

## **Export of Education**

### **Case HAAGA-HELIA University of Applied Sciences**

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<p>The thesis (30 ECTS) commissioned by HAAGA-HELIA University of Applied Sciences in January 2011 focuses on answering the main research question ‘How does an export of education process look and what are the most central components?’ The thesis project is topical, as it relates to the amendment of Finnish legislation in 2008 and to HAAGA-HELIA’s international strategy in 2010. This research is needed, because the concept of education exports is relatively unknown in Finland, but there is international demand for Finnish competence. The purpose of the thesis is descriptive and it aims to reach its three objectives: to define the export of education service concept in HAAGA-HELIA, to describe the process of education exports and to explore more generally how the export of education can be done within higher education institutions. The definition, the process description and general recommendations for export of education are the outcomes of this thesis and the thesis itself is a handbook manuscript.</p> <p>The methodological approach is highly deductive and is supported by an extensive literature review. The theoretical framework was created and completed based on ten expert interviews providing practical knowledge of education exports. The interviewees were from HAAGA-HELIA and from Finnish and foreign higher education institutions. The interviews were completed in three cycles by applying an action research strategy.</p> <p>Export of education means exporting Finnish competence abroad, based on the customer’s needs. Internationally it means transnational education and is connected to student recruitment. The aim of the education exports is to influence on the development of the target society through education. A customized export of education service is built by selecting the right service package elements: core, enabling and enhancing service modules responding to the customer’s needs. The process of education exports is a circle of eight steps and performed by completing the selected modules within a certain order.</p> <p>In conclusion, the developed models are practical and useful tools for education exporters. The service provider of education exports should pay extra attention to careful planning, getting personnel committed, networking with co-operators and managing quality.</p>	
<b>Key words</b> Export of education, service concept, service package, service process, service design	

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# 1 Introduction

According to HAAGA-HELIA's mission and strategy, it wants to be an international University of Applied Sciences and a forerunner in the field of education. To maintain its position as one of the leading universities in Finland, HAAGA-HELIA started developing its export of education as soon as the legislation amendment made it possible in 2008. A new project was launched to develop the export of education of HAAGA-HELIA, the sponsor and the commissioning party of this thesis project. (HAAGA-HELIA 2011c; 2011e.) This thesis was carried out from January to August 2011. The background of the thesis is provided in section 1.1 and the education field of Finland is introduced in section 2.

The purpose and objective of this thesis is to develop the export of education in HAAGA-HELIA by defining the export of education concept, by describing the export of education process, by creating a handbook manuscript, and by proposing general recommendations for the export of education. The outcomes and objectives are discussed in section 1.2. The main research question is 'How does an export of education process look and what are the most central components?' The secondary research questions are presented in section 1.3. Though the research is conducted for HAAGA-HELIA, it will also explore other higher education institutions or actors from Finland, Netherlands and Hong Kong. This provides an international dimension for the study. The methodology of the study is discussed in section 4.

To understand the deeper meaning of education exports, it is considered as a service, and more specifically a hybrid service. The characteristics of services are quite different from that of products' (Van Looy et al. 2003, 11-13; Lovelock & Wright 2002, 83-84.) and for that reason the marketing of services is also different (Grönroos 2007b, 28.) As education export means exporting education abroad, it is international trade and therefore requires international marketing (Ministry of Education 2010, 7-11). The literature review in section 3 provides an overall view of the theories focusing on four main theory blocks: service definitions, service marketing, service development and service conceptualizing. The fourth theory block is quite practical and concludes with the theoretical context of education exports in section 3.5. The investigated theories together provide the general theoretical framework for the thesis.

The definition of education exports is understood differently in Finland and abroad. In Finland the export of education means exporting education (competence) abroad in different forms. It does not mean providing education of export. (Ministry of Education 2010, 7.)

Internationally it means transnational education and is often only connected to student recruitment (Eltvik, L. 17.5.2011). In Finland export of education refers to all possible exporting related to education, though there are five categories in educational services according to WTO: primary education services, secondary education services, higher (tertiary) education services, adult education services and other educational services - such as exchange programmes, consulting services and technical learning solutions. (Ministry of Education 2010, 7.)

The methodology of this study is discussed in section 4, where in addition the reliability and validity are discussed. The research results in section 5 provide answers to the research questions and these are constructed in relation to the theoretical framework discovered in section 3. The results collected from the ten respondents of the empirical research present the practical point of view of education exports and broaden the theoretical framework with practicalities. HAAGA-HELIA templates are utilized in order to present the process with the results according to the quality guidelines of HAAGA-HELIA. The conclusions are drawn together in section 6 and based on these some general recommendations are provided for an organization that is planning to export education or is willing to develop its exports of education. The general recommendations functions also a checklist of critical issues.

## **1.1 Background**

As a higher education institute, HAAGA-HELIA University of Applied Sciences is marketing and selling its education in order to get applicants and students (customers). Education is HAAGA-HELIA's main service (HAAGA-HELIA 2010a) and defined by the Ministry of Education (2010, 8) as a public service which is connected to the surrounding society. Educational services can be offered to individual Finnish or foreign applicants. In addition, HAAGA-HELIA sells education to organizations (B-to-B customers). So far, selling specified education for organizations has covered only Finland, but since the change in Finnish legislation in 2008, HAAGA-HELIA decided to start selling and exporting education abroad. (HAAGA-HELIA 2010a.) Only a truly international higher education institution is ready to apply commercial business opportunities in addition to normal international activities (Ministry of Education 2010, 9). Though, according to the Finland's strategy of education exports, the educational exporting opportunities could be enlarged by increasing the free-paying operations of higher education institutions abroad. (Ministry of Education and Culture 2010f, 13.)

According to the Ministry of Education and Culture (2010f, 3) a ready-made export of education services were not identified in Finland until the year 2010. The Finnish Government allowed the export of degree education or degree education exports 'tutkintokoulutusvienti', by changing the 26 a § of the Act of Polytechnics 'Ammattikorkeakoululaki' eligible from the beginning of 2008. The amendment made it possible for the Finnish higher education institutions to offer export of education for foreign companies and groups coming from outside the European Economic Area (EEA), however the permission concerns only master degree education and non-degree studies (not bachelor degree education). According to the legislation, the charter education organizer must recover at least the costs caused by the arrangements from the customer. (Ministry of Education and Culture 2010a; Ministry of Education 2010, 11.) Internationally, many governments have recognized that the export of higher education is a promising 'economic activity and an important source of additional income' (Van der Wende 2003, 195). On the other hand, previous international studies show that there have been discussions about the countries' decisions to charge fees. Students are interested in the fee charging policies and the universities should state good reasons for charging the fees. (Adams 2007, 419.)

In Finland, higher education is provided by private companies and public or private higher education institutions. The difference in education service providers is that the education leading to a degree diploma can be offered only by certified higher education institutions, but the education leading to non-degree certificate can be offered by any organization. The certificates are valuable in the business world, but also chargeable. (Ministry of Education 2010, 7.) As a certified higher education institution, HAAGA-HELIA can provide both degree and non-degree based education.

Finland as an education provider is not well known internationally, but Finnish education has gained some fame in recent years through the excellent results in PISA surveys. Finland is also one of the few countries providing most of its educational products for free, which increases the interest towards Finland. (Eltvik, L. 2010, 35; Ministry of Education and Culture 2010c & 2010f, 14.) According to Ministry of Education and Culture (2010f, 3) there is, however, 'an evident demand for Finnish know-how and Finnish education system on the international education market'. In an international context, the need for more diversified and flexible types of higher education is increasing. The types of higher education include lifelong learning, which is relevant and needed because of the aging population. (Van der Werde 2003, 194.)

Related to the further development of Finland's educational know-how and the increase of Finnish export (Ministry of Education and Culture 2010f, 6-7), the R&D&I centre of HAAGA-HELIA has launched in year 2011 a one-year project for developing HAAGA-HELIA's export of education. The export of education service is a new thing in Finland (Ministry of Education 2010, 11) and in HAAGA-HELIA, and therefore conceptualisation of the service is needed.

According to the education export strategy set by the Ministry of Education and Culture (2010f, 8), the Finnish education export should offer versatile services and solutions by networking with Finnish operators. From HAAGA-HELIA's point of view this means considering cooperation with other higher education institutions and enterprises. This supports one of the principles in HAAGA-HELIA, which is that the service should always be created on the basis of the customer's needs.

## **1.2 Objectives**

Referring to the export of education project launched by HAAGA-HELIA's R&D&I Centre, this study is very topical and needed. The thesis will support the project by exploring and describing the export of education and its processes. On the basis of the thesis results, HAAGA-HELIA can further develop its international educational service exports and make decisions based on reliable research. The three objectives of the study are:

1. To define the export of education service concept in HAAGA-HELIA.
2. To describe the process of education exports.
3. To explore more generally how the export of education can be done in higher education institutions.

The outcomes of this thesis should provide a strong basis for developing and building HAAGA-HELIA's future services in the field of education exports. The four desired outcomes of the thesis are presented in figure1.

1. Definition of the export of education service concept in HAAGA-HELIA
2. Process description of the education exports
3. Handbook manuscript of the education exports in HAAGA-HELIA
4. General recommendations for the education exports



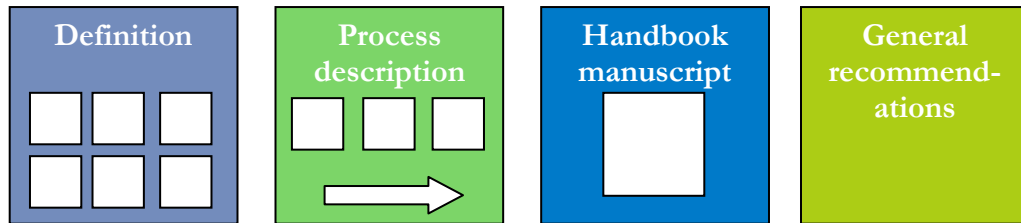


Figure 1. Outcomes of the study

The study does not provide an extensive handbook of education exports, as the research is limited to a few countries and reflects the current needs. The main goal of the researcher is to gain knowledge of exporting services and provide useful knowledge for further research and practical advice for universities of applied sciences. It was important in this study to consider the concept and process from a further education and customer's point of view. The customer's point of view supports the quality objectives of the research and ensures that quality is maintained.

### 1.3 Research problem

The study focuses on solving the main research problem: 'How does an export of education process look and what are the most central components?' To be able to answer the main research problem and to be able to achieve the research goals, the researcher explored sub-questions. The study is structured on the basis of these research questions.

1. How to define export of education?
  - a. What kind of services and elements does it include?
  - b. What kind of structure can it have?
  - c. How to build up a package of services?
  - d. How to conceptualize an export service?
  - e. How to replicate a service?
2. How to describe the process of education exports?
  - f. What is the process of education exports?
  - g. What are the critical points in the process?
  - h. How to market international services?
3. How the export of education should be done to ensure its profitability?
  - i. What are the customers' needs?
  - j. How does the customer perceive educational services?
  - k. What are the best practices in export of education?

## 2 Education in Finland

The education sector is said to combine different industries and education export is classified within the global service economy. (Ministry of Education and Culture 2010f, 3.) Education is categorized within social services along with health care and other social services (EK 2005, 8-9). Export instead could be categorized within distributive services including transportation and trade. The service sector, also known as tertiary sector, covers a large business area as there are several different kinds of services. Service industries employ more people than other industries and have a huge impact on the Gross Domestic Product (GDP). (Van Looy, Gemmel & Van Dierdonk 2003, 4-5). As the case company HAAGA-HELIA is a higher education institution operating in the education field, the study is conducted in that service field.

In Finland education relies on quality, efficiency, equity and internationalisation and is an important competitive factor to Finland. The key areas in the Finnish education development are among others upgrading competencies among population and work force, raising the level of education and enlarging the adult learning opportunities. (Ministry of Education and Culture 2010d.) The strengths of Finland in education exports are 'the competitive education system and a good reputation internationally'. Finland's aim is to increase its education and knowledge export and to rest and rely on its high quality education system to become one of the world's leading education-based economies. The education export strategy of Finland includes onlineing, productization, quality, marketing development, educational export cluster and higher education institutions as exporters. (Ministry of Education and Culture 2010f, 3-4.)

Finnish education is legislated by the Finnish and European Union laws. The act and decree governing the universities of applied sciences are the Polytechnics Act 315/2003 (Ammattikorkeakoululaki) and the Government Decree on Polytechnics 352/2003 (Valtioneuvoston asetus ammattikorkeakouluista). The act and decree governing the traditional universities are the Universities Act 558/2009 (Yliopistolaki) and the Government Decree on University Degrees 794/2004 (Valtioneuvoston asetus yliopistojen tutkinnoista). (Finlex 2010.) The legislation is a challenge in the export of education as it sets certain restrictions to higher education institutions' education export activities according to the Ministry of Education and Culture (2010f, 3).

As Finland is a member of the European Union, it has transferred some of its law-making authority to the EU. The EU's political cooperation in education is based on

- the Bologna Declaration in 1999
- the Bologna Process for setting up the European Higher Education Area EHEA and for standardizing the higher education system, and
- the Lisbon Strategy in 2000.

Based on the above three, educational cooperation has been strengthened by the programme called 'Education and Training 2010' and by the 'strategic framework for European cooperation in education and training' known as 'ET 2020'. (Europa 2010a.) The ET 2020 aims to support the development of the educational systems. (Europa 2010b.) Member countries share common targets in education, which are supported by several funding programmes (Erasmus, Lifelong Learning, eLearning, etc.). For the EU, education and training are very important as they create the basis for the vision of 'transforming the EU into a world-leading knowledge-based society and economy.' (Europa 2010a.)

The Ministry of Education and Culture is the highest education authority in Finland and develops the educational policy and international cooperation. It has the role of supervising publicly provided education on all levels, from primary school to university and adult education. Together with the National Board of Education it is responsible for controlling the education system. (Ministry of Education and Culture 2010d.)

As the Finnish and EU laws are very specific with detailed regulations and the education field is controlled by the ministry and the EU, the higher education institutions in Finland have very limited possibilities to act freely. Due to this, the actors of education industry follow carefully the news, suggestions and guidelines provided by the ministry and the EU and are interested in the legal proposals prepared by the work groups set by the ministry or EU. The amendment of laws is often a slow process and thus enables the universities of applied sciences to prepare themselves for the coming legislative changes in good time.

## **2.1 Education and training ET 2020**

As mentioned in the previous section, the ET 2020 aims to support the development of educational systems. (Europa 2010b.) The purpose is to guarantee the same qualifications of education for all EU citizens. A strategic framework for European cooperation in education

and training ET 2020 includes four different objectives. The first objective concerns implementation of the lifelong learning strategies, development of the national qualifications frameworks and expanding of the mobility. The goal is to create more flexible learning pathways. (Europa 2010b.) This means that the strategies of higher education institutions should support providing education for all age groups, and the flexibility, mobility and agreed qualifications of education should be guaranteed for all EU citizens. The key drivers of the EU are mobility and equity, which are in line with this objective.

The second objective of the ET2020 relates to the improvement of the quality and efficiency of education and training. The aim is that ‘all citizens should be able to acquire key competencies’ and ‘all levels of education and training need to be made more attractive and efficient’. (Europa 2010b.) This means that the study process should be flexible and people should graduate faster. Also the quality and interest of education should be assured and by offering right kind of education to different age groups.

The third objective concentrates on the promotion of equity, social cohesion and active citizenship. This objective aims to enable ‘education and training to all citizens to acquire and develop their skills and competencies needed for their employability and foster further learning, active citizenship and intercultural dialogue.’ (Europa 2010b.) This means that there should be education available for all citizens and it should be practical, diverse and cultural.

The fourth objective relates to enhancement of creativity and innovation, including entrepreneurship. This objective aims to acquisition of diverse ‘competences by all citizens and to ensure the functioning of the knowledge triangle (education-research-innovation)’. One important goal is to promote the importance of partnerships between business community and educational institutions. (Europa 2010b.) This means that research, development and innovations (R&D&I) activity, communications and business community relations should be increased and improved.

## **2.2 Universities and Universities of Applied Sciences**

The higher education institutions play an important role as education exporters, as they are the engines of this export. (Ministry of Education and Culture, 2010f, 13.) In the year 2010, there were 20 traditional universities and 28 universities of applied sciences (UAS), also known as polytechnics (Arene 2010b) in Finland. The traditional universities are state-run and receive

about 70% of their income from the government, though they are independent and make their own decisions. The 28 UAS are also financed by the government. The universities of applied sciences are managed by private foundations or organizations, local authorities or municipal consortiums. (Ministry of Education and Culture 2010d, Arene 2010b.)

The two higher education sectors, universities and UAS, complement each other by forming a dual education system – also called a two-pillar system. The difference between traditional universities and UAS are their profiles and missions. The profile of the UAS is to respond to the changes of the working life by providing professionally oriented experts trained to combine theory and practice. The current system of UAS is similar to the Dutch and German systems. (Arene 2010b.) The role of the traditional universities is to provide more scientific and artistic education, which is based on research. The mission of universities is, not only to promote and conduct scientific research, but also to strengthen the impact of social research findings. (Ministry of Education and Culture 2010f.)

There are four levels of degrees in the Finnish higher education system; bachelor's degree, master's degree, licentiate degree and doctoral degree. The UAS provide bachelor and master degrees, where as the traditional universities may provide all four degree levels. The degree studies in UAS require 3.5 - 4.5 years full-time studies and in traditional universities few years or more depending on the degree. (Ministry of Education and Culture 2010e.) The UAS may also provide specialization studies, vocational teacher education and also studies within Open University of Applied Sciences (Arene 2010c). The fields of study in the UAS are

- Humanities & Education
- Culture
- Social Sciences, Business & Administration
- Natural Sciences
- Technology, Communications & Transport
- Natural Resources & the Environment
- Social Services, Health & Sports
- Tourism & Catering
- Domestic Services. (Arene 2010a)

The UAS have also an important task in addition to education providers, as they carry out research and development activity for the needs of the business community, local and regional authorities. (Arene 2010b.)

### **2.3 HAAGA-HELIA University of Applied Sciences**

HAAGA-HELIA University of Applied Sciences (HAAGA-HELIA) is one of the leading universities of applied sciences in Finland. With 650 professional workers it operates within six different campuses and has over 40 degree programmes. HAAGA-HELIA has approximately 10 500 students and plays an important role in the Finnish education system as it is one of the largest UAS in the Helsinki metropolitan area. (HAAGA-HELIA 2010b, 6.)

HAAGA-HELIA has 180 partner universities all over the world and about 1000 international degree programme students and 300 exchange students annually. Students come from different countries all over the world representing at the moment over 90 nationalities. This creates a versatile and truly international and multinational environment in HAAGA-HELIA. (HAAGA-HELIA 2010b, 6-8.) HAAGA-HELIA is also a member of the International Association of Universities IAU (IAU 2010).

HAAGA-HELIA's mission is to educate experts with customer, service, strong sales and entrepreneurial skills. The focus areas are services and sales, HAAGA-HELIA wants to profile itself as an international and pedagogically strong developer of service and business expertise. The vision of HAAGA-HELIA is to be a leading, internationally growing University of Applied Sciences and offer superior quality services for the success of students, businesses and workplace communities. (HAAGA-HELIA 2010b, 14.) HAAGA-HELIA works as a leading team for regeneration, promoting the success of responsible business. (HAAGA-HELIA 2011e.) HAAGA-HELIA's strategy is in line with the ET 2020 objectives.

As the leading UAS of business education in Finland, HAAGA-HELIA provides education in several fields of study: Business, Information Technology, Management Assistant Training, Journalism, Sports & Leisure, Hotel & Restaurant & Tourism and Vocational Teacher Education. (HAAGA-HELIA 2010b, 6.)

An important part of UAS activities is also the Research, Development & Innovation Centre (R&D&I), which coordinates the R&D&I operations, supports regional development and

provides training & consulting services for the personnel of business companies. The goal is to provide new solutions and innovations generating and renewing business. (HAAGA-HELIA 2010b, 10.) The R&D&I activities are focused on innovative products, services and business operations within the business society. (HAAGA-HELIA 2011e.)

In 2011 HAAGA-HELIA established a subsidiary focusing on export of education. The subsidiary is known as HAAGA-HELIA Global Education Services Ltd and its purpose is to commercialize HAAGA-HELIA's competence and sell it to the global markets. The strategic goal of HAAGA-HELIA is to be an internationally growing higher education institution. The subsidiary offers customized services and products, such as vocational teacher education, leadership and management training and training for managing higher education institutions, for international customers. The business concept of the subsidiary is based on the networking with the best partners, companies and organizations in the field. These network partners complement HAAGA-HELIA's own competencies in different educational projects. So far HAAGA-HELIA has implemented export of education -related projects in Sweden and Saudi-Arabia. (HAAGA-HELIA 2011c.)

### **2.3.1 Case Saudi-Arabia**

HAAGA-HELIA organized a study program called 'Leadership Excellence in Education' together with the Finnish Education & Training Group EduCluster Finland Ltd and Saudi Technical and Vocational Training Corporation TVTC. The cooperation started in April 2010, when Finpro organized a visit to Saudi-Arabia. Since then HAAGA-HELIA and TVTC developed the program together.

The preparations took about six months and included program planning, hotel, dining and transportation reservations, detailed scheduling and orientation to Saudi culture for all involved parties. The actual study program was implemented from October 2010 to November 2010 and included four intensive periods lasting two weeks each. One week of each period was implemented in Helsinki by HAAGA-HELIA and the other week in the city of Jyväskylä by EduCluster Finland Ltd. The practical arrangements were equally shared between HAAGA-HELIA and EduCluster, although the formal contract for the programme was between HAAGA-HELIA and TVTC. HAAGA-HELIA took care of the billing by invoicing 75% of the price in advance and 25% after the implementation.

The program was aimed at high level educational leaders in Saudi-Arabia. Altogether there were 64 participants, who were all Saudi men. The participants held positions from assistance deans to directors and vice governors.

All together the program comprised approximately 60 hours of work for the participants. Only 20% absence was allowed for the participants. The program topic was ‘The Secrets of the Finnish Success - Excellence in Educational Management’, including competence areas, such as Finnish competitiveness, leadership tools, working with businesses from different industries, supervision, business and working life and entrepreneurship.

The study methods consisted of lectures, workshops, team work activities as well as individual learning and company visits. The company excursions were done to several Finnish companies, such as Nokia Siemens Networks, Wärtsilä and Metropolia University of Applied Sciences. As an extra service, organizers arranged spare time visits to Vierumäki and Tallinn. The learning material was shared through an internet portal called PedaNet; provided by EduCluster, and the material was printed in ready-made folders. In addition, the participants received a workbook, which included information about Finland and about the study program. After completion of the program, the participants received their course certificates and feedback was collected via email questionnaire. The feedback was the basis for the development of further cooperation with TVTC.

(Eltvik, L. & Evälä, A. 20.6.2011.)

### **2.3.2 Case Sweden**

HAAGA-HELIA's School of Vocational Teacher education organized a pilot program with a Swedish partner MKFC Stockholm Folkhögskola from January 2010 to March 2011. The participants were recruited with the help of the partner university. There were all together seven participants, five men and two women. The training was aimed at students who had educational background. As further education, it provided an opportunity to work as a teacher after completion.

The preparations and arrangements of the training took one academic year. Billing and practical arrangements were handled by the further education department of HAAGA-HELIA Vocational Teacher Education. The customer of the education was the Swedish



partner university. The pilot program lasted for one year and three months. All together it meant 1620 hours of student's work, which is compared to 60 ECTS credits. The program included four larger competence areas: introduction to pedagogy, counselling and teaching studies, community and networking studies, and research and development studies. In addition participant's learning was supported by two customized development plans – a personal and a team plan.

The study methods consisted of personal and team counseling through Skype, Connect Pro and Wiziq, email consulting, assignments, feedback, peer discussions in a shared blog, which was the core of the whole implementation. The counseling meetings were held twice a week, two hours at a time. Feedback and experiences of participants were collected continuously by email and Wiziq through self-assessment.

The given feedback and participant experiences were the basis for the next implementation planning. During the pilot, the training was developed further and as a result, a new modular version of teacher training was developed. In a key role in the development process were the experiences from the English-speaking teacher education programme and chargeable service business. The new version can be utilized in international business.

(Ihalainen, P. 15.6.2011; Laukia, J. 20.6.2011.)

## **2.4 Ethical perspective**

In the Finnish newspapers there has recently been discussion about the ethical perspective of the export of education. It has been speculated how independent a university can be, if it has close relationships to the rich families and oil countries of Middle-East, where human rights are perceived differently than in Scandinavia. The discussion continues with the cultural collisions in the area of education. (Jokinen 2011.) Interesting is how the western values and democracy are absorbed in the countries of Middle-East. (Nenonen 2011).

The Educluster Finland, owned by the Jyväskylä University, is a pioneer in the export of education. It has faced several challenges related to the equity in the Arabic countries when it has arranged export of education. The equity between genders and foreign work force is the biggest challenge that is faced every day. Export of education is a great opportunity to develop the living circumstances in these countries, and the Finns have the competence and knowhow of education and multicultural cooperation that is needed in these countries. But unclear is,

how long the Finns can continue sustainable development with the Arabs, if their values are against it. If the democratic principles of the university cannot be implemented in export of education, the democratic principles will not spread in the target countries either. (Heikkinen 2011.) In export of education, the solutions should be ethically sustainable and not based only on the finance and foreign values of the colonial states. (Varis 2011.) However, one way of seeing this is to argue that education itself is one of the major drivers of an increasing democracy and awareness.

HAAGA-HELIA's ethical perspective is based on its value foundation (Laakso-Manninen, R. 19.5.2011). HAAGA-HELIA's value foundation states that 'We function as a top team committed to mutual renewal – promoting successful and responsible business operations'. HAAGA-HELIA community follows six ethical principles: fairness, respect, responsibility, openness and communality. (HAAGA-HELIA 2011d.) These values guide HAAGA-HELIA through its activities. From HAAGA-HELIA's perspective education is seen as a positive thing in every country, as it takes the responsibility to develop the population and aims to improve welfare in the society. By exporting education, HAAGA-HELIA has a possibility to offer high-quality education and competences the target country is lacking and that way can influence on the development of the society. (Laakso-Manninen, R. 19.5.2011.) On the other hand, HAAGA-HELIA is lacking experience of dealing with corruption or bribes which might occur in the target country. HAAGA-HELIA does not require ethical guidelines from its clients, but may well choose not to cooperate with the organizations, which have ethical practices that do not correlate with HAAGA-HELIA's ethical guidelines. (Eltvik, L. 17.5.2011.)

### 3 Literature review

This section draws together the concepts and relevant theories that will guide this research study. It also suggests how the theories are related to this thesis (Fisher 2010, 6). The theory part is represented through a critical literature review of theories concerning export of education. The literature review is rather extensive, as the topic required a fundamental exploration of the theories, and some of the theories had to be combined to make them suitable for the topic. The main theories applied in the thesis focus on defining services, marketing services, developing services and conceptualizing services as the export of education is seen as a service. The thesis excludes theories that do not support a customer's point of view, as customer plays an important role in all export of education. The main theory blocks are as follows:



Figure 2. Four main theories of the thesis topic.

The definition of services is explored by examining the characteristics of services. After the services are defined and a mutual understanding of them is shared, the review continues with marketing services, as export of education requires international marketing and trade. The most common marketing mix is then introduced and prerequisites for the export of education are discovered. The literature review continues with service development theories including quality and customer perspectives. The literature review concludes with a practical review of the theories focusing on service concept, service package and service process. Each theory block is discussed separately in the following sections in this order. The literature review ends by setting up a holistic theoretical context of education exports.

#### 3.1 Defining services

The purpose of this literature review is to provide an understanding and definition of the 'service' term by identifying the nature and characteristics of a service. Through exploring the literature, it was noticed that there are three major aspects identified to define service:

performance, process and experience aspects. Each aspect is discussed separately in the following sub-sections. The focus is on educational services, as the export of education is considered in this study as an educational service. This section views service from a services provider's perspective, but also from a customer's experience perspective. These theories recognize the customer's point of view, which is an important factor to HAAGA-HELIA and mirrors the situation that has partly motivated this research.

Due to service characteristics and customer-involvement, services are difficult to describe and define precisely (Zeithaml, Bitner & Gremler 2009, 249-250). The service concept focuses traditionally 'on the nature of the service performance, activities, processes and interactions for a specific group of market offerings... There are two approaches within service research: service as a category of market offerings and service as perspective on value creation.' Though, the research focus has recently been on portraying the value creation with customers, and not in differences between goods and services (Edvardsson, Gustafsson & Roos 2005, 118), the characteristics between products and services are compared in the following.

Related to the service characteristics, Van Looy et al. (2003) explains that a service can be linked to a physical element, which embodies the service. For example books are elements that support educational services. A physical element is a tangible object that can be stored after production and before consumption - opposite characteristics than services have. Products are often similar (homogeneous) and produced in the same way. Tangible products can be evaluated and tested before purchase (search qualities), where as services cannot be evaluated before consumption, because of their intangibility (credence qualities) (Levitt 1981). However, services can be evaluated after or during consumption (experience qualities), as the customer can provide his or her opinion after the service is performed. (Van Looy et al. 2003, 11-13; Lovelock & Wright 2002, 83-84.)

Philip Kotler's (2009) definition of the service concept provides an opportunity to include products to services and services to products. According to Kotler, the separation of products and services is not clear, as products may include service components and services can include product components. (Kotler 2009, 9.) Educational services are often hybrids, combining both tangible and intangible elements, write Kotler & Fox (1995, 278.)

To broaden one's understanding of the nature of services, Kotler & Keller (2009, 214) categorize the service offering in five different groups based on their nature.

1. A tangible good without accompanying services (for example a book)
2. A tangible good with accompanying services (for example a laptop with repair service)
3. A hybrid consisting of equal parts of goods and services (for example master students go to library to lend books and to receive information service)
4. A major service with accompanying minor goods and services (for example children go to school to learn and educate themselves, but they get books and writing equipment too)
5. A pure service without accompanying goods (for example academic advising)

Related to hybrids, only a few products are purely intangible or totally tangible, so there are only few pure goods and pure services. Education is one of the pure services. Services are often more intangible than manufactured products (goods). Service products instead, are intangible product offerings valued and paid by the customers in the market place. (Zeithaml et al. 2009, 4-6; 111.) The goods are linked to services, because 'people want goods because they provide services' and through goods the services can be obtained. People buy goods to own, display and experience them. Goods are 'distribution mechanisms for services or provision of satisfaction for higher-order needs'. (Vargo & Lusch 2004, 9.)

Edvardsson et al. (2005) identify the four most common characteristics of a service product. These characteristics are often viewed from service provider's point of view and not from customer's point of view. The four characteristics are also known as IHIP characteristics.

- Intangibility: Services cannot be sensed before they are bought.
- Heterogeneity (variability): Service performance is always different.
- Inseparability (simultaneity): Services are generated and consumed simultaneously.
- Perishability: Services cannot be stored or owned.

The same characteristics are identified by Zeithaml et al. (2009, 20-22), Möller (2010) and Kotler & Keller (2009, 215-216), who emphasize IHIP's role in service marketing. Crönroos (2007b, 27; 43) identifies three of them as vital characteristics for service marketing planning: (1) intangibility, (2) consumption interaction (inseparability) and (3) lack and transaction of ownership (perishability). In HAAGA-HELIA the export of education services are perceived as service products.

### **3.1.1 Service as performance**

Van Looy et al. (2003) identify similar characteristics as presented in previous section by linking them efficiently to the service performance:

1. Services are not storable as they are perishable, as they must be consumed when they are performed.
2. The service performance requires a place to perform it and the service provider is in direct contact with the customer.
3. Services are heterogeneous, as the service delivery varies every time, because of different service provider, different customer and different surroundings. (Van Looy et al. 2003, 10-16).

Kotler & Keller (2009, 214) define service as ‘any act of or performance that one party can offer to another that is essentially intangible and does not result in the ownership of everything’. Vargo and Lusch (2004, 15) clarify that the competencies are in a key role in the service process, as the service is always performed and benefits the receiver. Lovelock and Wirtz (2011, 37) define services in a similar way and connect services to business by defining services as ‘economic activities offered by one party to another’.

Lovelock & Wirtz (2011, 37) describe services also as performances - time-based performances, but emphasizes more the value creation aspect. In exchange for customer’s money, time and effort, customers expect value from the service performance. The value is created by providing the customers access to several value-creating elements instead of transferring ownership of them. (Lovelock & Wirtz 2011, 37.) A company reaches a competitive edge, when the service is performed so that the competitors cannot replicate the service and that creates value to the customer. (Vargo & Lusch 2004, 9.) Service performance plays an important role in developing educational services, as each teacher, ‘classroom’ and student vary every time, which makes it difficult to monitor the quality of service. ‘There is no pre-produced quality to control before the service is sold and consumed’ (Grönroos 2000, 48).

### **3.1.2 Service as process**

Grönroos (2000, 46) considers service from a process aspect and states that a service is an intangible and simultaneity process or activity between service provider and consumer. Vargo and Lusch (2006, ix & 2004, 2) define service as ‘the application of specialized competencies,

through deeds, processes and performances for the benefit of another entity of the entity itself.

Grönroos's (2000) process-focused theory of service definition includes a description of the nature and characteristics of the service. He identifies three basic characteristics of services, but from a process's point of view: (1) services are a processes or series of activities, (2) services are produced and consumed simultaneously, and (3) the customer participates in the service production process. (Görnroos 2000, 46-47.)

When services are performances that are completed for and together with the customer, they include certain steps and activities. Though many steps are completed together, some steps are completed alone by the service provider or by the customer. These steps form a service process experience assessed by the customer. (Zeithaml et al. 2009, 60.) Similarly, Lovelock & Wirtz (2011, 219-220) see the nature of service from two different aspects: for a customer service is an experience, but for a service provider it is a process that must be well-designed and managed to ensure the desired customer experience. The process describes the method and sequence of the service system and links them together in order to create value promised to customers. (Lovelock & Wirtz 2011, 219-220.)

The added value to the customer is the basis for the service theory of Edvardsson and Olsson (1996), too. They explain that the service is generated by a process, in which the customer value is created. The customer is a co-producer in that service process, though every process is customer-unique. The process results in a customer outcome and should provide added value to the customer. The customer process and outcome are dependent on the prerequisites in the form of resources enabling the service. (Edvardsson & Olsson 1996, 144-146.) Vargo & Lusch agree and state that the service is performed together with the customer and service provider, creating and defining value in the service process (Vargo & Lusch 2004, 10). The service process is examined more closely in section 3.4.3.

### **3.1.3 Service as an experience**

As mentioned in the previous sections, the customer experiences the service through the service process (Zeithaml et al. 2009, 60). Bitner, Ostrom & Morgan (2008, 69) refers to the subjective response given by the customer in a situation when the customer is in any kind of (direct or indirect) contact with the company. It is important to understand the way the

customer experience changes, when the service process goes further. To differentiate from the competitors, the service must be well-designed and enable a pleasing customer experience. (Bitner et al. 2008, 70.) Schembri (2006, 385) and Prahalad & Ramaswamy (2000, 84) instead, see service as an experience from a different angle. They state that the services are ‘artefacts around which customers have experiences’.

Zeithaml et al. (2009, 60) discusses the customer experiences and how customers evaluate them. They clarify that all services are experiences. The service experience can be short or long in duration, or it can be simple or complex, or unique & exciting or mundane. (Zeithaml et al. 2009, 60.)

#### **3.1.4 Education as service**

Maringe & Gibbs (2009, 29) define education as ‘the means by which past and current wisdom is passed to future generations through instruction designed by teachers and for which students were to be eternally grateful’. Traditionally the teachers prepare the students with all possible knowledge for the life after school. Nowadays the students are seen as partners in the learning process. (Maringe & Gibbs 2009, 29.) They experience the education at the same time they produce their own learning and are resource for other’s development (Maringe & Gibbs 2009, 47). According to Maringe & Gibbs (2009, 47) education as a product is complex, as it blends the education and developmental experiences for students with the educational preparations for larger society.

Though the educational services are often hybrids, combining both tangible (teaching material and equipment, space, etc.) and intangible (experience, process, etc.) elements (Kotler & Fox 1995, 278; 304), education itself is a pure service (Zeithaml et al. 2009, 111). Kotler & Fox (1995, 45) state that the core service (education) in educational institutions is usually just instruction and the other services among others are residential, dining, counselling, advising, career planning, tutoring, library and computer. In this sense, education itself can be classified as a pure service, but the export of education can be understood as an educational service – a hybrid, because it contains other services than just education and it also relates to goods.

### **3.2 Marketing services**

Exporting education requires international marketing to create demand for the service abroad. Exporting the education abroad is international trade, and basis for the international trade lies



in the General Agreement on Trade of Services GATS. (Ministry of Education 2010, 7-11.) In international trade, entrance to foreign markets is required. In some countries the education providers experience barriers, when they try to enter the foreign markets. The barriers for export of education can be for example national legislation preventing one from obtaining an operating licence, qualification authorities neglecting to translate foreign degrees into nationals, regulations limiting movement of materials or persons, and limitations related to taxes or intellectual property laws. The World Trade Organization WTO negotiated about the GATS and is a one channel to influence on the reduction of the barriers and to facilitate the entrance to the foreign markets. On the other hand, some countries need foreign higher education providers to develop their higher education and for that reason the entrance to the markets of those countries is easy. (Van der Wende 2003, 196 & 198)

The specific target market determines the market entry mode and sets up market-related requirements for the service. Before determining the service concept, market research should be done to avoid insufficient market of the services generated according to the service concept (Grönroos 2007a, 221). Therefore and referring to the international trade, the thesis considers the marketing aspect when conceptualizing the service. These are relevant factors that are considered in this thesis when describing the concept and process of education export. They will enable the marketing of the export of education service in the future.

As the services differ from goods as objects of marketing, services must be marketed differently. Therefore a service marketing mix concept is required. (Grönroos 2007b, 28.) Typically the educational institutions build their service marketing with the help of a tool called '7Ps of service marketing mix' (Kotler & Fox 1995, 276). The 7Ps consist of seven elements used in service marketing and presented in table 1. The elements of 7Ps are later integrated into the export of education service package.

Table 1. 7P's of service marketing mix

Name of 7Ps	Meaning of P
<b>Product elements</b>	The service concept and its creation (features, quality level, accessories, packaging, warranties, service lines and branding)
<b>Place &amp; time</b>	The way the service is distributed and delivered and decisions about them (channel type, exposure, intermediaries, outlet locations, transportation, storage and managing channels)
<b>Promotion &amp; education</b>	The promotional and educational activities that are needed to introduce the service and its usability to the customer (promotion blend, salespeople and their selection, training and incentives, advertising and media types, sales promotion, publicity and web strategy)
<b>Price</b>	Price for different services and a dynamic pricing strategy considering type of customer, time and place of delivery, level of demand and available capacity (flexibility, price level, terms, differentiation, discounts and allowances)
<b>People</b>	The service employees and their attitudes and skills to please the customer (recruiting, training, motivation, rewards and teamwork of employees, education and training of customers).
<b>Physical environment</b>	The environment where the service is delivered, servicescape, and its planning to ensure customer satisfaction and service productivity (facility design, equipment, signage, employee dress, other tangibles such as reports, business cards, statements and guarantees)
<b>Process</b>	The service process and its design and implementation to involve customer in the process, to avoid customer buffering and to ensure a pleasing experience for the customer (flow of standardized and customized activities, number of simple and complex steps, customer and involvement)

(Source: Lovelock & Wirtz 2011, 44-48; Zeithaml et al. 2009, 24-27.)

Kotler & Fox (1995, 277) state that typically educational institutions offer several programmes and many services instead of just one. Institution's service mix contains all programmes and services set available for the customer. It is important to notice, that the institution's offering has an influence on the institution's identity, its position in relation to other institutions and on consumers' response (Kotler & Fox 1995, 277.) Alan Cheung and others (2010, 439) used a

‘4Ps product marketing mix’ model for planning the promotion of Hong Kong’s higher education to Asian markets.

Many countries are investing in the development of education and education systems, which are already on a high level in Finland. The Finland’s education export strategy defines that Finnish educational exporters should be provided with relevant market research information of the chosen areas (Ministry of Education and Culture 2010f, 9, 15) to be able to export education to new target markets. Finland is also trying to clarify the marketing of Finnish education by allowing higher education institutions to collect semester fees from master students coming from outside the EEA during years 2010-2014. This test will provide valuable information in the future for pricing export of education services. (Ministry of Education 2010, 11.)

Jarmo Tuunanen (2010) examined in his master thesis organizing a commissioned contract-based education for a degree in Russia. He collected from European universities their experiences of offering education abroad and from Finnish universities of applied sciences opinions about their situation in the education markets. Tuunanen concluded that the education must be carefully planned before marketing and implemented as promised. The planning should include: strategy, resources, scheduling, process descriptions, agreement drafts, preliminary prices, financial management, risk calculations and plan and communications. (Tuunanen 2010, 72.) Maringe & Gibbs (2009, 154-155) introduce five key elements that should be included to the service or plan of an institution embracing a customer service culture: total organizational commitment to customer service, commitment to knowing one’s customers completely (market research), clear statement of service quality performance standards, on-going overall management and working towards continuous improvement. The elements from both of the these are taken into account in forming the service package and process within the export of education.

Though exporting should be well-planned, there are some prerequisites to keep in mind. Juntunen (2010) discovered the prerequisites for export of education in Finland. They require education competence (development of educational systems, learning environments, models, concepts and competences), understanding of future learning, teaching and environments, high quality education system, merchandized products and services, development of service business models and concepts, networking and cooperation and R&D&I activities. In other words, education is a rather challenging area when it comes to practical obstacles of exporting.

### **3.3 Developing services**

After exploring the literature concerning service definition and marketing it is important to focus on theories concerning service development (what it is, what kind of role the customer has in the service process and what the service quality means and how they do relate to the service development). The purpose of this review is to emphasize the role and meaning of the customer in service development. In the following sections service development is discussed from the quality and customer points of view.

Service development also known as service innovation 'is a new or significantly improved service concept that is taken into practice', for example a new degree programme. Service innovation contains replicable elements that can be recognized and systematically reproduced in other service concepts. For instance the service process or outcome can be a replicable element. (Tekes 2010.) Education export is a new service concept in HAAGA-HELIA and it should contain replicable service process, which is why this study is considered as a service development study.

Edvardsson & Olsson (1996, 140) introduce service development from quality perspective. They state that 'the main task of service development is to create the right generic prerequisites for the service', which can be achieved by involving the customer to the development process to adapt the customer's logic. This development can be a service concept development, service system development or service process development. (Edvardsson & Olsson 1996, 140-141.) This study focuses on developing a customer-oriented service concepts and processes.

As the 'customer is the ultimate judge of the service' (Kotler & For 1995, 46), the service development should always be based on customer orientation (Edvardsson & Olsson 1996, 142). A customer is defined as a person or an organization 'receiving the outcome of the operation' (ISO 1991 in Edvardsson & Olsson 1996, 141).

#### **3.3.1 Customer satisfaction**

Customer satisfaction is an important matter to HAAGA-HELIA, as it is important to involve the customer in the customizing process of the service and to be able to meet the customer requirements. Students are the customers that provide to most higher education institutions

their reason for being (Kotler & Fox 1995, 393). Daniel Seymore (1993, 42) states that 'developing satisfied customers' ... 'should be the primary goal of causing quality in higher education', no matter if the customers are students, alumni, teachers or parents. Lovelock & Wright (2002, 87) describe customer satisfaction as 'short-term emotional reaction to a specific service performance'. Zeithaml et al. (2009, 104) support that definition by stating that 'satisfaction is the customer's evaluation of the service in terms of whether that service has met the customer's needs and requirements' and it can relate to feelings, such as contentment, pleasure, delight, relief, ambivalence. Van Looy et al. (2003, 124) instead define customer satisfaction as a short-term judgement of the service, given by the customer, where the customer compares the expected service quality with the perceived service quality. Similarly Kotler & Fox (1995, 41) define customer satisfaction in educational institutions and concentrate on the levels of satisfaction. The customer can be highly satisfied, satisfied, dissatisfied and highly dissatisfied. (Kotler & Fox 1995, 41.)

Grönroos (2000, 47) emphasizes the meaning of customer and states that the customers are more and more involved, not only in the service process, but also for example in the preparation, designing, production and maintenance processes - providing important information for the creation of a competitive advantage for the company. Philip Kotler (2009, 9) states similarly that the meaning of customer experience plays a big role in service process, as the value of the service is created together with the company and the customer.

Kotler & Keller (2009, 215) suggest that the risk of purchasing a service rather than a product is much higher, because of the nature of the service. This makes the customers believe more in word of mouth rather than on advertising. Customers are loyal to the service providers who satisfy them and assess service quality on the basis of price, personnel and physical cues. (Kotler & Keller 2009, 215.) To increase value, the higher education institution can either reduce price or increase quality. (Kotler & Fox 1995, 43.) Grönroos (2000, 51) emphasizes that the prerequisite for good quality is a satisfactory outcome. Customer satisfaction is determined by service features, perceptions of service quality, price, personal factors (customer's mood or emotional state) and situational factors (opinions of family members). (Zeithaml et al. 2009, 105.)

### 3.3.2 Service quality

Service quality relates to responsibilities in the service process. Responsibilities must be considered carefully to be able to guarantee the quality and meet the customer's requirements. Kotler and Fox (1995, 34) emphasize that quality issues are important to educational institutions, as the students will benefit from improved institutional functioning and the productive use of limited sources will be enhanced. By understanding the needs of students and personnel educational institution can provide them what they appreciate the most. (Kotler & Fox, 1995, 34.)

One of Finland's strengths in education export is the fact that evaluation and educational research are on high level in Finland. However, quality assurance should be strengthened by the Finnish education exporters to be able to enter the international markets and fulfil the international quality criteria. (Ministry of Education and Culture 2010f, 11, 14.) Referring to this fact, quality criteria is considered when researching the service process as well as the following definitions, as this provides a good connection to the evaluation of service quality.

Lovelock & Wright (2002, 87) describe service quality as 'customer's long-term cognitive evaluation of a firm's service delivery'. Van Looy et al. (2003, 12-17 & 124) define service quality slightly differently in the form of customer's attitude to overall evaluation of the service. Similarly Kamdampully, Mok & Sparks (2001) define that service quality as 'each person's aggregate of his/her perceptions of the service experience'. Edvardsson & Olsson (1996, 143) define service quality as 'the service should correspond to the customers' expectations and satisfy their needs and requirements.' Customer expectations are defined as 'beliefs about service delivery that serve as standards or reference points against which performance is judged' (Zeithaml et al. 2009, 75). Kotler & Keller (2009, 220) support this view and state that customers compare the perceived service to the expected service.

In addition, Kamdampully et al. (2001, 144) provides a more IT focused aspect to service quality and defines it as a combination of procedure and conviviality. Procedure means the technical systems required to deliver service to customers, flow of service, timing of service, anticipation, supervision and customer feedback. Conviviality means employee's ability to relate to customer as a person. Employee's attitude, body language, attentiveness, suggestive selling and problem solving skills have a meaning, too. (Kamdampully et al. 2001, 144.)

Van Looy et al. represent (2003, 12-17) that service quality should be evaluated on the basis of four service characteristics: intangibility, simultaneity, heterogeneity and perishability, which are also key factors of the service delivery process. Related to service's tangibility, Lovelock & Wrigth (2002, 83) define education as a mental stimulus-processing service, which is difficult to replace with a new one, because it's tangible and then the customer will be dissatisfied, as the quality does not meet customer's expectations. Grönroos (2000, 51) instead emphasises the meaning of customer in the quality evaluation process.

Service quality can be a dominant element in a customer's assessment in the case of a pure service, such as education, but it can be critical also in determining customer satisfaction in the case of hybrid service, such as educational service - a combination of service and physical product. (Zeithaml et al. 2009, 111.) According to Grönroos (2000, 81) there are seven criteria within good perceived service quality:

**Table 2. Seven quality criteria**

<b>Target of quality</b>	<b>Quality criterion</b>
<b>Professionalism and skills</b>	The service provider has the required skills to benefit the customer.
<b>Attitudes and behaviour</b>	The service employees make the customer feel that they are interested in customer's business and needs.
<b>Accessibility and flexibility</b>	The service provider is flexible to response to the customer's demands and is available when needed.
<b>Reliability and trustworthiness</b>	The service provider is trusted and performs with the best possible interest for the customer.
<b>Service recovery</b>	The service provider controls immediately the situation, in case something goes wrong, and takes actions to prepare it and further develop it to avoid it in the future.
<b>Serviscape</b>	Service provider's physical surroundings and environment supports customer's positive experience of a service process.
<b>Reputation and credibility</b>	Service provider stands for good values and performance which can be shared with the customer.

(Source: Grönroos 2000, 81.)

Zeithaml et al. (2009, 111) instead, represent service quality dimensions invented by Parasuman, Zeithaml & Berry. These five dimensions are suitable for service context and

work as drivers for service quality: reliability (ability to perform as agreed), responsiveness (willingness to serve), assurance (employee's knowledge, courtesy & trustworthiness), empathy (customized caring) and tangibles (appearance of physical facilities, personnel & material).

Kotler & Fox (1996, 46) represent the quality in educational institutions is based on one or more of the following approaches.

1. Conformance to standards – meaning that the educational service should be performed as it is stated in the standards or guidelines.
2. Consistency – meaning that educational institutions should produce the routine services in a consistent way.
3. Outcome quality – meaning that the service should satisfy the customer and fulfil one's needs and wishes.
4. Process quality – meaning the way how the service process should be delivered.

Kotler & Keller (2009, 221-222) instead recommend managing service quality on the basis of five service gaps that result in an unsuccessful service delivery.

In HAAGA-HELIA, the value foundation comes from the strategy and supports development and management actions on all levels. The development of operating culture is based on cooperation between students, staff and other organizations (customers). HAAGA-HELIA's value foundation is 'to work together as a leading team for regeneration – promoting the success of responsible business enterprise.' The quality in HAAGA-HELIA begins with the work of each employee, and the quality of HAAGA-HELIA's education, R&D&I and innovation operations is monitored and developed as part of the daily management routines. The quality level is very high (4/5). (HAAGA-HELIA 2011b.) However, the above presented quality criteria are taken into account when defining them explicitly for the export of education.

Related to the values, Maringe and Gibbs (2009, 153) state that 'matching institution and student values is the key to successful recruitment and retention in the higher education sector'. Those values must be regularly revisited and assessed to the current changes to ensure that the values will match also in the future and customer satisfaction can be reached. Students as customers should be made to feel important, not just be considered as important. To implement superior service quality, the customer's should be involved in the quality monitoring process. (Maringe & Gibbs 2009, 153-155.)



### **3.4 Conceptualizing services**

The purpose of this section is to introduce practical theories explaining the service concept and its ingredients, explaining the service package and its contents, and explaining the service process and its illustration techniques. At the end of this section, the HAAGA-HELIA requirements for a process description are covered. The service content is often described with the help of the perception of the service concept (Sarakorpi 2008). This section ends with representing the export of education in a theoretical context.

Grönroos defines the service concept as a very concrete guideline for the business mission. It describes what the enterprise is about to do on a certain customer segment, how that can be reached and with what kind of resources. The service concept must be simple and concrete so that everybody can understand it. (Grönroos 2000, 192-193). Later Grönroos (2007a, 185) clarified that the service concept ‘determines the intensions of the organization’. He suggests that the service concepts are concrete guidelines that are used for developing service offerings. It is a way to express how to solve certain problems in a certain manner. (Grönroos 2007a, 221.) Edvardsson and Olsson (1996) instead emphasize customer’s perspective and define service concept as a detailed description of customer’s needs and wishes to be satisfied, and of the service offer. They also represent the concept of service consisting of three parts: prerequisites for the service, customer outcome and customer process. (Edvarsson & Olsson 1996, 146; 149.) In the following the service content, service package and service process are discussed.

#### **3.4.1 Content of the service concept**

As mentioned in the previous section, the service concepts are concrete guidelines that are used for developing service offerings. The content of the education exports service concept is built later in section 3.5 as a combination of the theories provided by Grönroos (2007) and Van Looy & et al. (2003).

According to Grönroos (2007) the service concept contains information about: what the firm intends to do (goal), to whom the service is provided (for a certain customer segment), how the goal is achieved, with what kinds of resources the goal is reached, and with what benefits for the customer the service is provided. Not having a service concept might lead to

inconsistent behaviour, as the goals, performance standards, expectations and priorities are unclear. As a result confusion would occur. (Grönroos 2007a, 221; 421.)

Van Looy et al. (2003, 36) provides a deeper view of the service concept ingredients than the two previous theories. They identify four main sectors in the concept influencing on the customer value. The sections are here modified to question format by researcher to provide a comparable view to the other theories.

1. How is performance measured including capacity management, facilities and locations?  
And does performance result in customer relationships and loyalty?
2. What is the service strategy including information technology and collaboration? And does strategy result in customer satisfaction?
3. How is internationalization managed including employment process design & management? Does internationalization result in communication & promotion?
4. How is innovation managed including competencies, job & role design? Does innovation result in pricing? (Van Looy et al. 2003, 36.)

Van Looy et al. (2003) emphasize the importance of clarifying the service concept, to the customer and to an employee in order to avoid dilution of the service. The service concept helps the customer to set one's expectations for the service and the employee to set one's goals for the service to be given. The employee (for example a teacher) plays an important part in the service concept, as the skills and personal characteristics of the employee have a major impact on the service. The employee must have certain skills to be qualified to work and certain personal characteristics to be able to complete the work. (Van Looy et al. 2003, 29-30.) This is an important aspect, as the education export service should not be built only from the customer's point of view, though this is the basis for the thesis research.

A third insight to the ingredients of service concepts can be gained through James Heskett's work (1986) on defining the service concept. According to Heskett 'any service concept should answer the following three questions:

1. What are the important elements of the services to be provided; stated in terms of results, produced for the customer, for the employee and the company?
2. How are these elements supposed to be perceived by the target market segment? By the market in general? By the employee? By others?
3. What efforts does this suggest in terms of designing, delivering and marketing the service?

(Heskett J. 1986 in Van Looy et al. 2003, 28-29.) These questions relate to similar topics as Grönroos's (2007a, 221) framework, but do not aim to detailed and simple service concept, which is the reason for not adapting Heskett's theory in this thesis.

### **3.4.2 Service offering and package**

According to Grönroos (2007a, 185) the service concept 'determine the intensions of the organization' and the basic service package can be developed based on that concept. The basic service package describes the services that are required to fulfil the customer's needs on a certain target market, and it defines what the customer receives from the company. Because the basic service package does not necessarily include the service process functions or meet the quality perception, the basic package should be expanded to augmented service offering, which includes the process and interactions. (Grönroos 2007a, 185.) As the purpose of the thesis is to build a service concept and process that responds to different customers' needs, packaging of services is needed.

Normann (1991) defines simply a service package as a bundle of different services or products, and Grönroos (2000, 165) continues that those services are required to respond to the customer's needs in target markets and emphasises the customer-oriented service offering. To sum up, one service package consists of a combination of several services or service products and the service offering includes all those services and service process related interactions.

The following five theories relate to service packaging. Three of them are similar as they all divide the service package in three main elements. The fourth theory focuses on dividing the service package into several modules that can be combined based on the customer's needs. The fifth focuses on five product levels of customer value. To be able to customize the service package, all these theories are combined and a new model is constructed on the basis of those theories. The new combination model is applied to the export of education service package in section 3.5.1. Each element or module included to the new model is a part of the service process as in the Grönroos's (2007a, 186-190) theory discussed later in this section.

Grönroos (2000, 164) introduces the basic service package consisting of three elements: core service, facilitating services and supporting services represented in figure 3. According to Edvardsson & Olsson (1996, 150) the core service responds to the customer's primary needs

and supporting services respond to the customer's secondary needs. On the other hand, the services supporting the core service can be classified as customer service (Zeithaml et al. 2009, 5). This theory supports and enables the idea that the services should be specified for each customer in HAAGA-HELIA.

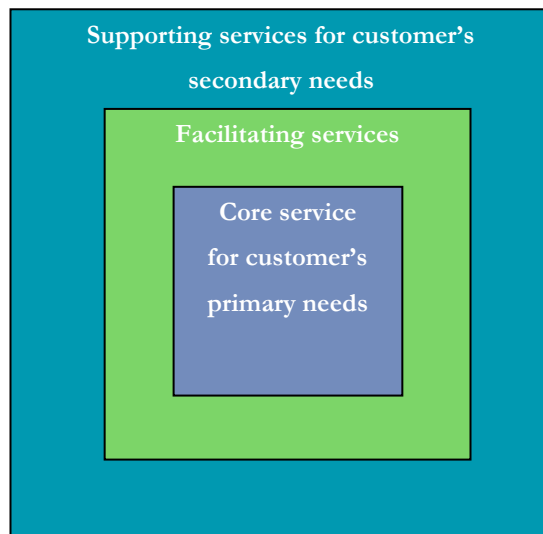


Figure 3. Basic elements of the service package.

In the service package model, the core service is the main service without any extras giving the company the reason to be on the market. The facilitating services, also known as enabling services, are additional or auxiliary services that are required for consuming the core service. They facilitate and enable the use of the core service. If they are lacking, the core service often cannot be used. The supporting services, also known as enhancing services, makes the basic service package competitive as they differentiate the service from the rivals. Supporting services are not required to use the core service, but they are used to increase the value of the service. Sometimes the facilitating services can be a supporting services and likewise, but the facilitating services are always compulsory, when the supporting services can be left out. If the enabling services 'are left out, the service package collapses'. (Grönroos 2000, 164-167; Grönroos 2007a, 186.) Kotler & Fox (1995, 45) state that the core service in educational institutions is usually just instruction and the other services among others are residential, dining, counselling, advising, career planning, tutoring, library and computer services.

These basic service package elements represent what (outcomes) the customer perceives, but it does not tell how the service process - where the service is experienced and evaluated - is perceived and related to the service offering. As the elements of the basic service package cannot be separated from the service process, the service package must be expanded to include the service process. For that reason Grönroos (2007a) expanded the augmented

service offering from the basic service package. It includes the elements of service package (core service, enabling services and enhancing services), but also the service process related functions: service concept, accessibility of the service, interaction with the service organization and customer participation. (Grönroos 2007a, 186-190.)

Kotler and Fox (1995, 279) introduce a similar, but much narrower service package content, a concept that is designed for educational institutions. They introduce the three levels of an offer including the following:

1. Core offer – meaning the core service the customer is seeking.
2. Tangible offer – meaning the tangible features of the service, such as packaging, features, styling, quality and brand name.
3. Augmented offer – meaning the additional services bringing extra value to the customer, such as accessibility, follow-up, guarantee and financing of the service. (Kotler & Fox 1995, 278-282)

The flower of service represented by Lovelock & Wirtz (2011, 108) consists of the core service, four facilitating services and four enhancing (supporting) services, and is represented in *figure 4*. The four most common facilitating services are information, order-taking, billing and payment. The four most common enhancing services are consultation, hospitality, safekeeping and exceptions. Normally they are encountered by customers in the following order: information, consultation, order-taking, hospitality, safekeeping, exceptions, billing and payment. (Lovelock & Wirtz 2011, 108-109.) This flower of service provides a good list of elements for describing the service package.



**Figure 4. Flower of service.**

(Source: Adapted from Lovelock & Wirtz 2011, 108. The facilitating services are represented with blue colour and enhancing services with green colour.)

The leaves of the flower can be divided into information processes and physical processes. Only hospitality, safekeeping and exceptions require physical environment and are delivered through physical processes for that reason. (Lovelock & Wirtz 2011, 132-133.) The elements are adaptable for educational services and are for that reason a good basis for HAAGA-HELIA service package development. By identifying the detailed elements within the flower of service, it is also connected to the service process and blueprinting model described later in section 3.4.3.

The next concept divides service product into smaller pieces with the help of modules. Modulation of services means dividing the service into parts (modules), which can be then combined according to customers' wishes. The modules enable customization of the service for each customer and aim to fulfill customer expectations. (Gilmore & Pine 2000, xv-xviii.) Sunbo (2002, 104) emphasizes also the customization of a service product for each customer and explains that it is possible with the help of modulation, as in modulation the service can be built from different standard parts and functions providing each customer a unique outcome. Sarakorpi (2008) has developed a model for a modular service product in which a service product can be built from several service modules that together will respond to customer's needs. One service module can include standards and variables. The standard parts are the same regardless of the customer and include definition of functions, process of

module, quality requirements, resources, technical quality level, quality measures and a framework for combining parts. The service module consists of functions and the service process can be described as a performance order of those functions. The model is presented in *figure 5*. (Sarakorpi 2008.)

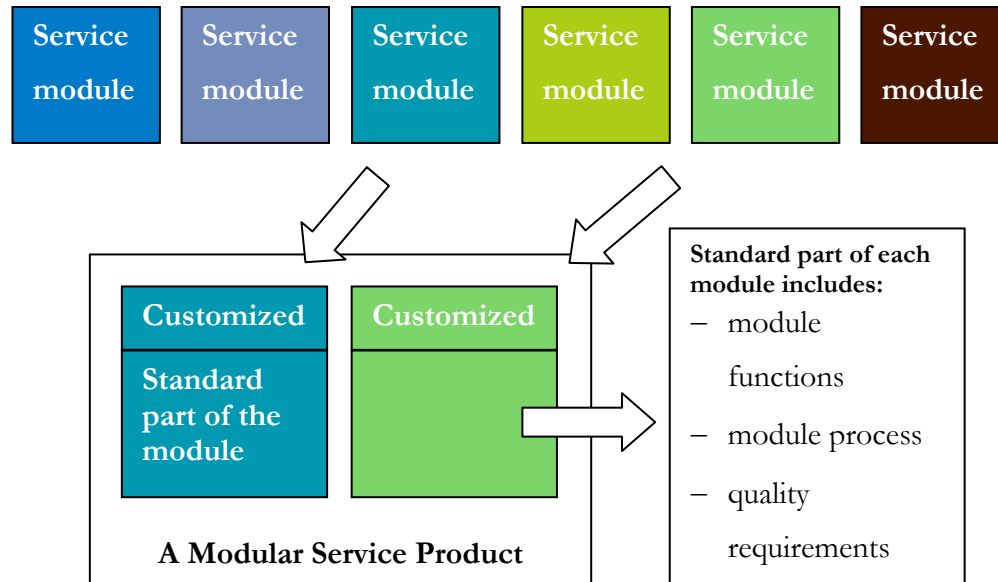


Figure 5. A model of a modular service product.

(Source: Modified from Sarakorpi 2008.)

Kotler & Keller (2009, 191) focuses on emphasizing the customer's value in the service. Kotler & Keller consider service offering from the marketer's point of view. They introduce a model to plan product offering with the help of five levels of customer value. The basic level is a core benefit meaning the fundamental (pure) product customer purchases. Second level is a basic product including the enabling services. The third level is an expected product including all the characteristics customer normally expects to receive. The fourth level is an augmented product exceeding customer's expectations including enhancing services and increasing competition. The final and fifth level is a potential product reflecting the product that could be in the future including all possible services. (Kotler & Keller 2009, 191.) These levels relate to the service package by increasing the features of the service when the customer's value increases.

As the service development should be customer-oriented, examples of the customer's needs are provided with the help of Tony Adams (2007). Adams studied the development of international education in Australia and provided a framework for the future. He discovered that international students are looking for services, such as 'in-country representation and

marketing, assistance with visas, transparent visa processes, pre-departure orientations, pastoral care services, housing support and quality facilities and education', and the students will go to those places where these services exist. Another observed trend was that students are interested in taking short two- to ten-week programs in summer and winter breaks. (Adams 2007, 412 & 416.)

In all the presented concepts the service package elements can be parts of the service process. On the basis of the similarities in the packaging concepts, a combination of these has been developed. This new model is called the modular service package as visualized in the *figure 6*. The model contains the export of education related elements in section 3.5.1. Each module has a standard and customized part as in Sarakorpi's (2008) model. In the standard part of each module are defined the functions of that module, the process of that module meaning the order of the functions, quality requirements and measures for that module, resources for that module and technical requirements for that module. The customized part of each module includes the variable functions that change based on the customer's needs. Those could be for example the service delivery methods, extent or scale of the service, materials, etc.



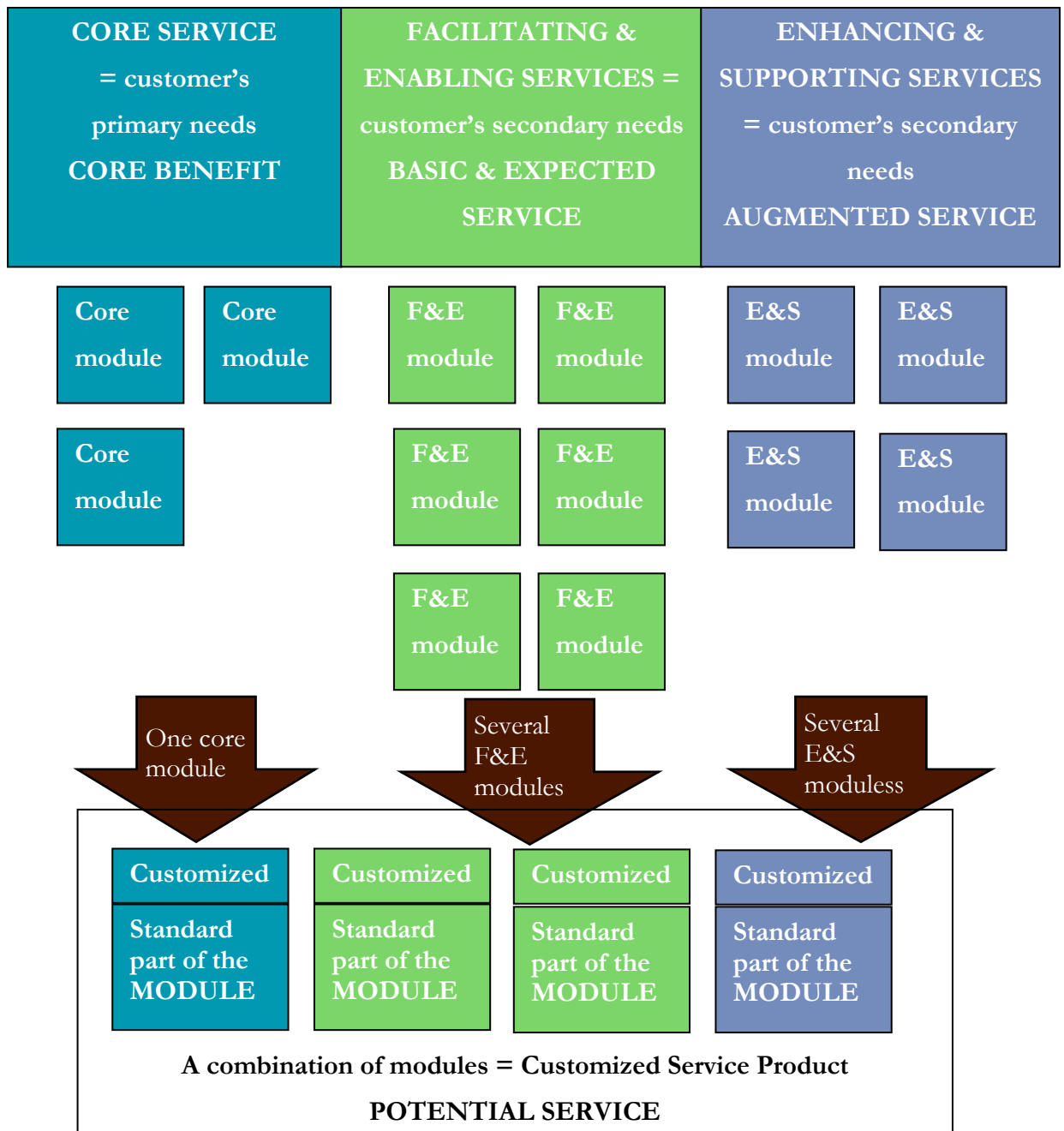


Figure 6. A modular service package model.

(Source: Modified and combined from Sarakorpi 2008; Kotler & Keller 2009, 191; Lovelock & Wirtz 2011, 109; Grönroos 2007a, 186-190; Kotler and Fox 1995, 279; Edvardsson & Olsson 1996, 150.)

When the modules and functions of each module in the package are performed in a certain order, a service process can be formed and described.

### 3.4.3 Service process

A well-designed service contains a description of the service process characteristics and explains them in concrete and understandable terms. (Bitner et al. 2008, 70.) As explained in the definition section, customer service is an experience, but for a service provider it is a process that must be well-designed and managed to ensure the desired customer experience. The process describes the method and sequence of the service system and links them together in order to create the promised value to customers. (Lovelock & Wirtz 2011, 219-220.) The service process means the chain of operations working properly to produce the service, and a process that is customer-friendly (Edvardsson & Olsson 1996, 146; 163). According to Kotler the 'service process is the way in which the service system operates.' (Kotler 2009, 656.) To create a successful service process of education export, the service process must operate fluently and correspond to legislative, environmental and practical needs.

As stated earlier in the Grönroos's (2007a, 186-190; 2000, 167-168) theory of service package in section 3.4.2, the augmented service package includes also the service process functions: service concept, accessibility of the service, interaction with the service organization and customer participation. Accessibility depends on the number, knowledge and skills of the personnel and consumers involved at the same time in the process, the performance time of various tasks, location and exterior and interior features of the service place, and ICT access and tools used by customers. Accessibility relates to site accessibility, customer ease of use of physical resources, front office personnel's contribution to accessibility and ease of customer participation. (Grönroos 2000, 167-169.) Interactions with the service organization consist of interactive communication performance between customers and employees, interactions with technical resources such as machines and tools, interactions with ICT systems, and interactions with customers involved at the same time in the process. (Grönroos 2000, 169-170.) Customer participation relates for example to the usage of the technical devices, providing information and filling in the forms, using web page and so on. The customer can improve the service by being prepared and by being willing to provide the needed output or s/he can make it worse by doing the contrary. (Grönroos 2000, 170.) When describing the export of education process, these previous aspects represented by Grönroos are considered carefully as the new education export service has an exceptional environment compared to the 'normal' education services provided by HAAGA-HELIA.

As the services are intangible and must be consumed at the same time they are generated, the service as a process is fast. In order to serve this feature of services, a dynamic approach to develop service process is adapted. The framework presented by Grönroos (2007a, 192-193; 2000, 173) consists of eight steps:

1. Analyzing customer's everyday activities to find out when they need the service.
2. Assessing customer benefits sought to support these activities and reflect customer experiences.
3. Defining overall and competitive features of an augmented service offering to relate them to service concept and package.
4. Developing the service concept that guides the development of the service offering.
5. Developing the basic package: core service, facilitating and supporting services and goods of the service package
6. Planning the process: accessibility, interaction and customer participation elements of the augmented service offering
7. Planning the supportive marketing communication for customers informing, persuading and impacting on them.
8. Preparing the organization for producing the desired customer benefits in the service processes, including sufficient resources and internal marketing to commit employees to the process.

The last four steps of the process are inseparable (Grönroos 2000, 173-174). These steps will be applied in describing the education export process, as they provide an overall view of the whole process and take a practical approach into it. The steps are the basis for the description and will be expanded in order to serve best HAAGA-HELIA purposes.

A flowcharting technique is used for visualizing and documenting the service process. It provides a deeper understanding of the customer's experience gained during the process and shows especially those steps of the process, where the customer utilizes different services (core, facilitating or supporting). The elements of the flower of service can be combined as elements into the flowchart. (Lovelock & Wirtz 2011, 220-221.) A flowchart is 'a visual presentation of the steps involved in delivering service to customers' (Lovelock & Wright 2002, 91).

A more detailed flowcharting technique of service process, called service blueprinting, was first introduced by Shostack (1985, 245). Nowadays it is used for designing new services (Lovelock & Wirtz 2011, 222), and to illustrate the service process from the start point to the

end point and includes all possible activities related to the process (Bitner et al. 2008, 67.) 'The blueprinting is a customer-focused technique creating value through customer experiences. It visualizes service processes very efficiently showing the points of customer contacts, clarifying the interactions between customers and employees, revealing the points of potential failure and connecting the support processes to the main service process. It enables a detailed step-by-step description of the service process and represents steps in a simple graphical format that supports digesting the concept. (Bitner et al. 2008, 67-71; Lovelock & Wirtz 2011, 222-224.) Service blueprinting is a 'map that portrays the service system so that the different people involved... can understand and deal with it objectively' (Zeithaml et al. 2009, 265). Service blueprinting is an essential way to check does the process work at optimal level (Kotler & Fox 1995, 301).

The blueprinting technique consists typically of five elements: (1) customer actions, (2) visible contact employee actions (front office), (3) invisible contact employee actions (back office), (4) support processes and (5) physical evidence. (Bitner et al. 2008, 72-73.)

Building a service blueprint requires and includes the following six steps:

1. Identifying the process to be blueprinted. It should be agreed how detailed the general blueprint is and is there need for sub-process descriptions.
2. Identifying the customer or customer segment. As each customer segment is different, a customized blueprint for each segment should be created.
3. Mapping the process from the customer's point of view (key activities). The customer actions should be explained clearly, as they are the basis for the creation of the blueprint and all other actions are supporting them. Customer actions are all the steps the customer takes during the service delivery process. Actions can for example relate to purchasing, consuming and evaluating the service.
4. Mapping the contact employee actions and technology actions. The visible contact employee actions are face-to-face situations, where the customer meets or is in visible interaction with the company employee. Those are actions that are visible to the customer. The invisible contact employee actions include non-visible interaction with customer, such as telephone calls, and all other activities that the company employees do to prepare to serve the customers or to take care of one's responsibilities. Those are invisible to the customer. The technology actions are the ones, where no employees are involved. All these three types of actions should be identified, mapped and classified to visible and invisible actions.

5. Linking contact activities to needed support functions. The support functions are activities that are completed by individuals or departments inside the company, that are not visible or in contact to customers, but has to be completed in order to deliver the service. The linkage between the internal supporting functions and contact activities should be identified.
6. Adding evidence of service at each customer action step. The physical evidence is the tangible objects that can influence customer's perceived quality. Physical evidence illustrates what tangible evidence the customer sees and receives during the process. It includes servicescape with facility exterior (exterior design, signage, parking, landscape, surroundings) and interior (interior design, equipment, signage, layout, air quality & temperature, sound & music, lighting and scent) and other tangibles (business cards, stationery, billing statements, reports, employee dress, uniforms, brochures, web pages and virtual servicescape).

All actions are represented in a blueprint in chronological order. (Combined from Zeithaml et al. 2009, 265-273 and Bitner et al. 2008, 72-73.) The elements of the blueprinting model are represented in *table 3*.

**Table 3. The elements of the blueprinting model.**

<b>TIME SPAN</b>	<b>Phases of the process &gt;</b>
<b>Service standards and scripts (visible)</b>	Different scripts for each step to guide the employees through the process
<b>Physical evidence (visible)</b>	Tangible objects influencing on customer's perceived quality, such as employee, coatroom, table setting
<b>Customer actions (visible)</b>	Steps the customer takes during the service process
<b>Line of interaction</b>	
<b>Employee actions (visible, front office)</b>	Face-to-face situations where customer is in visible interaction with contact employee
<b>Line of visibility</b>	
<b>Employee actions (invisible, back office)</b>	Non-visible interactions with customer that are done to prepare to serve the customer
<b>Line of internal interactions</b>	
<b>Support processes (invisible, back office)</b>	Completed by individuals or departments inside the company that are required to deliver the service

(Source: Modified from Bitner, Ostrom & Morgan 2008, 73; Lovelock & Wirtz 2011, 226-229; Zeithaml, Bitner & Gremler 2009, 266).

When the blueprint is ready, the service scripts should be written to be able to provide better service to the customers (Kotler & Fox 1995, 302). According to Zeithaml et al. (2009, 62) the success of any service performance depends on the performance of the service actor and on the performance of the service team set. The service actors must perform their roles as customer expects them to, or the customer may be dissatisfied. The service script will help the service actor to complete his/her task according to the customer's expectations. Script is a 'logical sequence of events expected by the customer. (Zeithaml et al. 2009, 62.) The scripts should explain what things must be considered when each step is taken, for example which questions to ask from the student. On the other hand the script contains also detailed information increasing employee's confidence to answer to the student's questions. (Kotler & Fox 1995, 302.) If the service is delivered according to the script, the customer will be satisfied. In case of deviation from the script, the customer may be confused or dissatisfied. (Zeithaml et al. 2009, 62.)

If the service performance drops below the customer expectations and leads to dissatisfaction, it is known as a service failure (Zeithaml et al. 2009, 213). To avoid a failure in the service process and to maintain service quality, service provider gaps should be kept closed. There are four provider gaps identified that might occur inside the company: (1) listening gap: difference in customer's expectations and company understanding them, (2) service design and standards gap: difference between company understanding the customer expectations and development of customer-driven service designs and standards, (3) service performance gap: difference between development of customer-driven service standards and actual service performance by employees, and (4) communication gap: difference between service delivery and service provider's external communications. (Zeithaml et al. 2009, 33-43.) These gaps are used for checking the functionality of the service process, as they are seen as critical points in the process.

When creating the service process description, HAAGA-HELIA's process description guidelines are applied and combined with the blueprinting model. According to HAAGA-HELIA's quality requirements, the process description must state the creators, owners, the manager or director in a role of acceptor and dates for processing or acceptance. It is important to design the description to enhance understanding of the function of the process. By stating the people responsible (actors) and the phases and contents of the process, a clear overview of the process can be provided. The process description should also show how the quality is measured in the process and explain the quality criteria. The process description

itself does not include precise guidelines, which is the reason why the guidelines must be provided separately. (HAAGA-HELIA 2011a.) This supports the outcomes of the thesis, as one of the outcomes is to produce a process description and another is to create a handbook manuscript for export of education. HAAGA-HELIA (2011a) quality guidelines recommend utilizing ready-made process description templates. A MS Office Word template is partly utilized to describe the process and to write the handbook, but in a more visual-based programme called MS Office Visio is utilized to visualize the process. As the HAAGA-HELIA description model includes similar actors and elements that were identified in the blueprinting theory, the model and the theory can be integrated.

### **3.5 The Finnish export of education in a theoretical context**

First the Finnish characteristics of education exports are identified. Then on the basis of the presented theories, a theoretical context for export of education is created. In the following the theoretical context for export of education is developed by defining the export of education, by identifying the characteristics of education exports, by conceptualizing the export of education, by describing the export of education process and customer's role in it.

As mentioned earlier, the export of education means in Finland exporting education (competence) abroad, not providing education of export. (Ministry of Education 2010, 7.) Juntunen (2010) clarifies the four different forms of education exports:

1. Service is implemented abroad and specialists travel temporarily. Services like consulting projects and further education projects.
2. Service is provided in Finland and the consumer travels. Services like master degree education, further education, company personnel training and seminars and conferences.
3. Service is provided cross the borders, but service provider and consumer do not travel. Services like wireless solutions, e-learning environments and virtual studies and games.
4. Service provider is present in the target markets and an investment or unit crosses the border. Services like on-site campuses, subsidiaries, franchising contracts and satellite campuses.

The following categories of education exports are identified by the Finnish Ministry of Education (2010, 14):

- Master degree education (for citizens outside EEA)
- Further (supplementary) education for public and private customers
- Consulting services on education sector, in development projects or outside them
- Education technologies, such as modern learning environments, learning games, social media and wireless solutions
- Content production, such as books and learning materials
- Research and evaluation services of education
- Seminars, conferences and other learning events
- Solutions including multiple business services.

The customer can be foreign private person, foreign representative of private or public sector (for example ministry, council or board of education), Finnish or foreign company, or foreign organization. In case of degree education, the customers are master students coming outside European Economic Area (EEA), who spend money on their tuition fees, but also on the living costs, which are all revenues for Finland. (Ministry of Education 2010, 7-11.)

Finpro (2010) identifies the main elements of education exports in Finland. They see the core service as export of education. The core business functions of the company are production of education, education and consulting, and production of learning contents. The enhancing business functions are physical learning environments and virtual learning environments. (Finpro 2010.)

Internationally, one popular type of education exports is borderless education, known as transnational education or sometimes even as global e-learning, which does not require presence on campus. The transnational education focuses on business studies, information technology, and health and language studies. Another popular type of education is a mixed mode, which is 'a combination of online and on-site learning'. That mode emphasizes the importance of physical presence in the target country. (Van der Wende 2003, 194 & 196.) On the other hand the transnational education can also include 'all types of higher education programmes and educational services, including distance learning, in which learners are located in a country different from the one where the awarding body is based.' (Council of Europe UNESCO 2000.)



### 3.5.1 Concept of education exports

The concept of education exports is developed on the basis of the service concept theories of Grönroos (2007a, 221; 421) and Van Looy & et al. (2003, 36). The content is collected from the theories in previous sections. The concept of education exports is presented in *table 4*.

**Table 4. Service concept of education exports**

<b>Service concept area</b>	<b>Content of education exports concept</b>
<b>Service provider and goal</b>	The service provider is either an educational institution or a private company selling Finnish high-quality competence abroad.
<b>Service recipient, customer</b>	The education is exported to a certain customer segment: foreign private person, foreign representative of private or public sector, or foreign organization operating in a certain target market.
<b>Process to reach the goal</b>	The service is a process where the service provider exports Finnish competence and sells customized education to fulfil the customer's needs. The process results in customer relationship and loyalty.
<b>Service characteristics</b>	The service is hybrid and may contain physical elements, such as books, but is mainly intangible as it is consumed when it is performed. The customer experiences the education service.
<b>Resources required to reach the goal</b>	The resources required are committed and skilful specialists (competence), customer-friendly IT systems, and wide network (shared responsibility).
<b>Customer benefits</b>	The benefits that the customer gets are for example solution to a problem, competence, knowledge or skills that the customer can use.
<b>Quality and pricing</b>	The education is exported by following quality level standards, concepts and process descriptions. The quality is followed up by measuring capacity and facilities management. The pricing is in line with the offered high quality.
<b>Internationalization</b>	The service is exported. Employment process is designed in advance and managed together with foreign cooperation organization. The internationalization result in good communication and promotion.
<b>Innovation management</b>	Competencies and roles are designed in advance and managed innovatively. These might influence on pricing depending on the implementation costs.

### 3.5.2 Export of education service package

The service package of education exports is presented with the help of the new combination model developed in section 3.4.2. The content to the model is collected from the concepts presented in the previous sections. The model is presented in figure 7. There are altogether two core service modules, 12 facilitating and enabling (F&E) service modules and 11 enhancing and supporting (E&S) service modules. The modules marked with ‘\*’ are physical processes that require customer service. The modules marked with ‘+’ are the reasons why students would choose the service according to Adams’ (2007, 412; 416) study.

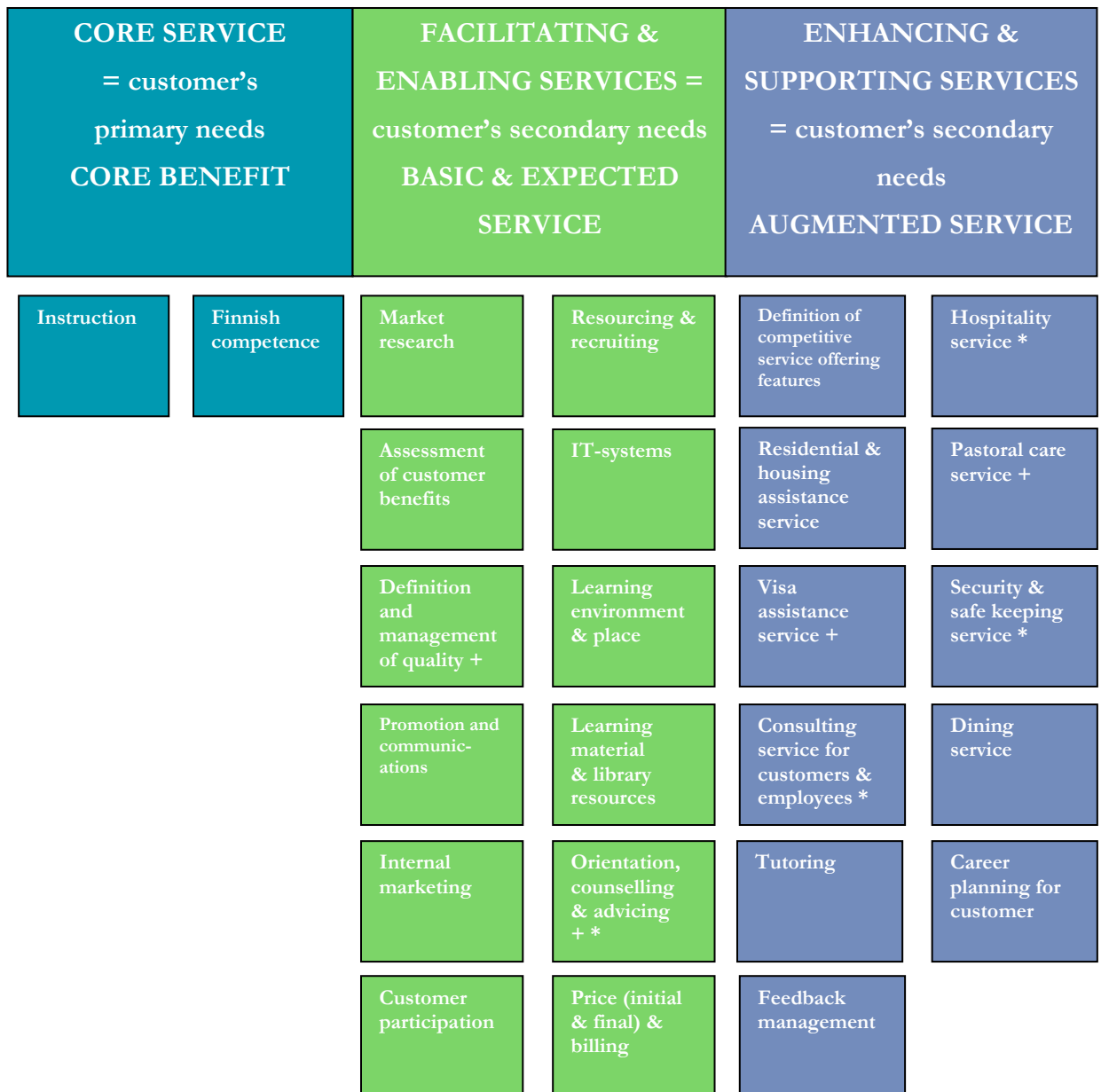


Figure 7. A modular service package with export of education elements.

By selecting the modules to the export of education service package, a customized service can be built based on customer's needs. The package includes one core module, several compulsory F&E modules and several optional E&S modules. The combination of the modules forms an ideal service product for the customer and is always customer-unique. The customized and modular service is presented in *figure 8*.

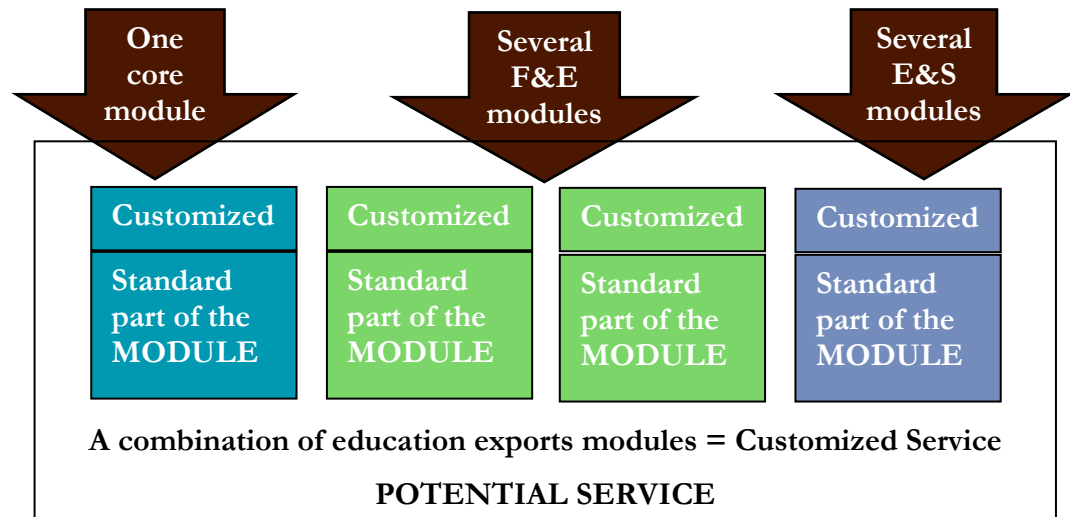


Figure 8. Customized and modular service

### 3.5.3 Service process of education exports

According to Juntunen (2010, 17), the business model includes seven phases: marketing and selling (being presence at the markets), service development (cooperation with the customer), producing and implementation (virtual movement), networking and roles (positions in the network and network development), lifecycle model (exit strategy), earning model (non-financial interests), and resource management. The main phases adapted and modified to this theoretical service process are research & planning, marketing, planning & customizing, preparing, implementing and closing.

As each module of the service package can be part of the service process, they are integrated as steps into the service process. There are altogether 31 steps in the process including compulsory and additional steps. The order of the steps is presented in below. Additional, not compulsory steps are presented *in italics*. Possible service provider gaps are recognized in the phases.

**Phase 1: Research and planning** (customer listening gap and service design and standards gap possible)

1. Researching markets
2. Assessing of customer benefits
3. *Defining competitive service offering features*
4. Defining quality
5. Defining initial price tag

**Phase 2: Marketing** (customer listening gap possible)

6. Promoting and communicating to potential customers
7. Internal marketing to personnel

**Phase 3: Planning and customizing** (listening gap and service design & standards gap possible)

8. Customer participation
9. Defining contents (competence areas) and planning courses
10. Resourcing and recruiting teachers
11. Agreeing on IT systems
12. Agreeing on learning environment and place
13. Agreeing on learning material and library resources
14. Agreeing on final price

**Phase 4: Preparing** (service communication gap possible)

15. *Assisting with residential arrangements and housing*
16. *Assisting with visa applications*

**Phase 5: Implementing** (service performance gap and communication gap possible)

17. Orientating, counselling, advising and tutoring
18. Sharing competences
19. Customer participation in learning and implementation
20. *Consulting customer and employees*
21. Managing quality during implementation
22. *Providing hospitality services*
23. *Providing pastoral care*
24. *Providing dining services*

25. *Providing security and safekeeping services*

**Phase 6: Closing** (customer listening gap possible)

26. Customer participation in closing

27. *Career planning for customer*

28. *Collecting and managing feedback*

29. Managing quality

30. Billing

31. Consulting of research and development ideas and customer relationship building

The mandatory steps in the process are core and F&E service functions and optional steps are the E&S service functions categorized in the modular service package model. Next, the steps are entered into the theoretical service blueprint of education exports in *table 5*. In the theoretical general blueprint the HAAGA-HELIA model is not yet applied. If the step relates to service standards or to physical evidence, number of the step is set before the standard or evidence mentioned. In this model, the standards and evidence are generated by the researcher.

Table 5. Theoretical and general blueprint of the education exports process.

PHASES, time span	Research & planning	Marketing	Planning & customizing	Preparing	Implementing	Closing
Quality criteria:	High quality service satisfying customers.					
Service standards and scripts	4. Quality statement 5. Price tag		Service description		Service manual Quality standard	Quality standard
Physical evidence	1. Market report	6. Marketing material, web pages 7. Newsletter	Agreement (incl. all) 11. IT systems 12. Learning environment & place 14. Final price	15. Housing agreement 16. Visa applications	17. Orientation material 18. Learning material 19. Facility interior and exterior	27. <i>Career development plan</i> 28. <i>Feedback form</i> 30. Bill 31. <i>Agreement</i>
Customer actions			8. Customer interacts	Customer interacts	19. Customer interacts	26. Customer interacts
Line of interaction						
Employee actions	2. Assessing customer benefits	6. Promoting and communicating to potential customers	9. Defining contents and planning courses 12. Agreeing on learning environment & place 13. Agreeing on learning material and library resources 14. Agreeing on final price		17. Orientating, counselling, advising & tutoring 18. Sharing competences 20. <i>Consulting customer</i> 21. Managing quality	27. <i>Career planning</i> 28. <i>Collecting and managing feedback</i> 31. Consulting of research and development ideas and building customer relationship
Line of visibility						
Employee actions	1. Researching markets 3. Defining competitive features of service 4. Defining quality 5. Defining price tag	7. Internal marketing to personnel				29. Managing quality
Line of internal interactions						
Support functions			10. Resourcing and recruiting teachers 11. Agreeing on IT systems 12. Agreeing on learning environment & place 13. Agreeing on learning material and library resources	15. Assisting with residential arrangements & housing 16. Assisting with visa applications	20. <i>Consulting employees</i> 22. <i>Providing hospitality services</i> 23. <i>Providing pastoral services</i> 24. <i>Providing dining services</i> 25. <i>Providing security and safekeeping services</i>	30. Billing

## 4 Methodology

The research followed a thesis process and a Gantt chart provided by Saunders, Lewis & Thornhill (2009, 45) and Fisher (2010, 5-7). The empirical part of this thesis was conducted from May to July 2011. The study was conducted as a qualitative research as its purpose was to answer to the research question 'How does an export of education process look and what are the most central components?'. 'How' questions produce non-numerical data, which is considered as qualitative data, but provide also a possibility to explore 'why' (Saunders, Lewis & Thornhill 2009, 151 & 321). In this study the main goal was not to explore statistical side of education exports, which is characteristic to quantitative research (Saunders et al. 2009, 414), but to explore the process of education exports. The main research question was approached with the help of sub-questions: How to define and package export of education? How to describe the process of education exports? And how the customers perceive the export of education process?

In order to guarantee the reliability and validity, the researcher followed a systematic way of conducting the research. By systematic is hereby meant that the research was well-planned and researcher knew the tasks. By having the whole research process well-planned, the risk of errors and mistakes was minimized.

The philosophy applied in the study was interpretivist. Interpretivism focuses on understanding the differences between humans as social actors and is research among people. (Saunders et al. 2009, 116). The researcher worked for the company to whom the research was conducted and knew the people who work there. Important, when studying the export of education, was to understand how differently the other organizations export education and how they see the concept of education export.

### 4.1 Purpose of the research

The research aim was descriptive, as it aimed to define the concept and to describe the process of education exports as accurate as possible. Descriptive research produces an accurate description of situations, events or persons, and it can be a piece of exploratory or explanatory research. The purpose of the research was not to establish causal relationships nor explain them and for that reason, this study was not explanatory, but there was, however, an attempt to find interrelated causal relationships. The researcher tried to discover what is

happening in the process of education export. The purpose of the study was not to clarify understanding of a certain imprecise problem and assess it in a new light, and for that reason this study was not exploratory one either, though exploratory research often aims to find out what is happening. (Saunders et al. 2009, 139-140; 322-323; 590.)

This study was conducted by following a deductive approach, as the study was based on existing theories that were adapted into practice. When applying a deductive approach, the existing theory is sought and adopted to move on in the research process. The approach did not change to abductive, as after completing the data collection phase, the results did not reveal a new theory that was not identified beforehand in the literature review. (Saunders et al. 2009, 489.)

An action research strategy was applied in this study, as the researcher worked for the organization in which the research was mainly conducted and also participated in the research process. Action research requires that the researcher is a part of the organization under investigation and focuses on changing something in organization. Characteristic to action research is the spiral of action including four phases: diagnose, plan, take actions and evaluate. The cycles are repeated and the previous evaluations are considered when planning and implementing the next cycle. Action research is suitable for qualitative research and 'how' question, as it focuses on action. (Saunders et al. 2009, 147-148.)

A case study strategy was not applied, although several cases were studied in this research and it could have provided a rich understanding of the processes being under investigation. Case study means investigating a contemporary phenomenon in an organization and its purpose is to solve problems. By studying multiple case companies, the purpose is to improve the generalizability of the research findings. The number of cases was relatively small, which weakens the generalizability. (Saunders et al. 2009, 146-147.)

## **4.2 Data collection**

To complete the research successfully and to support the action research strategy, primary data was required. Due to the lack of time, secondary data was not collected through a documentary analysis method from documents and brochures of the interviewees' organizations. The required information was obtained through primary data collection methods.



The primary data was collected through interviews to explore and benchmark the export of education process and to find out the critical points of education exports in different organizations. Benchmarking is a method, where institution's performance and processes are measured by comparing them with the other institutions, often known best of the field. (Kotler & Fox 1996, 54). Interviewing was chosen as the primary data collection method, as it is a commonly used method for collecting examples of good practices (Fisher 2010, 182).

Planning the interviews in advance was a requirement for successful research. (Fisher 2010, 181). To improve reliability, the researcher tested the interview template in advance and practiced interviewing to improve her interview skills and to avoid biases. The interviews were well-planned including handling of delicate things, and followed the given time and purpose of the interview. (Fisher 2010, 184-187) Each interview lasted approximately 45 minutes. The interview technique for primary data was face-to-face semi-constructed interview, as a semi-structured interview provided a possibility to use open-ended questions and a possibility to add and vary few questions and their order from interview to interview. That provided a possibility to explore the research questions and objectives in natural way case by case. The semi-structured interview technique also enabled probing answers by making interviewees to explain their answers. (Saunders et al. 2009, 320-324.) One of the interviews was conducted as an email interview, which means sending a series of emails containing a small number of questions or one email containing all the questions (Saunders et al. 2009, 351).

Following the action research strategy, the interviews were completed in three cycles. First the researcher interviewed the representatives of HAAGA-HELIA to deeper her understanding of HAAGA-HELIA's situation and strategy of education exports. The second interview cycle was constructed on the basis of the first cycle and the researcher interviewed the representatives who had national knowledge of Finnish education exports. Then the third interview cycle was conducted through the online negotiation system Skype or by email, and representatives were from the foreign higher education institutions to find out the international best practices of education exports. The online negotiation systems are similar to the researcher talking on the phone, but can also see the respondent with certain limitations. In telephone-like interviews the interview cannot be too long and questions cannot be too complex (Fisher 2010, 185). The online negotiation system might have weakened the validity and reliability, in case of possible connection errors.

All interviews were recorded with One Note computer program and traditional recorder, which made it possible to check and reanalyze them later. The recorder was checked before every interview to ensure optimal quality of the voice record. The interviewer made notes to computer during the interviews to avoid information loss in case of an error in the recording machine. Each interview was transcribed and completed as soon as possible after the interview to minimize the risk of memory loss. (Fisher 2010, 184-187.) The interview template was reviewed after every interview and modified for the next one, also in case of a data saturation point. A saturation point is reached when the data stops providing any new insights to the topic being researched (Saunders et al. 2009, 235).

After the data was collected through audio-recording, it was transcribed. In the transcribing the focus was not in the non-verbal communications of the interviewee, and for that reason, indications were not transcribed. Transcribing would have been more time consuming, if the non-verbal communications had been transcribed. (Saunders et al. 2009, 485.) In this study, transcribing each interview took two to three hours. After that the data was cleaned by correcting possible transcription errors to avoid inaccuracy. Also the email interview data was cleaned. (Saunders et al. 2009, 485; 487).

### **4.3 Sampling**

Though, there were several organizations available, the respondents were selected through convenience sampling by using existing contacts and purposeful sampling, which means identifying people who have the answers to the questions the researcher wants to ask (Fisher 2010, 184). There were three groups of interviewees representing different organizations: HAAGA-HELIA, Finnish, and international group. Each group member was selected for the interview, because s/he was believed to have relevant information of education exports that was relevant to the research. The purpose of sampling was to gain a wider perspective of the differences between Finland and foreign higher education institutions. Each group had slightly different interview template depending on the group's background and role.

Altogether there were ten interviews, but eleven respondents: five from HAAGA-HELIA, four Finnish and two international representatives. One of the interviews was a group interview of two people. Eight respondents from Finland were considered to provide enough information, as there are not many export of education experts in Finland. The international aspect was provided by the partner universities in the Netherlands and Hong Kong. The

international group was small due to the time-lags and lack of time of the available respondents. This might have an influence on the reliability of the international aspect. Nine of the interviews were conducted as face-to-face interviews; two of which through Skype. One of the interviews was conducted via sending emails.

#### **4.4 Data analysis**

After the data was transcribed, it was analyzed. The primary data collected through semi-structured interviews and email questionnaire was analyzed first by categorizing it into groups: (1) definition and concept of education exports, (2) service package of education exports, (3) process of education exports, (4) marketing export of education, (5) service quality of education exports, (6) ability to export education, (7) challenges & opportunities of education exports, and (8) ethical perspective of education exports. Categorizing is a method involving the development of categories and ‘attaching these categories to meaningful chunks of data’. Categorizing helps to draw conclusions. (Saunders et al. 2009, 492.) Then each category was summarised, which means condensing the meaning or key points of large amounts of text into fewer words. Summarizing is also one of the qualitative analysis methods. (Saunders et al. 2009, 490-491.) A pattern matching method was not used to analyze the data, as it means ‘proposing a set of theoretical propositions that could be true and comparing them with the patterns of relationships in the case study (Fisher 2010, 205). In this study the focus was not on the relationships, and that is why the propositions were not generated from theory and pattern matching was not applied.

## **5 Results and findings**

Most of the respondents have been working with export of education approximately three years. Some of the respondents had approximately 20 years' experience of international export of education, but they emphasize that international export of education refers to transnational education and student recruitment. All in all, the research showed that the concept and definition of the Finnish export of education differs from international export of education.

Internationally, export of education is about selling degrees to foreign students, organizing education in the target country by establishing site campuses, and recruiting students to those campuses with the help of local agents. The universities can that way increase staff and student mobility and improve their internationalization process. In Finland the definition of education exports is understood with broader perspective. The respondents state that export of education in Finland means exporting Finnish competences and educational services abroad. The concept is to provide tailor-made and customized premium quality services based on customer's needs. The Finnish respondents state that Finland is a small country and does not have the capacity to compete with the larger transnational educators. As some of the respondents stated: 'Finland should not compete with the USA, Australia or Germany traditional degree selling, but focus on unique and customized service business, which differs clearly from the traditional export of education'. The results show that the aim of the Finnish organizations and international universities is to influence with education on the welfare of the society by responding to the requirements of the working life and customers. By increasing employment, the individual workers are able to collect more assets, which creates welfare. The purpose is to export competence that the customer is lacking or to which the customer does not have resources, and in that way create development in the target country that is in line with the service provider's country values. As one of the respondents stated: 'Everything we do - we do by applying the social corporate responsibility and ethical values.'

### **5.1 Combining results with export of education package**

The results indicate that the content of the export of education package is quite similar internationally and in Finland. The service package includes the core service and the additional services. One of the respondents emphasized that the additional services can be outsourced or left out of the package in order to sink the price, to reduce the value statements or to minimize the size of the service. The customizing of the service plays an important role for

the respondents. The results show that the service offering is always customized according to the customer. The customization depends on the target country's culture, legislation and language. The service offering can be built in cooperation with several actors: local and foreign universities, organizations, companies and authorities. The results show that it is challenging to identify elementary modules of education exports service package, as each service offering is different with every customer.

The majority of the respondents name the core service as 'competence', though in Finland it is specified as 'Finnish competence'. Internationally the core service is also named as 'teaching' or 'degree programme'. The HAAGA-HELIA respondents provided examples of the Finnish competence:

1. Education: meaning degree programme, parts or modules of the degree programme, information sessions or a new training programme for customer's needs.
2. Consulting: meaning development of the education system or vocational education through company visits, material comments, teaching and advising or presentations.
3. Development projects: meaning cooperation with large organizations or unions, where the Finnish organization sells and provides the experts to the project.
4. Learning visits: meaning short one or two days lasting visits, where a small group of 10-20 people familiarizes itself with the HAAGA-HELIA activities and principles and gets ideas.

The additional services - meaning the enabling and enhancing services - were seen as necessary parts of the service package, though the respondents found it difficult to identify which service is classified as enabling and which one as enhancing. The respondents provided the following examples of additional services: HR and competence management, administration, PR and marketing, communications, finance and economics, selling, networking and cooperation, user training, local capacity building, community based solutions, connection to working life, quality evaluation, feedback, visa assistance, free-time activities, personnel orientation, logistics and special expert services.

As the respondents found it difficult to identify the elementary modules of the service package, the examples are visualized in the following to provide an understanding of the respondents' view of the export of education service package. In figure 9 the results are integrated with the service package model developed in section 3.5.2. The modules marked with '\*' are physical processes that require customer service. The modules marked with '+' are

the reasons why students would choose the service according to Adams' (2007, 412; 416) study. The module mentioned by any respondent is marked in brown. Those modules, which were named only by the respondents are marked with '#'.

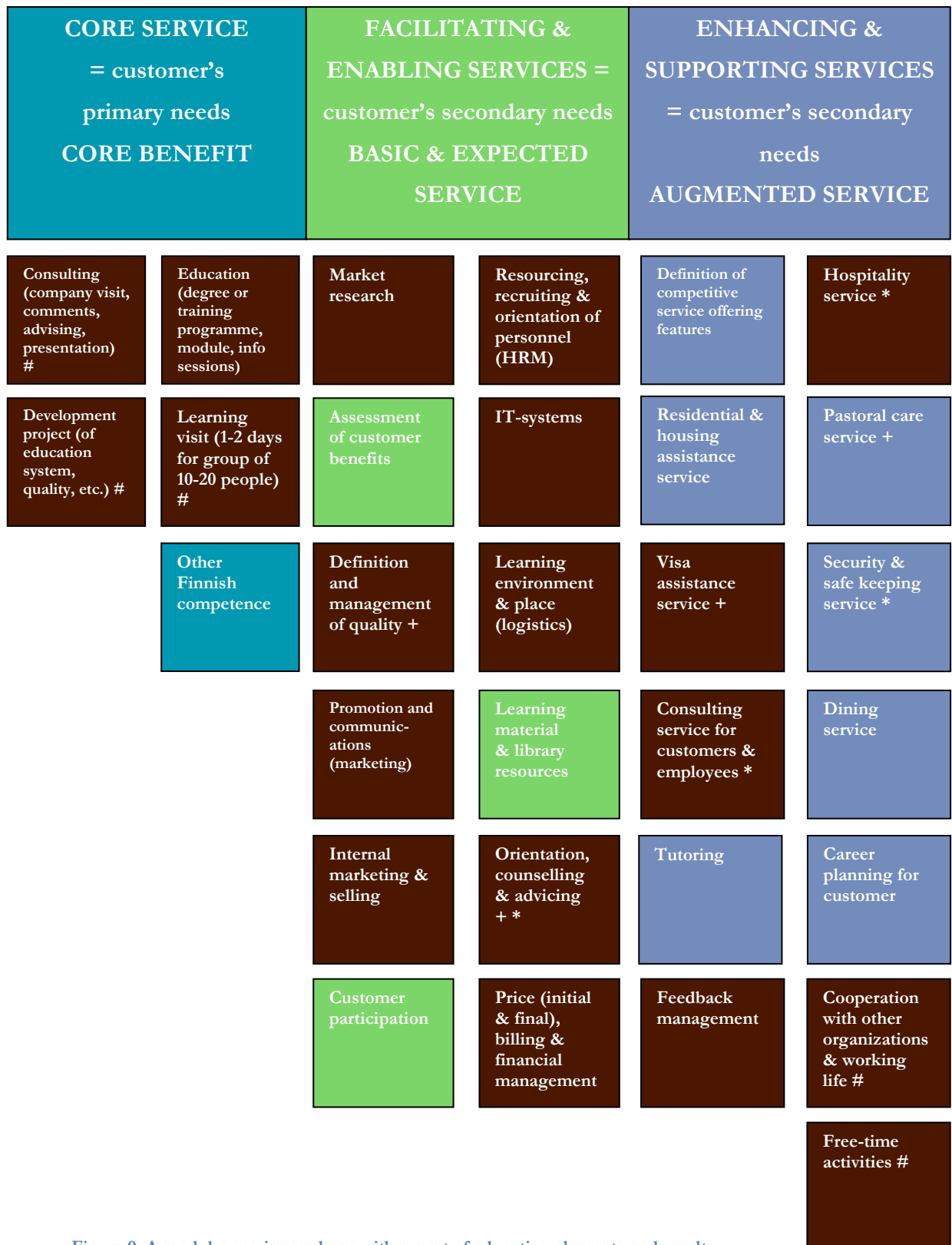


Figure 9. A modular service package with export of education elements and results

In conclusion, the customized and modular service package should aim to influence the welfare of the society by building local capacity and by increasing local employment, as that was the main objective of the respondents. As in the theoretical model, most of the respondents build their service by selecting the right modules for the service, though only a few of them had been able to put the idea into practice. One of the respondents stated that the price can vary depending on the modules selected to the service, but reducing modules may also influence on the quality of the service.

## **5.2 Combining results with export of education process**

Depending on the respondent's definition of the export of education, the process varies. The results show that internationally export of education process is recognized also as a process of internationalization. However, all the respondents mentioned quite similar phases of the process, though there was a small variation in the order of the process phases. The order of the phases depends on the starting point for marketing, which is either 'what do we want to sell?' or 'what the customer needs?'. The latter one is in line with the theory and supports customer-oriented service development. For that reason, the phases are presented later in the latter order. One of the respondents stated that the process varies also between public and private customers, as the public process is often slower and may require several approval stages.

The respondents identified nine main phases. Each phase is explained in more detail later. The respondents emphasized also quality and ethical aspects in the different phases of the process. Those aspects can be seen from the respondents statements presented in each phase of the process. The respondents named and assessed critical phases in the process, which are marked with (!).

### **Phase 1. Building internationalization strategy and branding the organization. (!)**

The respondents felt it was important to start the process by building an internationalization strategy and by branding the organization. The internationalization strategy is the plan to export education. The branding includes the existing evidences of good quality (international accreditations, PISA results, international memberships and international cooperation), which is the basis for offering premium products. The respondents relate branding and quality also to the values of the home country. One of the Finnish respondents stated that the Finnish values, such as genuineness, honesty, hard work and keeping promises are important factors

to Finland. One of the foreign respondents stated that ‘you have to brand your country in a right way, because otherwise just one rotten apple in the basket can affect to the reputation of the other universities’.

### **Phase 2. Creating contacts, networking with local governments, local partners and agencies, and recognizing potential customers. (!)**

Identifying the right and genuine customers is important to the respondents to avoid the loss of time and resources. Networking plays an important role especially in Finland, as Finland is such a small country that it has a small capacity to produce export of education services. The Finnish respondents evaluate that one Finnish organization has the ability to participate in a small export of education project alone, but in the case of larger projects, cooperation with other Finnish organizations is needed. As one of the respondents stated ‘the organizations must know their own limits in international business and be ready to share responsibilities to maintain the quality level – the more you have partners – the more you share responsibility’. Also the foreign respondents emphasize the benefits and meaning of the cooperation with the locals.

### **Phase 3. Marketing export of education products to arouse customer’s interest.**

Most of the respondents recognize preparative phases in marketing: doing marketing research and segmentations, doing competition analysis (to discover the competitive quality level), creating marketing materials (brochures, videos, web pages, social media), participating in the international fairs and conferences (NAFSA and EAIE, also for the purpose of quality accreditation and research), and familiarizing with the local market. The preparative phases are important, as one of the respondents stated: ‘we should look at the market first, and then design the service product - not sit down and ask from the individual teacher, what would you like to do and then make a package and bring it to the market. That has failed, is failing now and will fail in the future.’ All the respondents emphasize that the most important way to create relationships with the customers and partners, is to meet them face-to-face.

### **Phase 4. Defining customer’s needs. (!)**

One of the challenging jobs for the respondents is to discover and define the actual needs of the customer. As one of the respondents stated that sometimes the customers themselves do not know what they really need.



### **Phase 5. Planning and offering the export of education service for the specific customer.**

The respondents list several details to consider before making an offer to the customer: planning the service offering, content, timing, resources and allocation, responsibilities, quality statements and administration. It is important also to familiarize oneself with the local requirements and logistics. Some of the respondents state that a key role element is the accreditation of the service, which means that the service should be suited to the local regulations. A good way to test the service is to offer a pilot version of it.

### **Phase 6. Negotiating about details and customizing the service. (!)**

One of the respondents stated that often the negotiations are gone through on several levels: on the governmental level, on the state level, on the city level and on the organizational level. It is important to identify the right level that can make the needed decision. Another respondent stated that 'rarely the offered ideal package is approved as such'. Negotiation skills should be trained, as one of the respondents stated that 'many Finnish representatives have low presentational skills, which can be caused by low self-esteem or by an unfamiliar environment. In both cases, the representative cannot identify the level of the counter representative and is unable to discuss with him/her on the same level.'

### **Phase 7. Implementing the service in cooperation.**

Most of the respondents mention that it is important to make the personnel truly committed to be able to produce the service on a certain level. Personnel must be trained and oriented in advance together with the customer to be able to maintain the agreed quality level. Respondents emphasize also the cooperation with the partners 'the more you have partners – the more you share responsibility'.

### **Phase 8. Following up on the implementation and collecting feedback.**

Quality plays an important role in the follow-up phase, as it should meet the customer's requirements and objectives, emphasize the respondents. The respondents state that feedback should be collected and gone through systematically with forms, discussions and workshops, and it should be the basis for further development of the service. As one of the respondents stated: 'On the basis of the feedback we continuously develop the process. - We try to involve our alumni the development work too, as alumni are our ambassadors.'

### Phase 9. Further negotiations. (!)

Most of the respondents see it as important to develop long lasting relationships and start further negotiations after completing the service. As one of the respondents stated: ‘at its best, the process is a circle, which is repeated’.

All in all, the respondents understood that the process of education exports begins earlier than presented in the theoretical framework of the service process in section 3.5.3. If the results and the theoretical framework of service process are combined, the process includes eight main phases: (1) Building strategy and branding, (2) Networking, (3) Research and planning, (4) Marketing, (5) Planning and customizing, (6) Preparing, (7) Implementing and (8) Closing. The critical phases in the process are one, two, three, five and eight. According to one of the respondents the process is a cycle that is repeated one step after another. In figure 10, the cycle idea of the process is adopted and the main phases of the export of education process are presented in a circle format. The first two phases of the process were not mentioned in the theoretical model.

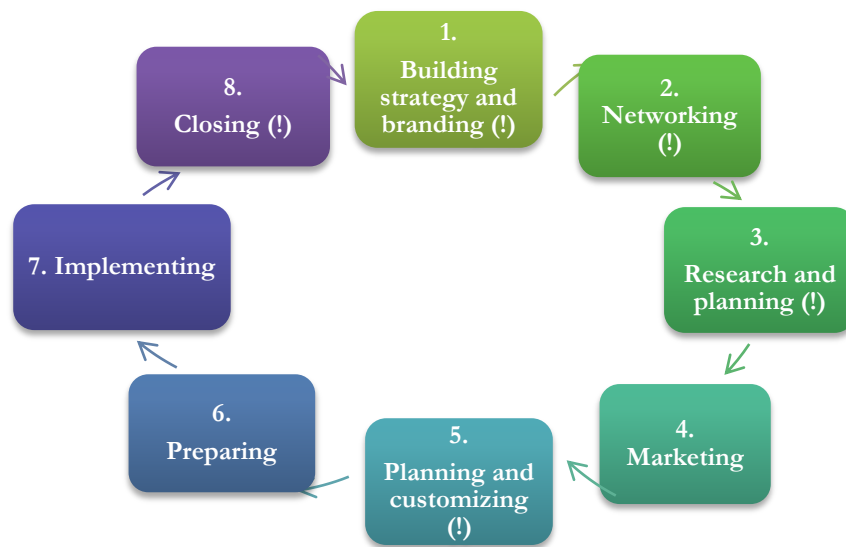


Figure 10. Main phases of the export of education process

Next the smaller steps of each main phase are completed by combining the steps mentioned in results (above) with the steps mentioned in the theoretical framework (section 3.5.3). If the steps are combined, the process includes 45 steps instead of the 31 steps in the theoretical framework. The combined process and its steps are presented below. The steps mentioned only by the respondents are presented with blue font. The additional steps are in *italics*.

### **Phase 1: Building strategy and branding (!)**

1. Defining existing evidence of good quality (international accreditations, PISA results, international memberships and cooperation)
2. Identifying the home country values and integrating them to branding.
3. Creating and applying the internationalization strategy

### **Phase 2: Networking (!)**

4. Creating contacts with (local) governments, partners and agencies
5. Networking with other organizations to cooperate

### **Phase 3: Research and planning (!)** (customer listening gap and service design and standards gap possible)

6. Researching and segmenting markets
7. Assessing of customer benefits
8. *Analyzing competition and defining competitive service offering features*
9. Creating marketing materials (social media, web pages, videos & brochures)
10. Defining quality level
11. Defining initial price tag

### **Phase 4: Marketing** (customer listening gap possible)

12. Participating in international fairs and conferences (NAFSA & EAIE)
13. Promoting and communicating to potential customers to raise interest (customer interacts)
14. Meeting partners and customers face-to-face (customer interacts)
15. Identifying and defining customer's needs and local requirements (customer interacts)
16. Internal marketing to personnel

### **Phase 5: Planning and customizing (!)** (listening gap and service design and standards gap possible)

17. Customer participation
18. Cooperation with other organizations
19. Defining contents (competence areas), *timing and responsibilities and planning courses*
20. Resourcing, recruiting and *orientating teachers and personnel (HRM)*
21. Agreeing on IT systems

- 22. Agreeing on learning environment, place and logistics
- 23. Agreeing on learning material and library resources
- 24. Agreeing on final price
- 25. Accrediting the service in the target country

**Phase 6: Preparing** (service communication gap possible)

- 26. *Assisting with residential arrangements and housing*
- 27. *Assisting with visa applications*

**Phase 7: Implementing** (service performance gap and communication gap possible)

- 28. Cooperation with other organizations
- 29. Orientating, counselling, advising and tutoring
- 30. Sharing competences
- 31. Customer participation in learning and implementation
- 32. *Consulting customer and employees*
- 33. Managing quality during implementation
- 34. *Providing hospitality services*
- 35. *Providing pastoral care*
- 36. *Providing dining services*
- 37. *Providing security and safekeeping services*
- 38. *Providing free-time activities*

**Phase 8: Closing (!)** (customer listening gap possible)

- 39. Customer participation in closing
- 40. Following up and managing quality
- 41. *Career planning for customer*
- 42. *Collecting and managing feedback*
- 43. Billing and financial management
- 44. *Consulting of research and development ideas*
- 45. Negotiating of further cooperation and building long lasting customer relationship

Next the steps are presented in a blueprint in table 6. The new blueprint is based on the theoretical blueprint (table 5 in section 3.5.3) and completed with the above presented blue texts. However, the added steps are not highlighted in the table 6.

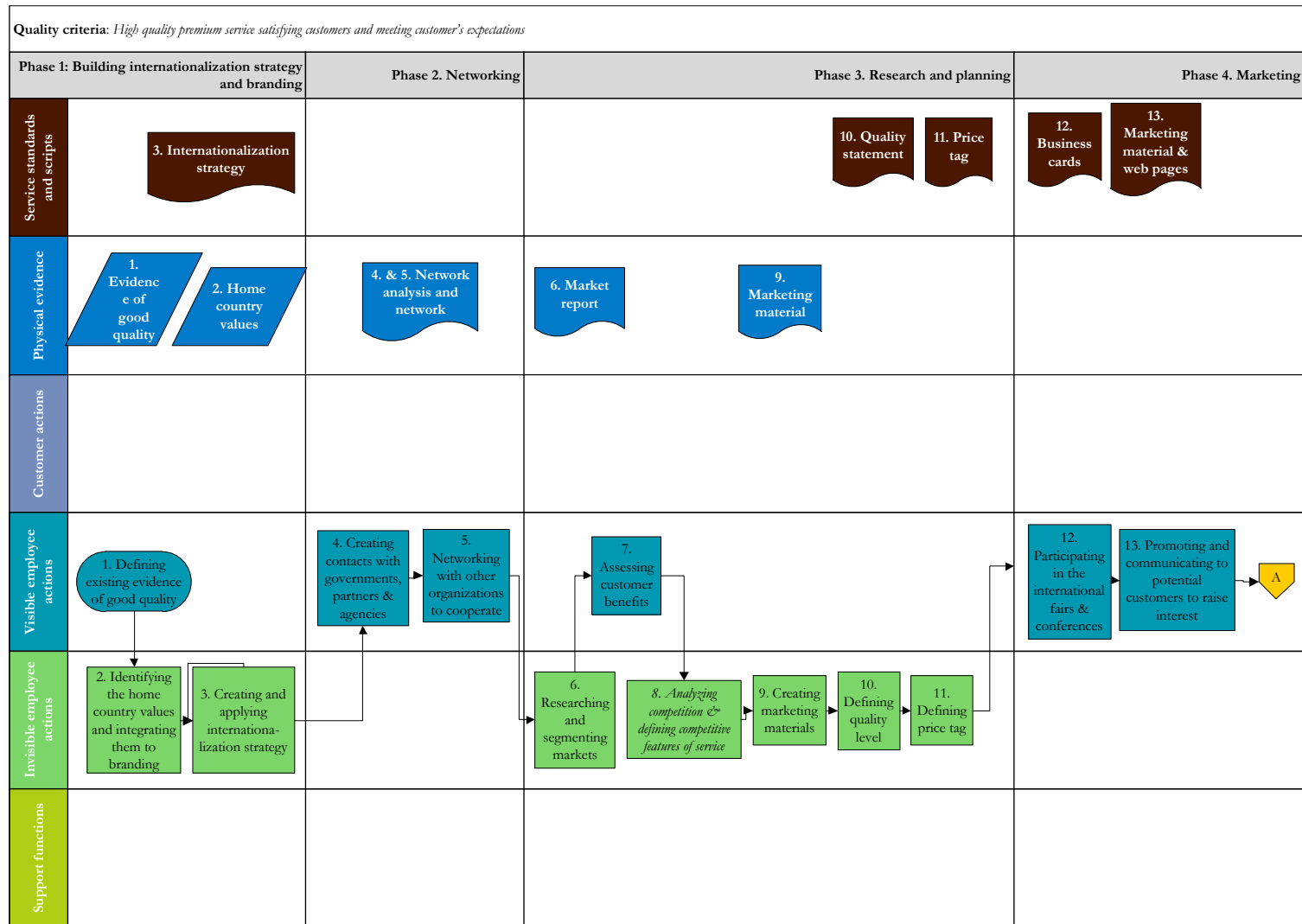
Table 6. Blueprint of the education exports process integrated with the results.

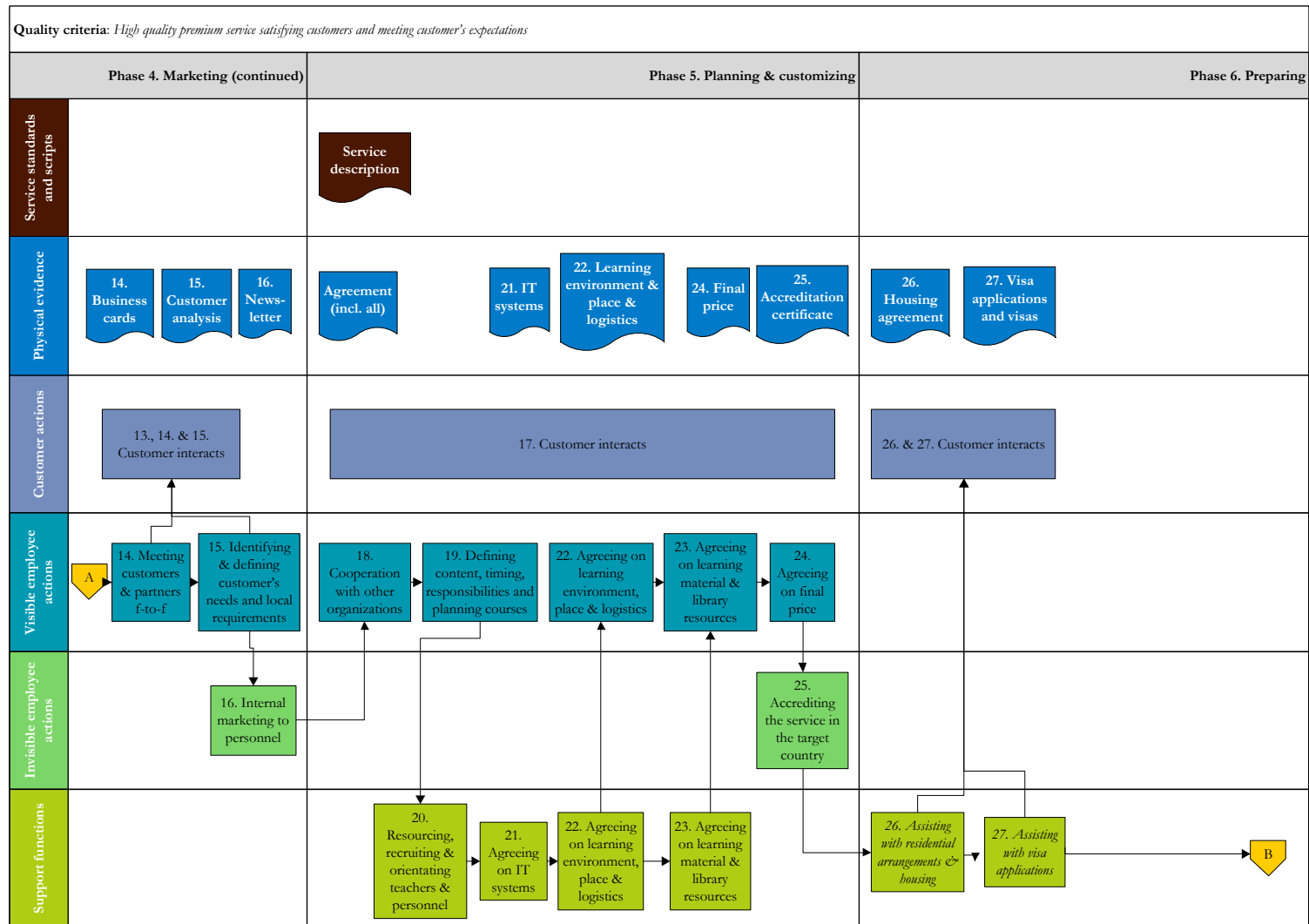
PHASES, time span	Phase 1: Building strategy & branding (!)	Phase 2: Net-working (!)	Phase 3: Research & planning (!)	Phase 4: Marketing	Phase 5: Planning & customizing (!)	Phase 6: Preparing	Phase 7: Implementing	Phase 8: Closing (!)
Quality criteria:	High quality premium service satisfying customers and meeting customer's expectations.							
Service standards and scripts	3. Internationalization strategy		10. Quality statement 11. Price tag		Service description		Service manual Quality standard	Quality standard
Physical evidence	1. Evidence of good quality (PISA, accreditations, memberships) 2. Home country values	4. & 5. Network analysis & network	6. Market report 9. Marketing material	13. Marketing material, web pages 12. & 14. Business cards 15. Customer analysis 16. Newsletter	Agreement (incl. all) 21. IT systems 22. Learning environment, place & logistics 24. Final price 25. Accreditation certificate	26. Housing agreement 27. Visa applications	29. Orientation material 30. Learning material 31. Facility interior and exterior	41. Career development plan 42. Feedback form 43. Bill 45. Agreement
Customer actions				13., 14. & 15. Customer interacts	17. Customer interacts	26. & 27. Customer interacts	31. Customer interacts	39. Customer interacts
Line of interaction								
Employee actions	1. Defining existing evidence of good quality	4. Creating contacts with (local) governments, partners and agencies 5. Networking with other organizations to cooperate	7. Assessing customer benefits	12. Participating in international fairs & conferences 13. Promoting and communicating to potential customers to raise interest 14. Meeting partners and customer f-to-f 15. Identifying & defining customer's needs and local requirements	18. Cooperation with other organizations 19. Defining contents, timing, responsibilities and planning courses 22. Agreeing on learning environment, place & logistics 23. Agreeing on learning material & library resources 24. Agreeing on final price		28. Cooperation with other organizations 29. Orientating, counselling, advising & tutoring 30. Sharing competences 32. Consulting customer 33. Managing quality during implementation	41. Career planning 42. Collecting & managing feedback 44. Consulting of research & development ideas 45. Negotiating of further cooperation & building long lasting customer relationship
Line of visibility								
Employee actions	2. Identifying the home country values and integrating them to branding 3. Creating and applying internationalization strategy		6. Researching & segmenting markets 8. Analyzing competition & defining competitive features of service 9. Creating marketing materials 10. Defining quality level 11. Defining price tag	16. Internal marketing to personnel	25. Accrediting the service in the target country			40. Following up & managing quality

Line of internal interactions								
Support functions					20. Resourcing, recruiting & orientating teachers & personnel 21. Agreeing on IT systems 22. Agreeing on learning environment, place & logistics 23. Agreeing on learning material & library resources	26. <i>Assisting with residential arrangements &amp; housing</i> 27. <i>Assisting with visa applications</i>	32. <i>Consulting employees</i> 34. <i>Providing hospitality services</i> 35. <i>Providing pastoral services</i> 36. <i>Providing dining services</i> 37. <i>Providing security and safekeeping services</i> 38. <i>Providing free-time activities</i>	43. Billing and financial management

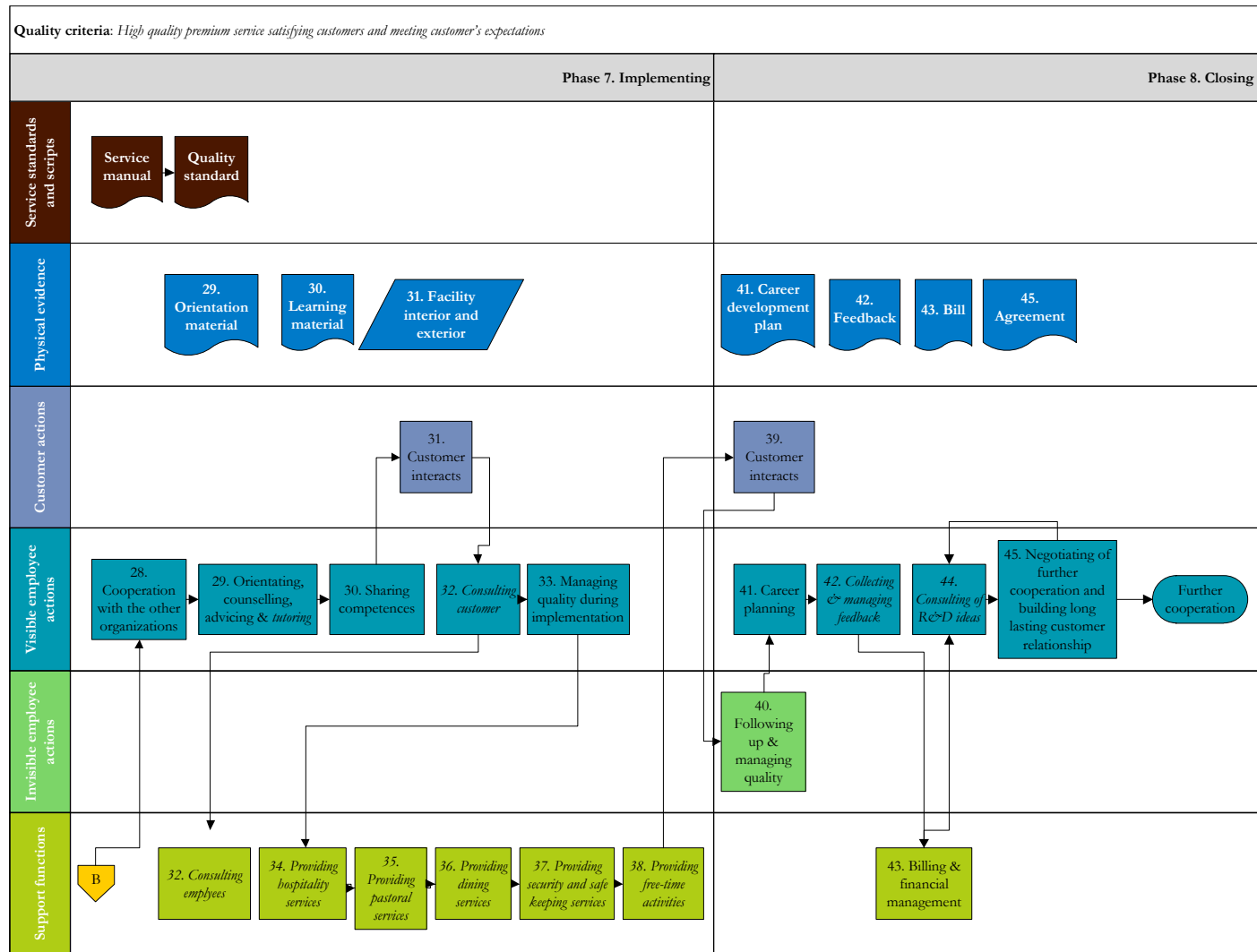
As the table is difficult to read in a vertical format, the blueprint (table 6) is turned from a vertical model to horizontal model in the following. The horizontal model follows also the HAAGA-HELIA process description guidelines.

The blueprint is divided into three pages. On the page 67 are visualized the phases from 1 to 4, on the page 68 the phases from 4 to 6, and on the page 69 the phases from 7 to 8. The blueprint is similar with the table 6, but as in the HAAGA-HELIA process description, the steps of the process are presented in a linear format. The process starts from left and continues to right. To improve the readability, each step is connected to the next step with an arrow. The process is set in the HAAGA-HELIA process card template in appendix 2.









### 5.3 Challenges and opportunities of education exports

Keeping in mind the developing purpose of the research, the respondents identified challenges and opportunities of education exports. These are presented in the table 7.

Table 7. Challenges and opportunities of education exports.

Challenge	Opportunity
Export of education is an abstract service, which is difficult to explain and has to be customized for each customer. There is no ready-made service.	Finland is small and unique country with good brand. Other countries are showing interest towards Finnish competences.
Lack of resources in Finland can be seen in many ways: <ul style="list-style-type: none"> <li>– Lack of international teachers</li> <li>– Small capacity to produce services</li> <li>– Difficult to get the personnel committed</li> <li>– Difficult to truly internalize internationalization policy</li> </ul>	Partners are willing to cooperate and share responsibilities and resources. Cooperation enables implementation of larger projects.
Cooperation (also between departments inside one organization) creates challenges for coordination of the service. The responsibilities should be clearly agreed among partners for example in marketing.	International strategy will clarify the goals of the organization and increases international branding (footprint in every continental). In HAAGA-HELIA establishing a subsidiary clarifies also the funding.
Semester fee policy in Finland can reduce the amount of individual customers.	Technological solutions and virtual environments increase availability of the service.
Lack of presentational skills can cause lack of interest among customers.	The service providers have a chance to influence on the society through capacity building in the form of education. Education increases welfare and democracy.
Legislation may set limitations for providing the service in the target country.	

In the end of the interview, the respondents were asked to list the three most important statements for export of education. They emphasized the following things:

- Getting the personnel committed to internationalization and export of education for example with the help of bonus system.
- Maintaining quality and brand through international accreditations and quality check tools.
- Influencing on the society by developing education, by exporting unique competence and by increasing employment through education.
- Implementing projects in the right scale and in cooperation with others.
- Networking and utilizing partner connections.
- Creating long lasting customerships by offering services that meet the customer's needs and expectations.

## 6 Conclusions and recommendations

On the basis of the thesis results, HAAGA-HELIA can further develop its international educational services. The three objectives of the study were reached: the concept of education exports in HAAGA-HELIA was defined (sections 3.5.1, 3.5.2 and 5.1), the process of education exports was described (sections 3.5.3 and 5.2), and it was explained how the export of education can be done in higher education institutions (5.2 and 5.3). As outcomes of this thesis, a definition of education exports service concept in HAAGA-HELIA and a process description of education exports were developed. The thesis itself is a handbook manuscript of education exports in HAAGA-HELIA. The general recommendations for export of education are discussed later in this section.

The results demonstrated that export of education is defined differently in Finland and internationally. There were also small variations among the Finnish respondents. The term ‘export of education’ is not very common, which might be the reason why it is understood differently. As the definition was understood differently, it shows that the research was necessary in order to clarify the definition and concept. In addition, the abstract nature and characteristics of the service might have influenced on the understanding of the term and concept. The results suggest that the meaning of the definition has changed, as the customer’s needs have changed. The definition in Finland is broader than the international one and the fundamental purpose is to benefit the customer. Regarding to the benefitting, a clear spirit was sensed from the answers: a development spirit. The respondents want to change the world through international education by responding to the customer’s needs.

As the service principle is based on the customer’s needs, the service package must be customized for each customer by combining different modules of the service offering. The modulation model is essential for customization. Could it be that it has not been popular before, because earlier there was no need for customization? The results in figure 9 show that the respondents found it more difficult to identify additional enhancing service modules than the compulsory enabling service modules. This might be, because the organizations have not had resources to implement many additional enhancing services. As none of the respondents were able to provide a visualized service offering of their service package, the developed modular service package model should be useful. In conclusion, the modules were not previously listed anywhere and the fundamental elements of the service package were not identified, as the building of the service was done on a more abstract level. As a solution, the

conceptualizing of education exports could be done more practically with the help of the models developed in this study. The models are practical tools for exporting Finnish education. The content of the service can be any Finnish competence, but the core service should be supported with the additional service package elements and with the service process model.

The service process was perceived differently by the different respondents. The order of the phases might vary among respondents, because the starting point of the process was different among the respondents and the respondents found it difficult to imagine a process for an abstract service, if it did not exist yet. In conclusion, the process should be clear to all personnel within one organization.

The process presented in this thesis is customized for Finnish organizations and HAAGA-HELIA, but it must always be customized based on the customer's needs, as well as the selection of service package modules. It is important in the process to focus on careful pre-planning, quality management and cooperation with other organizations. All phases of the process relate to the branding of the organization and the respondents must understand and adapt well their responsibilities in the process. As the process includes several steps and is quite long, it is a good idea to handle it phase by phase. This makes it easier to handle. This is also one way to divide the responsibilities between cooperating organizations. It is recommended to create a process description for each sub-phase, if necessary. In addition, the respondents identified some critical phases in the export of education process (marked with (!) to which extra attention should be paid.

Interesting is that the theoretical frameworks showed in this study did not include or emphasize the meaning of cooperation, which plays a key role for the respondents. Cooperation might have been excluded from the theories, because at the time those were developed, the definition of education exports was different and the assumption was that the service provider can manage alone – thus there was no need for cooperation as the aim was different. Nowadays, the definition and the objectives of education exports have changed and are more customer-focused, at least in Finland. The education exports service package and process include a possibility for cooperation and are flexible for further development. The role of networking and cooperation could not be emphasized more.

Related to the development of new theoretical frameworks and to the fact that there were not many direct sources of Finnish export of education, therefore new literature is written all the time. During the end phase of this study (June 2011), a new electronic book called 'The Handbook of Education Exports' was published in Finnish by Finpro Future Learning Finland Cluster. The book provides information for Finnish organizations on internationalization and export of education on a strategic level. The book was not finished at the time this thesis was completed, as it is developing all the time. However, it includes useful tools to control quality. This thesis is more practical handbook manuscript and tailored for HAAGA-HELIA.

During this thesis process HAAGA-HELIA renewed its web pages and created a site for global education in order to provide better knowledge about Finnish education services, education in Finland and HAAGA-HELIA offering. The site is available at <http://global.haaga-helia.fi/>. This is a good sign of development and relates to phase one in the presented service process description.

In conclusion it is recommended that the organization or team planning to export education or the improvement of education exports, familiarizes itself with the theoretical models and frameworks showed in this thesis and adapts and customizes them for its own purposes. Furthermore, one should pay extra attention to the quality management and critical phases within the service process and carefully plan the whole service in advance.

In order to improve export of education even further, it is recommended that the organization collects education exports related regulations of different countries. This way it is prepared to customize the service in several countries. The organization could also construct ethical guidelines for export of education. In Finland cooperation between organizations plays a key role and the organization should be open-minded for cooperation to implement larger projects. The most important task of the organization is to get the personnel committed by sharing knowledge and by orientating the personnel to the idea and service concept of education exports. The organization can use these recommendations as a checklist of critical issues and these guidelines to construct a new education service package for export. Export of education is in a premature phase within Finland; therefore, more research work in the area of education exports is needed.

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# Appendices

## Appendix 1. Interview template

Interviewer: Suvi Huovinen

Interview number:

Interviewee:

Organization:

Date and time recorded:

### Background

Question (Q) 1: Let's look at your background at first. What is your title and what do you do at work?

Q2: Have you worked a long time here?

Q3: Do you have a long history working with education export?

Answer (A):

### Theme 1: Definition and concept of education exports

Q4: How would you define export of education?

Q5: What does it mean to you? What kind of forms it can have?

Q6: What is your service product in export of education? Could you give me examples of your services?

Q7: What kind of concept of education exports is in your organization?

A:

### Theme 2: Packaging of services

Q8: Could you identify the core service, enabling facilitating services (required to be able to consume the core service, for example information, order-taking, billing and payment) and enhancing supporting services (bringing value, for example consultation, hospitality, safekeeping and exceptions handling)?

Q9: How would you develop your current service package?

Q10: What are the modules or elements of your core service, the content?

A:

**Theme 3: Process of education export**

Q11: Could you describe the process of education exports from beginning to the end?

Q12: Could you identify the main or the most critical phases of the process?

Q13: How much a customer is involved in the process?

Q14: Do you have a process description, which I could see?

A:

**Theme 4: Marketing services**

Q15: How do you market and would market your export services in the future?

A:

**Theme 5: Service quality of education exports**

Q16: How do you follow-up the quality of your education export services?

Q17: Do you have some quality criteria for your export services?

Q18: How do you develop your quality?

A:

**Theme 6: Ability to export education**

Q19: How do you see your organization, do you think it is able to export education and what are the prerequisites for exporting education?

A:

**Theme 7: Challenges and opportunities of education exports**

Q20: What are the challenges of education exports generally and for your organization?

What kind of opportunities export of education can provide to your organization?

A:



**Theme 8: Ethical perspective**

Q21: Do you have some ethical policy in your organization for defining export of education?

Q22: How do Finnish values fit to the foreign customer's values?

A:

**Closing**

Q23: In conclusion, could you provide me three statements that characterize export of education or are most important to your organization?

A:

## Appendix 2. HAAGA-HELIA process description card

Name	Date (1st implementation)
Export of Education	29.7.2011
Describer (by clicking the name you can send feedback to the describer)	Date (last update)
Lars Eltvik (Suvi Huovinen)	29.7.2011
Accepted by	Date (last acceptance)
Management Group or HAAGA-HELIA Global Education Services Ltd	
Quality Measurement System	Development Stage
Customer and personnel feedback	Level 0-1
Response to Strategies or Development Programs	Category (usage context)
International strategy (2010)	Main
Owner	
HAAGA-HELIA Global Education Services Ltd (Lars Eltvik)	
Purpose	
To describe the export of education process on a general level. The description should be separately customized for each export of education service.	
Outcomes	
As a result of successful completion of the process, the educational services are developed and successfully exported. The service is always customized based on customer's needs and aims for developing the target country's society through education. Good results lead to long customerships.	
Service Promise and Quality Criteria	
High quality premium service satisfying customers and meeting customer's expectations.	
Links to the Process Description, Work Orders, Forms etc.	
Huovinen's thesis as a handbook manuscript: Export of education, Case HAAGA-HELIA. The thesis includes service concept, package and process description of education exports.	
Connection to the Processes	
Internationalization process	
Sources and Information Technology	
Web pages available at <a href="http://global.haaga-helia.fi">http://global.haaga-helia.fi</a> , HAAGA-HELIA service standard, the Finnish Polytechnic Act, laws and regulations of the target country, local requirements.	
Notes	