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## **Global positions of economic universities**

### INTRODUCTION

In the context of increasing global competition, the rivalry between universities became apparent. In the spin of competition, universities besides their educational functions take on also research ones, which until now were considered prime functions of research centers and institutes. With the definition given in the second part of the XX century, brand of many universities started to be assessed and perceived not only in the light of honorable ancient traditions, but also as a major characteristic of competences of the graduates, indicative of their level of demand and also indicative of the world's image (world-wide recognition) of the professors in those universities. Therefore, the competition for the best prospective students and the students able to pay for their education at the university has become the main dilemma of many colleges and proved positively their ability to find the optimal and very competitive niche in the global market of educational services.

At the same time, assessment of the universities, evaluating their activity and, foremost, international aspect of this activity, is the main goal of the modern international social-economic studies. The authors have chosen the same goal in their study of global positions of economic universities, including their European positions, whose role in the formation of the business élite is hard to overestimate. Based on the above, the authors have set up the following goals for the research, namely:

- defining methodological aspect of the modern formula of brand strategy in economic education;
- validation of rating of international competitiveness among economic universities;
- assessment of expansion models practiced by university leaders.

In spite of the fact, that problems in economic education were constantly in the focus of many modern researches, in particular P. Druker, F. Fukuyami, M. Bontis, M. Selezneva, G. Lukichova, I. Kalenyuk and many others, defining the core essence of the modern branding strategy for economic university is yet to remain quite a complex issue. And this was what prompted the authors to start this article.

## THEORETICAL BACKGROUND OF BRANDING STRATEGY IN ECONOMIC EDUCATION

Mankind's shift from the paradigm «Homo sociological» to «Homo economicus» requires formation of modern approaches to the completely new system of theoretical principles, which would fill the existing methodological vacuum with a specific content.

So far as we consider, modern perception of education in the global economy can be based on its defined modern characteristics of education, which are clearly identified in the modern theoretical concepts<sup>1</sup>. A very interesting interpretation of a new role of the education has been offered by the follower of the modern unorthodox political economy, Australian professor F. O'Khara, who has defined concept of circular and cumulative causality (CCC), based upon the concept previously defined by G. Myrdal and M. Kaldor. The main idea of this concept is based upon the fact that the authors deeply believe, that under the circumstances of globalization, social aspects are playing an essential role in the development. The aspects affect ethnical, class, gender and regional dominant features of the continuing modernization of economies, both of leading countries and outsiders and as the result it leads to a long term economic transformation.

O'Khara is deeply convinced that in the modern society there are two dominating controversial tendencies: poverty and economic underdevelopment on one hand and wealth and high development on the other hand. And, therefore, the major factors, influencing the progress, will be:

- education and employment (labor capital);
- trustworthiness and networks (social capital);
- prejudice and discrimination (asocial capital);
- habits, social and moral norms (cultural capital);
- income and wealth (financial capital);
- nutrition and peace of mind (health capital) [O'Xapa, 2009, p. 45].

The above said somewhat changes traditional perceptions which were defined at some time by A. Maslow, according to which safety of life and material values would have had determinative value. It is hard to disregard this concept, however, if we assume that the underling needs were satisfied, which is a common order of things in developed leading countries, and the society got used to consumption of these values and is unable to appreciate a real degree of value of the things it consumes, so the concept promoted by those supporting unorthodox

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<sup>1</sup> We deeply believe that it is quite difficult to define differences between the concept and theory. However, under the circumstances of paradigm uncertainty any modern theory in the sense, in which it has been declared by founders, most likely is to be identified as a concept which needs precise and consequent methodological study.

theory is in the forefront. And therefore, the society is able to appreciate from different perspective the values of the first factor – education and employment, which are altogether form of human capital.

The most popular in the 90<sup>s</sup> of the XX century “Economics” tried to explain all changes happening in the international and national economy by the demand and supply for certain types of goods and services. At the same time, education cannot be ruled out, after all its final result is an educational product which includes the system of knowledge, skills and competences, which has been accumulated within a certain period of time and vested the professional graduates with the competences. Their skills and education clearly indicate a certain level achieved regarding the competitiveness rating of the university and, in general, competitiveness of the graduates. Therefore, demand for education can grow, and in the event of supply limitation due to licensing, accreditation procedures and reduction in the state support provision to universities and other restrictive and regulation actions (for example, admittance threshold testing) education becomes quite elastic, and particularly elastic in terms of demand, caused by different levels of price affordability.

Quality of the educational product, formed at universities, in many ways will depend on the whole range of factors, such as:

- fast convergence of educational and training management systems;
- introduction of advanced educational technologies;
- implementation of international quality standards into national legislation;
- further hyperlocalisation of colleges as a result of their mergers and acquisitions;
- monitoring of study results;
- outsourcing of educational services.

Expected changes in education are closely connected with formation of network society, the underlying basis of which is, according to American professor M. Castells, determined by relations between manufacturing, experience and authorities [Castells, 2004, p. 14]. These are the factors which, according to M. Castells, can lead to formation of a model called informational capitalism, which is global in its essence and is based upon high level of diffusion of technological innovations into society, which inevitably leads to formation of informational society, in which the role and importance of universities will constantly grow, and education, regardless to what is attributed to this term (in Canada, to the authors knowledge, neighboring fields are attributed to education, in Germany and Japan education also includes science and research institutions, in Italy, in addition to the abovementioned, education also includes museums and zoos, in the USA – libraries, summer schools, state system of educational services) is supposed to transform, with the lapse of time, into a typical entrepreneurship with inherent competition, massive advertisement, lobbying system in the state and international institutions.

It is predictable, that all the said above will lead to formation of the global creative class which will be able to design an optimal model for ruling the

world, at the same time with quite an extensive risks system and it is not surprising, it was the USA that experienced the touch of the formation of a new intellectual consolidation model first. A famous American researcher R. Florida described, in very bright colours, modern tendency of accelerating the role and importance of a creative layer in the American society, which, in his opinion, is to unite the creative intelligentsia, art figures, managers, administrators etc. His computations amazed the whole American society. For example, while there was no surprise in the figures displaying overall creative class with the leaders being New-York (2.7 m individuals attributed by R. Florida to creative class), Los Angeles (8.0 m), Washington-Baltimore (1.5 m), Chicago (1.4 m), figures showing concentration of this class looked quite surprising showing quite different cities among the leaders – San Francisco, Ousting, Boston, San Diego [Florida, 2004, p. 156–157]. Therefore, regional allocation of creativity appeared to be quite paradoxical.

It is needless to say that economists, managers, scientists, professors whose speciality is directly connected with creative functions are also attributed to this layer, and moreover, take direct part in the formation of the future society through commercialization of virtually all areas of human life.

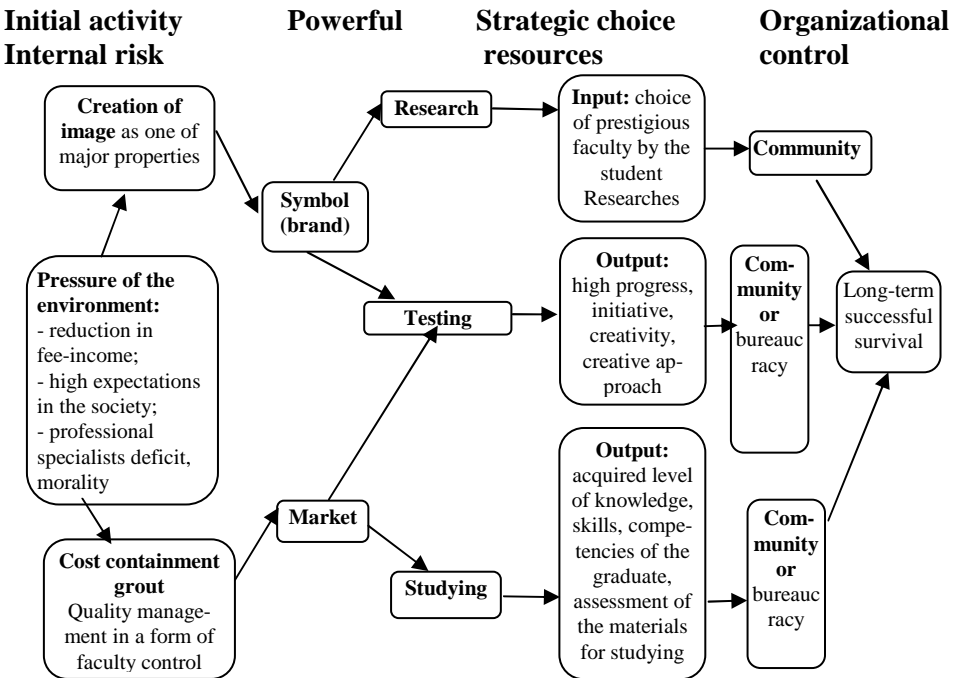
Assessment of quality and prestige of education is in many ways connected with administration system applied at the university, including economic university, which by its character, could become a model of organization and implementation of the most efficient forms of regulation of educational-economic process in this field. Unfortunately, it happens very rarely, after all, old economic schools in their competition with new ones do not always produce satisfactory results. The reason for this is that traditions have the capacity of not only leveraging image of the college, but also the capacity of tarnishing it. Well aware of this effect, American scientists from Western Washington University offered their model of easing university education of the state control through the development of resource reduction system (look graph 1).

There are several factors in the background of this autonomous system, the most important of which is the refusal by the university from the additional income through the reduction of (balancing out, freezing) a tuition fee. Other factors are the state financing cuts, deficit of certain professionals on the labor markets, public expectations and public dominant morality. Along with the diversified system of cost containment growth this can prompt creation of new image of economic university as a democratic educational institution which consistently reduces its tuition fee, by doing so stimulating affordability of attaining the education. Unfortunately, this graph does not show how the university will explain positive from the point of view of the potential consumer of educational services changes, made in quality of the education, and that the internal control of the university can replace independent monitoring (expert) assessment.

It is natural that the market regulates the consumers demand through the traditional “price to quality” ratio, and a brand, created to match the requirements of this

ratio, will bring annual satisfaction to the university, and maybe only to its owners. At the same time, according to the above mentioned authors, the university will have to confirm its high (or upgrade the existing) image of the educational institution for several ongoing years. There are three expected directions: research, testing, studying.

From the point of view of the student, the advantages of being a student at prestigious faculty are: possibility to plunge into research activity of the university, high success, creativity, forming one's own individual creative character, higher level of knowledge, skills and competences (comparing to other faculties and colleges). By the time of graduation the students will have been attributed to a certain community (for example researches) or to a certain type of class or bureaucracy (if speaking about state officers, the positions will be available for specialists from specific fields of knowledge). Formed in this way creativity of the class (under the circumstances the role of the symbol or brand will be very significant) will ensure long-term success (survival) of the university and attributing of the graduate to a certain community (creative) group (class) who, in the event of success, can rely on the support from his alumni. Actually, numerous graduates associations from universities or colleges of leading universities of the USA, Western Europe and Japan already act in this function and have taken dual by the content image compounds:



**Graph 1. Model of organizational control and strategic choice of the university by P. Nemets and A. Cameron**

Source: [Nemetz, Cameron, 2006, p. 46].

- by strengthening their uniqueness as graduates they stimulate strengthening of standing position of the university,
- successful marketing of the university brand favors their own career,
- even reduction in the state financing (joint financing) cannot cause bankruptcy of the university because of its constantly growing popularity,
- we use cutting-edge technologies, recognized as the best in the world, for studying,
- the university does not increase a tuition fee because it is deeply convinced that its mission is higher than simply striving for income.

#### RATINGS OF ECONOMICS UNIVERSITIES: ADVANTAGES AND DISADVANTAGES

Defining the first place among universities, including economic ones, has always been a hard and contradictory matter. The traditional approach has been considered as a competition for leadership between Cambridge and Oxford universities which goes back several hundred years in history. Nevertheless, modern ratings defining the most successful universities are based, generally, on complex polystructural models of comparison of success and creation of relevant leagues. Their purpose is an annual monitoring conducted by leading western media, such as «The Times», «The Guardian», «U.S. News» or «FT». Each of the members has the aim of researching different directions in evaluation of the university activity, whether it is students admission, or assessment of research work, or establishing international reputation of the colleges (at least of certain specialities taught in these colleges). As a rule, the assessment is conducted by a range of values which at present amount to over 70 items, with the most vital areas of assessment quality of academic staff, level of the applicants, quality of study programs, quality of post-graduate programs etc. [Дайк, 2006, p. 53].

And still, image quality of rating appraisal has always been defined by somewhat different indicators which are characterized by educational achievements of the professors lecturing at the universities. Considering the criteria given, the most popular is the listing of the Nobel prize-winners or winners of Fields medal (mathematics). Another popular factor is index of scientific quotation (SCIE) or its equivalent if speaking about social science (SSCI). Then the weight ratios follow, which are dependent on actual achievements of the university in selective areas, in particular:

- quality of education (graduates prize-winners of the above mentioned prizes);
- level of faculty;
- results of researches;
- size of the college [Лю, Чень, 2006, p. 68].

It should be mentioned that the aforesaid approaches are suffering some inaccuracies and sometimes they are even contradictory. For example, N&C index accounts only for articles, printed in magazines «Science» and «Nature» (considering their main specialization it is expectable that the articles, written by the economists, even if they are Nobel prize winners, will not be published in these magazines). SSCI ratio accounts for general number of articles, attributed to the indexes of the scientific quotation, at the same time excluding monographs from this list which is, of course, not acceptable. There are considerable contradictions in the calculation of final score which can be described as attempts to apply own (national) scales of assessment, for example CHE/Stern (Germany), Maclean's (Canada), Good University Guide (Great Britain), Perspektywy (Poland) etc. Nonetheless, the comparison of universities may not be always objective and, what is most important, unified. After all, it is not always appropriate to match advantages and disadvantages of agrarian, art, technical and economic universities, because technologies of studying as well as research activities are quite different. Therefore, it can be predicted that this ranking in the future will be, most likely, based upon precise specialization, which will allow comparison of colleges by their attributing to a certain "field".

Somehow positive rating system of economic universities, business schools and university faculties is proposed by «Financial Times» (FT), a newspaper with numerous supplements, being one of the leaders among European analytical issues.

To support "value" of the rank, FT first of all applied economic approaches which include provision of educational services, initial salary of the graduates, their employment records within first three months following graduation, educational diversification (the most valuable of components are gender, number and specific share of foreign students), international researches (level of mobility among faculty staff and students, foreign languages used in teaching disciplines, specific share of individuals possessing Ph.D.) and number of other indicators. The research conducted in 2009 by FT, demonstrated particularly commercial positions of some colleges, specialized in training specialists in economics, business, finance, marketing etc. Among the first five leaders in the above mentioned field of modern education are quite famous universities, for example LSE (London School of Economics, established in 1895), ESCP Europe (School of Management for Europe, established in 1819), HEC Paris (French School of Management, 1885), and comparatively young colleges – Cems (1988), which is the example of absolutely new form of organization of business-education, because it is a strategic alliance of leading business-schools and multinational companies.

Modern business schools are, on one hand, delocalized, and on the other hand are highly centralized, and by their structure are only slightly different from TNC. The most characteristic example of this fact is ESCP Europe, the

university with five campuses (Paris, Berlin, Madrid, Turin) and 125 research centers. This allows the university to successfully compete with other similar institutions of the continent, to enjoy the advantage of perfect location of the centers (North, Central, South Europe) and, on the other hand, to display high mobility of teaching staff, researches and students, which, without any doubt, positively affects each rating assigned. The Eurocommission allocates quite a lot of money to maximize faculty and students mobility.

There is another economic school with unique model of European expansion – Vlerick Leuven Gent Management School (Belgium), consisting like a real production facility, of a Director, Board, Executive committee, Management Committee, Academic (Scientific) Board, Curriculum-coordination Commission. From the point of view of its organizational structure it is a special matrix uniting business-units (academic degree programs, management programs, research programs), and five Competences centres focused on certain areas of knowledge. The school is branching out intensively throughout Europe, including Russia (Saint-Petersburg).

**Table 1. Best business schools according to FT (TOP-5)**

Best universities	Best in entrepreneurship	Best in economics
1. Mannheim Business School 2. HEC Paris 3. LSE 4. ESCP EUROPE 5. Essec Business School	1. Imperial College Business School 2. EM Lyon Business School 3. Vlerick Leuven Gent Management School 4. Kozminski University, Warsaw 5. HEC Paris	1. LSE 2. Mannheim Business School 3. Stockholm School of Economics 4. University of Cologne 5. NHM
Best in finance	Best in general management	Best in corporate strategies
1. HEC Paris 2. ESCP Europe 3. Stockholm School of Economics 4. Cems 5. University of Cologne, Faculty of Management	1. Cems 2. Manchester Business School 3. City University: Cass 4. HEC Montreal 5. Vlerick Leuven Gent Management School	1. Essec Business School 2. HEC Paris 3. LSE 4. Vlerick Leuven Gent Management School 5. Imperial College Business School
Best in consulting	Best in international business	Best in marketing
1. HEC Paris 2. Stockholm School of Economy 3. ESCP EUROPE 4. Cems 5. University of Cologne	1. Essec Business School 2. Cems 3. Manchester Business School 4. Maastricht University 5. Aston Business School	1. Mannheim Business School 2. Esade Business School 3. National Chendshi University 4. HEC Paris 5. Grenoble Graduate School of Business



New positions in economic and business education in Poland is quite illustrative in the rating by FT. As follows from the table, Kozminski University (Warsaw) is among the first five leaders, which in 2009 ranked 36 place in the world among universities with 50 best Master degree programs in management. It ranks nine place among the best European schools in the economics, eight in the field of marketing and general management and four among those specialized in entrepreneurship. None of the other Poland high schools, including Economic Faculty of Warsaw University, Krakow Economic University, Jagiellonowie University was on the list, despite their centuries of traditions, number of graduates, numerous academic achievements, participations in many international projects and, finally, index of quotation in recognized western publications. It is an interesting fact, that the graduates of Kozminski University, along with a Polish Master's Degree diploma also receive a British one – from Bradford University, which is not on the list but, it is still a famous brand.

All this indicates that the assessment model has many controversies.

## CONCLUSIONS

1. Under the circumstances of ever increasing globalization, the role of universities and economic universities in particular, has started to change dramatically, as educational and academic services, provided by these universities, are characterized by new properties, influenced by modern teaching techniques, brand value which creates, develops and commercializes the university.

2. Quality of educational product, created in universities in modern environment, is dependent on the fast speed conversion of educational and study systems of educational management, implementation of cutting-edge educational technologies, implementation of international quality standards in national legislation, hyperlocation of colleges due to their merger and acquisition, monitoring of training results, outsourcing of educational services. All the above said defines future methodological approaches to studying educational dynamics in global economy.

3. The emergence of the first university ratings shaped the nature of global demand for educational product, produced in accordance with the predefined by the authors purpose of examination. Nonetheless, their subjective nature in many ways was caused by the technique selecting only sporadic indicators which did not reflect the specific nature of economic universities.

4. The most complete and valid rating, so far, is FT's rating, which united a number of indicators based on social and economic approaches including the starting salary of the graduates, their employment within first three months following graduation, educational diversification, level of mobility among profes-

sors and students, etc. This allows more precise positioning of economic universities in qualified markets of educational services.

5. For national economic universities, business-schools and respective faculties it is very important to separate selective indicators of growth, ranking on a rating scale of leaders and brisk expansion to the Eurasian educational services markets.

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#### Summary

The article deals with the essential tendencies of creating and commercialization of educational product in the dimension of marketing and neoliberal development models. Main characteristics of educational product's demand and supply are identified and it is established connection with the process of creating a new state educational policy during the intensification of the world economy globalization.

#### Globalna pozycja europejskich uniwersytetów

##### Streszczenie

W artykule przedstawione zostały istotne tendencje tworzenia i komercjalizacji produktu edukacyjnego w wymiarze marketingu i modeli rozwoju neoliberalnego. Zidentyfikowano główne charakterystyki strony popytowej i podażowej produktu edukacyjnego, a także wskazano na jego powiązania z procesem tworzenia nowej państwowej polityki edukacyjnej w obliczu intensyfikacji globalizacji światowej gospodarki.