

Business and Academia in Kazakhstan: living a cat and dog life? On reconstruction of education policy in Kazakhstan

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Abstract. The research identifies the challenges faced by Kazakhstani universities, and investigates the origins of the “lack of qualified personnel” problem in Kazakh companies during turbulent times. First, the research provides a general overview of the communication barriers between Academia and Business in Kazakhstan. Second, it reveals the graduate skills gap in Kazakhstan and finds out the extent to which the quality of graduates doesn’t meet the expectation of employers. The findings demonstrate that, along with practical experience and technology, universities expect financial support from businesses, but companies are very reluctant to invest. Businesses require experienced graduates, cutting edge technologies, and a good return on their investments from universities. Since returns on investments are not guaranteed, companies do not pay. The priceless experience of our ancestors shows that if you need something cutting edge, you have to pay; if you get it free of charge, do not expect anything good from it. The situation is similar with employees: got them for free – teach them yourself! The old “natural exchange”, when a company gives money to universities and universities deliver qualified employees, seems to be forgotten in its simplicity nowadays.

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1. Introduction

Although there is some research which demonstrates no immediate or linear relationship between increased investment into knowledge, links between universities and industries, and economic profit [1], [2], the public expects that investment in university-industry networks will result in a great number of new and innovative products and a positive impact on labor markets in terms of graduates’ employability. A lot has been done to confirm that university-industry links raise the level of competence of the population and improve innovation diffusion in terms of quantity and speed [1, p. 12]. Also, much has been done to find evidence for the benefits of collaboration of Business and Entrepreneurial Universities [3]. University-industry links can lead to economic profits, but much will depend on how these patterns are actually implemented [4].

Over the years, many academics [5] have been using their links with the business community, resulting in co-publishing, co-patenting, joint supervision of Masters and PhD students, contract consulting, university based training and professional development for employees, use of university libraries, laboratories, and other facilities by companies, employment of graduates by companies, joint research programs, and jointly attended lectures and conferences. However, after ages of research, the gap remains deep between the training given to management students and the needs of working

managers [6]. Countries lack graduates who able to sustain and develop the “knowledge economy”, and blame the content and structure of undergraduate programs. The lack of collaboration is hurting business students, business schools, companies, and society.

Literature Review.

The term “ivory tower” has been used for almost twenty years to underline the failure of academics to prepare graduates who meet industry needs [7]. This critical view was supported by Bennis and O’Toole [8], saying that business schools prefer to be rated by their scientific research rather than by the competence of their graduates. T. Ferguson [9] found out that 40% of employers are unsatisfied with the business, non technical, and interpersonal skills of graduates. Since then, this concern has been shared by Kazakh researcher Sergey Filin, who presented the results of his Kazakhstani employers’ poll, where 68% of employers have to teach graduates basic managerial skills [10]. Kazakhstani employers rate Kazakhstani HEIs, on average, from 3 to 4 points out of 10 for the quality of graduates. Furthermore, Bisam Central Asia revealed the discrepancy of how academicians and employers evaluate the quality of Kazakhstani graduates: professors believe that the quality of graduates increases, but employers have a negative opinion [11].

Guide and Wassenhove [12] stated the obligation of business schools to address current

industry problems and issues in academic research and contribute to targeted audiences. Fred R. David, Forest R. David offered fourteen changes, seeking balance between theoretical research and applied business, which include revisions of many items from philosophy to curricula, offering a license-based approach [7, p.13].

Kazakhstani policy makers revealed a number of documents, such as the Program of Education Development for 2011-2020; one of the objectives is to meet internationally accepted standards on the quality and relevance of the higher education system by building a national qualification framework and gearing learning outcomes towards labor market needs.[20] The new “Nazarbaev University” has been created to set the innovative model of a Kazakhstani market oriented university. The universities in Kazakhstan gained 55% freedom from the State Standards for Bachelor Degree programs, 70% for Master Degree Programs, and 90% for Doctoral Degree Programs, to adjust curricula to meet market needs. It is planned for research universities to obtain academic autonomy in 2013, for national universities in 2014, and for all HEIs in 2015 [13].

At the same time, the HEIs are strictly monitored on how they meet state standards. 16 HEI have reached international accreditation standards such as ABET, ACBSP, AQUIN, ASSIIN, IMarEST since 2008. Eurasian National University named after Gumilyev was rated 431 in the Times Higher Education QS World University rankings, in which the quality of graduates and employers’ satisfaction play a significant part.[14] The quality will also be reached by optimizing HEI within Kazakhstan; there were 181 HEI in 2005 with 775,762 students, in 2011 – 149 HEI with 620,442 students [15], and it is planned to have 100 HEI with a decrease in the number of students by 20%, because Kazakhstan has 1.5 times more HEI per 1000 people than Russia and the USA. Also, the number of students for one HEI is 1.8 lower than in UK, and 3 times lower than in Germany. According to the State program, 30% of HEI will have international accreditation, two of them – in the list of 500 top world universities by 2020 [16].

Objectives.

The goals of the research are twofold. First, the research provides a general overview of the

communication barriers between Academia and Business in Kazakhstan. Second, it reveals the graduate skills gap in Kazakhstan and finds out the extent to which the quality of graduates doesn’t meet the expectation of employers. The research is based on comparing the competences, which are being applied to make a curriculum at one Business school in Kazakhstan, and the skill sets required by Kazakhstani employers.

2. Methods.

The research is exploratory in nature. The author interviewed a target group of 15 top and HR managers from Kazakhstani branches of international companies, 15 Business School graduates, and 15 Business University professors. Also, data is collected by means of a structured questionnaire. The target population of questionnaire was 50 teachers of management related disciplines and 50 employers from the companies that are listed by the Chamber of Commerce in Kazakhstan. The paper is also partly based on Kazakhstani companies’ job descriptions analysis, Kazakhstani business students’ and graduates’ resumes, and business course syllabi for Bachelors programs at three Kazakhstani Business schools.

The competences were perfectly divided by graduate position requirements and personal characteristics and the personal characteristics were divided on threshold and distinguishing by Boyatzis [17]. In this research there are four main groups of skills and competences: management skills, technical skills, personal skills and communication skills. Management competences are: disciplinary expertise, planning, organizing, leadership, problem solving, decision management, project management, ethics and responsibility. Technical competences are computer literacy, analytical skills and operating in organizational environment. Communication competences are three languages (English, Kazakh and Russian) proficiency, oratory skills, presentation skills, team work, whereas personal competences are business acumen, reliability, autonomy, critical thinking, initiative, adaptability, emotional intelligence, political skill, stress tolerance, attention to detail and creativity [18]. A factor analysis was conducted with these twenty six competences to identify the most important factors separately for Teachers and Employers. The importance was calculated as follows in the table 1:

Table 1: The example of calculation and comparing the competences' importance for employers and teachers.

	Irrelevant (-2)	Not important (-1)	Average (0)	Important (+1)	Extremely important (+2)	Mean
Critical thinking: employers	2.0	16.7	44.1	31.4	5.9	0.23
Critical thinking: teachers	0	9.8	35.3	35.3	19.6	0.65

Also, 64 students specialized in management and marketing completed the satisfaction questionnaire.

3. Results.

Learning outcomes in the educational sphere are defined as what the student is expected to know, understand and be able to do [5, p.15], [19], but in the business sector, quality is defined as "Degree of which product (service) fulfills customer requirement or was produced correctly". So if we look on the quality of HEI in light of such a definition, standards in Higher Education should be formulated by Business and Academia in order to fit its' purpose [20]. For international students the main factors that lead to a student, currently studying, being sufficiently satisfied to recommend their university to others are "course organization", followed by "employability", and "course content", whereas the "research activity", "work experience", and "learning spaces" are less or the least popular. According to the questionnaire, completed by 64 undergraduate Kazakhstani students of a private Business school, specializing in management and marketing, the most popular were "employability", "good teachers", and "course content", whereas the least popular were "topic selection", "performance feedback", and "research activity". The results show that international and Kazakhstani students both undervalue "research activity" of their Alma Mater, but find "employability" very important. At the same time, 32 out of 35 Kazakhstani employers mentioned "research activity" among the three most important factors. The Kazakhstani society's opinion is twofold: on one hand, it expresses concerns that when academia conforms to current demand from the labor market it prepares students for the past, because the labor market's demand changes. Moreover, since very early times, universities, not businesses, have been the locomotives, which pioneer changes and initiate progress. On the other hand, society blames both Academia and Business for facing the problems of unemployment and lack of qualified personnel at the same time.

Policymakers.

Kazakhstani policymakers don't make an exception for Business education, but demonstrate a unified approach towards the problem of youth unemployment, which, according to official statistics, went down from 13.4% in 2005 to 5.9% in 2009 [15, p.109]. In order to stabilize the trend they initiated a number of programs like "Receive a diploma – Work in a Village" in 2009 and 6582 graduates (1%) took part in it. The graduates, who participated in the program, received grants, which provide for buying a house in the country and a workplace. A similar program called "AulZhastary" provided grants for education for youth from countryside under the condition that they work in the country after graduation. The "Youth reserves" program was initiated by the ZhasOtan political party to select the most gifted youngsters to get a job in the public sector. After the selection process, around 300 young people, out of 1000, received jobs. The "Youth internship" project has been introduced to provide 51000 workplaces in 13000 companies [16 p.45].

The results of the programs are not clear, the statistics are not always transparent or reliable; so despite some attempts from policymakers, the problem is still remains unsolved and only 30-40% of graduates work in their specialty, the rest get a second qualification and work in other sectors.

The Kazakhstani policy makers announced five priorities: biotechnology, nanotechnology, mining, nuclear technology, and information technology [13, p34], in order to prevent a situation where HEI prepare students who are not suitable and not needed in today's markets. Business education is the least prioritized sphere, where state grants are not allocated, as the number of graduates, specialized in Economics is double the labor markets' demand. At the same time, almost every representative of the "Business" group, who has been interviewed by the author, mentioned the problem of lack of competent managers as a significant barrier to development.

Kazakhstani employers.

"Forget about what you have been taught at the university" is the first phrase, which our graduates usually hear if they are lucky enough to get a job. The most popular problems are: students are

familiar with theory, but have nothing to do with Business practice, and the university professors don't know much about Business reality that they should have taught. Business blames professors for teaching idealistic models, while the Kazakhstani Business world is still partly occupied by informal relationships, family ties, and corruption.

75% of representatives of the business community believe that they have to do the Business schools' work. A quarter of them mentioned that there are two types of companies in Kazakhstan. The first type is mostly state companies, which accept graduates without work experience and pay a very modest salary. Former graduates do manual work and don't have much opportunity to apply the qualifications they should have had after graduation, but graduates get formal work experience and improve their communication skills, computer skills, interpersonal skills, and listening skills. In order to be employed by the second type of company, graduates need to be proficient, or ideally, licensed or certified in something – some specific business areas within their major; or they have to be up to 25 years old with 8 years of work experience and to have completed their military service as well! There is one more type between those companies, mentioned above. Many graduates work in their family's business or businesses where their relatives occupy senior positions and where they quickly forget about business processes as they are drawn into business practice.

45% of employers blame universities to be a breeding ground for unethical executives, whereas the rest give responsibility to the government, society, and business. The issue of social responsibility was raised by Schmidt [21], who blames the current economic and financial issues on business schools who are not preparing ethically conscious graduates.

According to 25% of business representatives, Business education can't provide efficient and effective training, can't meet the labor market demand of professional managers in the era of a "knowledge" economy, the speed of syllabi and course transformation is intolerably slow, and they believe that the low quality of business education has resulted in a student's attitude towards learning: if the university can't provide effective training for me, I will try to get my diploma, just as a formality, having allocated minimum efforts and resources.

Individual employers made a suggestion that university professors must have 28 days of obligatory Business internship and 28 days of vacation every year, as Kazakhstani professors have a 56 days paid vacation during summer, while the

majority of employees in Business have maximum 28 day long vacation.

46% of employers also mentioned that generally Business schools' graduates are too ambitious, but not hardworking enough. 3 respondents said that they are brought up on "Fairy Tales of the American Dream" and aren't able to realistically estimate their abilities and do routine work.

The attitude towards business universities' research is generally negative (64%). Half of employers believe that professors research theoretical concepts and they have never seen a university professor doing research at a company. 75% complained that the topics are irrelevant and they will never be commercialized, since professors select the topic without an interest towards its necessity or real world application.

Among the managerial skills, mentioned to be very important by more than 75% of employers, the first one is disciplinary expertise, followed by decision management, and project management skills. In the group of technical expertise 89% mentioned computer literacy followed by operating in organizational environment. 100% of respondents mentioned three languages competence to be very important. As for personal characteristics, the leading position (62%) is occupied by reliability, and attention to detail. Nobody mentioned political skills and critical thinking among important competences.

Kazakhstani Universities.

There are many reasons why partnership between Academia and Business hasn't been fruitful yet. First, 25 out of 65 Business schools' professors don't feel a substantial difference between Business education and Higher Education. 25 teachers believe that if they receive a state diploma, the unified approaches should be applied either for physics, linguistics, or business. The other 40 professors are positive that Business Education has to have a unique approach, as the objectives of students majoring in physics are different from the objectives of students majoring in management. The main differences mentioned by 40 Kazakh Business schools' professors were that management is applied, not a fundamental science and the objectives for management are to learn how to make decisions and develop managerial skills, not obtain deep professional knowledge. As a result, the ideal teachers for Business education are managers and business consultants, whose formal degrees can't be the single criteria, because Business trainers teach from their practical experience, not common wisdom, and in the Business classroom students mostly speak, not teachers.

One more important issue is that Business education is not financed by the Government. The Kazakhstan State budget finances education in the priority fields –sciences, technology, mathematics, engineering, IT, building and construction, agriculture, health, environment, transport, creative industries, so Business schools are companies, which have to be flexible to follow market trends. Unfortunately, it doesn't mean that Kazakhstani Business schools have obtained freedom, as they have to oblige to the government, because Business Education depends on the State Educational Standard, whose recommendations they must follow in order to get a State License, and also to business and labor market demands.

The competences, which are considered to be most important by teachers, were disciplinary competence (82%) followed by ethics and responsibility (60%). The most necessary technical competence was computer literacy, whereas communication competence was mostly presented by three languages proficiency (80%). The most necessary personal traits were critical thinking (65%), and creativity (50%).

Conclusions and recommendations.

Although there is much in common between graduates' skills, desired by Business and Academia in Kazakhstan, such as disciplinary competence, there is a gap between what is being taught at the Business schools and what is needed by companies in Kazakhstan. Business schools bring up ambitious and creative leaders, while business require hardworking reliable team workers. Kazakhstani Business schools' graduates don't have enough practical skills to be successful in the labor market. To reach maximum employability in these challenging times for Kazakhstani Business Education, there should be a very good collaboration between state, HEI, and employers. To this end, a strategy should be devised with a role for all of the stakeholders.

Business education should try to do the best to bring up graduates who meet the requirements of employers, enhance international perspectives, and foster outcome focused learning to support excellence in research, develop future-oriented professional programs that meet Kazakhstani companies' needs, strengthen internship program, assist in career preparation and advising. Kazakhstani Business Schools should explore different possibilities to get feedback from employers about their graduates through satisfaction surveys of employers and alumni associations. A special council of advisors can be created – consisting mainly of people from companies that are important employers for HEI, which will have advisory and lobbying

functions, deal with the elaboration of study programs, work placements and internships at the enterprises.

It is important to have at least a midterm forecast for the demand and offering of the labor market. It is important to ensure the education of specialists, necessary for the fields which are important for the economic recovery.

While Business is temporarily reluctant to pay for future workforce of indefinite quality, some tax preferences should be given to the companies, who invest in the future workforce.

Each university should formulate a policy and procedures for quality assurance in their programs and commit themselves to the development of a quality culture. Kazakhstani universities should be responsible for teaching quality. Policymakers should give Kazakhstani Business Schools freedom to define strategy, mission, goals/tasks, to adapt the curricula towards Business recommendations, to start new study programs, to plan budgets, to plan expenses, to own real estate, to sell it, to take loans, to recruit staff, to determine salaries, to change the ratio requirement for Professors' degrees.

Business should not wait until Policymakers and Universities solve the problem of a lack of qualified personnel, from which they mostly suffer, but take the initiative and come to universities to share their experience. Universities and business should stop blaming each other, but direct their forces in the same direction.

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