

## Business-Education in Kazakhstan: Opportunities and Development Strategy

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**Abstract:** The purpose of this paper is to study the scope of business education and development strategies for its expansion in Kazakhstan. To accomplish the aimed task following strategic analysis methods SWOT, PEST-analysis along with the nine-factor model of strategic management were used. The authors analyzed the current state of the education market in Kazakhstan and studied closely the Kazakh model of business education: revealed strengths and weaknesses and developed strategic map of the business education process. Practical implications of study results are directed to address objectives of the business schools on the basis of the development strategy. The recommendations and conclusions of the study are intended for a wide range of experts in the field of business education in the universities.

**Key words:** Business education • Business school • Development strategy • The Republic of Kazakhstan

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### INTRODUCTION

Business education in Kazakhstan is flourishing before our eyes, the formation of this new market sector involves thousands of people and hundreds of organizations across the country. Almost every manager eventually begins to think how and where to improve skills. Company executives are also aware of direct relationship between their own competitiveness and level of training of staff, respectively the proportion of funds allocated to corporate training in organizational expenditures increases.

Development of business education strategy in Kazakhstan requires improving quality of trainings for business professionals by meeting demands of modern economy.

Existing research on the implementation of business education are theoretical or touch upon only certain aspects of the development of business education, this prevents linking the theoretical and methodological principles with the real issues of the construction and development of business education strategy in Kazakhstan, therefore this study subject requires special attention.

Works of following authors were devoted to study of theoretical aspects of effective management systems in educational organizations: F.Di Maglio [1], H. Etzkowitz [2], W. Bennis., J.O 'Toole [3], Fred R. David, Forest R. David [4], S. Ghoshal, B. Arnzen, S. Brownfield [5], H. Mintzberg, J. Gosling [6], Petra Ahrweiler, Anreas Pyka, Nigel Gilbert [7], as well as few Kazakh authors as R.Alshanov [8], E. Zigangirova [9], etc. also made substantial contribution to the development of educational issues.

Despite the high scientific interest to this problem and number of studies available, it is worth to note that issues of business education are not elaborated and in demand in developing strategy today. These considerations determined the choice of research topics and its direction.

The aim of this paper is to study the scope of business education and development strategies for its expansion in Kazakhstan.

### MATERIALS AND METHODS

Methods of strategic analysis as SWOT and PEST analysis were used to accomplish specific tasks.

The method we applied to strategic analysis is based on the model of nine-factor strategic management introduced by Robert Matthews [10] and subsequently aligned with the requirements of ISO-9000. The use of this model in the evaluation of innovative potential of the business school offers the following features and results:

- Identification of the current position of the business school, using a broad spectrum of criteria;
- Introduction of new estimates criteria associated with the analysis of the business school's internal and external environment and consumers;
- Detailed revision of criteria, sub-criteria and indicators of the model allow making concrete and substantial analysis;
- Assessment of the advancement levels allows us to determine the prospects for further development, making a natural and easy transition from definition and formulation of problems to objectives of the business school.

### The Main Part

#### Current State of Education in Kazakhstan:

According to the Statistics Agency data for 2010-2011 149 universities (including 9 public, 13 non-civil, 96 private), educated more than 620 million people (excluding master's and doctoral students), including those 310,1 thousand students in the public higher educational establishments and 310,3 thousand people in private higher education institutions [11].

The number of post-graduate students increased from 2469 people in 1991 to the highest number of 5943 in 2003 and decreased to 20 in 2010 due to abolishment of this education level.

The number of masters students increased from 5410 people in 2001 to 16586 in 2010, the number of students with doctor's degree increased from 30 in 1991 up to 960 (with reference to a new stage of PhD).

According to the Ministry of Education of the Republic of Kazakhstan, 16 universities teach PhD doctors in partnership with leading foreign universities.

Starting from 2008 National universities began inviting foreign professors. For instance, Kazakh National University named after Al-Farabi in 2008 invited 83 foreign teachers, in 2009-86, in 2010-106, the Eurasian National University named after L.N. Gumilev invited 55, 83 and 94 foreign professors, respectively [11].

International model of accreditation of universities, which includes institutional and specialized (professional) accreditation, had been implemented.

According to the Ministry of Education of the Republic of Kazakhstan, currently five public universities of our country are on the transitional stage of international accreditation procedures for educational programs. Two of those universities-Kazakh National University named after Al-Farabi had been accredited for 10 educational programs in undergraduate and graduate studies at the German accreditation agency ASIIN, Kazakh National Technical university named after K.Satpaev had been accredited by the Accreditation Center of the Association for Engineering Education of Russia (RAEE), the German accreditation agency ASIIN for 5 programs in undergraduate studies and in ABET accreditation agency for one major.

#### Analysis of the Kazakh Model of Business Education:

**Strengths and Weaknesses:** Let us consider domestic factors shaping the national features of business-education.

Certainly, the demand for business education will grow, but the development of business education is undermined by a number of factors:

- *Institutional uncertainty.* Only in 2010, the legislation defined the status of professionally oriented master program, allowing for starting full-scale development of national analogue of MBA program.
- *Lack of full-scale joint educational projects with leading international business schools.* Consequently all training programs focus exclusively on the domestic market and are not internationally recognized yet.
- National formats of master programs in business education or obtaining second higher education in economics *is deeply integrated into the academic system of higher education.* It is regulated by many provisions and policies of the Ministry of Education, bearing the general and non-specific segment of this educational activity and often in direct conflict with the current requirements of the market for managerial work.

For example, existing education regulations make it almost impossible to pass on to the credit-modular system of educational process and to use full-scale of distance learning technologies [12].

- *Failure to choose targeted audience:* generally, the business schools accept anybody who pays. In the Western practice MBA students are tested and selected based on their qualifications.
- *Lack of stable system of effective investment in educational projects.*

Also there are following shortcomings in the Kazakh model of business education:

- Lack of MBA programs at the National Universities;
- Lack of studies of business education in the country;
- Lack of strategy of business education in Kazakhstan;
- Lack of professional rankings of business schools and programs;
- Poor selection of participants in the program. The programs accept people without practical management experience;
- Lack of qualified professors, practitioners and educators teaching in Kazakh and English languages;
- Lack of internationalization of the faculty (our professors do not teach abroad);

- Lack of international mobility of students (both Kazakh and foreign);
- Lack of career centers at business schools for MBA graduates;
- Business education is not considered as an infrastructure element of business;
- Lack of state standards for business programs (MBA, DBA);
- Programs lack the practical component-no case studies for Kazakhstan;
- Lack of scholarships for MBA, DBA;
- High concentration of business schools (80% of MBA programs are held in Almaty)
- Opacity of business education statistics;
- High rates for student loans in the banks;
- Lack of professional associations of business schools.

We have developed guidelines for the assessment of innovative potential of business schools, based on the use of PEST-analysis and SWOT-analysis techniques (Table 1), as well as methods of strategic matrix (Table 2).

Table 1: SWOT-analysis

Strengths	Weaknesses
- Reputation of Business School and duration of its existence in the market of business education	-Poor integration between business community and business school
- Cooperation with foreign business schools	- Inadequate operations on predictions of the labor market
- Cohesion and team performance	- Passive attraction of teaching practitioners
- High authority of the director in the business community	- Limited financial resources
- Level of competence of faculty	- Slow update of training and technical base
- Presence of international accreditation	- Poor infrastructure of business school
- Location	- Internal problems
- The level and diversity of educational programs, training modules, special courses, workshops, internships	
- Client satisfaction	
Opportunities	Threats
- Growth of the real demand for qualitative educational services	- "Law on Education in the Republic of Kazakhstan" amendments came in to effect and the prospects for the adoption of its new edition exclude all levels of additional business education from state control: state quality standards, accreditation procedures and the issuance of a state diploma program at all levels are to be cancelled
-International co-operation with leading international business schools	- Unfavorable demographic trends
- Possibilities of multi-channel financing	-Reduction in the quality of higher education
- Informatization of Educational Technologies	-Increased competition in the market of educational services due to the planned accession of Kazakhstan to the WTO
	- Participation in national and international projects
	- Good partnership with the Kazakh business schools
	- No line replacement of faculty staff (natural aging, decline)

Table 2: Strategic educational performance of the business process

Strategic goals	Strategic performance indicator
<b>Customers</b>	
Strengthening the position of customers and the status of the business schools in the field of educational activities	Leading position in the general ranking of the leading business schools in the Republic of Kazakhstan
Training highly qualified professionals to meet the needs of the market	Proportion of graduates (masters, doctoral students and undergraduates)
Maintenance of high level of business education	Level of companies' satisfaction with the the quality of graduated managers.
Maintenance and expansion of the customer base (client)	Level student satisfaction with quality of educational services of business school
<b>Internal functions</b>	
Improving quality of educational services	Number of accredited educational programs The number of contracts in the field of education with foreign business schools
Improving education and innovation functions	Introduction of new majors to meet the demands of business and the economy for the relevant managers Increase of subjects taught using innovative techniques
Integration of learning and practical research conducted in educational activities	Introduction of high educational technology Number of innovative ideas, projects, inventions, discoveries, patents of professors jointly with students
<b>Perspectives</b>	
The potential for further development of the infrastructure of the business school	Adequate provision of educational activities with all kinds of resources
Development of material and technical base	Development of educational areas and its technical equipment
Ensuring development and improvement of faculty	Quantitative and qualitative support of the educational activities of the business school staff
Expansion of information and methodological framework	Total number of scientific publications, presentations at conferences and seminars Provision of personal computers, interactive technologies, Internet access during online sessions, video conferences, etc.
<b>Finance</b>	
Ensuring financial sustainability of business schools	Maximum revenue from business education Minimizing the cost per 1 tenge worth of work
Development and use of the multi-channel mechanism of financing business schools	Increase of the proportion of funds in the budget of the business school through attraction of of additional sources of financing, possibly granted by the Ministry of Education of RK
Improving the mechanism to prioritize the distribution and use of funds	Proportion of business school resources, invested in the improvement of the educational performance
Improving the material conditions of employees	Staff motivation

In this study, we have formulated three main conditions that determine the success of modernization of Kazakhstan's model of business education:

- Firstly, to generate a high level of education consumption in the country, having high-quality educational product is a must, namely professors and educational technologies, taking into account the specifics of the business in our country. The gap between the quality of education and real-world practice is a major obstacle to the development of business education as an infrastructural element of the innovation economy;
- Secondly, necessity of formed demand for educational services, both on the part of the companies and on the part of individuals. Heterogeneity of listeners based on professional potential, motivational structure, career plans creates demand for a differentiated approach to the formation of educational programs;
- Thirdly, in the prospects for adoption of the new law "On education", which excludes from the scope of state control programs of additional education, there is a need for public organization that would take up a number of regulatory functions of educational activities, including, for instance, public and professional accreditation and certification programs of business education.

The main distinctive features of the Kazakh model of business education are:

- High degree of concentration of business schools in large cities (Almaty, Astana);
- Specific character of the social composition of students of business schools is that most of them are people with a technical education and 'technocratic' thinking;
- Lack of qualified professors, who have practical experience in real business;
- Limited financial capacity of business schools, etc.

Thus, the modernization of the Kazakhstan's system of business education should be implemented in ways that from active use and development of innovative capacity of educational institutions, which will not only expand the market of educational services, but also integrate successfully into the world and European educational system.

**Development Strategy of Business Education:** As a result of the SWOT-analysis, the strengths and weaknesses of business education in Kazakhstan, along with opportunities and threats to development of key strategic

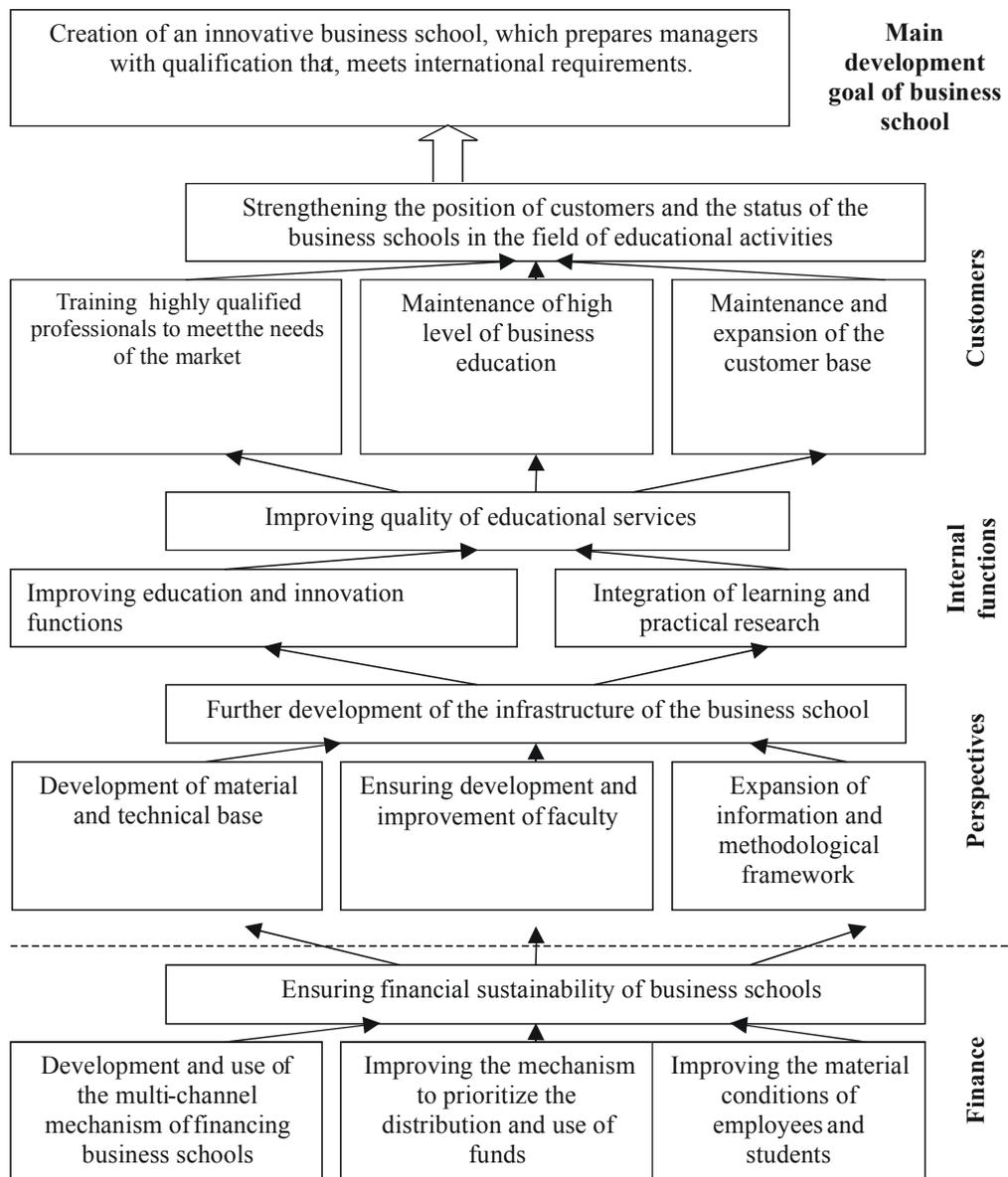


Fig. 1: The strategic map of the educational business- process development

directions of the business schools were identified, determining long-term course of its development, namely:

- Innovation and educational activities;
- Scientific and innovative activity;
- The integration of the business schools in the international scientific and educational sphere;
- Increase of efficient management of the business school;
- The development of the resource potential of the business school;
- Social responsibility and social development.

Management and staff of business schools must strive to achieve the main goal: the creation of an innovative business school, which trains the graduates of managerial class with qualifications that meet international requirements.

The studies identified the educational objectives of the business process for the management levels, targets and indicators of the basic business functions of the educational business process at a university or business school, according to the expectations and demands of consumers (students) educational services in the field of business education can be schematically demonstrated as follow: (Figure 1):

In Table 2 we have proposed strategic indicators of the educational business process considered from the point of view of the external efficiency of the business school, which is estimated by the quality of students in the programs.

### **CONCLUSION**

Among the measures to ensure the continuous development and improvement of programs in the field of business education following aspects has to be highlighted:

- Ensuring closer cooperation between business community and business education, negotiating a dialogue between business schools and consumers of their product, search for mutual understanding, which will bring educational programs close to practice and practitioners, in turn, will have better understanding of opportunities and value of education.
- The development of regulations of the state requirements for MBA, DBA programs.

Establishment of joint state-public accreditation agency consisting from representatives of the Ministry of Education, the leading experts in educational programs and business practitioners.

- Accelerated entry of business education programs into single information educational environment of Kazakhstan, the creation of special preconditions in the form of electronic libraries, training courses, built on information technology, distance learning programs.
- Development of international cooperation for the mutual recognition of credits for programs promoting exchanges between students and faculty, joint conferences, seminars and workshops, participation in international research projects.

One of the strategic objectives of the business school to consolidate its position as a leader in the market of Kazakhstan's business education, constantly sustain the status of the school, which prepares specialists for the economy of the Republic of Kazakhstan, who are capable of working at the interface of science and business and are able to adapt quickly to changing conditions. Therefore, the priority is the development of MBA and DBA education for young people who want to get serious and fundamental knowledge and aspire management activity.

### **RESULTS**

Thus, for the sustainable development of business education in Kazakhstan following actions should be taken:

- Actively participating in the improvement of the system of economic and business education in the Republic of Kazakhstan, to influence its legislative and state education policy;
- Improving education in the direction of internationalization, to deepen and develop cooperation with international business schools;
- Obtaining international accreditation (AMBA, AACSB, EQUIS), to participate in the world rankings;
- Involving professors/teachers in practical and consulting activities;
- Increasing the scientific and research potential of faculty staff;
- Increasing the efficiency, quality and qualifications of staff and faculty;

- Ensuring the relevance of business education programs regularly varying in response to changes in market conditions;
- Developing IT-technologies and innovations in education, adopting best international practices in the field of education;
- Developing and raising funds to endowment fund.
- Joining professional association-CAMAN (Central Asian Foundation for Management Development).

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