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# **Business Education in Georgia: Challenges and Opportunities**

**Tatiana PAPIASHVILI**

## ***Abstract***

*Knowledge-based society rests on the knowledge triangle that refers to the interaction between research, education, and innovation. The presented paper discusses efficiency of business education in Georgia. SWOT analysis and a questionnaire held by the author show challenges and opportunities of business education in Georgia.*

**Keywords:** *Knowledge-based society; business education; Georgia*

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## Introduction

Knowledge-based society rests on the knowledge triangle that refers to the interaction between *research, education, and innovation*<sup>1</sup>. In Europe today education, research and business sometimes inhabit separate worlds, with little interaction between them. EU countries recognize the gap existing between three elements of the knowledge triangle, on the one hand, and the need to build united world, on the other. The creation of the European Institute of Technology (EIT) should fill the existing gap. EIT will become a new flagship for excellence in research, education, and innovation. Among its major objectives are pooling existing resources and talented people to achieve the critical mass needed to be amongst the best in the world; providing an attractive context for both academic and industrial researchers and acting as a model for change, exemplifying the benefits of a modern, flexible structure (Figel, 2006).

Thus, the EIT is the challenge for Europe to build new and better links between the three elements of knowledge triangle and to use their excellence strategically. For Georgian universities EIT might become a chance to be a partner organization. Are we ready to cooperate with EIT?

The paper is organized as follows. Section 2 provides a historical overview of business education in Georgia from the Soviet times till present. Special attention is paid to the last reform that built the base to join the Bologna Process. Georgian educational system now develops according to principles and criteria of this European system of education. Section 3 summarizes main trends of business education of Georgia and presents them as SWOT analysis (Strengths, Weaknesses, Opportunities, and Threats). Focus is made on weaknesses of business education of Georgia. Section 4 analyzes the results of the survey that was carried out to ascertain hypothesis regarding weaknesses of business education. Section 5 provides conclusions.

### Business education in Georgia: historical overview

Georgia has a centuries-long strong educational tradition and historically well-respected and socially highly valued higher educational institutions.

The system of business education in the Soviet times trained

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<sup>1</sup> The term “knowledge triangle” is now widely used to emphasize the new tendency in European education (see, for example, **Potočnik, J. (3 July 2008). Progress and the Knowledge Triangle in South Eastern Europe;** Figel, J. (25 April 2006). EIT: a new model for the knowledge triangle; The Knowledge Triangle: Shaping the Future of Europe (31 August–2 September 2009), etc.)

professionals for a planned economy. After the collapse of the Soviet Union, the development of Georgian business education has been formed in the environment of transition period and the country needed young, top business graduates having corresponding knowledge in economics, marketing, management, and the like “market” discipline. In economic jargon the situation could be described as a high demand for business education on the one side, with weak supply, on another (Doghonadze & Papiashvili, 2009).

The crucial changes in Georgian system of education have started with the adoption of the Law on Higher Education (Parliament, 2004) that served as the legal basis for educational reform. The document aimed at the establishment of European standards of education in Georgia, offering new models of financing, management and quality control. The new Law on Higher Education also introduced an objective system of enrolment, new rules for hiring academic personnel, and European credit system (ECTS) at all three stages of higher education (BA, MA and PhD). Since 2005 admission of students to higher educational institutions has become entirely based on the results of Unified National Examinations. The administration of these exams and the whole admission process was completely removed from the universities and was assigned to the National Examination Centre. The examination process is absolutely transparent. Improving university entrance has made the whole educational system more equitable and empowering.

University accreditation was also instituted. The National Accreditation Centre evaluates university resources (during Institutional Accreditation) and its programmes (during Programme Accreditation). Both types of accreditation are obligatory for all education establishments since 'the state recognizes only diplomas issued by accredited higher education institutions' (Parliament, 2004). As a result of institutional accreditation 48 accredited universities have been left in Georgia (plus 12 newly formed, to undergo this procedure) (National Center, 2008).

The new system of higher education in Georgia corresponds to the Bologna Process<sup>2</sup> and aims at integrating the Georgian higher education system into the European Higher Education Area. The new system gives

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<sup>2</sup> The Bologna Process as the process of creating the European Higher Education Area is based on cooperation between ministries, higher education institutions, students and staff from 46 countries, with the participation of international organizations. Georgia joined the Bologna Process as a full member in 2005. For more information about the implementation of the Bologna Process principles in Georgia, see “Bologna Process National Report: 2005-2007”

students the freedom to choose not only subjects but also major and minor academic programmes for their BA curriculum. Now they can refuse to be taught by under-qualified professors<sup>3</sup>.

Another direction of reform of Georgian higher education system relies on the market mechanism. Particularly, as in any market, it is believed that competition and market forces in higher education will push all institutions to higher quality standards. The competitive environment in Georgia was created after the creation of private universities. Studies in some 300 different specialties are offered in higher education institutions (The European Educational Directly, 2006). Though 81% of all students are enrolled in state universities, in particular professional fields, such as business management, banking management, business administration, and the like the share of private universities is considerably higher than that of state ones, as the newly established universities are trying to fill the gap and train professionals in the areas that are most relevant for transition economy. The establishment of these universities significantly contributed to Georgia's transition from a Soviet era planned economy to a free market economy because they : (1) have provided high quality business graduates for the fulfillment of human resource needs of various industrial and commercial organizations; (2) have conducted non-degree short-term training programs meeting the specific training needs of Georgian businesses.

State universities, with their decades-old curricula, were not flexible enough to meet new market requirements and modify their programmes. The resulting competitive environment compelled the state universities to establish new market-oriented courses and adapt their programs so as to meet the demand in the higher education market. Now state and private universities offer courses of comparable content (or at least their names seem to suggest so), although the quality of teaching may differ. Academic staff of both types of Georgian universities consists of highly – at least formally - qualified teachers: about 66% of teachers hold a Doctor's degree (Sharvashidze, 2005, p. 54). Often qualified professors deliver their lectures in both private and state universities.

Therefore, while there is no doubt that dramatic steps have been taken from Soviet type of business education to modern market oriented system, there is clearly some way to go.

<sup>3</sup> At various universities this principle of the Bologna system is performed in various forms. For example, in the International Black Sea University (IBSU) teachers' assessments are conducted with help of an anonymous students' questionnaire. The results of questioning are taken into consideration at drawing up of new labour contracts.

One of the most commonly expressed concerns with the current state of the Georgian educational system is that even though levels of funding have increased dramatically in absolute terms, funding is still low, even compared to other CIS countries. Particularly, when the early 1990s saw the beginning of a deep crisis in the Georgian educational system, financing of education decreased from 7.2 percent of GDP in 1990 to 1.0 percent in 1995 (UNDP, 1998, p.90). Although, state financing of the education sector has been continually increasing since 2003, in 2006 it covered only 3.0 percent of GDP and 2.7 percent and 2.4 percent in 2007 and in Q2 2008 respectively (Overview, 2008, p. 24). As we can see, expenditure, though almost three times higher than its 2003 level, has remained a relatively stable low proportion of GDP.

Low funding reduced teacher and lecturer salaries and lead to a wide deterioration of basic infrastructure. Inadequate facilities and infrastructure like laboratories, networked computers, etc. available both to staff and students are a wide spread situation (UNDP, 2008, p.46), which is hardly a motivation to pursue an academic career. While the Government is trying to introduce accreditation, it is difficult to recruit good and dedicated teachers and improve the general level of teaching when salaries remain low. Thus, quality of teaching is still a problem. While curricula are mostly tailored to the western model, teaching and learning methods are commonly outdated, favouring memorization and route learning over the development of critical thinking.

Soviet heritage has influenced the structure of system of education and research in Georgia. Particularly, most part of R&D is still concentrated in the institutions of Academy of Sciences of Georgia, which has weakened during last decade. Though state funded research grant programmes have been developed in order to promote professors' involvement in high-standard research projects - the program is currently divided into two parts: the Rustaveli Foundation (for social sciences and humanities) and the Georgia National Science Foundation (for natural sciences) - research-intensive university as a type of educational unit does not exist at all. The reason is that, firstly, only state universities may compete for their funds; secondly, the size of grants are usually not so large as to change the situation significantly; thirdly, corruption still exists when the deal concerns the distribution of funds; fourthly, this funding is temporary in its nature.

International organizations play a significant role in supporting the intellectual potential of Georgia. UNESCO, the Council of Europe with their special programmes, the Open Society – Georgia Foundation, the

British Council, the German Academic Exchange Office, the Konrad Adenauer Foundation and others help Georgian higher educational institutions to create satisfactory conditions for academic activity. They support students, as well as teachers and scholars, enabling them to continue their education, teaching and research activities. But all their activities can not change the situation dramatically.

The old Soviet infrastructure of adult training has been destroyed, but it has not yet been completely replaced with a new one. Unfortunately, in Georgia for instance, there is no tradition of lifelong learning.

To generalize major trends in business education in Georgia as well as to evaluate its ability to cooperate with Western universities, let's apply SWOT analysis.

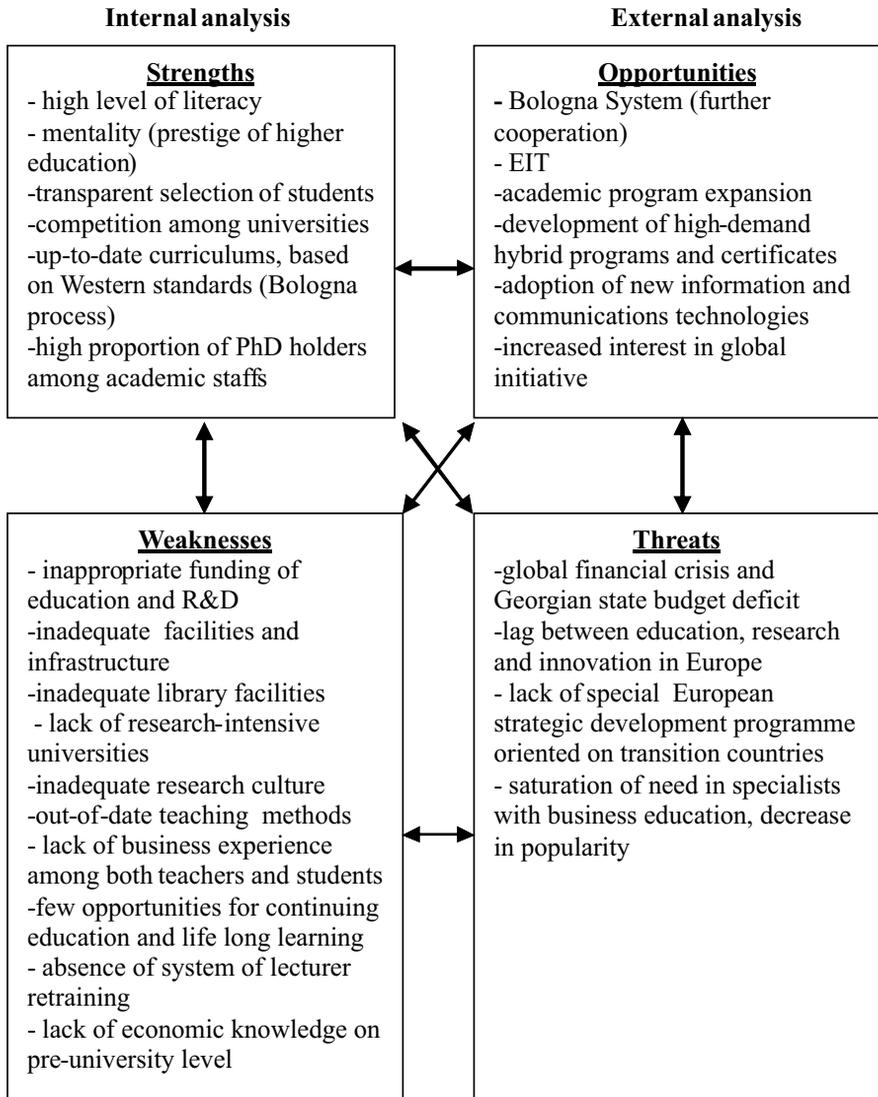
SWOT analysis is a situation analysis. It is a subjective assessment which is organized in logical order that helps understanding, presentation, discussion, and decision making. Typically, SWOT includes two directions of analysis – internal and external. Internal analysis is a comprehensive evaluation of the internal environment's potential strengths and weaknesses while external analysis investigates changes in the external environment that can be perceived as opportunities or threats. SWOT profile can be generated and used as the basis of goal setting, strategy formulation and implementation.

### **SWOT analysis of Georgian business education**

The brief results of SWOT analysis – strengths, weaknesses, opportunities, and threats of business education of Georgia are summarized in Figure 1 based on the examination in the section 2.

As far as the paper focuses on internal-factor analysis of business education of Georgia, it is now obviously that some of institutions offer good educational facilities with well-organized learning programs, new teaching methods and market-friendly courses, and thus became very popular and earned the prestige among the community. In these universities teaching and assessment processes stand more or less close to international standards. Among the most successful in business education institutions are ESM (European School of Management), CSB (Caucasus School of Business), IBSU (International Black Sea University), GAU (Georgia-American University), GU (Georgian University), etc.

Figure 1. SWOT analysis of business education in Georgia



### Questionnaire

To ascertain hypothesis regarding the weaknesses of business education in Georgia that was based on personal experience as well as on analysis of data reflected in publications, the survey of business education in Georgia was carried out. Professors (full, associate or assistant) who deliver business courses at ten Georgian universities of which five are state and five are private answered a questionnaire dealing with weaknesses of

business education in their university and in the country.

They had to rate the weaknesses enumerated in Figure 1 above as “very serious” (3 points), “serious” (2 points) and “less serious” (1 point). 70 questionnaires were distributed and 51 of them returned; response rate is 73%. This is a “good” result for such survey. The results of survey are shown in the Table 1 (Doghonadze, Papiashvili, 2009).

**Table 1.** “Weaknesses” (in Figure 1) of higher education in Georgia: Basic summary statistics.

“Weaknesses”	For the country			For private universities			For state universities		
	Mean Score	Std. Dev.	Number of respondents	Mean Score	Std. Dev.	Number of respondents	Mean Score	Std. Dev.	Number of respondents
Lack of research-intensive universities (for the country only)	2.72	0.58	46	Had to be assessed for the whole country only.					
Inappropriate funding of education and R&D	2.52	0.54	50	1.89	0.68	18	2.03	0.69	32
Absence of systematic lecturer retraining	2.4	0.64	50	1.68	0.67	19	2.29	0.64	31
Inadequate facilities and infrastructure like laboratories, computers, etc.	2.32	0.65	50	1.83	0.86	18	1.84	0.68	32
Inadequate library facilities that limit academic development	2.29	0.58	49	2.06	0.80	18	2.22	0.71	32
Few opportunities for continuing education and life long learning	2.24	0.66	50	1.72	0.83	18	2.13	0.71	32
Inadequate research culture	2.1	0.68	50	1.84	0.69	19	1.97	0.66	31
Lack of business experience among both teachers and students	2.04	0.60	45	1.74	0.56	19	2.04	0.34	26
Out-of-date teaching methods	2.02	0.61	46	1.65	0.70	17	1.66	0.72	29
Lack of economic knowledge on pre-university level	1.89	0.73	38	1.69	0.70	16	1.95	0.83	20

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In Table 1, the average scores for statements used in the study are listed. The statements for the country have been arranged in order of the magnitude of their mean score. The highest Mean Score (2.72) was for the statement that the biggest weakness of business education in Georgia is “*Lack of research-intensive universities*”.

“*Inappropriate funding of education and R&D*” is pointed out as the second most serious problem in Georgian higher education system and state universities suffer much more from it than private ones (2,03 and 1,89 respectively).

“*Absence of systematic lecturer retraining*” rates as third most serious difficulty. And again, for state universities it is an urgent problem, while for private universities it is named among the least important issues.

“*Inadequate facilities and infrastructure like laboratories, computers, etc.*”, “*Inadequate library facilities that limit academic development*” and “*Few opportunities for continuing education and life long learning*” are evaluated by respondents as still serious issues (with the Mean Score more than 2.2) while for the country entirely they are more actual than for universities in which the respondents work. The explanation probably is that the survey was held among the best and accredited universities which have adopted new programs and forms of education such as distance education, training programs, etc. that create more opportunities for continuing education.

Even those indicators the average scores of which are below 2.0 are serious enough (the lowest mean in the table is 1.65 for outdated teaching methods). As for teaching methods, it seems that some respondents are unaware of innovations in this sphere, otherwise they would view this problem as a more serious. Why, then, did they indicate “*Absence of systematic lecturer retraining*” as one of the most essential problems?

Respondents from both private and state universities believe that their research culture is not enough and should be improved (Mean Score is more than 1,8). As the survey reveals “*Lack of business experience among both teachers and students*” is more serious problem for private universities than for state ones (with scores 1,74 and 2,04 respectively). The remark is that the private universities teachers usually earn more than state universities teachers, on one side, and their workload is higher, on

<sup>4</sup> There is no single opinion about the spelling of this word. Some write as “euroisation” (See: National Bank of Slovakia, 2002); others write “euroization” (See: Backé and Cezary (2002), Christl (2004), Feige and Dean (2002)).

another. So, state universities teachers have more time and incentives to make their own business.

And the last but not the least problem, “*Lack of economic knowledge on pre-university level*” is concerned as serious barrier to advanced educational system (1,95). Despite the larger number of state higher education institutions and exceeding number of students enrolling them, the brilliant students enroll private universities such as ESM, CSB, IBSU, GAU, GU, etc. having to pay high tuition fee.

The standard deviation in the survey is from 0.34 to 0.86, which suggests that respondents have relatively similar views for the weaknesses of business education in Georgia. Maximum unanimity was expressed in connection with lack of business experience of lecturers and students in state universities, maximum disagreement in answers – in connection with inadequacy of equipment of private universities.

The respondents were active and in response to share their personal experience they added some statements into the list of weaknesses. For example, some believe that Ministry of Education and Science of Georgia does not fulfill its functions properly supporting the wrong process of optimization; others add that among Georgian state universities the system of strong self- assessment is absent and the students are not strongly motivated.

## **Conclusion**

The results of SWOT analysis of business education in Georgia and the survey do not indicate that the situation is grave. The examples of successful universities, first of all private ones, show that basically they are on the right way. Though much has been done to bring business education to international standards, still much has to be done. In order to maintain and further develop and expand upon the achieved strengths in the field of business education, and to avoid the above mentioned weaknesses and threats from further impeding our goals, one of available solutions is to cooperate more intensively with our Western partners.

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