

# Knowledge society and lifelong learning challenges analysis for academic economics and business education in Armenia

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**Abstract:** *The new era of postmodern and postindustrial society was marked and highlighted by such important phenomena as high technologies, lifelong learning, e-learning and knowledge society and economics. These new phenomena and changes, enormous in their significance, could not but affect the traditional academic education system. The effect on academic education system can be defined as a challenge to reconstruct and to reform the system to make it more flexible and responsive to modern world real needs. The current state of the scientific literature on this topic in Armenia is very poor, though the challenge is very serious not only for the educational system but also for labor market, HR management, businesses and economy in general. The main objective of this article is to define the main problems, raise awareness on them and further and promote scientific discussion on this actual topic among the universities in Armenia. The article starts with introduction to the actual problem between theoretical and applied science, projecting the problem to the academic economics and business education and the results application of those. The article includes analysis and identification of gaps in related legislative framework in Armenia, problem evaluation and development of an approach to define the main fields and sources of the problem in addition to business education and business management main inconsistencies exploration.*

**Keywords:** Knowledge society, Lifelong learning, Academic education, Theoretical and applied sciences.

To get a full portray of the problems dealt in this paper one should present the history and evolution of the currently critical challenges rooted in the division of applied and theoretical sciences. The problem or in other words, the contradiction between the applied and theoretical sciences may also, in its turn, refer to the discrepancy between the theoretical and practical acquisition of knowledge, in general, and its further practical application, in particular.

Various methodological manuals offer different definitions and divisions of applied and theoretical or fundamental sciences. Summarizing them, one can state that the main distinction is between the theoretical, i.e. fundamental science (some authors use basic and pure epithets), targeted at theoretical research and increased understanding (ideally, by developing new theory or scrutinizing existing theory), and the applied research which is “deliberately intended to bring about social change” and solve concrete real-world problems. (Babbie ER. 2013). This fact does not necessarily mean that fundamental or theoretical science is devoid of practical value, although the researchers involved in theoretical science do not have that very goal as their primary objective of their research project. Nonetheless, it is evident that the findings of fundamental science may be used and applied in the real field to address economic, technological or social problems. In other words, it refers to a more general problem:

the issue of knowledge identification, application or its targeted use. It goes without saying that the majority of sciences are in between this division and operate both in fundamental and applied science field. (<https://onlinelibrary.wiley.com/doi/10.1002/sdr.1617#sdr1617-bib-0017>).

Still, the problem acquires more significance with creation of real-life impediments when the division of science is applied to the educational field, in particular, to higher educational institutions. Though faculties and specialties in universities, including Armenian ones, are divided according to fundamental and applied sciences, such as mathematics and engineering, chemistry and pharmaceuticals, the above-mentioned problem exists in educational programs of applied science as well, since even here there is a discrepancy between the students' knowledge and the abilities needed for its practical application. This is hardly a new problem and various researchers and academicians have referred to it in pursuit of finding solutions and bringing the university education closer to the real-life problems.

The problem becomes more complicated in dealing with economic, precisely, business education with all its sub-branches such as BA, MBA, EMBA, etc. The peculiarity of business education is the exclusion of its solely theoretical part. If we consider business administration as a science, it was its practical part that first came into existence followed by its methodological - the so-called scientific part. On the other hand, it is obvious that the business science as fully practical one rests on more theoretical sciences such as mathematics, statistics, probability theory and economics, so the problem becomes more complicated and acquires multi-faceted nature.

The economic educational system in Armenia like in other post-soviet countries faced a big crisis after its independence as it was overly unprepared to meet the needs of a capitalist free market economy. The previous soviet system used to train macro-economists or production specialists or micro-economists for planned economy. As the free market and competition came into existence, it became obvious that the mentioned economic education was not in a position to meet the private sector needs. In these circumstances business administration would require more complex, strictly practical knowledge, experience and know-how. The lack of serious reforms in educational area, particularly, in economic and business education caused a gap between the real business and the educational system that supplied the business with relevant specialists. The newly established interstate or western model HEIs were few exceptions that we will discuss below.

The newly emerged economic system and its needs were the first but not the last challenges for the Armenian state HEIs. The independence was marked by global changes accompanied with incredible development of information technology and its integration into business and emergence of a new model: the information and knowledge societies.

Information and knowledge societies are considered different stages of human development where knowledge society follows information society. Some authors hold that in between information and knowledge societies there was another stage called innovation society. (Мендели Л. Э., et al. 2007). We believe that innovation factor was important in formation and evolution of the preceding and subsequent societies since it was the number of innovations and its frequency that created new prerequisites for the society and game rules for the business and most importantly, in this context, shaped objective needs for Lifelong education.

IBM Community Development Foundation in its report (1997) called "The Net Result: Social Inclusion in the Information Society." (<https://unesdoc.unesco.org/in/documentViewer>).

According to the International Bureau of Education of UNESCO knowledge societies are about capabilities to identify, produce, process, transform, disseminate and use information to build and apply knowledge for human development. They require an empowering social vision that encompasses plurality, inclusion, solidarity and participation. The need for continuous learning is a general characteristic of the knowledge society and the capacity for each individual to learn throughout life is crucial (<http://www.ibe.unesco.org/en/glossary-curriculum-terminology/k/knowledge-society>).

As expected, the information and knowledge societies affect the education system giving rise to new challenges and forcing the educational systems to be more flexible and adaptive in addressing them. Meanwhile business or economic educational programs have faced a more serious problem as all businesses undergo partial or total digital transformation. Let's consider the most important, in our opinion, challenges and problems arisen as a result of emergence of information society, knowledge society and lifelong learning phenomena.

The information society implies not only unprecedented accumulation of information and acceleration of its flow but also emergence of information media and its management tools. In other words, the tool for applying professional skills has changed. In order to perform professional duties one needs to have not only ad-hoc skills but the ability to use them via various information systems and software.

Knowledge society have brought about deeper and more significant problems to solve. The emergence of the knowledge society implies the following:

1. Knowledge is a cumulative phenomenon and the speed of its accumulation has sharply increased implying that university educational programs should be modified and harmonized on a regular basis as the needs of the newly created knowledge undergo relevant changes.

2. Knowledge accessibility has been improved. This phenomenon is greatly attributed to the enhancement of innovative information technology. Education is not restricted to school or university. Informal education becomes more and more popular among learners. The existence of different ways of gaining access to knowledge is one of the major characteristics of learning societies. This diversity is linked to the end of two monopolies, that of educational institutions and that of books. (<https://unesdoc.unesco.org/in/documentViewer>). This important shift has occurred firstly owing to the behavioral changes of the end assessor of educational system, i.e. the employer. In seeking and hiring a relevant employee, the employer is increasingly less driven by the academic background of their would-be employee; rather they are well-aware that the education acquired through academic education system in most cases is far from actual and real-life problems faced by the business in its daily operations. On the other hand, the business, i.e. the employer, has been able to design, refine and employ efficient mechanisms of checking potential employees' professional skills, instead of relying on the applicant's diploma or academic qualification. Quite a number of businesses including those in Armenia, especially in IT area, have established their own mini educational institutions enabling them to train at a faster rate their participants and integrate the best of them into their businesses.

3. For academic educational institutions, the challenge of lifelong learning arises from the two previous points: the needs of information and knowledge societies. The point is that shortly after its discovery the knowledge may become obsolete, in other words, its validity period will decrease. We must divide the knowledge into two areas: basic professional knowledge and knowledge or skills for its practical application. Naturally,

the latter becomes obsolete faster than the former, due to which a university graduate with basic professional knowledge is not able to apply it in real business.

While the above three challenges and problems are new, they are directly linked to the problem mentioned at the start of the paper: education application and pursuit of its goals. The point is that the educational sphere is also a market and as any market, it has a buyer whose needs are decisive. While in the education market the primary buyer is the student choosing this or that curriculum and specialty of a university on a fee-paying basis, the end buyer and determining factor of the education market is the employer who hires the university graduate. It means that the students paying a tuition fee for their education, will consider it as an investment in knowledge to be sold to the employer at a higher price, in the form of a high salary. In this context, the learner is driven by the current demand in the market and is the one to choose the educational program, and in many cases, a non-formal one that meets the business requirements. The educational market as any other market is very volatile and with advancement of information technology and digital transformation of the entire world the pace of changes accelerate. Still, Armenian state educational institutions and especially those offering business or economic education are not capable of adapting themselves to the current needs. In our view, there are a number of underlying reasons. First is the logic and criteria for lecturer recruitment which overly fail to comply with the business needs. In Armenian state universities lecturer recruitment is based on academic degrees of the job-applicants, while educational programs are built on obsolete fundamental economic education and scientific approaches, unlike interstate and western model-based universities, in particular, the French university and American university of Armenia. The latter prefer the lecturer's professional experience in business rather than all types of academic degrees.

Nonetheless, it should be stated that Armenian state HEIs offering economic or business education have to comply with certain laws and government decrees. For example, according to the Procedure of licensing of implementation of higher professional educational programs (except medical higher professional educational programs), the educational institution in question should be the primary place of employment for 50% of the academic staff, while 50% should have an academic degree or a title recognized by a state competent body. (<https://www.arlis.am/documentview.aspx?docid=52843>). This provision of the Procedure limits the universities' independence mandating them in hiring lecturers to give choice of preference to the candidates with academic degrees and on the other hand, to those who are ready to choose as their primary employment the lecturing job in a HEI. This limitation is a serious obstacle for applied education since it is impossible to involve in educational processes experienced business officers and specialists as they, in general, do not have academic degrees because of the fact that academic degrees play too insignificant role in business and career advancement in Armenia. On the other hand, this limitation violates the logic of business education, as good business specialists typically work in the business environment, moreover, their excellent professional qualifications are based on uninterrupted extensive experience in business. In this context the procedure mandating that the academic lecturing job should be a primary employment for at least 50% of academic staff, is simply nonsense considering the fact that the HEI itself should be interested in hiring a lecturer directly involved in business to convey his/her up-to-date and applied knowledge to students. The second reason refers to unclear and improper division of theoretical or fundamental and applied sciences both in laws (<https://www.arlis.am/documentview.aspx?docid=25820>) and in relevant decisions

and internal charters of universities. Thus, a large number of state universities require that for MBA education the master's thesis should comply with certain academic standards and contain research novelty, while the master's thesis under MBA should contain, at a maximum, usefulness for business and, at a minimum, demonstrate and prove the skills of applying the knowledge.

The third reason is the absence or inefficiency of cooperation between the Armenian economic or business education system and the employer-business representative. Thus, in case of most economic educational programs the cooperation is limited to organization of obligatory special internships; in this case the process becomes complicated since in most cases businesses refuse to offer internship to students. This fact at first glance may seem strange as the business should be interested in having unpaid workforce. But with lack of trust to educational system, the business considers interns of no great use believing that they are ill-prepared in terms of their qualification and professional skills.

The fourth - most important reason refers to longlife learning problem. As mentioned above, the role of longlife learning is essential due to superfast accumulation and obsolescence of knowledge. The student acquiring non-updatable 4+2 (BBA+MBA) education faces a problem that even if his/her knowledge during 6 years would not lose its validity, there is at least a change of the tools of its application. The problem is inherent not only to Armenia; it is a global one. Various universities offer different solutions for it. For example Hult International Business School, for example, offers lifelong learning electives to its alumni, with qualifying alums able to take an elective course once a year at any of Hult's global campuses for the rest of their lives. (<https://www.hult.edu/blog/lifelong-learning-for-hult-alumni/>).

The stated reasons indicate that universities due to knowledge society and lifelong learning phenomena, are unable to adapt themselves to rapidly changing requirements, and may become non-competitive in education market yielding to non-formal educational programs. It is obvious that in knowledge society, universities have lost their monopolistic position in providing education so there is no way to avoid the competition. Short-term business training programs are widely-organized in Armenia to cover mostly accounting, finances, audit, tax accounting, sales, business negotiations and marketing topics. The rapidly digitalized fields such as digital marketing, project management, social media marketing, etc. are especially popular. In this area Armenian state universities explicitly yield to non-formal fast paced educational programs which within a short period of time provide the learners at incomparably lower fee with strictly practical knowledge that will be extremely useful in their future employment.

With consideration of the existence of knowledge society, lifelong learning, business digitalization phenomena, we propose special reforms with a number of necessary and urgent solutions which will enable the universities at least to lay the foundation for the required adaptable education:

1. To make changes in accreditation procedure with exclusion of the percentage of lecturers holding academic degrees and primary employment requirement or at least to significantly decrease the percentage allowing the universities certain independence and flexibility in selecting lecturers;
2. For business education waive the requirement of thesis academic contribution and novelty, focusing on its practicality. A solution for it may become the variant developed by the French university in Armenia in which both bachelor's and master's thesis should be based on professional long-term (4 months and over) internship and reflect the student's work and usefulness for the business;

3. Special attention should be attached to organization and oversight of students' internship making it as long as possible. Not only will this solve the problems associated with students work placement but will allow receiving direct feedback on university education quality and its functionality;
4. Ensure prerequisites for close cooperation with the business to be immediately integrated into educational processes, along with well-grounded motivation in hiring qualified employees. We propose that educational programs be developed in conjunction with companies in certain spheres of the economy engaging them both in program development and lecturing processes. Establishment of sector think-tanks may be another solution of the problem. Although successful implementation of these solution is greatly dependent upon the independence to be granted to universities;
5. To design and create non-formal educational programs for lifelong learning in the structure of universities. One should bear in mind that education is never interrupted in the life of 21<sup>st</sup> century specialist, rather it is modified. After acquiring academic education the graduate applies his/her knowledge in business periodically updating and expanding it, and at some point of career growth s/he again feels the need for academic education but this problem is not necessarily solved through bachelor' or master's educational programs.

These are a few problems we were able to identify and propose in this paper, with consideration of their obvious nature and urgent need for implementation. The topic of the paper is very urgent and contains threats for non-competitiveness of academic education, therefore relevant discussions are needed around the topic with participation of education, state and private sector representatives so that it is incorporated in academic, public, state and business agendas.

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