

SPECIAL FEATURES OF PERFORMANCE OF THE MARKET OF HIGHER EDUCATION PRODUCTS (ОСОБЛИВОСТІ ФУНКЦІОНУВАННЯ РИНКУ ПРОДУКТІВ ВИЩОЇ ОСВІТИ)

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Introduction

Affected by global changes in business environment, increase in competition, mobility and awareness of consumers, and their requirements to a procurement item, customer-oriented approach is not anymore a popular trend of corporate development, but an urgent need to construct a marketing strategy of relations with internal and external environment. This issue is especially important for institutions of higher education services that operate at the monopolistically competitive market B2C. Under current conditions high education institutions (HEI) must be considered as an equal business entity producing and rendering education. Scientific, innovative, and other commercial services. Identification of special features and commodity forms of HEI products is an essential element required to form a system of educational marketing that caused a need to conduct this research.

Education economics and marketing of education services were studied by many foreign and national scientists, in particular, V. Aleksandrov, V. Bazilevich, V. Geetsya, O. Hrishnova, A. Hrytsenko, S. Ilyashenko, A. Kolot, V. Tarasevich, E. Libanova, M. Malchuk, S. Bahdikyan, D. Johnstone, I. Kalenyuk, M. Krukunov, I. Lylyk, T. Obolenska, V. Oharenko, M. Oklander, A. Pavlenko, A. Pankrukhin, V. Pylypchuk, A. Starostina, N. Steblyk, M. Stepko, I. Tymoshenkov, S. Tyutyunnykova, A. Fedorchenko, V. Schetynin, L. Yakovenko, etc. Conceptual frameworks of the global changes in the sphere of education were represented by researches of F. Altbach, D. Bell, V. Inozemtsev, J. Masudi, J. Olderman, E. Toffler, F. Fukuyama, etc.

Main material of the research

Annual researches of the Global Competitiveness Index [2, 3] conducted by the World Economic Forum show significal potential of Ukrainian higher education. Ukraine having the rate of 5,1 in 2017-2018 rating took high 35th place, however in the general rating it took only the 81st place. As Fig. 1 show, countries ranking among TOP-20 by a level of global competitiveness, have high indices and leading positions by a higher education index (specifically, Singapore, Finland, USA, Switzerland, Netherlands, Denmark, New Zealand, Norway) that proves its role in ensuring economic development.

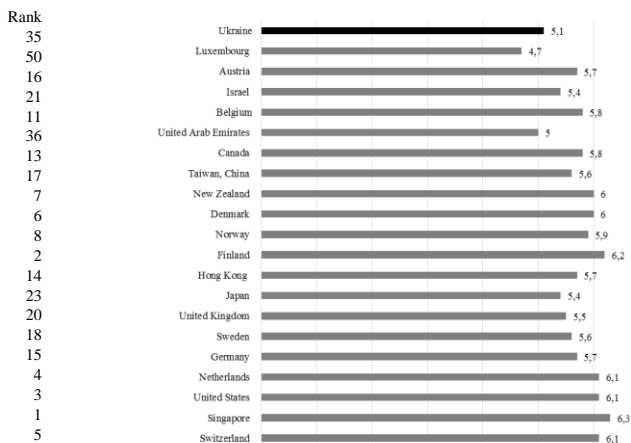


Fig.1. Rating of countries by index of higher education competitiveness

High enough index and rating of higher education in Ukraine is mainly caused by an indicator of higher education coverage that has grown in 2016-2017 as compared to 2012-2013 by 2% and made 82.3% (table 1). However, as five years ago today, very weak points are still quality of management in educational institutions, quality of the educational system, and availability of research and education services. The stated aspects demand special attention and to direct efforts to solving serious problems.

Table 1

Indicators of higher education in Ukraine

Indicator	2012-2013		2016-2017		2017-2018	
	Value	Rank	Value	Rank	Value	Rank
Level of coverage by higher education, %	95.6	49	99.2	53	99.2	51
Level of admission to higher education, %	79.5	10	82.3	11	82.3	16
QuaЯкiсть системи освiти	3.6	70	4.0	56	3.9	58
Quality of teaching mathematics and natural sciences	4.6	34	4.8	27	4.8	27
Quality of management in educational institutions	3.4	117	3.8	93	4.0	88
Access to the Internet at schools	4.4	62	5.1	35	4.8	44
Availability of research and education services	3.7	98	4.2	77	4.3	68
Advanced training of personnel	3.6	106	3.7	94	3.7	88

Basing on essential content of the market of education services, complex structure of results and products of HEI activities that are gradually commercialized, and taking into account the marketing approach it is offered to consider the market of higher education services as social and economic relations arising in the process of interaction between HEI and persons that have educational, scientific and information, advising needs and show solvent demand for offered products of educational, scientific, innovative, and other types of commercial activities of HEI.

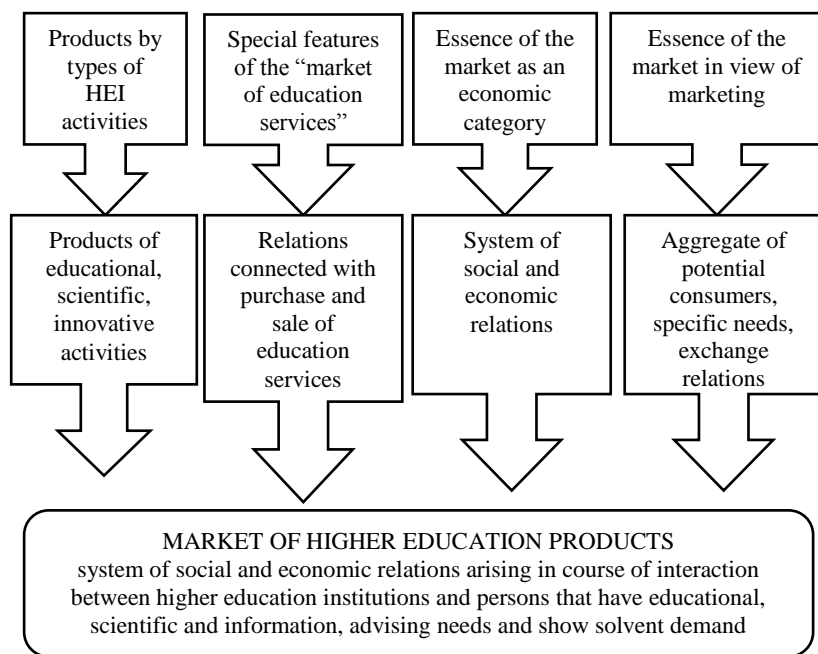


Fig. 2. Market of higher education products as the system of social and economic relations

From practical point of view the market of higher education products must be deemed as a mechanism f showing individual and collective needs in products and services of higher education, and an efficient method of their chargeable rendering by HEI.

Parties of social and economic relations in the sphere of higher education are institutions of formal education and informal teaching on the past of supply, and individuals and institutions (state, employers, society,

etc) as consumers on the part of demand. To study market behavior of the parties of social and economic relations in the sphere of higher education it is expedient to apply methodological principle of holistic personalism [13] that is based in the behavioral hypothesis on: constructive intensity of activity; heterogeneous motivation; set type of rationality; mutual dependence and interconnection of the parties and institutions.

Universities interact with external and internal stakeholders (see Fig. 3) through market infrastructure.

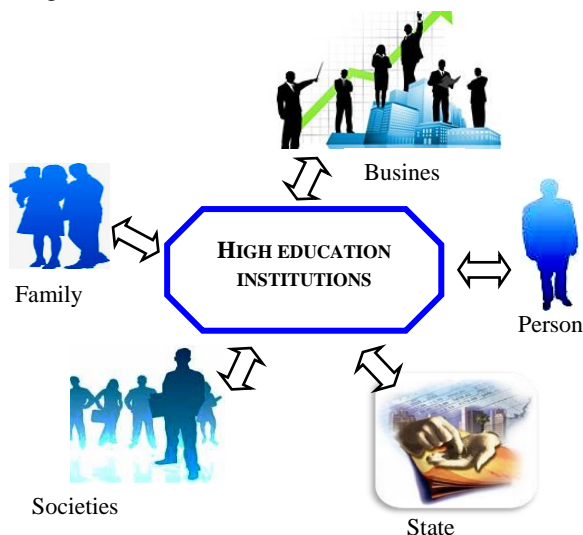


Fig. 3. Interaction among basic stakeholders of the educational process

It includes labour market where scientific, teaching personnel is selected, and a need of business in professionals is formed. This factor market serves as a signal to form a field for education consumer market where universities find their students. Another field market of the education sphere is an institutional market where reputation of HEI is formed and «traded». Strong positions of a HEI at the institutional market allow it to control consumer and labour markets. Reconstructing themselves in compliance with external conditions, universities are forming their reputation that defines maximization of their image as a target function. Due to good reputation HEI attract and keep managers and professors, students and financial resources. As a rule, top universities have high budgets, high salaries of employees and high demand of applicants.

As an economic category education service is a specific benefit and has the following features: inability to perceive (before acquisition it is impossible to perceive aggregate of knowledge and practical skills obtained by the consumer as a result of the education service); inherence of a source (impossibility to separate education services from educational institutions); variability (each stage of the service rendering process is unique, i.e. it depends on qualification of a teacher, place of rendering, status of a receiving party, etc.); inability to preserve for further use, as knowledge is characterized by a feature of growth, extension, and result of the service in a form of acquired knowledge is kept as basic one; unavailability of ownership right (in process of consumption transfer of intellectual property rights is not stipulated, however in course of study intellectual property owned by third parties is masters as knowledge is a public benefit).

Except for general features, higher education services are characterized by specific features, among which scientists [4; 12; 14; 16] mention: significant duration of rendering education services; dependency of study results from conditions of future occupation and graduate's life; need in further support of education services, in particular, provision of different advices to graduates, organization of advanced training, etc.; mediate nature of demand for the education services; need in licensing of the services; delay in identification of results of the education services; joint creative activity of a teacher and a student; openness of the higher education sphere for information, personnel and other exchanges; differences in motivation for receipt of the education services in the age category of 16 to 30 years old and motivation of older consumers; competition nature of rendering the education services. In addition, education products are consumed collectively, but knowledge is mastered and practical skills are acquired, i.e. professional competences are formed depending on personal characteristics, diligence, abilities of each consumer, therefore final result is different in each particular case. Specific for products and services of higher education is a fact that they meet long-term needs of both individual and institutional parties. Providing products and services by all types of activities, HEI produce and transfer knowledge, whereby affect creation and development of human capital quality of which is being formed for a long period, whereon, in its turn, future social and economic development of a country depends.

In addition, depending on a type of HEI activities a special feature of the higher education services, specifically, is diversity of their rendering. They can be mass services that presupposes participation of other consumers, for example, for the education services – students in a class, for scientific and innovative services – participants of scientific conferences,

workshops, exhibitions, etc.; and/or individual services when a particular need of a particular consumer is met.

In terms of market economy the education services acquire a form of marketable product and have a form of education programs and technologies; formalized knowledge (product of scientific and teaching activity is elements of an academic complex of disciplines, patents, monographs, production samples, manufacturing technologies, etc.); implicit knowledge (system of graduate's competences); organization of teaching and scientific process (facilities and resources + academic personnel + organization culture + partners and connections).

Marketization processes of the higher education sphere have facilitated competition development at the relevant field market but competitive struggle is characterized specific features. On the one side, HEI compete for applicants and try to promote their services, and from the other side, they can associate and conduct joint scientific researches, develop and promote education, scientific, research, and innovative projects. Therefore, as fairly noted by A. Kobets, in the sphere of higher education services competition can exist in specific forms of cooperation [9]. Under such conditions, education marketing presupposes building bridges with other HEIs that must be built on competitive grounds and on the basis partnership relations at the same time.

Such specific feature of higher education products, in particular, education products as "two-market" orientation [10] cannot be missed: to satisfy individual needs met through the market of education services in the sphere of higher education and functional needs of the labour market for which demand for education programs according are derived from needs of employers. Higher education services are characterized by heterogeneity that is appeared as follows: at a particular period, under particular conditions of consumption and rendering, it can differ, therefore it has unique characteristics. For example, in case one teacher is replaced by another, one and the same discipline will be taught in different ways. That is why standardization of higher education services, and control of their quality is the most challenging problem.

To our opinion, it is also important that products and services of higher education are result of integrating different spheres – education, science, production, innovations. In this context and under terms of developing knowledge-drive economy HEI acquires new organizational forms: from an educational institution, education and scientific institution to a business entity. In addition, development of mechanisms used to establish education, scientific, and production clusters is becoming more and more active. As a result, needs to form long-term relations among cluster parties

are arising. In this view, absolutely tasks emerge for HEI marketing than just a need in forming a positive image, promotion of HEI products and services, market research, etc.

Basing on systematization of general and specific features of higher education services [5; 7; 8; 11; 12; 15] their peculiar features (table) that should be taken into account in forming HEI marketing system have been identified.

To our opinion, taking into consideration mutual influence and interconnection of education, science, production, innovation spheres and their referring to types of scientific and teaching activities and socially significant benefits that presupposes special public care is especially important feature of the education services. This phenomenon is widely enough highlighted in scientific publications of Ukrainian scientists [4; 9; 13; 14; 18]. They fairly note that education is a special commodity that is both private and social benefit at the same time. It is caused by a fact that, on the one side, the education services play important role in forming of an individual personality, his/her intellectual potential on which opportunities of professional activity, income level, and life quality depend.

And on the other, at the same time national human capital is being formed that is required to ensure social and economic growth, improvement of global competitiveness of the country. In addition, A. Kobets proves an opinion that education can be referred to individual benefits, confirming it by a fact that effect of the individual benefit is perceived by a person – HEI graduate who increases his/her financial position and social status. In its turn, the formed educational and professional potential of the HEI graduate is used by an employer as a resource of business activity [9].

Table 2

Peculiar features of higher education products

Peculiar features	Education products and services	Scientific products and services	Innovative products and services	Advising products and services
Ownership right	Absence of the ownership right	Acquisition of the ownership right for a particular period		
Special features of rendering the services	Mass nature of service provision	Mass and/or individual nature of service provision	Individual nature of service provision	
Social significance and	Referral to merit goods that causes interconnection and mutual dependence of public and market mechanisms			

public nature	intended to regulate the market of higher education services	
Duration of the services	Long-term (4 to 8 years)	The services can be short-, average-, and long-term
Dependence of results on consumers	on life conditions, abilities, skills of students	on observance of recommendations as to implementation of scientific, innovative projects, recommendations following results of advising activity
Further support of the services	Advanced training	Control over results of scientific, innovative projects, introduction of recommendations
Regulations and laws	Need to license the services	
Delay in results	Difficulty in evaluation of efficiency and effectiveness of the services	
Specific nature of competition	HEIs are not only competitors at the market of higher education services, they can also actively cooperate and share experience that generate a special type of competition	
Heterogeneity	Uniqueness of each service rendered by HEIs	
«Two-market» orientation	The education service must be provided taking into account orientation of applying customers and employers	
Multiple channels in payment for the services	a customer (applicant or his/her parents), employer, state can pay	a customer (consumer) pays for the services
Mixed benefit	requires integration of commercial and non-commercial marketing	
Integration processes	Integration of different spheres – education, science, production, and innovations	

Thus, studying the market of higher education services it should be mentioned complementary nature of individual and social advantages from production and consumption of the education services that allowed to define the higher education services as merit goods. Concept of the merit goods, offered by R. MacGrave [1], is the best to reflect processes of pricing at the market of higher education products. That means that the education services guarantee foundation and implementation of interests of a personality, business entities, society, and state in spiritual and intellectual development, contribute to creation of conditions required to form human capital, abilities of a person to work, thereby ensuring business need at the labour market and at the same time training an intellectual buyer able to consume scientific goods. In this context it has been noted that high social benefit and demand lag from long-term interests of the society generate stimulation of

demand for the education services by the state. Public support of the market of education services is caused by demand lag from long-term interests of the society as individual consumers are ready to buy the merit goods at a price lower than total costs for professional training [14]. At the same time, demand and supply of the education services are formed at the market. The foregoing proves the opinion as to interconnection and mutual dependence of public and market mechanisms intended to regulate the market of higher education services, that is essential to form an adequate marketing system of HEIs.

In course of the pricing process it is important to take into account such specific feature of the higher education services as multiple channels of payment for the services, i.e. individuals (students or their parents), legal entitled (companies and organizations at request of which a student is trained, or sponsors), as well as the state can pay for the education service. Under such circumstances, effect of splitting acquisition costs emerges. It means that the greater part of the costs is incurred by third parties, less sensitive to a price level the consumer is. It means that if a company or an organization pays for education, then importance of a price factor in selection of a profession or a HEI for an applicant reduces, and importance of non-price factors is increasing, in particular prestige of a profession, reputation of an institution, etc. If a family pays for education, especially in case of a low solvency level, role of the price factor increases, and priority is given to an offer with more favourable price. Thus, price sensitivity of potential consumers of education products plays an important role in making marketing decisions at the market of higher education services.

In Ukraine there is significant disproportion in value of training professions at public expense. For example, in 2014 fee for training by different programs at HEIs subordinate to the Ministry of Culture, made about UAH 32-63 thous. per student/year, at the same time training at medical HEIs – UAH 22 thous. per year. In addition, at HEIs subordinate to the Ministry of Culture the state pays for training of students with major not only in the fields of culture and arts but also in economics, philology, or management. The same situation is also observed in agricultural HEIs where often economics and lawyers are trained at public expenses. In fact, annual fee for training of a bachelor of law at public expenses is significantly different in universities subordinate to different authorities: Ministry of Justice – UAH 20 thous., Fiscal Service – UAH 30 thous., Ministry of Agriculture – UAH 31 thous., Ministry of Culture – UAH 46 thous., Border Guard Service – UAH 103 thous., Ministry of Defense – UAH 104 thous., Security Service of Ukraine – UAH 115 thous. In its turn, in a system of the Ministry of Education and Science average fee for

training of a bachelor for public expense can differ depending on a particular university. For example, bachelor of Precarpathian National University – UAH 15 thous. per year, bachelor of Kyiv Polytechnic Institute – UAH 34 thous. per year, while average fee for both bachelors and masters in Sumy State University makes UAH 22 thous. per year [17].

In general, in Ukraine the market of education services at different values has formed, where depending on his/her income level each consumer has opportunities to chose. Kharkiv market of education services with major in Marketing is characterized by significant differentiation of prices and high level of price competition. At 13 out of 35 HEIs with III-IV accreditation levels there are programs with major in this field. According to results of price monitoring it has been found that in 2016 average fee for training by bachelor's degree program made UAH 8,850, but the highest price at the rate of UAH 12,865 per year was registered at the private HEI – Kharkiv Institute of Interregional Academy of Personnel Management, and the lowest – UAH 6,000 at Kharkiv Institute of Market Relation Economics and Management. In case of master's degree the highest price made UAH 19,350 at Karazin Kharkiv National University; the lowest – UAH 8,390 at National Pharmaceutical University. So that under modern conditions future contracting student and their parents give priority to a particular educational institution, it is enough to set a price for training lower by some hundreds hryvnas than price of its competitors.

For purposes of successful performance of tasks for national HEIs it is required development and introduction of organization and management innovations, that, to our opinion, must be based on the marketing concept application of which stipulates direct effect on demand of the market of HEI services, results of its activity. In this view the HEI needs the marketing system that would ensure efficient operation and development of the HEI under marketization conditions of higher education sphere.

Leading universities are permanently improving a form of their organization reducing private and public forms of financing. Three forms of regulation are singled out: public control, market influence, and institutional self-control when companies themselves adapt to new trends, for example, model of «academic hierarchy». Both centralized (command-and-control), and market regulators have effect: facing similar external forces some universities intensively change, others change only partially, and the rest does not change at all. Institutional self-control that is nationally and originally different from other modern universities is the best verified result of regulating the education sphere in the world practice.

Conclusions

This scientific research has been conducted according to a plan developed for scientific and development works of Kharkiv State University of Food and Trade in: Marketing policy of a higher education institution at the market of education services: No. of state registration 0113U008391.

Marketization processes of the higher education sphere caused changes in conditions under which higher education institutions function at the market of higher education products. As a result of reconstruction the institutions have got financial and commercial autonomy, changed their legal status that caused their transformation from education and scientific institutions to business entities at the specific field market – market of higher education products that has its special features. First of all, it is referral of the education services to merit goods that presupposes interconnection and mutual dependence of public and market mechanisms intended to regulate the market of higher education services, and thus – integration of commercial and non-commercial marketing at HEIs. In addition, basing of the fact that HEIs are not only competitions at the market of higher education products but can actively cooperation, a special type of competition and relations has been formed among HEIs. As modern products and services of higher education are a result of integration of different spheres – education, science, production, innovations, a need to build relations with business structures emerges. To overcome discrepancies between the labour market and the market of higher education products relations between HEIs and employers, professional societies are becoming more and more important. Thus, at the market of higher education products new agent-object relations have been formed. As a result, a need to meet requirements and satisfy interests of all stakeholders, that come into interaction in course of production/consumption of higher education products, has become relevant.

In view of the foregoing, a need emerges to form subject-oriented marketing system at higher educational institutions as a modern organizational and management model of development, justification, acceptance and implementation of marketing decisions aimed at formation and support of permanent, mutually profitable, social and economic relations aimed to meet individual, collective, social needs, as well as commercial, economic, and social interests of stakeholders.

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