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# Integrated Educational System – Pure Experiment or Model for the Future

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## Abstract

The use of the term "integrated" in the sphere of education always refers to higher education, namely the studies involving basic academic studies and master academic studies. However, in contrast to this notion of "integration," in Serbia a *sui generis* model of integrated education has been developed. The model goes beyond the scope of known structure of integration and spreads both vertically and horizontally. It gathers institutions at all levels of education – starting with preschool, elementary, secondary, high and higher school education, and ending with the doctoral studies. At first sight, this new legal solution resembles a kind of educational industry holding. Of course, such new system faces certain difficulties and misunderstandings, being pretty different from both the classic and modernistic one. This is quite an unusual system, both in legal terms and terms of organization and management. Some will look at it as an experiment, for which they do not know whether it would hold out the test of time, but those who have created it, consider it an educational model of the future. In this article, we present "*Integrated Educational System for Social and Natural Sciences*" from Belgrade, as a case study, explaining its structure, regulation, organization and characteristics, as well as the challenges it faces. Our intention is to share with the Conference participants the experience, thoughts and observations about such a remarkable venture and discuss the lessons learned.

**Keywords:** Integrated studies, undergraduate studies, master studies, education system

**JEL classification:** I20

## Introduction

The transition in the Serbian society and economy brought about a transformation of education. The change of the ownership structure was a must. In line with that, the Strategy for education development in Serbia by 2020, envisaged that "institutions, programmes and services in terms of ownership may be: public, private, mixed, corporate, and organised by the civil sector" (Strategy 2012). However, alongside long-existing state educational institutions, only the private ones emerged. The greatest breakthrough since 2005 was made in the sphere of higher education, which includes two types of studies, academic (which are realised through three cycles) and vocational studies (which are realised through two cycles). Today, there are 10 private and 8 state Universities in Serbia (Vodič, 2017). As far as Colleges, as parts of the higher education system are concerned (both of academic and of

professional studies), 79% are in government hands and only 21% in private hands. Among pre-school institutions 72% are state and 28% private. As regards the other pre-university institutions, private ownership does not exceed 10 per cent.

How, in such complex circumstances and an imperfect situation, to develop an authentic education solution, which will enable all levels of education to integrate vertically and horizontally as a legal structure? Is this concept sustainable at all and what are its specifics? We couldn't find any source in the literature, either domestic or international, regarding such model of educational organization and linking. But our findings from comprehensive analysis of the Serbian legal foundation and practical experience of The Integrated Educational System were sufficient to set a general hypothesis that the System has a future and that further development of the Serbian education system would confirm the advantages of this innovation.

Status and operation of the educational institutions in Serbia are regulated by 11 basic laws and over 150 by-laws. In addition, there are a few dozen of other laws which partially apply to the sphere of education (laws on establishment and registration of companies, on accounting and bookkeeping, tax laws, labour law, social and health insurance and others). However, a special law which regulates property relations in the field of education does not exist. State sector continues to dominate, with shy presence of the private sector, while other forms of ownership projected by the Government Strategy have not yet come to light.

Regardless of the ownership structure, all institutions at the same level of education have equal status according to Law. In practice, there is a huge disparity, in favour of the state-owned institutions and their students or pupils. Dilemma arises not only about whether private educational institutions are a kind of public service or for-profit institutions, but also in terms of the court which is competent for resolving some controversial issues of their status –of general or commercial jurisdiction (Ivošević, Z. 2017).

The search for causes of the current higher education system weaknesses cannot avoid several factors, including the so-called "Bologna system". Truly, it was the only education system which was implemented without defining a strategy and objective of its introduction. Many believe that the Ministry of Education is the primary culprit for imperfection of the system (during 22 years, even 17 ministers were changed). In addition, in spite of all promises of the Ministry, 12.000 of scientific institutes' researches, more than one year is still waiting appearance of a public call for scientific projects. A particular problem is the duality of the credit system of the first and second phase of the study. Somewhere students are educated though the scheme 3+2 and somewhere 4+1, which makes transition from one to the other faculty difficult. There is no doubt that a part of responsibility for education lies with its stakeholders.

## Sui generis model

The motive for creating a specific educational conglomerate, in the form of an Integrated System, which gathers all niches of education, has its source in the basic management request for the most rational use of the available assets. Rationality itself presupposes prompt elimination of duplicated functions and unnecessary costs.

By studying the characteristics of the existing forms of education, from pre-school to post-doctoral level, founder and then president of The Integrated Educational System noted that there are some identical functions in each of these forms of education. Therefore, he asked himself why these functions would not be brought together and how to bring that about.

For that purpose, he registered a limited liability company, under the title "The integrated Educational System for Social and Natural Sciences (hereinafter „The Integrated System“). The name reflects the field and the purpose of activity. The core idea was to unify capacities and assets under one cover, with same vision and mission, through vertical and horizontal integration of all educational levels and institutions. Even more, he attempted to encompass both social and natural sciences, considering them inseparable. He imagined a child who first enrolls in kindergarten, then in elementary school, later on inscribes in high school, and finally becomes a student who after seven years goes out with a PhD diploma. All of that within a single system frame.

Which functions should be unified for all members of the Integrated System? Practice gave the answer. Strategic planning, investments, accounting, book keeping, legal and personnel affairs, maintenance, security and safety, procurement and editing proved to be most needed. Of course, the expansion of the system itself has indicated additional functions which required to be treated through a unified approach and planning.

The vision was clear, although it was quite different from the existing Serbian educational landscape. Namely, when natural persons received the right to own educational institutions, majority of them hurried up to found a faculty and then university. Those who had an entrepreneurial mind-set, but not a PhD diploma and the title of a professor, could only register private preschool institutions. However, no one came up with idea or dared to embrace different institutions at all levels of education. Such an endeavour demanded a lot of energy, a lot of money and a good team of collaborators. After all, such a government entity which includes all levels of education and types of educational institutions never existed before.

In such a way, the Integrated System as a limited company was placed in the position similar to the position of a holding company, which tends to form daughter institutions. The development of the Integrated System idea over time resulted in a clear and comprehensive scheme, but the dilemma was how to assemble all pieces in one mosaic. The calculation showed that the first and the most cost-effective step would be to form faculties. After making initial profit with two faculties, The Integrated System invested in a secondary school. Few years later, other educational institutions were formed step by step, through the same mechanism. Each of them had to help the development of the rest of the institutions.

With the passage of years, Integrated System became stronger and wider. The idea turned into reality, proving its viability, through increase of enrolled students, as well as pupils in primary and secondary school. Together with them, the number of professors, assistants, investigators, teachers and other staff has increased. The Integrated System enabled not only enlargement of the body of students, pupils and employees, but also the increment of their pleasure in learning, socializing and engaging in leisure activities.

## Integration of institutions and levels

Today the Integrated System consist of seven institutions for education: (1) preschool "Kosta Vujic," (2) elementary school "Kosta Vujic", (3) Upper secondary school „Ušće,, (Confluence), (4) Faculty of Business Studies and Law, (5) Faculty of Information Technology and Engineering, (6) Scientific Research Centre (all are placed in Belgrade) and (7) The higher educational unit Trstenik (located in the city of Trstenik). The attached Scheme shows the structure of the entire Integrated System, types of educational institutions and their chair person, as well as functions of common interest.

The Integrated System is headed by the President, who is the founder and owner of the System, as well as of each individual institution (Radosavljević, 2017). The President relies on a general manager and other professionals, who perform functions of common importance for the entire system: finance, human resources, quality and development, legal, commercial and logistical operations. The essence of this concept is that all administrative and technical activities are placed with the central administration of the system, which enables the subsystem units to devote themselves exclusively to the educational activities and to keep only those functions which are required by the law (secretary of institution, pedagogue, psychologist, etc.). Each subsystem's institution is led by a head, which may have the status of a dean, director or head. Since inception, all educational institutions have passed successfully the process of accreditation. Now all of them have a licence issued by the competent ministries and fully operate within the integrated educational system.

The plans and ambitions for the expansion of this Integrated System naturally exist. Preparations for opening a new faculty, the third one, with the specific program similar to medicine and psychology, have been completed. Possessing three licenced faculties in three different fields of scientific research and education opens the door for constituting own University, as a new institution within the Integrated System.

As of recently, the law permitted colleges of applied sciences to introduce master study programmes, in addition to basic applied study programs. The introduction of the master programme for vocational studies led to many controversies and dilemmas (Vasić 2016). The other side of the mirror is the fact that the law doesn't prohibit such institution as the Integrated System to form an institution for three-year bachelor studies of applied sciences. Of course, upon receiving accreditation and licences. That is also a possibility for development, which requires further investigation.

In addition, it is worth considering a possibility of introducing dual education through some of the institutions of The Integrated System. This model of dual education doesn't exist within the National Strategy of Education, but has received the status of a new official policy in education these days. Finally, if the Integrated System proves its viability and profitability in the long-term, it could be feasible to form a quite new institution exclusively for social purposes (as, for example, institution for elderly care), but not for educational needs.

Current implementation of the concept confirms the farsightedness of founder's vision of the Integrated System as a provider of the highest quality educational and humanitarian services to the people of different ages, but at highly reasonable and beneficiary prices. Striving for a constant improvement in quality is in the center of the whole system of activities. It follows from the unique motto "Only the best is sufficiently good." It is left to the students and customers, not only to the accreditation authorities and employees, to assess whether The Integrated system has been successful in its endeavour. Together with the distance learning attendants, the Integrated System today gathers about 2.500 students and pupils in different institutions, at different level of studies and of different orientation.

## **Two in One-Public Service and Profit Company**

The problems which The Integrated System faces are not small and mainly result from some systemic ambiguity. The regulations sometime are vague in this regard, particularly in the case of private property. The current law on higher education appears as if it were written specifically for government institutions and relying mainly on state property. The result is that universities, colleges and academies are partly treated as public institutions, and partly as companies.



The Law on Higher Education describes faculties as independent institutions which are subject to regulations on public services (ZOVO čl. 32). At the same time, the Law on Public Services confirms that such institutions serve to meet the needs and interests of citizens in education and not to gain profit (ZOJS čl 1). World experience proves that non-profit institutions enjoy the benefits, while profit companies do not. (Milošević, D. 2015).

Private institutions of higher education do make some profit. In this regard, they are obliged to pay income tax, as well as any other commercial company (current rate is 15%). Also, when they wish to share pencils, notebooks, book of abstracts, proceedings etc. to the participants of international conference at their own premises, there is no excuse from tax administration scrutiny (Milošević, D. 2015). These costs have treatment of marketing costs and they are subject to 20% taxation.

In any case it shouldn't be forgotten that some government universities, faculties and colleges, which are financed from the national budget, also gain certain profit, due to their additional services and activities. Should their profit also be subject to taxation? A certain inequality is visible through the composition of the highest regulatory or consultative national institutions in education (The National Council for Education and the Conference of Serbian Universities). Representatives of the state universities possess a strong majority. Because of that, when the decision which refers only to private universities, faculties and colleges has to be taken, the last word always belongs to state institutions representatives.

## Concerns and requirements

Private schools' students cannot apply for a scholarship which is paid from the Government Budget, nor apply for accommodation at a state-owned student campus. They also have no access to the students' restaurant, where the price of meals enjoys a state subsidy. As if their parents' salary is not subject to contribution toward the national budget for the need of education. Private higher education institutions are forced to build their own campuses and to invent authentic modes of assisting students with their own resources. It represents a high financial burden for private owners, but otherwise, everything else would fall on the parents' shoulders.

When faced with accusation that private tuition is very expensive and that private owners reach high profits, the private owners of educational institutions point out counter arguments. They indicate that tuition at private colleges is about one hundred euros monthly (i.e. 1.200,00 euros per year), while each „state“ student costs the Budget about 2.500,00 euros per year (Milicevic, I. 2016). For private universities, there is no other possibility to attract and keep students, but to maintain high quality programs and provide students with grants, subsidies or other types of financial support, thus reducing their own profit.

Perhaps the issue of obligatory termination of professor's career upon reaching 65 years, is the best illustration that the Law on Higher Education in Serbia was tailored according to the interests and needs of the state-owned institutions in education. It disregards the specifics of private institutions in the sphere of higher education. After reaching the age of 65, all professors become retired by law (with very rare exception for the 3 years thereafter).

Such „ban of work“ is quite justified in the case of state institution, which wants to open the door for young academics, bearing in mind that their professors are paid from the national Budget. But why should the same rule be obligatory for private universities, faculties and colleges? First, private institutions are paying professors from their own funds, not from the National Budget. Second, private institutions in this sphere were formed recently, and unlike the state ones, they didn't inherit the

infrastructure, professors and teachers from others. What they made in one decade, they had to build up alone by themselves. Third, which comes as a curiosity, the Labor Law permits each employee to continue working after reaching 65 years of age, without limits or legal obligation to retire, until the employer wishes to keep them employed. The employers don't mind the age, but only the mental and physical capacity, as well as skills of the employees. At 65 years and more, private employer can keep employed a driver, secretary, director, manager, doctor etc., but not a professor of higher education. Fourth, even the founder and owner of private university, faculty or college must retire after 65, and leave the position of rector, dean, director or professor, regardless of his excellent mental and physical conditions. If such prohibition imposed on the private sector doesn't represent discrimination, then we don't know what else could.

This motivated representatives of private universities and schools to suggest the adoption of an entirely new law on higher education, which would regulate the status of private universities in detail. They proposed establishing the principle of co-financing for all students through grants and favorable loan schemes regardless of the nature of institution they would enrol in. Private owners find that the government should not finance state-run colleges, but the best students, and should leave students the choice to decide whether to study at state or private universities. All above mentioned and other relevant objections, are for the benefit of the Integrated System, as well as the whole private education sector. Up to now, state officials have only taken note of these objections and requirements. Quite a different question is what will be the outcome of the private sector initiative.

## Approach to the case

In our research, we analysed the legal frame for institutional integration in the sphere of education. A narrow normative space, which was neither filled by regulations, nor articulated by the Strategy for development of education in Serbia by 2020, proved sufficient for creation of a *sui generis* model of educational integration in Belgrade. The Integrated system took a pioneer role in connecting, gathering and unifying different institutions, which carry out specific programs and cover diverse levels of education. The particularity is that all of them belong to the sphere of private ownership, not to the state, public or some other type of combined ownership.

Our study has focused on investigating the viability and sustainability of the so-called branched-out System. The *contradictio in adiecto* existed, because The Integrated System at the same time had to obey the law and go beyond it, entering a new and not yet discovered field of work. Defying a sensitive and slippery boundary between them and assessing whether it was crossed, was not in the hands of The Integrated System's leadership. Knowledge management and company management are different fields of activity. But for the need of successful functioning of The Integrated System they had to go hand in hand, and operate inseparably. We marked the possible points of congruence and disharmony, and measured whether the natural rivalry among chair persons allocated in the head quarter of The Integrated System and chair persons in educational institutions could damage the conduct of everyday operations. The most sensitive string exists between managers and professors. The president of the System stimulates individual work and initiative of each head, but does not permit too much individualisation, to the detriment of core interest of The System as the unique organizational entity.

We had to put light on the case, conducting our research through three main phases. The first phase required consideration of national legal frame and normative documentation of The Integrated System and its units. The second phase referred to

exploration of the results of both educational and business activity of each individual institution and The Integrated System as a whole, including financial aspect, investment capacity and quality improvement. The third phase referred to observation and evaluation of the numeric increase of students, professors, teachers, administrative and other staff, as well as to the measurement of their satisfaction.

## Stable, steady and prospective future

In-depth study of the Integrated System and its activity proved that the founder, as *spiritus movens* of the entire System, has made quite a reasonable and rational choice. The process of vertical integration in the sphere of education was not predicted, regulated or foreseen by the law or by the National Strategy, but also was not prohibited. At the beginning of the process such decision carried many risks, but with the passage of time, it was generating mature fruits and benefits for all participants and users. The System is now stable, steady and prospective. All institutions as members of The Integrated System have recorded positive financial results and high achievement in the field of education. The System has fully shown its advantages through constant and continuous changes in the sphere of education, although it didn't manage to liberate itself of all the shortcomings. Fortunately, majority of them is of external nature and influence. The gradual rise of the number of students and pupils to 2.500 in this moment and more than 300 employees confirm that the Integrated System has become an authentic and complex educational entity, carefully designed to cope with the sphere of education and to incorporate it in the sphere of business.

## Discussion

In this article we presented the case of a single (*sui generis*) legal entity in the field of education, which has integrated all levels of education, from pre-primary to tertiary. There is none alike it, either in Serbia or the region. Main characteristics and the problems of The Integrated System were reflected as concisely as it was possible. Some systemic concerns and shortcomings of the education system were commented, but the entire system was not discussed. Critical objections do not detract from the benefits of the education itself. Moreover, the citizens' perceptions of education are more positive than can be seen in this piece of work. One respectable research showed that every second respondent was satisfied with the educational system in Serbia.

Even more, research by Times Higher Education, in partnership with University College London's Centre for Global Higher Education (CGHE), suggests that Serbia belongs to a group of potential future "stars" in the sphere of high education (Bothwell, E. 2016). due to a higher average gross tertiary enrolment ratio and also a higher average field-weighted citation impact.

In spite of such benevolent predictions, highly educated citizens and part of privately owned universities, faculties and colleges, as well as their employees are among the least satisfied with the system of higher education. The space for progress and development exists, especially in the sphere of science and linking education with the economy.

## Concluding remarks

Presentation of the specifics of the Integrated Educational System for Social and Natural Sciences from Belgrade has its limits, as the similar educational organization was not found in surrounding countries and regions. Uniqueness of the case before



us has deprived the authors of the possibility to compare institutions and their effectiveness, as a part of our research. Authors did not intend to give all the answers, nor is that possible. If the results of the case presentations would have an incentivizing and investigative effect, we would be pleased. In any case, the Integrated System has passed its maturity test.

Further study of the Integrated System characteristics and features, its theoretical elaboration and explanation, as an authentic educational model, have yet to come and certainly will attract the appropriate attention of future researchers.

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