

## Service Efficiency as a Factor of Competitiveness of the Organizations of Higher Education

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**Abstract:** Education in society is one of the principal sources of economic growth, social stability, indispensable condition of modernization of the economy. Referring to educational service as a product rendered by educational establishments of higher schooling for education, enterprises and other organizations, one should note that this category involves not only a quantitative constituent which has economic productivity but a qualitative one expressed in the quality of the formed competences and acquired knowledge and skills in graduating students of an educational organization who are the competitive products in the market of educational services. Efficiency of the activity of higher educational organization is one of the indicators of competitiveness of the organization. At the present time, educational organizations are increasingly assuming the characteristics of commercial organizations, offering educational services which can serve as sources of additional financing for educational establishment when performing financial and economical activity in the market of educational services. Social effect of educational service consists in the fact whether university or college is able to cope with its main purpose that is graduation of highly equipped personnel to the job market who can obtain a position in their field of specialization during the 1st year. From the position of national interests, execution of educational programmes has direct and indirect effects. The main priority of the direction of the educational organization is providing a wide range of educational services with different types of correlation of the effects of educational organization with the aim of meeting the needs of population and state on the whole and attracting additional sources of financing at the expense of raising share of the economic constituent by rendering educational services.

**Key words:** Educational service, organization of higher education, direct and indirect effects, service profitability, efficiency of educational service, effectiveness of production

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### INTRODUCTION

Accession of Russia to the European educational space, current social and economic changes, market development of nongovernmental organizations of higher education in the sphere of services of popular schooling have considerably complicated the conditions of functioning of educational organizations of higher education of government sector. Competitive activity has been intensified. The problem of competitive organizational governance of higher education is becoming more acute due to the demographic decline owing to this the demand for educational services will decline.

The stated peculiarities of the situation in the country, instability of transitional economics, difficult financial and material plight of educational organizations of higher education have made them open systems,

being closely connected with external socio-economic environment with choppy market processes. In contemporary system theory of effectiveness of educational organization one knows the approach to direct systems management in the market relations characterized by instability of external environment and in the conditions of transitive economy, strategic approach the methods of which are connected with goal-setting of organization and maintaining certain relationship with environment and allow the organization to try to achieve the objectives as on internal opportunities and external conditions. Implementation of the methods of strategic management in organization of higher education meets the requirements provoked by peculiarities of external environment and is to change the situation directing the staff of organization toward improvement of the methods of objectives increasing efficiency of functioning of the high education organization on the whole.

## **EDUCATIONAL SERVICE EFFICIENCY**

Education in society is one of the principal sources of economical growth, social sustainability, indispensable condition of modernization of economy. Educational system's realization of its functions of the element of mechanism of transforming economy, instrument of growth and realization of intellectual and professional potential of population requires comprehensive assessment of its effectiveness.

Effectiveness of production is a key category of modern market economy which has a straight connection with attaining the aim of development of each separate enterprise and the society on the whole (Gryekov, 2003).

Referring to educational service as a product presented by educational establishments to population, enterprises and the other organizations, it should be noted that this category involves not only quantitative constituent that has economic effectiveness but also qualitative component that is expressed in competences to be formed and knowledge and abilities to be acquired in the graduating students of educational organization who are competitive products in the market of educational services. Activities held in terms of Bologna process have far-reaching effect in future, touching upon all national educational systems without exception.

Educational organization seeks competitive advantage, adapting itself to new conditions: innovative technologies, new or changed consumers' needs for services, emergence of a new segment in the sector, changes of valuation and availability of the components of services production. Thus, competitive advantages of higher educational organization can be divided into four groups:

- Advantages in external environment of educational organization (political environment, economic environment, etc.)
- Advantages of educational organization in its external environment (teaching techniques, facilities, industrial engineering, resources, etc.)
- Advantages in quality and resource-demanding of services (service quality, its cost, consumer's resource-demanding of a service, quality of servicing)
- Advantages of the markets (in volume, number of competitors, efficiency and reliability of financial operations, license and accreditation documents, etc.)

Our investigation aims to consider such competitive advantage as service that is service efficiency. The

literature on economics has made many attempts to estimate the effectiveness of the results of activities of educational establishments-education. One of the 1st attempts was the estimate of «population value» of England and Wales, made by W. Petty in 1664. In the studies of the end of 19th beginning of 20th centuries by Ya.P. Yanzhul, A.I. Chuprov, E.Ya. Vorob'yov, A.Ye. Lositsky, one could trace back to educational level (literacy), professional and industrial structure of population, labour experience and salary.

Based on the considered standpoints of the notion of educational service effectiveness and distinguishing criteria of estimate of efficiency (Akperov, 2009; Muromtsev *at al.*, 2007; Voronin and Khokholova, 2006; Podoprighora, 2011; Salnikov and Burukhin, 2008; Banslova, 2009; Golovistikova, 2008) we are proposing the following.

Efficiency of educational service is a number of criteria meant for estimate of qualitative and quantitative constituents of educational organization of higher schooling on rendering educational services to «customers» and «consumers» as represented by population, enterprises and other organizations.

## **CRITERIA OF EFFICIENCY OF EDUCATIONAL SERVICE**

Criteria selected by us to estimate the effectiveness of qualitative and quantitative indicators of educational service are the following:

- Economic constituent
- Social constituent
- Prospective constituent

Each of the criteria evaluates educational service from the viewpoint of different relations correspondingly:

- Educational service-educational organization of higher schooling
- Educational service-consumers and customers
- Educational service-government

Consider each of the criteria according to the subjects of the above-stated relations. Efficiency of activity of educational organization is one of the indicators of competitiveness of the organization of higher education. At the present time, educational organizations of higher education acquire the characteristics of commercial organizations even more, providing educational services that can serve as the sources of additional financing for educational establishment when performing financial and business

activity in the market of educational services. On account of the above-stated, the economic criterion determines how effective the resources contributed from government budgeting at the expense of internal search for alternative sources of financing due to providing educational services are allocated and used. Thus to estimate the effectiveness of using the resources of organization it is possible also to apply the assessment of profitability of providing the services.

Profitability of educational services (Ps) is estimated by means of ratio of gains and loss on realization of services (Grs or Lrs) to the sum of all the costs for the realized educational services (Crs). The demonstrable computational formula is the following:

$$Ps = Grs/Crs$$

Or:

$$Ps = Lrs/Crs$$

If sale of educational services resulted in loss. By means of estimate of profitability of educational services, one can easily determine what services are more profitable and whether it is possible to diminish net cost of some other service. The plan-based profitability of educational services is calculated if the organization is about to introduce a novelty in services.

The ratio «educational service-consumers and customers» discovers the main point of providing an educational service-meeting the needs of population in education. A social effect of educational service consists in the fact whether the organization of higher education fulfils its main assignment that is graduation of highly equipped personnel into the job market who can obtain a position in their field of specialization during the 1st year. Based on the criterion identified above we will obtain:

$$SSE = Qe/Qg.d$$

Where:

SEEs = Social effectiveness of educational services

Qg.d = The quantity of graduates who received diploma certifying a higher and secondary vocational education (RVE and DVE) on the period under report (a year of the end of an educational organization)

Qe = The quantity of graduates who got a job according to the received (related) vocational training in the first year after graduation (the reporting period), taking into account the graduates who went into the civil service in the armed forces of the Russian Federation as well as who took maternity leave, considering them thus to be employed

This formula makes, it possible to calculate social effect on different educational services, including professional and additional education which helps to estimate which of the services of educational organization have more social effect among the other services.

From the position of governmental interests, the realization of educational programmes has direct and indirect effects. The sphere of education along with the sphere of health care and social maintenance form the level of development of human capital of the nation. Therefore, with all national differences, the government in the countries of the West spends on the educational needs >4% of GDP. The median share of government assignments for education in the structure of GDP in the countries with high level of human potential accounts for 4.8% in the countries with average level of this index 4.2% in the countries with low level of human capital 2.8% (in Russia-3.1%).

Indirect effects reflect influence of education on the other economic and social processes. The level of education in the country exerts influence on innovation of economy, on social behaviour, fall in unemployment.

## SUMMARY

Each of the criteria consists 1/3 of overall effectiveness of educational service. The ideal of such ratio is a balance between all the three effects provided by the service of educational organization.

The most profitable from the point of view of commercialization of educational organizations is considered to be a ratio in which economic effect prevails over the other effects. At the same time, the interests of consumers will be infringed and state organization of higher education will lose its status of non-commercial organization.

The social effect and prospective constituent are the most interesting for population and state, respectively. The main task of management of educational organization is providing a wide spectrum of educational services with different types of effects correlation in educational service with the aim to meet the needs of population and state on the whole and also attraction of additional sources of financing at the expense of increasing the share of economic constituent in offering a range of educational services.

## CONCLUSION

Thus, according to conceptual approach to overall assessment of social and economic effectiveness of the activity of organizations of state sector of economy, resultant can be recognized the activity of organization

which has innovative character is profitable (from the point of view of maximization of public welfare) and maintains favourable working conditions of the personnel.

The competitive strategy is the basis for development of long-term and medium-term goals, the achievement of which provides maintaining and strengthening the existing superiorities and also attaining additional advantages that ensure a high competitiveness of educational establishment in both Russian and all European markets of educational services and sufficient level of sustainability of its functioning.

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