

## FACTORS OF COMPETITIVENESS OF THE HIGHER EDUCATION INSTITUTIONS OF THE REPUBLIC OF MOLDOVA UNDER CONDITIONS OF MARKETIZATION OF PROFESSIONAL EDUCATION

Veronica PRISACARU, Alina CARADJA

State Agrarian University of Moldova, 44 Mircesti str., Chisinau, Republic of Moldova, Emails: v.prisacaru@uasm.md, alina.caradja@mail.ru

*Corresponding author:* v.prisacaru@uasm.md

### **Abstract**

*In spite of the fact that the term „marketization” is relatively new in the academic language of the Republic of Moldova, market laws have been functioning for some time in the educational market, especially through competition in attracting potential candidates to study. This investigation is focused on the following objectives: a) synthesizing the conceptual approaches of higher education marketization; b) analyzing Moldova’s higher education market through the evolution of supply and demand; c) identifying the basic factors determining the attractiveness of higher education institutions for potential candidates. In order to achieve the stated objectives, the following research methods were used: the synthesis of theoretical approaches regarding the marketization of higher education, opinion survey, comparative analysis and generalization. In conclusion, there were identified and ranked the attractiveness factors of the higher education institutions and there were made recommendations in order to increase their competitiveness in the market of educational services.*

**Key words:** attractiveness, competitiveness, higher education, marketization.

### **INTRODUCTION**

Starting from their important role in creating the human potential for a sustainable economic and social development of the country, universities need to value performance management as a priority. In fact, under conditions of marketization of higher education, performance reporting should be done not as an isolated qualification, but as a factor of competitiveness with a direct impact on the sustainability of each institution. This reasoning is argued by the fact that the marketization of higher education has transformed the professional training activity into a commodity and the professional education institutions have become providers of educational services which, under conditions of increased competition, have to struggle in order to stay on the market.

For a long period of time, the universities have been considered by society as institutions primarily designed to create the intellectual potential of the state, having a specific culture and system of values. At the same time, they distinguished themselves as

organizations of considerable sustainability. Thus, according to the Carnegie Council data on Policy Studies in Higher Education, out of the 66 long-lived organizations (which existed between 1530 and 1980), 62 were universities. According to these statistical data, the universities have been rated as remarkable for their historical continuity and, based on this information, it was formulated the assumption that this feature will remain in the future. That statement began to lose its consistency at the beginning of the 21<sup>st</sup> century as a consequence of the active interaction between universities and society [9]. The activity of universities has begun to be examined more and more frequently as one developed within the knowledge market. Thus, there is an increase in the role of economic thinking in areas previously assigned to other spheres of social life in the minds of people [7].

At present, the universities are becoming more and more similar to corporations, being both under the influence of coercive and mimetic forces at the expense of academic values, enunciated as normative forces [9]. The conceptual essence of the forces

mentioned above derives from the term isomorphism, defined by Hawley as a constraining process that forces a unit to resemble other units that face the same set of environmental conditions [11]. Being initially applied to institutions by Meyer and Rowan [15], the isomorphism was later developed by DiMaggio and Powell in the concept of their influential theory of institutional isomorphism in organizational domains. The authors highlighted three types of isomorphism: coercive (that stems from political influence and the problem of legitimacy), mimetic (resulting from standard responses to uncertainty) and normative (associated with professionalization) [8].

The influence of coercive and mimetic forces in the activity of universities is confirmed by more and more intensive marketization of higher education. The process of marketization of higher education is in its turn is defined as an attempt of adapting the higher education to market standards, where price mechanism balances the demand and supply of student education, research and other academic activities [6]. In other words, the academic offer becomes marketed, being viewed by politicians and other beneficiaries as a service under the competition [13].

At present, marketization of higher education is a global phenomenon. Being initiated in the countries where English is spoken natively by the majority of the population (Canada, USA, Australia and the UK), the marketization processes are spreading quickly in the higher education system around the world: Spain, Russia, Japan, China, Africa etc. [12]. At the same time, we note that universities in the US are considered to be the closest to a marketed system. The basic features of US higher education are: a high degree of autonomy; tough competition between different institutions; the existence of a substantial private sector with a "profit" and "non-profit" orientation; the institutions compete in the payments for studies, those representing about 50% of the tuition fees; the universities' budgets are completed by their own funds as well as by state allocations (for public institutions) and donations (for private ones); study costs and maintenance fees can be

covered by state and institutional subsidies; universities spend considerable efforts for marketing and branding in order to win a good position in the US institutional rankings and league tables; there is also a tough competition for federal funding and donations for research, etc. [5].

In spite of the considerable and rapidly expanding marketization of higher education, the opinions regarding this process remain polarized. The pro-marketing supporters have their own convictions as a part of them highlight marketing as an effective tool in allocation of insufficient resources on the one hand, and others who state that, in order to be efficient, each university should consider itself and, respectively, act as a service provider. Thus, there are people who believe that contemporary universities should recognize that they are placed in a competitive environment and have to compete, including their products and activities [3]. As "pro" arguments, the following ideas are suggested: as a result of marketization, universities gain more autonomy from state control to define their own strategies and vitalize their funding [13]; the marketization process will add flexibility and efficiency to the higher education institutions; market will increase the money value, as well as the efficiency of the university sector, will improve its reaction to the needs of students, their parents and of the whole society [10]. Their opponents believe that switching to marketed universities will have a detrimental impact on universities. Thus, Engwall, having investigated the Swedish higher education system, mentioned the ejection of normative forces as a response to the increased influence of the coercive forces that, if previously influenced through budgeting, currently operate through representation in the governing bodies and selection of university leaders [9]. Knights and Clarke, based on the synthesis of results of an opinion poll conducted in the UK, concluded that the new quantitative objectives and values exposed from the outside are in conflict with such traditional academic values as freedom, autonomy and belonging to a community, thus generating a sense of insecurity among those

activating in the academic environment [14]. Brown, in his turn, points out the following paradoxes of turning the higher education into a market-based one:

- the informational problem, which consists in the fact that it is difficult to have the necessary information about quality, higher education being a “post-experience” good;
- the benefits of higher education are not limited to its graduates [6].

Referring to the second deficiency highlighted by the author, we'd like to mention that according to the opinion of the notable scientist and economist McMahon [16], education is essential for both personal success and economic growth, the measurable value of non-monetary benefits being poorly understood so far. In this context, the scientist refers to the importance of studies in providing better opportunities for work and living. He also emphasized the role of higher education in promoting democracy, sustainable growth, crime prevention, reduced welfare state costs, etc. The arguments put forward show that the mentioned social benefits are quite high in comparison with higher education costs. In this context, the author suggests the idea that a poor understanding of the potential benefits leads to sub-investments in higher education [16].

The study conducted in Finland among the representatives of 12 departments from 3 universities, highlighted the fact that, as a result of reforms, universities were put into a situation when having more autonomy in the ways to achieve goals, managerial approach and resource allocation, they have little freedom in choosing the goals they want to pursue. Among the findings made by the authors we note:

- the emergence of a new type of university that favours competition and short-term results, putting them above collegiality and academic discussion;
- the functioning of the new type of management as a catalyst that changes the ethics of the academic community members and academic activity;
- the dissatisfaction of the majority of respondents (80%) with the new performance

management system, which is considered an inefficient one;

- reduced attractiveness of the academic career (according to the opinion of 55% of the respondents), etc.

Thus, due to the implemented reforms, which aimed at increasing the competitiveness of higher education, university management in Finland put an unprecedented pressure on universities to produce measurable results [13].

Regardless of the polarized opinions on the influence of marketization on higher education, it is clear that this process is irreversible. Under these circumstances, it is important to adjust your activity correctly so that you become first of all competitive and second, to ensure your sustainability.

## **MATERIALS AND METHODS**

The objectives of this investigation have been achieved using the following methods: the analysis of the theoretical approaches to marketization of higher education worldwide; quantitative analysis of supply and demand on higher education market in the Republic of Moldova; conducting a survey on a sample of 543 students from eight universities of the Republic of Moldova; the synthesis of the reports regarding the Bachelor's degree study programmes' evaluation presented on the website of the National Agency for Quality Assurance in Professional Education; generalization of the research results and formulation of conclusions and judgments related to the actions taken to enhance the Moldovan universities' competitiveness.

We should mention, as limits of research, the inclusion in the opinion poll of only eight universities out of a total of 30 currently existing in the Republic of Moldova.

## **RESULTS AND DISCUSSIONS**

The transition of the Republic of Moldova to market economy has been logically accompanied by the “opening of gates” for mimetic forces in higher education. Under these circumstances, even though marketization has not yet come into the usual

language as a term, it is increasingly penetrating as a process and attitude in the higher education management.

The concept of marketization of higher education, by its essence, supposes the existence of a market which, in its turn, is imposed due to a certain level of demand and supply of educational services. Referring to the offer of higher education study programmes in the Republic of Moldova, especially bachelor's degree programmes, we

consider that this far exceeds the demand, largely because of the establishment of a large number of private universities in the 90s of the last century. Even though, in the total number of universities that have ceased their activity, the share of private universities is much higher than that of state universities, at present 11 private institutions activate in the country along with 19 state institutions (Figure 1).

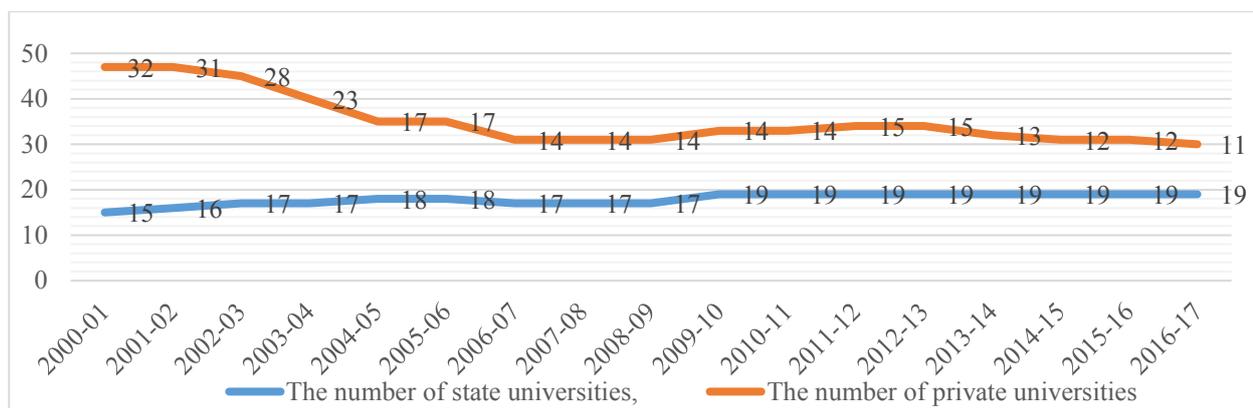


Fig. 1. Dynamics of the number of state and private universities in the Republic of Moldova over the period 2000-2017

Source: [4]

On the other hand, there is a substantial decline in demand for higher education services in the Republic of Moldova, this trend being caused by a number of factors with direct and indirect influence. Thus, while negative demographic trends and massive migration of the population abroad are indirect factors negatively influencing the demand for educational services, a direct obvious factor is the steady and continuous reduction of the number of high school

graduates, which in their turn represent “the basic raw material” for higher education institutions. In this context, analyzing the results of the baccalaureate exams over the period 2014-2017, we note that, according to data of the National Agency for Curriculum and Evaluation [1], the number of people who successfully passed the baccalaureate exam, after a non-substantial increase in 2015, decreased continuously in the next two years (Figure 2).

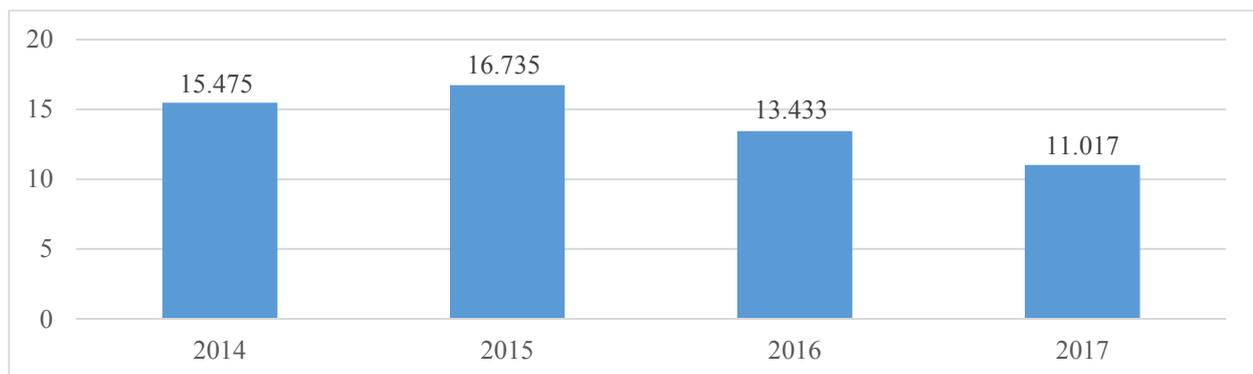


Fig. 2. Evolution of the number of high school graduates who passed the baccalaureate exam in the Republic of Moldova over the period 2014-2017, people.

Source: [1]

Along with the numerical reduction of the baccalaureate diploma holders, it is well known the influence of such factors as:

- the attraction of a large number of candidates by the educational institutions from Romania, as well as the increased annual number of people applying for studies in other European countries: France, England, Bulgaria etc.;
- the preference of a part of Russian-speaking candidates to study in the institutions of the Russian Federation, due to the fact that more and more Moldovans obtain the citizenship of this state each year;

- the refusal of a part of the young people to make professional studies, invoking such arguments as the lack of jobs, leaving the country to work abroad, the inability to bear the costs of living involved, etc.

As a result of the influence of factors mentioned above, the number of students enrolled in the higher education institutions of the Republic of Moldova is continuously decreasing (Figure 3), analogical tendencies being recorded in the number of graduates (Figure 4).

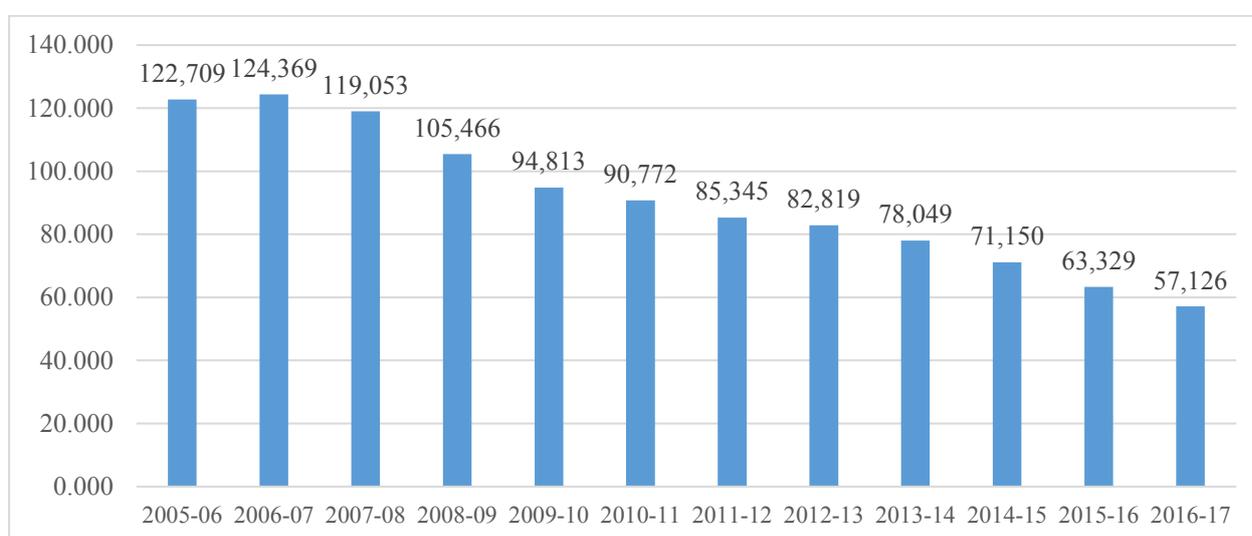


Fig. 3. Evolution of the number of students of higher education institutions, cycle I (Bachelor's degree) in the Republic of Moldova over the period 2005-2017, people.

Source: [4]

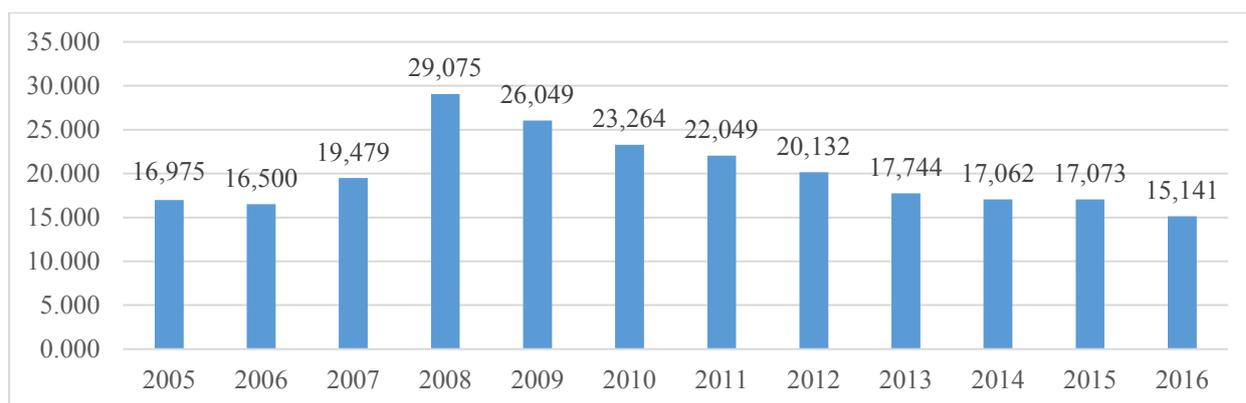


Figure 4. Evolution of the number of graduates of higher education institutions, cycle I (Bachelor's degree) in the Republic of Moldova over the period 2005-2016, people.

Source: [4]

Based on a correlative analysis of the higher education offer and the evolution of the number of potential candidates, it becomes obvious that each higher education institution needs to shape its performance management

mechanism focusing on the quality and attractiveness at the same time. The last reasoning - the need for a concerted focus on quality and attractiveness, is based on the fact

that, by evaluating the situation existing in the most Moldovan universities at the moment (on the basis of examining the reports of the higher education study programmes' evaluation presented on the web page of the National Agency for Quality Assurance in Professional Education [2], it was found out that the institutions are concerned about the quality of professional training, while the relationship with the labour market, the collaboration with potential beneficiaries (high school graduates, employers, local community) still have insufficiently capitalized aspects and over 75% of the evaluated study programmes being identified

as areas requiring some improvement. This fact highlights an insufficiently effective relationship with the market, therefore deficiencies in linking the educational offer to market requirements.

The survey among the students from 8 universities of the Republic of Moldova carried out on a sample of 543 people highlighted the following aspects:

-out of the total number of factors determining the choice of the future educational institution, most of the choices (89.6%) focused on the recognized quality of the professional training and the prestige of institution (Figure 5).

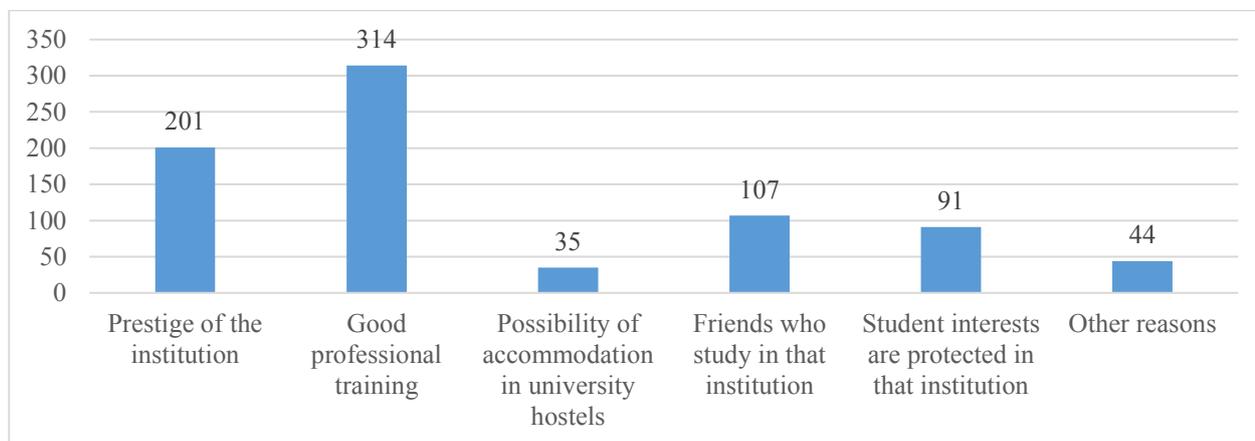


Fig. 5. Comparative analysis of the factors determining the decision of candidates to choose the higher education institution in the Republic of Moldova

Source: Own determination.

Based on this, we conclude that these two features are the most important in enhancing the attractiveness of an institution in the market of professional training;

-based on the correlative evaluation of the determining factors of choices made by candidates, it could be mentioned that the prestige and the high quality of training hold equal positions in only one of them. This fact reflects a correct policy of promoting the educational offer by the institution in question: the institution offers good training and has managed to create an adequate image based on quality. In all the other investigated institutions, the image received fewer choices compared to the quality of training, which in turn proves insufficiently effective actions aimed at promoting the image;

-the comparative analysis of results obtained by different institutions is also useful due to the fact that, based on the separate examination of each institution, some vulnerable aspects of competitiveness can be identified, as well as the potential reserves to enhance the promotion activities. However, being unable to present real results on each surveyed institution for ethical reasons, we will still identify the position of State Agrarian University of Moldova in comparison with the average results obtained by all the investigated institutions. Thus, if the total number of choices offered to the quality of all the surveyed institutions prevails over those offered to the prestige by 56%, in the case of State Agrarian University of Moldova, 3.73 times more choices have been offered to the quality of training than to the prestige. In

this context, it is obvious that promoting the image of the State Agrarian University of Moldova represents one of the most important issues in order to increase its competitiveness. Another problem identified as a result of this survey was the erroneous emphasis on the possibility of offering accommodation in the university hostels through advertising companies: it was found out that this factor was important only for 15% of the surveyed university students, while the quality of training was indicated by 46% of the students.

## CONCLUSIONS

Although the term marketization has not yet entered the usual language of the higher education management of Republic of Moldova, it penetrates more deeply as a process and attitude. At present, the offer of professional education services in the higher education of the Republic of Moldova is far superior to the demand, which makes the competition between universities more and more acute. The situation is also aggravated by the continuing downward trend in the number of high school graduates, the holders of baccalaureate diplomas.

Based on the analysis of the evaluation results of the Bachelor's degrees study programmes by the National Agency for Quality Assurance in Professional Education it was found out that, being concerned about the quality improvement, most institutions place insufficient emphasis on the relationship with the labour market, while the collaboration with potential beneficiaries (high school graduates, employers, local community) represents insufficiently capitalized aspects and over 75% of the evaluated study programmes being identified as areas requiring some improvement. This fact highlights an insufficiently effective relationship with the market, therefore deficiencies in linking the educational offer to market requirements.

As a result of the survey conducted among the students from eight universities (a sample of 543 people) it was concluded that the main motivating factor in the choice of institution is the quality of the educational performance,

the second being the prestige of the institution. At the same time, the existence of some inconsistencies between the results obtained in these two positions (prestige and quality) proves the low effectiveness of activities made by most investigated institutions in the image promotion, also identifying some erroneous emphasis in the companies promoting the educational offer.

Based on the above mentioned facts, we conclude that the focus of the activities carried out by Moldova's universities on a better level of professional training is no longer sufficient; it is necessary to promote more actively the idea of this good and qualitative professional training within the institution, to develop and present convincing arguments to potential clients so as they consider the universities as competitive "producers" of professional competencies appropriate to the business environment.

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