



Higher Education in Uzbekistan: Historical Conditions and Current Trends of the Sector, and Relevance of Applying Strategic Management to HEIs

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Abstract: The article discusses the main challenges, advantages and perspectives of introducing strategic management practices into academic structures. The author emphasizes the common aspects between the current trends and the historical conditions of the market for educational services that urged the application of strategic management to the management of HEIs in Uzbekistan. The article focuses on the relevance of strategic management in the short- and long-term development of the higher education system of Uzbekistan.

Key words: strategic planning, strategic management, educational services market, higher education institutions, competitive advantage.

Introduction

In the first years of independence, Uzbekistan, as a young independent country on the way to transition to a market economy, faced the need to radically reform the education system in accordance with modern market conditions and reorganize it in accordance with modern requirements and world standards. The most important tasks that needed to carry out fundamental reforms in the education area and to restructure the existing system were as follows [1]:

- to create the legal basis for reforming and developing the educational and personnel training systems;
- as in all other fields, to end and abandon the old system's traditions in the educational system;
- to adapt the state policy on personnel training to the status quo and structural changes in the economy under the conditions of a gradual transition to the market economy;
- expansion of personnel training in new specialties and retraining of existing ones, taking into account the sectors of the national economy;
- to create national methods of education in the country, deeply analyzing foreign experiences in personnel training;
- to finance the reforms in the system.

Scholars Kobil Ruziev and Umar Burkhanov argue that the educational reforms within the framework of the "Uzbek model" of the transition to the market economy were implemented gradually, strictly under government control, and at a relatively slow pace. Ultimately, they did not produce adequate results in terms of the quality of education, access to higher education, the gross enrollment rate, and the provision of the necessary physical and human capital of higher education institutions (HEIs) [2].

The higher education market was regulated by means of administrative tools; in particular, the entry of the private sector into the field was strictly prevented, and the supply was controlled against the market conditions. And those bureaucratic measures significantly reduced the effectiveness of reforms in the sector. HEIs were not given almost any independence in choosing the specializations they offer, creating the content of their educational programs, setting the admission level, and managing their financial resources. The supply of higher education services did not expand in response to the sharp increase in demand in the higher education market as a result of fundamental economic reforms, structural renewal of the economy, changes in demographic conditions, and the growth of population incomes — the sector's development rate lagged behind the country's socio-economic development.

At the same time, the conditions of the labor market, free from the direct influence of the state, which arose against the background of structural reforms in the economy, the rapid growth of the population, and the improvement of the level of per capita income, prompted an increase in the demand for higher education services in a relatively short period of time. In response to the growing demand in the market for higher education services, the necessary offer did not exist.

Thus, during over two decades of independence, the educational reforms were characterized by more emphasis on strengthening the regulatory and legal framework, training qualified personnel in accordance with the structural changes of the economy functioning in the initial stage of the transition to a market economy, modernizing the system, and improving the material and technical base. Nevertheless, they were mostly limited by the existing system, and to a great extent, they neglected the introduction and expansion of market mechanisms in the field of education, especially in higher education, and the issues of quality education and personnel policy.

Since 2016, the reforms in the field of education have risen to a new level and faced radical changes in terms of their content. The rapid growth of the number of private universities and foreign HEIs along with public HEIs has created the basis for the introduction of market mechanisms in the field, the expansion of the educational services market, and the formation of competitive environment. On the other hand, necessary initial steps have been taken to improve the quality of education. In particular, there were 61 HEIs in the country, most of which were state-owned, and in 2016, the number increased by nearly ten and was 70 [3]. As of 2023, the number of HEIs has tripled, and today there are 210 HEIs operating in the country [4]. Moreover, nearly a half of them are private (65) or foreign (30) HEIs. In addition, in 2017, the State Inspectorate for Quality Control of Education was established under the Cabinet of Ministers in order to monitor the quality of education in accordance with the requirements of socio-economic reforms, the quality of educational services and personnel, as well as the objective assessment of the effectiveness of the educational process [5].

Nevertheless, there are problems in the system that have accumulated over the years and are still waiting for their solution. Over the past 20 years, the population of Uzbekistan has increased by more than 10 million, and particularly after 2015, population growth has accelerated [6]. However, the educational services market has not expanded enough to meet the increased demand for higher education services in line with population growth, accelerated economic and technological development, and changing labor market requirements. As a result, the country lags behind in terms of educational indicators, particularly the gross enrollment rate and quality indicators. Moreover, in recent years, the rapid expansion of the educational services market, along with the popularization of non-traditional forms of education, leads to a number of challenges in ensuring quality education.

In this regard, considering the deepening of competition in the field, the increasing academic independence of public universities, and modern market requirements, we suppose the HEIs in the country are representing an urgent need for radical reforms related to their management systems. It is critically important to choose the optimal strategy of the HEIs in order to appropriately respond to the challenges of the changing external environment, to survive in the competition, not to lag behind the pace of development, and to determine specific principles of activity in training highly qualified personnel. And in that case, strategic management is expected to be a beneficial choice for all stakeholders in the sector.

Strategic management is profoundly used in the business world. In terms of higher education, it is aimed at choosing, acquiring, strengthening, and maintaining a strategic position, which is of decisive importance in ensuring the long-term stability and competitiveness of HEIs in the context of a changing environment and strong competition. Strategic management seeks an answer to the question of how to manage the organization in conditions that are impossible to predict in advance, dramatically change, and also depend on the behavior of other participants or stakeholders who make independent decisions and strive for their own goals [7]. From this point of view, strategic management can be characterized as a management system aimed at ensuring the viability and high competitiveness of HEIs in the market for educational services.

Thus, analyzing alternative strategies for the development of the education sector, assessing the possibilities of implementing strategic management practices into their management process, and developing specific recommendations in this regard are actual issues in the relevant research area. And this article can be considered an attempt to explore the perspectives of strategic management application in HEIs in Uzbekistan.

Methods and Literature Review

The research results in the paper are based on the scientific methods of analysis-synthesis, comparison, and statistical observation. The wide range of literature related to strategic management and its application in academic structures has been examined and we provide a brief review.

Broad application of strategy to business processes dates back to the middle of the last century. The need for the concept of strategy in the business world began to appear after the Second World War. This is explained by the fact that after the war, business temporarily lost relative stability and moved to a rapidly changing and competitive environment [8].

Strategic management is related to defining the organization's goals and objectives, directing its activities to meet customer requirements, flexibly responding to changes, and implementing certain changes that will adequately meet various challenges from the environment and make it possible to achieve competitive advantages. Competitive advantages, in turn, enable the organization to survive and reach its goals in the long run.

According to Alfred Chandler, strategy refers to the determination of long-term goals and objectives, the alignment of the company's course of action to achieve the stated goals, and the allocation of resources accordingly. He argues that the expansion of the scope and geography of the company and diversification into different areas of business require the setting of new main goals and objectives. Companies have to decide how to coordinate and expand their activities in response to changes in demand, changes in supply sources, fluctuations in economic conditions, technological progress, and the actions of competitors, and at the same time they are expected to regularly improve the directions of their actions in order to achieve the established goals, deploying resources accordingly. [9; pp. 13-14]. Chandler's approach confirms the need for a well-prepared competitive strategy in the management of HEIs in the context of changes in the internal and external environment of HEIs today, fluctuations in the educational market and increased competition, and a sharp increase in the demand for higher education services.

Strategic planning and, later, strategic management, became popular in practice since the 1960s, mainly in business (the commercial sphere). The rapid economic, demographic, and technological changes that occurred in the mid-1970s encouraged non-profit organizations, including universities, to introduce strategic planning methods used in business [10].

Thus, by the 1980s, the revision of the management systems of non-governmental organizations and the assessment of the possibilities of applying strategic management practices to them had become an objective necessity due to certain historical conditions. The idea of applying strategic management and planning to the academic structure, and in particular to the activities of HEIs, was first proposed by George Keller in 1983 in his book "Academic Strategy: The Management Revolution in American Higher Education". G. Keller listed several different aspects of strategic

planning practice in educational institutions compared to other techniques used before [11; pp. 143-150]:

1. Strategic decision-making in an academic setting involves a school, college, or university and its leadership moving from their historically inactive position to an **active position**;
2. Strategic planning focuses on the **external environment** and ensuring that the organization does not fall behind the changing environment;
3. Decision-making in the academic structure has a **competitive advantage**, making higher education a subject of market forces and increasingly intense competition;
4. Strategic planning emphasizes **decisions** rather than documented plans, analyses, forecasts, or goals;
5. Strategic planning puts the organization's **destiny** above all else.

The strategic planning features classified by G. Keller are indeed needed by the management systems of today's HEIs. More precisely, in developing countries such as Uzbekistan, public universities are expected to gain more academic independence in the near future, which requires them to take an active role in decision-making. As they are willing to enter the global market for educational services, much more intense competition and challenges from the external environment are likely ahead. And strategic management can serve as an effective tool for making significant decisions that are important for them to survive and grow in the global market.

Scholars have various approaches to describe the relevance of strategic management in academic structures. According to Goldman and Salem [12; p. 4], universities usually use strategic planning practices in response to financial changes, government regulation, changes in the market, competition from other universities, emerging technologies, or international pressures. Carl Hunt and et al. explained the necessity of using strategic planning in the management of HEIs as follows [13; pp. 11-12]:

- a) to enhance the organization's activities in accordance with its mission;
- b) to improve the efficiency of activities in order to increase the scientific potential of the organization;
- c) to achieve more results with the same or less resource consumption;
- d) to clarify the future direction of the organization;
- e) to meet the requirements of accreditation or state authorities;
- f) to eliminate the main problems or risks and focus on opportunities;
- g) to create opportunities for leadership, for example, during the appointment of a new leader;
- h) to unite the university team in a spirit of mutual cooperation.



Thus, we can claim that the concept of strategic management guarantees the following advantages, especially in terms of competition:

Nowadays, one of the most urgent problems HEIs are facing is the need for adaptation to the changing environment, keeping pace with digital transformation processes, and functioning in response to the modern requirements of the education market. And strategic management enables them to maintain long-term harmonization with the external environment. Strategic management allows HEIs to become a self-developing system that effectively interacts with the external environment.

Results and Discussion

The need to introduce strategic management practices in the management of HEIs of Uzbekistan arises from today's trends of the market of higher education services in the country and future target indicators.

Since 2016, the government's policy in the education system has managed to make remarkable progress thanks to the recent reforms. Market mechanisms have been gradually introduced into the educational services market. The share of the private sector in the market has risen by 30%. In order to increase access to higher education, most universities have started to offer part-time and evening programs, as well as remote learning. Notably, as a result of the organization of part-time and evening education in HEIs, the share of population groups older than 24 years in the student contingent rose sharply [3].

Nevertheless, there are problems in the industry that have accumulated over the years and are still waiting for their solution. In 2020, Uzbekistan, with about 16% of the gross enrollment rate of higher education, represented one of the lowest indicators among the countries belonging to the appropriate income group and the lowest rate recorded in the Central Asian region [14; p. 106]. And as of 2023, although the indicator has reached 38% [15], it is still not sufficient to meet the expanding labor market and demand. Moreover, the number of candidates applying for the bachelor's degree has been increasing year by year, but the acceptance rate remains around 10% of the total number of applicants [16; p. 97]. According to the Agency for Assessment of Knowledge and Competences, over 190,000 out of more than 1,2 million applicants (about 16%) were admitted to public universities for the 2022–2023 academic year.

According to the World Bank's research, young people who have completed 11 years of education in Uzbekistan acquire knowledge and skills equivalent to those acquired after 9 years of education [14; p. 108]. Government studies show that there are more than 1,500 schools in the country where not a single graduate was able to pass the state-standardized entrance exams. UNICEF expressed its concern that the growth of the student contingent in HEIs is predominately at the expense of socio-humanitarian fields and that admission quotas in the field of science, technology, engineering, and mathematics (STEM) remain limited. The organization also states that the current state-standardized test system is based on the assessment of theoretical knowledge and, in order to meet modern market requirements, it is appropriate to use a skills-based approach in entrance exams and educational programs [16; p. 100].

In 2019, in order to determine the main priorities of the reform of the higher education system in the country, to raise the development processes and personnel training to a new level in terms of quality, the "Concept of the development of the higher education system of the Republic of Uzbekistan until 2030" was developed. According to the concept, the main objectives of educational reforms are determined:

- a) to increase the gross enrollment rate of higher education by 50 percent;
- b) to ensure at least 10 HEIs to be included in the list of the first 1000 HEIs of internationally recognized organizations (Quacquarelli Symonds World University Rankings, Times Nearer Education or Academic Ranking of World Universities);
- c) to gradually transfer educational process to credit-module system;

- d) step-by-step transition from education focused on acquiring theoretical knowledge to education system focused on formation of practical skills;
- e) to provide public HEIs with more academic independence;
- f) to solve other major problems in higher education that cannot be delayed [17].

The above-mentioned drawbacks in the system and the goals ahead show that HEIs in the country need to analyze their status quo objectively, revise their mission or agenda as needed, develop their appropriate strategy, and get prepared for strong competition, rapid changes related to market requirements, and a changing external environment.

From this point of view, strategic planning and wide application of modern strategic management methods to the management of HEIs of the republic will allow HEIs to successfully respond to the potential challenges of the external and internal environment, including education and the labor market, in the context of post-pandemic recovery and reforms.

Thus, we believe that the effectiveness of the reforms can be improved with more focus on the following issues along with the state policy measures:

1. to increase the speed and quality of digitization processes at higher educational institutions in the context of the acceleration of digitization processes in education;
2. to revise educational programs in terms of content and quality in response to the increase in demand for various forms of education, in particular correspondence, evening, and distance education, as well as changes in the age structure of the student contingent;
3. to develop concrete and targeted development strategies for success in the competition with local and international HEIs, taking into account the expansion of the local market for educational services, the growth of the number and share of vocational schools and other types of educational institutions that teach modern professions, as well as the goals of climbing to the top of international rankings;
4. to increase resistance to competition in the international educational services market in the context of further increasing the attractiveness of international HEIs following the widespread adoption of knowledge related to the field of information and communication technologies and learning foreign languages among young people;
5. to regularly update, coordinate, and improve educational programs in the context of the transition to the knowledge economy and the acceleration of technological development, based on the changing nature and demands of the labor market and the knowledge, competencies, and skills highly valued by employers;
6. to attract more competitive personnel with the qualification of studying and teaching in foreign languages, as well as using modern education and computer technologies, and to emphasize to improve existing personnel's qualifications;
7. to improve the management system and principles of higher education institutions, taking into account the gradual granting of academic independence.

Conclusion

During last decades, the gradual reforms carried out at a slow pace did not produce adequate results in terms of the quality of education, access to higher education, the gross enrollment rate, and the provision of the necessary physical and human capital of HEIs. The administrative tools and bureaucratic measures significantly reduced the effectiveness of reforms in the sector. HEIs were not given almost any independence in choosing their own strategy and policy. The supply of higher education services did not expand in response to the sharp increase in demand in the higher education market and the sector's development rate lagged behind the country's socio-economic development. All in all, they were mostly limited by the existing system, and to a great extent, they neglected the introduction and expansion of market mechanisms in the field of education, especially in higher education, and the issues of quality education and personnel policy.

Since 2016, the reforms in the field of education have risen to a new level and faced radical changes in terms of their content. In this regard, considering the deepening of competition in the field, the increasing academic independence of public universities, and modern market requirements, we suppose the HEIs in the country are representing an urgent need for radical reforms related to their management systems. It is critically important to choose the optimal strategy of the HEIs in order to appropriately respond to the challenges of the changing external environment, to survive in the competition, not to lag behind the pace of development, and to determine specific principles of activity in training highly qualified personnel. And in that case, strategic management is expected to be a beneficial choice for all stakeholders in the sector.

Today, Uzbekistan's HEIs are literally entering a revolutionary period. After all, in the global crisis caused by the pandemic, as well as in the conditions of global uncertainty caused by economic tension and political instability, modern knowledge is relied on to achieve economic stability, to thrive from depression or stagnation, and to bring the economy back to the path of development. Educational institutions bear the greatest responsibility for training mature, competitive specialists who have thoroughly mastered modern knowledge. In management, as in any field, the ability to use the right tactics and technology is the main constraint for effectiveness. Appropriately responding to the challenges of the changing external environment, surviving in the competition, not lagging behind the pace of development, and determining specific principles, goals, and strategies of activity in training highly qualified personnel at the level of the demand for socio-economic reforms will serve to increase the effectiveness of HEIs. In this regard, modern strategic management methods, which have proven themselves in business and have been used for many years in the field of higher education at the global level, are the right choice for HEIs in the country and will undoubtedly be an important step in achieving their goals in the short- and long-term.

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