of educational services provided by an instructor would be higher if he had fewer hours of the workload and, as consequence, the opportunity to be concentrated on one direction.

As the research conducted in Kazakhstan by the Ministry of Education and Science of the Republic shows the number of people who have obtained Doctorate and Candidate of sciences degrees increases by year 2002 significantly from year 1995, especially the latest group.<sup>5</sup>



Picture 2 Number of people obtained degrees in RK in 1995-2002.

And the same research revealed the total number of Professors with degrees also increases steadily.

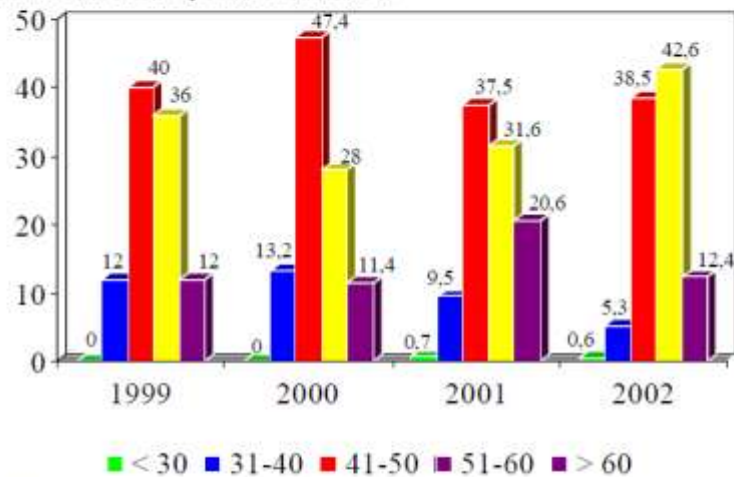


Picture 3 Total number of professors holding degrees in RK.

And the research also has revealed the age of instructors who work in higher educational institutions. The fewer are those who aged up to 30, and the largest group consists of those who in the range 41-60. It says that in several years the largest part of universities professors will be elder people and that

<sup>5</sup> Presentation of the research results in MES of RK, [www.edu.gov.kz](http://www.edu.gov.kz)

fact might negatively reflect on the ability of institutions to undertake modern technologies. This fact is twofold: from one side it is good for still traditional approach used in most universities; from another – the elder people are very often somehow conservative and some of them are reluctant to undertake new technologies. But still these people are currently study the new technologies and they will be able to launch the transfer to the credit system of education.



Picture 4 Age distribution between professors of RK in 1999-2002.

The quality of education would rely on the personality of a professor. And the professor's age is not the obstacle to that. It is only the issue how active would be professors in accepting the new technologies and trends in education.

D. The **fourth** feature of a service – inventory – has two different meanings. Services can not be stored as they are not tangible, as well as no one can purchase them for stock. A service brings the highest value at the moment of its "consumption". As for educational services this is not always correct. The biggest value of education can be only assessed with the time, for example, when a graduate has started working at a company. This is exactly a moment when he is able (or unable) to show what he has learned in the university or any other educational institution.

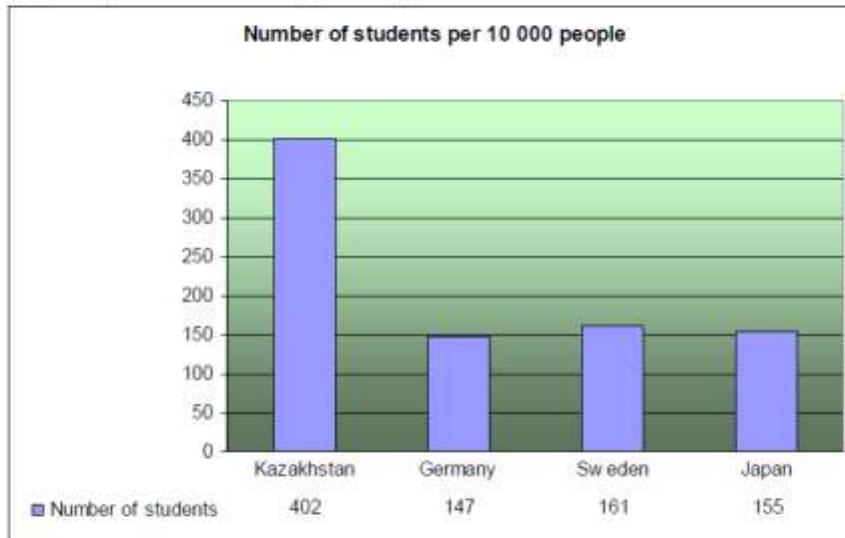
The second meaning of that feature is that a university has to have a lot of inventory to provide students with high quality educational process. This is a very important aspect for service organizations and firms – to have sufficient amount of inventory. For example, if a spectator of a ballet performance receives great satisfaction from it he has to have his own cultural education and internal readiness to accept the ballet in order to allow the ballet to add the value. Also, the value would be added by those who prepared that performance – by setting the environment with such installations and signs like an air conditioner, comfortable chair, gentle lightning, good sound of music, as well as those physical (tangible) things that would improve the value. These things could be decorations, costumes, quality musical instruments, and many others.

An educational institution in order to render educational services of superior quality needs to have a very good material base. Only in this case the institution can comply with the standards of quality that are put before the modern universities. It seems that a private educational institution has more advantages, comparing to a state one, because it can manage finance this way that to allocate resources properly and develop the costs structure allowing using financial resources for modernization and strengthening of the material base.

Biggest attention should be also paid to a good library. In this case, again, modern universities have better opportunities on searching, defining, and purchasing needed books of local and international authors to it. There is a disproportion to Russian and Western authors and publishers because the book market is lacking of local authors. Educational institutions should encourage teachers for writing textbooks and other teaching materials based on the local, Kazakhstani, situation.

According to a research (picture 5) the number of students in the Republic of Kazakhstan is higher than in developed countries, such as Germany or Japan.<sup>6</sup> One of many reasons for that is probably moderate payment for education (tuition fee). Other reasons for that might be as follows:

- people's willingness to acquire new knowledge that would help Kazakhstani people to be competitive when the country will have joined the WTO, and
- real needs of having modern knowledge that would allow people to be employed in foreign MNCs as foreign companies are currently actively presented in the local markets.



Picture 5 Number of students in different countries per 10 000 people.

For Kazakhstan to be competitive with leading World countries the educational system should pay attention to the quality of education, where several factors can be derived from:

- level and fulfillment of quality,
- methods and technologies of education,
- qualification of teaching staff and university administration,
- used technical tools and university's material base.

So, educational services depend on multiple factors that can be improved by any educational institution not considering the type of ownership to assure the countries competitiveness and ability to be in the row of fifty most competitive countries – leaders of the World.

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<sup>6</sup> Ministry of Education and Sciences of the Republic of Kazakhstan, "Main directions of development of the educational system of the Republic of Kazakhstan for years 2003-2006", Astana city, July 2003, [www.edu.gov.kz](http://www.edu.gov.kz)