

## Franchising in the Educational Environment of Higher Education Institution: Aspects of Mutual Interest

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### Abstract

The article deals with the implementation of franchising in an education system, the practical activity of higher education institution in the sphere of expert training for labor market and promotion of its own training programs to the market of educational services. Under contemporary globalization the role of the new pedagogical technologies, forms, standards and methods of training is undoubtedly becoming more and more prioritized. This is caused by the objective conditions of human development in science, technologies, education, etc. and entails new approaches to the system of training of future experts for labor market. The franchising in education is widely used by foreign higher education institutions currently. It is implemented at the organization of joint educational programs for training of masters, at creation of the testing and retraining centers. In addition, it is applied to during distance learning. The educational franchising acts as a new method for the Russian practice of business in the higher education institution environment. It opens great opportunities for the development and advance of the existing higher education institutions in the market of educational services in the Russian Federation. For the Russian practice of the higher education the adaptation of the already existing approved foreign educational products (programs) for franchising and implementation of own innovative training programs in the regions of Russia seems to be perspective. The article demonstrates that the educational franchising as a tool of the business environment can be applied by the higher education institutions to the solution of both the educational purposes and tasks, and a commercial component that is directly put before it at the present.

**Keywords:** higher education institution, franchising, teaching technologies, educational environment, distance learning.

### 1. Introduction

The main trends of the progressive advance of the education system in the contemporary world and Russia are:

1. **"the trend of conservation"** – the consideration and use of the accumulated positive past experience in the theory and practice of education;
2. **"the trend of modernization and innovation"** – the creation, development and active implementation of advanced educational technologies, forms, standards and teaching methods".

In the context of contemporary globalization (including the education system) the role of the second trend is increasingly becoming a top priority, and there is no doubt in it. The reasons for this are not only the objective conditions of human development at the moment, but the rapid obsolescence of knowledge, intensive informatization of society, active introduction of scientific discovery findings and innovations into daily life practice and educational process, etc. All this creates the "requirements of a new day" in the training of future specialists for the labor market, which in turn requires the active use of challenging the time technologies, forms and methods of modern educational practices by the higher education institutions.

The consideration of the issue of increased use of such tools of business environment as a franchise by higher education institutions is of particular interest within the framework of solving the goals and objectives (both educational, pedagogical, instructional ones and the commercial component) assigned to the higher education institution by the present time.

### 2. Literature Review

The franchising system and the use of its tools in the business practice have no been longer "new" for the Russian economy in view of the past period of its development since 1990. However, we will note, that Russian scientists have not previously worked out the scientific basis of franchising due to the nature of historical and economic way of our country

development. Accordingly, in this regard the national practice is based primarily on the scientific works of foreign scientists and specialists. Among them we can distinguish such authors as P. Verkhan, R. K. McConnell and S. L. Brue, Philip Kotler, F. Hoyer, E. Dolan, Robert Pindyck and Daniel Rubinfeld, T. Peters, M. Said, D. Thomas (Nechitaylo 2011), Sevgin Eroglu (Eroglu, 2006), K. M. Melone, B. J. McLeish (Melone and McLeish, 2002). We emphasize that the works of these authors mainly deal with franchising technology and its application in terms of finance, management and marketing.

In this article we note that among the works of foreign scholars dedicated to the governmental education franchising and its components such authors as C. Bird (Bird, et al., 1993), G. Blake (Blake, 2010), J. Forward, C. Fulop (Forward and Fulop, 2000), L. Sims, M. Woodrow (Sims and Woodrow, 1992) can be distinguished.

In domestic practice of the studying various aspects of the franchising the following authors and their works should be noted: E. N. Vasilyeva, A. Glukhovskaya, F. Danilovskyy, D. N. Zemlyakov, V. Kolesnikov, A. E. Leonov, M. O. Makashev, E. Nazarenko, O. Novoseltseva, V. Panyukova, I. Rykova, S. A. Sosna, E. Finko, K. Frumkina, N. L. Khvalanskaya, L. Shulgina, N. A. Yushchenko.

In Russia such researchers as E. M. Babin, J. N. Borodina, E. V. Bashmachnikova, B. N. Gerasimov, L. I. Yerokhina, N. S. Ladyzhets, M. I. Lebedeva, S. A. Nechitaylo, I. A. Tavgen, O. V. Saginova, A. S. Semenova dedicated their works to the research of franchising in the educational sphere (Nechitaylo 2011).

A special place in the study of education franchising and its constituents is taken by the works by A. A. Nechitaylo and S. A. Nechitaylo. In addition, it is worth paying attention to their monograph co-authored by L. I. Yerokhina, which appeared in the publishing house of the Samara State Aerospace Higher education institution in 2011, titled "Franchising in Education" (Yerokhina, et al., 2011)

This work is of interest not only by the point of view of Russian authors on these problems, but by its focused, comprehensive, constructive interpretation of 'the theme' on the education franchising and its implementation.

In addition, the problem of improving the quality of education through the application of the franchising method is considered in this monograph. The authors justify the implementation of the franchising method in education, by analogy with the franchise system in other sectors of the economy (trade, services). The article considers the possibility of using the same franchising methods in the academic process starting from secondary school, technical secondary schools to higher education institutions. The basic organizational and economic patterns of education franchise use are given. In addition, attention is paid to the issues of financial and economic activity in the system of higher educational establishment franchising. With this in mind, this study can be regarded as a kind of starting point for the Russian practice of 'development' of the franchising technology implementation theme in education.

### **3. Research Methodology**

The methodological basis of the study was as follows: the method of analysis of periodicals and feature materials of well-known domestic and foreign scholars, systemic-structural and systematic methods of research of the Russian practice of franchising implementation as a technology. In addition, the practice of activity experience of regional higher education institutions in the creation of remote e-learning programs and courses hosted on the open platforms was used.

### **4. The Basic Part**

Franchising is a system of relations of market participants (the franchisor and the franchisee), in which the brand (trademark) of the franchisor, his know-how, business practices and technologies and other rights to industrial and/or intellectual property are provided for the franchisee in exchange for direct or indirect financial reward.

All this also includes continued support in technical matters and in conduct of business matters on the part of the franchisor, and within the scope and the duration of the franchising contract signed by both parties (Vladimirov 2012).

In today's business practice franchising as a technology and a method has gained widespread currency. All this gives the right to treat it as a philosophy of contemporary business, a progressive and dynamic organization system of business relations that allows 'copying' not only the format, but also the ethics of certain activities, including education.

It should be noted that Russia is characterized by global trends in the development of franchising. This is due to the general advantages of franchising and the resulting necessity to unite the capacities and resources in the conditions of modern globalization. At the same time there is no doubt that Russia possesses its 'own' specifics of the franchising. The reason for this includes the socio-economic, cultural and psychological, legal and other factors. We will note that this is applied to other countries in the world, being 'an individual style' of each in the implementation and development of the franchising as a technology or tool in its territory to solve specific both current and future challenges in the different areas and fields.

Education franchising is widely used by foreign higher education institutions:

1. when establishing branches and supporting them in their work (through supervision and methodological assistance),
2. when organizing joint educational programs (primarily master's programs),
3. when creating testing and retraining centers,
4. when replicating educational business-models through an extensive network of distance learning (Nechitaylo, 2011).

Education franchising is a new to the Russian practice method of doing business in the higher education institution environment. At the same time it opens up more opportunities for the development and promotion of the existing higher education institutions and colleges in the education market in Russia.

We note that the franchising is of particular interest to many representatives of the education system in Russia. However, these attempts are still very cautious and not systematic.

Education franchising is the activity of educational institutions on making offers, production (provision) and the promotion of educational and associated with them services (products) to the market. At the same time the services sold must comply with the licenses of educational institutions (Nechitaylo 2011).

The content of this activity can be described as follows: the higher education institution (the franchisor) provides the franchisee (educational establishment, school, commercial company) the right to conduct educational process under its license. This allows the franchisee to conduct educational activities using already proven technology in relation to learning opportunities for the company personnel and obtaining the necessary advice on information and organization.

An example of the franchise application in the higher education institution activity practice may be a particular product developed by the institution (e. g. a special education program) to improve the quality of students' training in rural secondary schools in the priority areas of future specialists training realized by this higher education institution. At the same time it can do this in the framework of partnership with a commercial enterprise for providing this enterprise (at its request) with qualified future employees in a particular occupation.

The structure of the interaction between the participants of the franchising activity in the educational environment is shown in Figure 1.



Figure 1 – The structure of education franchising

The analysis of the world practice of education franchise allows one to select the following set of its features:

- the presence of the product elements in educational services as in the main component of the education franchise;
- the presence of service standards (certification of teachers, classroom equipment requirements, the

educational process equipment);

- the duality of the activity of the education franchise subjects predetermines the duality of education franchises (orientation of educational institutions to the demands of both the labor market and the education market). (Yerokhina et.al., 2011).

In this context the franchising is the system of exclusive rights for the implementation of educational services under the brand name, production mark and franchisor's trademark on certain conditions.

The education franchising can include:

- principles and organization of educational process according to the specific educational programs with the system of monitoring knowledge, skills, abilities;
- training package (TP);
- remote video tutorials and multimedia courses;
- project methods of teaching, webinar technologies,
- systems of professional assessment and certification, etc.

Thus, a specially developed system of teaching a particular course with full methodical and methodological support may account for the basis of the 'market product' of education franchise (franchising).

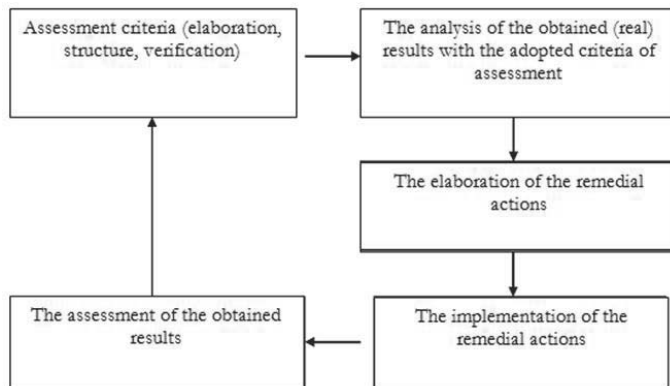
A special place in the system of education franchise activity is taken by financial issues that need to be carefully worked out and agreed within the lump-sum fee and the rate of royalty – regular payments, depending on the volume of services or income earned from the use of the product delivered in the education franchising.

We emphasize that an educational program offered for sale must ensure that the franchisee's (the higher education institution or the person who rents the franchise) achievement of a certain result – social effects (such as changing the educational or professional level).

This directly implies the need for the system of monitoring and evaluation of the results from the use of franchising. In American practice, for example, three groups of financial indicators are used to assess the effectiveness of the new business, including franchising:

- forecast of revenues and expenditures for the first three years;
- forecast of cash flow over the same period;
- consolidated balance sheet at the moment and the forecast of changes in assets and liabilities for the year ahead (the balance plan) (Nechitaylo, 2011).

The relationship of the control structural elements in the education franchise is presented in Figure 2.



**Figure 2** – The monitoring system in the education franchising

We emphasize that the monitoring in the education franchising system includes not only the financial component, but the quality control of the implementation of the educational services (quality of education). As the guarantor here is the higher education institution itself, this imposes on it the obligation of training and advanced training (quality) of its own staff.

Thus, the implementation of education franchising services can be considered as a motivational factor for the higher education institution in relation to the staff professional development and thereby this higher education establishment position in the rating list concerning its efficiency/non-efficiency, attractiveness/non-attractiveness, etc.

Practical experience of education franchising provides an opportunity to highlight the following range of its characteristics:

- Setting the educational program standards by the franchisor (right holder) when the close monitoring of quality is satisfied;
- the transfer of the proven system of teaching in certain disciplines or certain specialties;
- carrying out joint activities to upgrade the teaching staff skills;
- the use of extension and dissemination means of access to higher education institution education via the Internet and intensification of distance learning (Yerokhina et al., 2011).

In this context we will pay attention to the content of the concept and components of distance learning as a current technology actively used in different fields including the sphere of education franchising.

Distance learning is a combination of technologies:

1. providing students with the required volume of compulsory educational material and content;
2. providing remote interactive communication of students and teachers in the learning process;
3. granting individual opportunities to acquire education within the specific educational programs, courses, workshops to anyone who wants to.

Nowadays distance education is carried out with a predominance of various kinds of remote educational technologies, forms, methods and means of education in the educational process, as well as the use of information and educational array of data on the Internet. In this connection for a past period some generations of the technologies used have changed in Russia and in the world – from traditional print media to the latest computer technologies (radio, television, audio/video broadcast, audio/video conferences, webinars, online conferences on e-learning, webcasts, etc.).

In the global and Russian practice the popular technology today is to deliver students both general and specialized educational content, which may include electronic and paper textbooks, lecture video courses, video seminars, presentation projects, practical assignments, audio content (in particular in learning foreign languages), graphic materials, etc.

Modern forms of distance learning are different kinds of online simulations, manager games, webinars, project methods (Shchukin, 2015).

With due consideration of the today's active popularization and wide use (especially in the educational practice) of the project method, we will mention it in this article.

Project-based learning has always involved solving some problems. The solution of the problem provides, on the one hand, the comprehensive use of various methods and means of education, and on the other hand, suggests the need to integrate and apply the knowledge on specific educational programs, subjects gained by students (Shchukin, 2015).

Thus, it is this approach compiling this method that provides training students (the future member of the labor market) for the sphere of real practical cooperation within the framework of their specialty. In addition, it will assist in the development and formation of the moral socialization, personal, cultural and educational environment and realization of the creative potential of students in the future.

Project-based learning has always focused on the independent activity of learners (students) – individual, pair, group, etc. – which they carry out within a certain period of training for each educational program (Shchukin, 2015).

The main forms of projects include the following ones:

- project presentation;
- portfolio on a particular issue with the decision presentation;
- computer modeling and practical analysis of the results;
- developing and holding a forum to solve the assigned task;
- organization of students' research groups;
- business and role-playing games;
- psycho-educational and other trainings, etc. (Shchukin, 2015).

The application and use of distance learning technologies in educational and innovative environment of high school enables:

1. to reduce the costs of training (there are no premises rental costs, no trips to the place of education of both students and teachers);
2. to train a large number of people;
3. to improve the quality of education through the use of modern means, voluminous digital libraries, etc.
4. to create a unified learning environment (especially important for corporate training of employees).

All these components are extremely efficiently combined with an education franchise as a method of doing

business in the higher education institution environment.

## 5. Research Results and Discussion

Education franchise is a flexible system that can be easily adapted to various products and services. In Russia education franchise until now finds its application through the introduction of methods and technologies of distance learning as one of the modern trends in the education system development by major higher education institutions.

Thus, the development of education franchise through the use of distance learning technologies is the most realistic way of the practical application of franchising technologies in the educational environment of Russian higher education institutions and colleges today.

The central line of this way is the realization of social accessibility (irrespective of the place of work and residence, socio-economic problems, physiological possibilities) for a large part of the population the high-grade professional education, taking into account modern requirements and standards. In our view it is precisely this condition determining the market attractiveness of the franchise as the direction of applying the educational innovation possibilities by the higher education institution that is attractive for the entire practice of national education.

The adaptation of existing foreign educational products for the franchise and implementation of own educational programs by the domestic higher education institutions in the regions of Russia seems promising for the Russian educational environment rather than the blind imitation. In addition, it is known that in Russia today there is a huge pent up demand for educational services in specific occupational areas, i. e. the demand for certain specialists.

Furthermore, in the Western practice franchising is especially popular in teaching professionally oriented subjects. These are primarily business and management, engineering and technologies. All this list of directions is more than ever relevant for modern Russia.

In this regard there is no doubt about the fact that a graduate of modern higher educational institution should possess the following specific qualities necessary for work in the 21<sup>st</sup> century in the post-industrial society:

- to be flexible enough to adapt to changing situations, independently acquiring the necessary knowledge, skills, applying them in practice for solving a variety of problems, to be able to find one's place in it during one's life;
- to be able to think independently and critically, to be able to see challenges emerging in the real world and seek ways of overcoming them efficiently, using modern technologies; to be clearly aware of where and how the acquired knowledge can be applied in the surrounding reality; be able to generate advanced ideas and suggestions;
- to competently work with information: to be able to select the facts necessary for the study of the specific task, to analyze them, to make hypotheses to solve problems, to make the necessary generalizations, comparing with consideration of the analogous versions, to set static patterns, to make substantiated conclusions, to identify and solve new problems based on them;
  - to be sociable, communicative in different social groups, to be able to work jointly in various areas preventing conflicts or skillfully coping with them;
  - to independently work on the development of one's own morality, intelligence and cultural level.

All of this directly involves the creation of own educational environment by the Russian higher education institutions.

Thus, within the framework of the formation of a new type of educational services in Russia franchise relationships are important and have healthy market potential. Of special value is the realization of the specifically practical component in training of future experts for the labor market for certain tasks, needs and territorial specificity.

An important element of the institutional foundations of the franchising functioning in the Russian educational environment serves the organization of learning of higher education institution and college franchising. In domestic practice this aspect is not actually implemented. In our view it is a strategic omission, on the one hand, and on the other hand, the possibility for the institutions themselves to provide relevant programs in the educational market of the Russian Federation, to take still free niche in this market and create an appropriate marketing position. This marketing activity within the system may include three key elements: the new educational service specialization, the rationale for its price, liaising with employers (labor market) in light of the overall progress.

In relation to the issue raised we underline that today's Russia has not developed a broad and widespread practice of training not only higher education institution franchising technologies, but also other types of franchising. This appears to be the omission in the development of both small and medium businesses in the country, and the 'entrepreneurial spirit' in the social environment.

Extensive education trend in the field of franchising can be created on the system of training centers which should

be located throughout the territory of Russia. Both potential franchisors and potential franchisees will be trained in these centers. And at the initial stage of the franchise system establishment the franchisors can use these centers for targeted training of their franchisees and employees.

The simplest way of creating a wide-area network of franchise training centers is their creation on the basis of major domestic higher education institutions represented in the regions Russian Federation.

Thus, today the Russian higher education institutions may become platforms for this kind of innovative initiatives in the educational environment, which directly leads to the emergence of a new type of architecture of the educational environment of both the higher education institution and general education space in Russia.

## 6. Conclusion

Franchising contributes to the intellectual level enhancement on a specific 'territory', providing access to different levels of education, where it was previously unavailable to consumers. This leads to the creation of a new educational environment, and through it to the dynamics of this area development.

Application of franchising technology in the education market has a direct influence and pressure on the degree of competition in the educational environment of a particular area. This makes the higher education institution as a participant in this competitive environment work more actively in the following directions:

1. the quality and accessibility of providing the consumer with educational services of different level;
2. innovation of educational technologies and products;
3. the creation and promotion of their own educational programs for a specific task of this area labor market.

Education franchising creates the necessary prerequisites and conditions for the full development of entrepreneurial activity of high school in the areas of production and providing services for the labor market. This enables us to confirm that franchising is a motivator for the development of the higher education institution and demonstrates its effective implementation and replication in practice.

Franchising in education directly interacts with the introduction of distance learning (e-learning) methods through the use of modern teaching, advanced information and communication technologies (the formula is 'franchising + e-learning'). The application of the formula 'franchising + distance technologies' ('franchising + e-learning') by the high educational establishment in the practice of its activity will allow:

1. creating educational network in a specific market area;
2. providing access to quality education for consumers of educational services;
3. improving one's own survival and competitiveness in the market of educational services;
4. promoting one's own brand and attracting new participants to the system of one's own educational environment;
5. improving one's own commercial component.

In addition, the use of franchising in education allows us to offer the 'in-home' higher educational service most demanded by the market. Its implementation is directly connected with the use of the educational potential of the higher educational institution, which is located at the point of sale of educational services, that is, in the place of the trainees' residence.

So it gives the higher education institution a wide range of benefits:

- the possibility of obtaining 'clients' for itself,
- the financial benefit from the sale of educational services
- the marketing component in promoting a brand of higher educational establishment itself and its 'intellectual products' under a particular brand or under common and unified brand of the higher education institution in the educational market.

All of this suggests that today the education franchise can be directly viewed by the Russian higher education institutions as one of the most realistic and practical form of own innovative activity in the educational market.

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