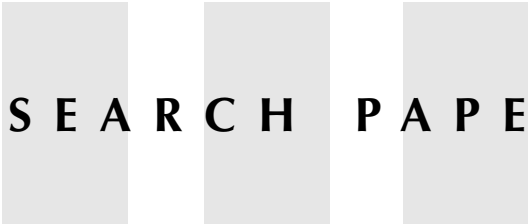


R E S E A R C H P A P E R S



JUHA KETTUNEN

Demand for Continuing Education of Managers

ABSTRACT

The move to market-led approaches has been accepted in university level continuing education. There is a need to focus on the customer's view of quality. This study analyses customer satisfaction and factors affecting the demand for continuing education based on data from the managers who studied in the MBA programme. The evidence indicates that when the first decision to participate in continuing education is made the image of the MBA programme and the education centre is important to the customer organisation. On the other hand marketing communication that creates expectations is important to experienced students to continue lifelong learning.

Keywords: *adult education, continuing education, managers, demand for education*

Acknowledgement: *I am grateful to Dr Chris de Winter Hebron who suggested this line of study.*

1 INTRODUCTION

This study analyses customer satisfaction and factors affecting the demand for continuing education of business managers in the context of Total Quality Management (TQM). An important characteristic of a student-centred study culture in adult education is the emphasis placed on motivating students for lifelong learning and for obtaining new knowledge needed in working life (Kettunen, 2000). With respect to demand, the students' expectations regarding the chosen

JUHA KETTUNEN, Ph.D., D.Sc. (Econ.)
Turku Polytechnic • e-mail: Juha.Kettunen@turkuamk.fi

education programme and the reputation of the university play an important role, which is analysed in this study.

TQM is a philosophical approach to the management of organisations rather than a technical quality standard. TQM was originally developed by W. Edwards Deming and Joseph Juran (see Deming, 1986 and Juran, 1988). It was first successfully applied to production management in Japan after the Second World War. The aim of TQM is to empower workers and involve them in quality improvement. TQM seeks to inculcate in all employees an attitude which prioritises customer satisfaction.

The empirical part of this study is based on a survey given in May 1995 to all the enrolled MBA students at the University of Jyväskylä. The cross-sectional data provide relevant information on the characteristics of students, their employers, educational markets and the university.

The demand for continuing education is analysed in two stages. A participant's decision to enrol is the first stage. His or her decision about the number of courses to enrol in is the second stage which characterises lifelong learning. These decisions are explained, for example, by the students' motives, their expectations regarding education and perceptions regarding the image of the university and education.

This study is organised as follows. Section 2 briefly discusses service quality in education. Section 3 presents the data of the study and the empirical evidence of the demand for continuing education. Finally, Section 4 concludes and summarises the main results of the study.

2 SERVICE QUALITY IN HIGHER EDUCATION

It is far easier to meet the goals one sets oneself than to seek to meet those of one's customers. Quality is defined in TQM in terms of whether it meets the needs of the customers (Green, 1994). This requires an attitude change with regard to who the customer might be, what the goals of the customer are and how the customer's needs are met. It is assumed in this study that customer satisfaction is positively related to the demand for continuing education.

The move to market-led approaches has been accepted in university level continuing education (Kettunen, 1999a, Brandt, 2001). The continuing education centres have gone farther towards the business practices than the departments of the faculties. There is a need to focus on the customer's view of quality as pointed out by Mattson (1994). This is important because sales income is the main source of financing continuing education.

There has been considerable debate in education literature about who the customers are (Lin, 1993 and Hill, 1995). Are the students or are the employers of the graduates customers? Is the funding body or the society as a whole a customer?

In manufacturing companies, where TQM was first introduced, there is a multitude of customers. The wholesaler who purchases the product is the customer, but so are the retailer, the distributor and the consumer. A definition of the term customer merely in relation to the buyer or the consumer is extremely narrow. In higher education there is also a multitude of customers. Students demand an education that will lead to professional employment or further study. Employers demand a high degree of knowledge and skill because they want effective people in their workforce. The funding body demands value for money in terms of quality of teaching and wants verification that the particular knowledge and skills have been acquired.

Teaching as a service has long been recognised as one of the most intangible (Shostack, 1987). Another central feature of teaching is the heterogeneity of service, since teacher performance can be highly variable (Bitner, Booms and Tetreault, 1990). The third important feature of teaching is the inseparability of production and consumption. The customer affects the process of service delivery, the customer's input is critical to outcome achieved and the performance ambiguity increases with the level of customer involvement (Parasuraman, Zeithaml and Berry, 1985 and Jones, 1990). The customer is not simply the individual at the receiving end of the educational process, but the customer-supplier relationship may also include interactions between administrative and academic staff and between administrative staff and the students (Taylor and Hill, 1997, Bush and Coleman, 2000).

Education is complicated, because it is not only a service for a customer, but it also involves the teacher doing something to the customer (Walty, 2000). Education aims to change the thinking of a person and create personal development. This transformation involves enhancement, which is value added to the customer by virtue of the process and empowerment, which helps the customers to influence their own transformation.

Teaching has high credence properties, which make it difficult for students to evaluate it even though consumption has taken place. Herbig and Milewicz (1993) have suggested that affective and not cognitive judgements may dominate the evaluation process. The students may use surrogate indicators of quality and use personality to judge performance (Brown and Swartz, 1989, Bitner, 1992 and Crane, 1989).

The management of an educational institution may find it difficult to understand how customers evaluate the quality of education and decide whether their demands have been met. A key mechanism of quality control in education has been the receiving of student feedback and responding to it. Evaluations are usually given at the end of a course. It has been shown by Murray (1984) that retrospective ratings by students who have graduated agree exceptionally well with the evaluations done during the course of study.

In management education it is possible to be engaged in direct dialogue with dissatisfied students and their employers. However, sometimes it may be too difficult for students to artic-

ulate their dissatisfaction. They may feel shy, or regard the dissatisfaction as a private issue. There is growing evidence that satisfaction incorporates both cognitive and emotional judgements and is based on personal experience, whereas perceived quality represents a cognitive evaluation compared with an explicit or implied standard (Storbacka et al., 1994).

The new focus of university continuing education centres has been adopted from corporations, and it deals with the question of how to convert bottom-up understanding into a force to enhance quality control activities as opposed to top-down planning. Corporate experience suggests that quality control cannot be achieved without the initiative of those on the grass-root level (Kamibeppu, Baba and Shimada, 1999).

It has been argued that professionals are often interested in quality-management systems, which limits their ability to understand customers' expectations and perceptions. Mangold and Babakus (1991) argued that service quality focuses too often on 'backstage' activities and not enough on the 'front stage' activities most valued by customers.

The first impression of an institution comes through advertisements and brochures. Front line contact persons are operators, receptionists and secretaries. Before students have stepped into a classroom, they are likely to have gained an impression of the institution from the way in which they have been treated by its representatives. The higher an individual rises in the organisation, the more remote the person becomes from the actual point of delivery of the service.

Market control is strong if the education is financed by students or their employers. Typically in these circumstances the educational institutions try to acquire plenty of visibility in order to give an impression of having high-flying achievements. This kind of approach is discernible in North America. The policy seems to be to let the market forces determine the educational services provided by the competing institutions.

Higher education institutions have begun to spend large amounts of money on impression management and advertising (Symes, 1999). Publicity includes a main prospectus, brochures of programmes, advertisements on the world wide web and advertising in the national and local newspapers, as well as in specialist periodicals and journals. These are supported by magazines and newsletters, which are targeted for the network and customers. The consumerisation of higher education gives educational institutions the look of a proper business.

Many factors have to be considered in marketing and publicity (Ashworth and Harvey, 1994, Foskett, 1998). What is the effectiveness of different kinds of publicity? What information is given and how is it presented? What are the target groups? What are the costs and benefits of the publicity? What kind of feedback do the students give? How do most students find out about the institute? Many of these and similar problems have to be solved in practice.

Several factors are used to judge the quality of marketing and liaison in higher education. Ashworth and Harvey (1994) mention, for example, the effective marketing of services, in-

formative and attractive publicity, involvement with media, trade and professional bodies, established long-term links, joint venture schemes and sponsorships with industry and commerce, balanced and active advisory services and recognised reputation for excellence.

Links between educational institutes and employers are important in terms relationship marketing. The benefit for the customer is that the staff of the educational institute learns to know the customer organisation and hence is better able to serve individual needs. These links also help to increase the number of new applicants.

Open seminars free of charge and social gatherings are important ways to promote relationship marketing. They may provide forums for informal meetings of decision makers, other members of the network and the staff of the university. Open seminars are supplemented by short courses and conferences with a specific topic. They are usually arranged by specific conference units of continuing education centres. Short courses increase the demand for the longer programmes, because the short courses are part of the complete programme. For example, Professional Development and MBA programmes are complete programmes in Finland.

3 EMPIRICAL EVIDENCE OF THE DEMAND FOR CONTINUING EDUCATION

Data of the study

The data of this study is based on a survey of all the MBA students at the University of Jyväskylä. The data were collected in May 1995. A questionnaire was sent to all 219 active MBA students and a reminder by telephone call was made after two weeks. The final data used in this study includes 110 observations. A full description of the data is found in Sajasalo (1997).

Table 1 describes the means of the variables of the data, which are classified by the number of previous courses in continuing education. The means have been calculated for the persons who have had none, 1–5 and at least 6 courses before they enrol in the MBA programme. The average number of courses is 5.2. The purpose of the analysis is to get a preliminary view of how the demand for continuing education is related to other variables in the data.

If the participant studies in a programme which has been customised for a large company he or she has taken fewer courses than the others. About two thirds of these participants have not taken any other courses. Usually they enrol in the MBA programme on the initiative of their employers. The participant's own initiative in developing expertise seems to be an important factor, which is related to the number of courses taken in continuing education.

If the participant's motive is to enhance his or her expertise in working life, the person has taken more courses than the others. This supports the argument that the participant's own attitudes and actions play an important role in the demand for continuing education.

TABLE 1. Means of the variables by the number of courses in continuing education.

Number of courses:	0	1–5	6 <
Customised programme, 1= yes	0.67	0.37	0.31
Enhanced expertise is the participant's motive for continuing education, 1= yes	0.47	0.65	0.63
Participant's own career is the motive for continuing education, 1= yes	0.53	0.33	0.23
Importance of image of the education centre as conveyed by marketing communication on the participant's expectations, scale 1–4	1.87	1.92	2.11
Importance of friends' opinions on the participant's expectations, scale 1–4	2.47	2.35	2.49
Number of other education centres considered when the student applied for the MBA programme	0.53	0.77	0.91
Importance of the image of the MBA programme for the customer organisation, scale 1–4	2.13	2.30	2.46
Importance of the image of the education centre for the customer organisation, scale 1–4	2.00	2.32	2.26
Age of the participant, years	39.4	40.5	44.3
Middle manager, 1= yes	0.80	0.35	0.29
Senior manager, 1= yes	0.13	0.50	0.60

The individual's career is the most important for those who have not previously taken any courses in continuing education. More than half of these persons report that their career is a motive for continuing education. On the other hand, only 23 per cent of those participants who have taken at least six courses report that their career is a motive for participating in continuing education.

For participants who have not taken courses previously, the image of the education centre, which marketing communication has conveyed, does not have much impact on their expectations. The importance of image, however, is greater among those who have taken many courses. Generally the opinions of friends have a medium-level importance, which does not seem not to be related to the number of courses taken in continuing education.

The number of other education centres considered by the participant when he or she was applying for the MBA programme varies between zero and five. The average number is less than one. It is interesting to note that the number of other education centres increases with the number of courses. It is likely that participants become aware of the supply of continuing edu-

cation when they participate in courses and follow up other interesting courses later at continuing education centres.

The image of the MBA programme becomes slightly more important for the customer organisation as the number of courses increases. Participants report that image is on average of medium-level importance.

The image of the education centre is also of medium-level importance for the customer organisation. Generally the image of the education centre is slightly less important than the MBA programme.

The age of the participants varies between 27 and 57 years. The average age is 41.6 years, and increases with the number of courses, as can be expected.

Senior managers have clearly taken more courses than middle managers. This may be related to the activeness of the person in developing their job and organisation, resulting in a high organisational position.

Results of estimations

The analysis of the demand for continuing education has two stages. The decision to enrol in the continuing education is analysed using logit models in the first stage. Then the method of ordinary least squares is used in the second stage to analyse the factors which affect the number of courses.

The second stage is analysed on condition that the participants have decided to participate in continuing education. It is done technically including the inverse of Mill's ratio among the explanatory variables. The two-stage method has been developed by Heckman (1974, 1979) and extended by Lee (1983) to estimating logit models in the first stage.

Table 2 presents the results of the estimations of the logit models. It analyses the characteristics that affect the decision to take the first course in continuing education. Many statistically significant variables were found.

The participants of an in-house MBA programme customised for a specific large company have made the decision themselves to participate in continuing education more seldom than others. These persons have lower probabilities of enrolment in continuing education than those who enrol in the course on their own initiative.

If the students' motive is to enhance their expertise in working life, they have higher probabilities than others to take part in continuing education. However, career is not a statistically significant motivating factor when the decision is made to participate in continuing education.

The customer organisation's view of the image of the MBA programme correlates positively with the probability of taking a course in continuing education in many of the estimations. Usually the employer of the student is the paying customer. This fact is in line with the

TABLE 2. Results of the estimations of the logit models.^a

Variables	
Constant	-1.61 (1.55)
Customised programme, 1=yes	-1.46 (0.75)
Enhanced expertise is the participant's motive for continuing education, 1=yes	1.11 (0.73)
Importance of the image of the MBA programme for the customer organisation, scale 1-4	0.73 (0.48)
Importance of the image of the education centre for the customer organisation, scale 1-4	0.62 (0.50)
Senior manager, 1=yes	2.14 (1.05)
Log-likelihood	-33.7

^a The standard errors are given in parentheses.

result that the participants emphasise the value of continuing education for their employer organisation.

The customer organisation's view of the image of the education centre correlates positively with the decision to participate in continuing education in many of the estimations. This result emphasises the importance of the paying customer and the role of development projects, which aim to develop the participants' work and organisation.

The position of a senior manager is positively correlated with the decision to take part in continuing education. Age does not have a statistically significant effect on participation. This result supports the argument that continuing education can be an important factor for persons who assume responsibility in organisation development regardless of age.

Table 3 presents the results of the estimations of the models using the method of ordinary least squares. The purpose of the study is to find the characteristics which explain the number of courses in continuing education. Many statistically significant variables were found.

The participant's own career as a motive to participate in continuing education is negatively related to the number of courses. This variable did not have any significant effect on the decision in the first stage.

The importance of the image of the education centre as conveyed by marketing communication on the participant's expectations correlates positively with the number of courses. Those who reported that the image is important have taken more courses than others.

TABLE 3. Results of the estimations of the models using the method of ordinary least squares.^a

Variables	
Constant	-11.96 (4.16)
Participant's own career is the motive for continuing education, 1=yes	-1.77 (1.17)
Importance of image of the education centre as conveyed by marketing communication on the participant's expectations, scale 1-4	1.30 (0.70)
Importance of friends' opinions on the participant's expectations, scale 1-4	0.82 (0.58)
Number of other education centres considered when the student applied for the MBA programme	1.05 (0.45)
Age of the participant, years	0.20 (0.09)
Inverse of Mill's ratio	4.64 (1.52)
R ²	0.28

^a The standard errors are given in parentheses.

The importance of friends' opinions on the participant's expectations also correlates positively with the number of courses. Participants in management education often recommend courses to colleagues or friends. It has been shown by Kettunen (1999b) that 63 per cent of the MBA students have recommended the programme to a potential client, on average three times.

The number of other education centres considered when the student applied for the MBA programme is positively related to the number of courses. This result is expected, because the number of courses widens the experience of the participant and hence the consideration of other alternatives. The number of other education centres did not have a significant effect on the decision to take the first course in the first stage.

The older the participant the higher is the number of courses taken. This is expected, because participation in courses takes time. Age does not, however, have any affect on the decision to participate in continuing education.

The inverse of Mill's ratio takes a positive and statistically significant value. Therefore the correction of sample selection bias is important in this case. According to this result the number of courses taken correlates positively with the probability that the person will decide to participate in continuing education.

4 CONCLUSIONS

This study examined managers' decisions to participate in continuing education as well as the demand for continuing education among the Finnish managers who studied in the MBA programme. The average age of the students is nearly 42 years. Most of them (61 per cent) have enrolled as individual students, but the rest are in in-house programmes targeted for large companies. The MBA students have taken on average 5.2 courses in continuing education before they enrol in the MBA programme.

The study has two stages. The first stage was an analysis of the managers' decision to participate in continuing education. In the second stage, lifelong learning was studied by analysing the factors affecting the number of courses taken in continuing education. It turned out that these two stages involve separate decisions with different explanatory variables.

According to the results, the participant's own initiative plays an important role. The development of the participants' own expertise, which is related to the development of the persons' own job and organisation, is an important motive for enrolling in continuing education. Career considerations clearly have a minor role.

The image of the educational programme and the education centre offering it is important to the customer organisation when the first decision to participate in continuing education is made. This result underlines the importance of the reputation of the continuing education centre and the role of the employers paying the tuition fee. This finding supports the argument that the university should enhance the image it presents of itself in marketing communication.

Regarding the number of courses taken in continuing education, it can be concluded that general marketing communication about the university and its main services does not have a significant role. Marketing communication that creates expectations is important to experienced students. Friends' opinions also play an important role, because they emphasise the quality of education. Good education is recommended and recommendations have an effect on the demand for continuing education. Generally it can be argued that more detailed information is required in the marketing targeted to experienced students. ■

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