

Supplemental Educational Services for Children in the Context of the New Educational Policy of the Russian Federation

Mikhail Sergeevich Vlasov and Lyudmila Alekseevna Mokretsova

The Shukshin Altai State Academy of Education, Biysk, Altai region, Russia

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Abstract: This work is devoted to analyzing supplemental educational services for children through the prism of a new federal law, the Federal Law “On Education in the Russian Federation” (#. 273-FZ dd. December 29, 2012), which came into force as of September 1, 2013, as well as the major dimensions of its implementation. The authors provide a brief overview of the legislation and touch upon Russian children’s supplemental educational services market through the example of a particular Russian town. In conclusion, the authors make inferences as to the prospects for development of this market segment.

Key words: Supplemental educational services (SES) • Paid education in Russia • Supplementary education for children • The market of education services • Private schools • The federal law “On Education in the Russian Federation”

INTRODUCTION

In conjunction with the coming into force of the Federal Law “On Education in the Russian Federation” (#. 273-FZ dd. December 29, 2012), as of September 1, 2013 supplemental educational services can be provided by both non-commercial institutions and economic societies and individual entrepreneurs [1].

The aim of our study is to give a brief overview of the implementation of this law and touch upon the Russian market of supplemental educational services for children through the example of a typical Russian town.

The methodological and theoretical basis is made up of scientific works on economics and marketing in the sphere of education by Russian and foreign scientists [2-4], as well as legislation in the sphere of education in the Russian Federation.

Children’s Supplementary Education in the Context of the New Educational Policy of the Russian Federation: Investing in human capital, especially in respect of school education in less developed countries, has long been recognized as a priority area for their economic development [5].

The “Development of Education” State Program of the Russian Federation for 2013-2020 sets out an objective to form a flexible system of continuous education, which, being accountable to society, is instrumental in developing human capital and meeting current and future needs in Russia’s socio-economic development. In this regard, an important role is given to the sphere of supplementary education. More specifically, it is expected that as a result of implementing the program as many as 75% of children aged 5 to 18 will be exposed to supplemental education [6].

In present conditions, institutions of supplementary education for children play a unique role. They serve to ensure all necessary conditions for facilitating personal development, bolstering health and professional self-determination and cultivating creativity in children, help children in adapting to life in society, forming common culture and participating in meaningful leisure pursuits. According to Russian new education policy, the activity of such schools will be organized in the form of public-private partnership [6, 1]. Such institutions could nowadays be called a “transitional link” between traditional and charter schools – a topic hotly debated all over the world at the moment [7-9].

Corresponding Author: Vlasov, The Shukshin Altai State Academy of Education,
Korolenko str. 53, 659333 Biysk, Altai region, Russia.

Russia is one of the few countries that still practice state budget-financing of educational, cultural and sports institutions. According to the “Development of Education” State Program, currently supplemental educational services involve 49,1% of children aged 5 to 18 [6]. The opportunity to receive this kind of education is provided by institutions which are subordinated to bodies of authority in the sphere of education, culture and sports and other (normally municipal) establishments. The established federal state education standards for general education include supplementary education as a mandatory component of education.

Over the last decade, the growth in children’s participation in supplementary education has been taking place mainly by way of paid services. By tradition, Russian state education policy just slightly covers processes of non-formal learning occurring outside educational establishments and does not cover the sphere of informal education (the media-sphere, the Global Network, museums, the leisure industry). At the same time, the world’s leading countries are evincing a growing interest towards this sphere potential for the socialization of the growing generation. Although by and large the country boasts a relatively high level of accessibility to education at all levels, Russia still lags behind the world’s developed countries on the dynamic of accessibility of particular sectors that are crucial to meeting the needs of its citizens and development of human capital: early development, preschool learning (received in kindergarten and in the family, i.e. “family education”), continuous learning, non-formal learning and informal learning. Furthermore, the transfer of authority for the financial support of preschool and supplementary education to the level of local self-government authorities has led to interregional and intermunicipal differentiation in accessibility of these services [6].

It is apparent today that Russia’s new education policy is changing this area from free privilege subsidized by the government into a paid service “controlled” by the market [4].

New education policy stresses the inadmissibility of restraining or neutralizing competition in the education sphere and embraces a combination of state and agreement-based regulation of relations in the education sphere. Nevertheless, the legislation still confers a leading role on the state authorities of the subjects of the Russian Federation, which effect state control (supervision) in education over the activity of institutions engaged in educational activity in a region’s territory.

Thus, the new legislation regards supplementary education to be a type of education that is aimed at comprehensive satisfaction of people’s educational needs while they are perfecting themselves intellectually, spiritually and morally, physically and professionally and is not accompanied by increases in their education level.

The new legislation places certain restrictions on commercial institutions’ activities based on the type of activity. Thus, limited liability companies and joint-stock companies are allowed to engage in supplementary education activity, but it cannot be their primary type of activity.

Pursuant to Article 32 of the Federal Law “On Education in the RF”, an individual entrepreneur is allowed to engage in supplementary education activity as one’s primary type of activity (both proper and with other instructors hired). That said, natural persons who are not permitted to engage in pedagogical activity pursuant to labor legislation are not allowed to engage in educational activity as individual entrepreneurs. The law stipulates that prior to beginning to render paid educational services an individual entrepreneur has to provide a learner or the parents or legitimate representatives of an underage learner with proof of state registration as an individual entrepreneur, information on the level of one’s professional education, overall experience in pedagogical activity and experience of engaging in individual educational activity and, in case of intending to enlist the services of additional instructors, provide information on their level of professional education and overall experience in pedagogical activity. In the event an individual entrepreneur engaging in educational activity enlists the services of additional pedagogical workers, the entrepreneur will have to get a special license to conduct educational activity [1].

Supplemental educational services for children can still be rendered by non-commercial institutions, both state and non-state. In this regard, if educational activity is not the primary activity of such an institution, it has to create a separate unit within the institution, which will be responsible for conducting the activity. In addition, the local self-government authorities of municipal districts and urban regions have the right to establish municipal education institutions of supplemental children’s learning.

The state support of children’s supplementary education includes a number of measures - for instance, providing state support for municipal educational institutions and staging grant funding competitions [1].

Thus, with the new federal law, on one hand, there is freedom in choosing a particular type of business entity to engage in providing supplemental educational services for children, while on the other hand the new law sets out a number of preferences for state and municipal institutions, for which this type of activity is traditional.

A Brief Overview of the Market of Supplemental Educational Services for Children in Russia: Currently, the market of supplemental educational services for children (early education, supplementary education, professional learning and life-long learning [10-12], etc.) meets the priorities of Russia's development, which is attested to by the Annual Letter of the President of the Russian Federation to the Federal Assembly dated December 12, 2012 [13].

At present, Russia is seeing some robust activity in the said domain with regard to private centers for children (early education centers for kids aged 1 to 4) and supplementary education institutions for children and teenagers (aged 5 to 18), as well as combined variants – educational centers for children of different ages. Although there is no imperious need in preschool and supplementary education in Russia [6], the desire to give children the best education and an opportunity to develop their talents tangibly drives up demand for such services on the market.

Such centers normally offer the following services in Russia: 1) a comprehensive early education program for children aged 1 to 3; 2) a comprehensive program for children aged 4 to 6; 3) tutoring for school; 4) hobby groups; 5) choreography; 6) drawing; 7) singing; 8) computer courses; 9) learning languages; 10) sports classes; 11) additional services (yoga for adults, consultations by psychologists or speech-language pathologists and other areas) [14].

Today researchers around the world are increasingly pointing out the need for implementing the marketing mix in respect of private schools' activity [2]. This view has been arrived at by Russian specialists too [4].

Apprehending educational services as a phenomenon relatively new in Russia, which is capable of satisfying the needs of the Russian consumer, implies the need for detailed study of these needs, as well as market segmentation adjusted for regional differences.

An Overview of the Market of Supplemental Educational Services for Children Through the Example of a Typical Russian Town: The town of Biysk is a typical small town of the Russian Federation. According to data by state

statistics authorities, its current territory is 292 km² and its population density is 750,5 people per km². The total population as of the beginning of 2012 was 216,7 thousand people, out of which 20,1 thousand are school students. The segment of the town's population that is capable of reproducing a younger generation (aged 8 to 35) is quite large; there is an increase in the population of preschool and junior school age, which stimulates demand for supplementary education services.

An analysis of potential clients based on data by state statistics authorities helped identify two major consumer segments for the town of Biysk:

- Families with at least one child aged 1 to 6 (preschool children); the number of these children as of the beginning of 2012 was 14 156 individuals;
- Families with at least one child aged 6 to 18 (school children); the number of these children as of the beginning of 2012 was 20 129 individuals.

Furthermore, the analysis revealed that the two consumer segments have different consumer values.

The first segment is in need of an environment of person-developing learning for preschool-aged children, which would benefit them intellectually, psychologically and culturally. Services provided by an educational center, an early education centre, or a supplementary education center, which are engaged in tutoring children for school, seem to be the most expedient option for such clients.

The second segment is in need of an environment of supplementary education for school-aged children, which would help enhance their academic progress, help them with professional orientation, passing the USE (the Unified State Exam) and the SFA (the State Final Attestation) and enrolling in prestigious institutions of learning. Such consumers can receive supplemental learning services in the form of both traditional tutoring and other types of educational services (distance learning courses, etc.).

The two segments are distributed between municipal and private institutions. Today we can see new private supplementary education centers and early education schools open up on the town's education market. Last year, there were 19 such firms, which indicate the existence of a competitive environment in this area.

These institutions are oriented towards 1,5-hour classes for preschool- (aged 2-6) and school-aged (aged 7-18) children. Such establishments have different, in many aspects unique, curricula and tuition costs.

Municipal institutions of supplementary education have a more attractive pricing policy. Thus, for instance, going to Center for Children's Creativity No. 4 (the full package offers 3 1,5-hr. classes per week) costs 400 rubles per month in tuition expenses, which is a lot cheaper than what other private educational centers charge at the moment.

Among this kind of educational centers run under the auspices of state educational institutions, one can mention the educational center of the Shukshin Altai State Academy of Education. The center provides educational services for 8-9 months of the year (i.e. during the academic year).

Today the center offers the following services: children's tutoring for school (760 rub./mo.), computer courses for school students (560 rub./mo.) and karate-do training (750 rub./mo.). Besides, the center has been actively engaged in offering short-term computer courses for adults (2800 rub./course). The yearly attendance at the center by the service categories is as follows: : children's tutoring for school – 40 individuals, computer courses for school-children – 85, computer courses for adults – 30, karate-do training – 20. The establishment's gross revenue as of 01.09.2012 was 782980 rubles.

Thus, we can see that currently there is demand for children's supplementary education services in the town of Biysk.

From the entrepreneur's standpoint, the most attractive is the variant with the maximum number of students in the group being 7 and the maximum number of groups being no less than 3 – i. e. 3 groups of 7 students, while the number of subjects offered should be optimal (narrowly-specialized centers are not competitive).

For our target audience analysis let's consider families with at least one child aged 6 to 18 attending general education school, which can afford supplementary education services for their child. In total, this audience as of the beginning of 2012 numbered 20,1 thousand individuals. It seems impossible to accurately forecast the market share for each competitor due to the fact that children's centers have no consistently permanent groups of students and due to the difficulty of obtaining information on the precise size and number of groups, as well as changes in those figures during the year. Nonetheless, a simple distribution of the number of potential clients across the number of firms registered revealed that there is an untapped segment.

Currently, the scale and quality of such services in Biysk are, no doubt, affected by tough social and economic situation in the town: a relatively low number of

school students (while the number of preschool-aged children is growing) and a low level of the population's well-being and general culture.

The most significant trend that facilitates the development of the considered market in the town of Biysk is, no doubt, the growth in the number of preschool-aged children, which indicates that in the next 10 years there will be ever-increasing demand for supplemental educational services for children.

CONCLUSION

Today, as a result of Russia's new education policy, supplementary education is no longer necessarily free privilege subsidized by the government but paid service "controlled" by the market. However, while the laws of the market have been functioned for quite a long time, for instance, in the sphere of tourism, accounting, advertising and other services, "education" and "commerce" were until recently perceived by society as opposite to each other. In present conditions such economic terms as "marketing mix" [15], "management", "strategic management", "business planning", "project management" are quite applicable to the sphere of education as well and can be affiliated with a special branch of economic knowledge – economics of education, which needs to be studied both theoretically and through the practical experience of education managers across the world.

This study revealed that the market of supplemental educational services for school students in the town of Biysk is nowadays characterized by developing competitive environment. The study demonstrated that there stand out a particular untapped segment of consumers of school children's supplementary education services amid a trend toward an increase in their numbers in the near future due to an increase in the birth rate.

All this creates a favorable market environment for new supplementary education centers for children in Biysk as a typical Russian small town.

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