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Elasticity of Demand in the Faculty of Business and Economics within South East European University

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This master degree is dedicated to my parents, my husband, my sister and my brother. I thank God every day for heaving you in my life!

ABSTRACT

This study examines the elasticity of demand and its impact on the students' enrollment, i.e., it tends to look into the change in the price throughout the years, and it also deals with the problems and causes that lead to a decrease or increase the number of students in the Faculty of Business and Economics (FBE) in South East European University. The tuition fee can have a direct impact on the students' decision of whether to enroll to this university, or to choose the one with a lower or eventually higher tuition fee. The faculty of business and economics is strongly related with the practical work experience, therefore spending three or four years of theoretical study without practice can be a waste of time for most of the students. The Shanghai Ranking, which measures the quality of the university, to a large number of high school students is also the key factor for enrollment. This study implemented survey methodology for primary data collection by using the questionnaire to produce data that correspond with our research questions. In order to measure the high-school students' responses, 147 anonymous questionnaires in three different high schools were distributed. The regression analyses assisted us in determining whether the relation between the ordinal variables is positive or negative. Thus, it has become possible to either verify or overthrow the claims in the hypothesis. Finally, the stand supported in this thesis is that the tuition fees, the practical work experience offered by the university as well as the predisposition to improve the Shanghai Ranking can represent a strong and positive change in the number of students enrolled in FBE.

CHAPTER 1 - INTRODUCTION

Higher Education in the Republic of North Macedonia is operated in private as well as state universities. Until the 2000s, university education was conducted only in the Macedonian language, thus indirectly forcing citizens of Albanian ethnicity to be educated in neighboring countries. In the spring of 2000, the OSCE High Commissioner for National Minorities, with the support of international donors, came up with the idea of establishing a new University in Macedonia.[1] After a year the South East European University was opened and this was considered as a jubilee year for the Albanian people thus, gathering number of students from the country and abroad. The University also opened its doors to all citizens and different ethnicities living in Macedonia, hence functioning as a model for multi-ethnic, multi-lingual higher education.

One of the features and differences of private and state universities is the annual tuition fee. According to the data of the State Statistical Office, the majority of the high school students chose State (Public) Universities to continue their future studies[2]. For this purpose, in this study will be done the research of the Price Elasticity of Demand in Faculty of Business and Economics in South East European University through Academic Years 2001/2002 – 2017/2018. Research from the past shows that any increase in tuition fee leads to a decrease in enrollment. Some others say that the main factor in reducing enrollment is not the price. Thus, affirming different variants of research and responses about Price Elasticity of Demand.

Since total independence from the former Yugoslavia in 1991, Macedonia has faced a series of economic challenges. Starting with the economic break with Yugoslavia's partners, meanwhile deadlock and problems with Greece, continuing with the 2001 war where a large amount of money from the state budget was spent on weapons of war. According to the National Bank of the Republic of Macedonia, the highest inflation rate was in 2007 reaching 6.1%.[3] This

[1] https://www.seeu.edu.mk/en/about/history
[2] http://www.stat.gov.mk/pdf/2010/2.1.10.01.pdf
[3] https://www.nbrm.mk/osnovni_ekonomski_pokazateli.nspx

plays an important role in decision making for future studies, thus affecting the elasticity of demand.

The state also had an extremely high unemployment rate, reaching 36.7% in 2003. In 2004 and 2005 it reached 37.2%, even higher than last year.[4] From 2010 to 2018 the percentage of unemployed people continued to drop, reaching a number of 22.4% in 2007, 20.7% in 2018 and 17,3% in 2019.

The GDP in North Macedonia had a constant flow. In 2007 it was 6.5%, in 2008 it dropped to 5.5%, whereas in 2009 dropped to -0,4%. In 2018 it reached 2,7%, following an increase of 1.6% compared to 2017.[5]

A very important role in influencing the elasticity of demand is the income of customers. In 2012 the minimum wage was only 8,050 denars, while from 2015 the minimum wage reached 9,590[6]. However, compared to the inflation rate and annual average expenditures, this salary presents a situation that was worrying and unaffordable.

The main points that influence the increase or decrease of the number of FBE students enrolled will be discussed widely in Chapter 3. Whereas how the high school students responded to the Price Elasticity; if the university offers practical work in appropriate institutions and whether Shanghai Ranking has an impact on the selection of the future studies and which University will be discussed in the Chapter 4.

1.1 Importance and Goals

The aim of this research study is to analyze the university's current situation, the elasticity of student's enrollment throughout the years 2002-2018, as well as to discover the reasons and the problems that lead to a decrease/increase in enrollment in South East European University, in the faculty of Business and Economics in particular.

[4] https://www.nbrm.mk/osnovni_ekonomski_pokazateli.nspx
[5] http://www.stat.gov.mk/pdf/2019/3.1.19.20_mk.pdf
[6] https://vlada.mk/node/9591

Moreover, it aims at directing the possible strategies for solving these problems and making a step towards the increase in students' enrollment as well as creating a sustainable competitive capability in order to ensure a positive progress in the long term.

Generally, the benefits from investigating the main reasons that affect the number of enrollments will be multidimensional. First of all, there would be an unpredicted increase of both student motivation to enroll in SEEU, as well as enhancing the reputation of the university by attracting and owning the largest number of students in the country. The second benefit is that the students will be satisfied. Accordingly, if the students are satisfied, the upcoming generations will follow.

Thirdly, the general performance of the university would be improved in the long term. Moreover, considering that the current situation in the university comparing with the past years is disputable, strategies will be created that will guarantee the possibility of change.

First of all, the primary aim of this study is to explain the elasticity of demand, its types which includes price elasticity of demand, income elasticity of demand, cross elasticity of demand, and advertising elasticity of demand, as well as the determinants of the elasticity, including the number of close substitutes, nature of good/service, necessities and luxuries. Secondly, the aim of the study is to analyze the higher education system in Macedonia that embraces private versus state universities, as well as discussing the factors that influence the enrollment, which includes time period, the income of the customers, migration, low birth rates, etc. Finally, an analysis of the university, the changes in the total number of students and the total revenue in the Faculty of Business and Economics. In order to complete the analysis, we will analyze the university in general through the SWOT Analysis.

1.2 METHODOLOGY AND DATA

As part of the data collection progression, I consulted enrollment reports that included the number of the students who enrolled in Faculty of Busines and Economics within South East European University during the academic year 2002-2018. These enrollment reports reflect only the number of students that participated in Undergraduate Studies.

In order to achieve the best information and knowledge about the South East European University, our research is going to start from the secondary data, also called quantitative data, which are the data that have already been collected and produced, such as, university reports, internet research, newspapers, academic papers and journals, articles, and so on. Even though, secondary data are a helpful way to get quick summary and background of an area or issue, unfortunately in Macedonia these types of data are limited. Therefore, our research is going to also generate primary data, that is, new data that has not been gathered before.

By using a variety of sources and methods to collect information is called “triangulation”, stated (Maxwell, 2005). This strategy was used in order to investigate the issues from a diversity viewpoint or perspectives, thus, giving a richer, more detailed and a broader understanding of the study. According to (Denzin, 1978) triangulation is divided in four parts: (i) data triangulation; (ii) theoretical triangulation; (iii) researcher triangulation; and (iv) methodological triangulation. Data triangulation means collecting different types of data in different period of time and in different places. With theoretical triangulation (Denzin, 1978) refers to the opportunity of exploring multiple theories and representing the same data group. The third type of triangulation is Research triangulation, and it consists of gathering together diverse researchers that can contribute in the same matter with different analyses, perspectives, and reflections. Finally, methodological triangulation is the most applied triangulation, which refers to the use of multiple methods in order to gain a detailed and more precise data about the study.

The importance of research is very well understood by John Armstrong, who says: "…Aside from the pure pursuit of knowledge for its own sake, research is linked to problem-solving" (Armstrong, 2012).

Creswell and Plano Clark (Creswell, 2011) stated that one data source may be deficient, therefore, in order to have more detailed data, a mixed methods design should be used. In our study we are going to use quantitative and qualitative research methods. Typical quantitative techniques that we are going to use will be hypothesis testing and regression analysis.

Hypothesis-testing- After formulating the hypotheses, we will analyze and test them. We are going to collect and analyze data which will help us to either support or reject the hypotheses. We will test the hypotheses through various tests, such us t-test and F-test.

Regression Analysis – Regression Analysis is another flexible technique that can be used in many different ways in decision making. Regression is about studying a relationship between variables, that is, explain a single variable by using one or more other variables called explanatory variables. Regression model has to meet "common sense" criteria in our topic and the variables used to develop the model should seem reasonable.

Following is the technique of qualitative research that we will use:

Questionnaires - We will make a questionnaire to three of the high-school students in North Macedonia, in the city of Kumanovo, Skopje and Tetovo. The questionnaire will contain a number of questions related with the issue that we are going to analyze. They were conducted on the classrooms in High School buildings.

1.3 RESEARCH QUESTIONS

The questions that are a subject of this master thesis are as follows:

- Does decreasing the tuition fees will enhance the enrollment of Business and Economics students?

- Does offering students practical work experience in banks, companies, or another state/financial institution will positively affect the enrollment of Business and Economics students?
- Does SEEU rank improvement based on Shanghai Ranking will increase the number of FBE students?

1.4 HYPOTHESIS

The research study is framed by the following hypothesis:

H1: Decreasing the tuition fees will enhance the enrollment of Business and Economics students.

H2: Offering students practical work experience in banks, companies, or another state/financial institution will positively affect the enrollment of Business and Economics students.

H3: SEEU rank improvement based on Shanghai Ranking will increase the number of FBE students.

CHAPTER 2 – LITERATURE REVIEW

The law of demand tells us that when price goes up, quantity demanded goes down, and when price goes down, quantity demanded goes up.[7] But how much does quantity demand change when price changes? Based on the traditional point of view we can say that if tuition fees increase than the demand decreases, but it is not straightforward. How much does quantity demand change when price changes? It will change by a lot, or by a little? That's the concept that elasticity is going to help us understand.

[7] https://www.khanacademy.org/economics-finance-domain/microeconomics/elasticity-tutorial

Some researches state that the elasticity of demand is relatively sensitive to tuition fees, for example, (Hight, 1975) emphasizes that the increase in tuition fees in private universities comparing to public universities had colossal negative impact on the private to public enrollment ratio. He also indicated that an increase in family income leads to expansion of private share of higher education market, which means that the income is one of the main factors affecting the elasticity of demand.

Leslie and Birkman collected 25 studies from 1967 to 1982 to examine the relationship between prices and demand for higher education. They described the importance of students demand investigation as "expanding and equalizing student access long has been a major public policy goal, and manipulation of price has been as the major policy instrument for achieving this goal" (Leslie and Brinkman, 1987, p.182). The author applied the methodology offered by Jackson and Weathersby (1975), who did a three-step process of standardization to calculate SPRC (student price response coefficient) and investigate different types of institutions. Following the demand theory, they expected SPRC to be negative (Leslie L. &., 1987).

Also, they found that SPRC vary from -0.2 to -2.4 and the modal price response from 25 studies is equal to -0.6, which they called their "best estimate for public policy responses" (Leslie and Brinkman, 1987, p.189). The authors found that despite the fact of tuition fee increased the last two decades, the enrollment also increased in the United States. They explained this phenomenon as prices increased in nominal terms, but not in real terms. The author found that not only prices affect student's decision, but also disposable income, their preferences and tastes, the value of knowledge and investment prospective (Leslie L. &., 1987).

Heller (D.E, 1997) updated the Leslie and Brinkman's (1987) work. He focused on answering the questions, concerning tuition and financial aid changes, and how these changes affect later cohort of students, students with different incomes, races or in different college sector, are these effects the same or differ.

"Knowing the answers to these questions, or at least some possible answers, can help policymakers determine the likely impacts of changes in tuition and financial aid policies at the federal, state, and institutional levels" (Heller, 1997, p. 626). The author concluded that the

extent of the effect on tuition fee changes varies across studies and depends on such factors as statistical techniques, differences in population, type of cost component.

According to Heller (1997) every increase in tuition fees by $100 leads to decrease in enrollment from 0.5 to 1.0 percent points across all types of institutions. In addition, the author has got some specific findings on aid sensitivity, differences among income groups, differences among races, differences between sectors. Namely decrease in financial aid leads to decrease in enrollment (D.E, 1997).

Craft et.al (2012) showed the experience of increasing the tuition at Southern Utah University. They found that despite the significant tuition increase over 30 years, enrollment growth is still strong as well as increase in revenues (Craft, 2012).

Allen and Shen (1999) showed that the opportunity cost of college attendance has significant effect on the enrollment. They prolonged these general findings with two more conclusions. First, significant competitive threat associated with public sector. Second, the role of scholarships and grants significantly increasing in student's decision making if the competitor institution exists. The authors found that the net price elasticity of demand is equal to -1.53, which says that tuition fees play an important role to enrollment decision (Allen, 1999).

According to Chang and Hsing (1996), which conducted a study used time-series annual data to examine how tuition fees and other aspects affects student enrollment to private colleges or universities in the United States. In order to make the investigation they also used general function form combined with dynamic specification. The authors statistically rejected at the 5% level the log-linear, linear functional forms and the static model, which were generally used in earlier studies. They found that tuition fees and other costs connected with university participation have significant effect on the enrollment. In addition, the author illustrates very slow adjustment of actual enrolment to the desire one (Chang, 1996).

According to a research that Levine et.al (1998) achieved by investigating the student's decisions across three Mid-Atlantic States, (including New York, New Jersey, and Pennsylvania), he found that students consider these decisions as an investment decision including human capital. The authors used Enrollment Participation Rates (EPR's) as a measure of demand for higher education and predicted individual equations for demand in each of states. Furthermore, they applied pooled data from the states to two regional equations to examine demand for higher education distinctly for public and private universities. The investigation resulted to be income elastic and price inelastic for both public and private sectors across all the states. Also, they found that public and private higher education are substitute goods. However, according to the cross-price elasticities (less than 0.3), this substitution is weak (Levine, 1988).

A research study that has examined the demand for medical education over the years 1948-1994, shows that the major determinants of medical university participation are income and return to medical education, while price do not play an important role in the student's enrollment decision (Quinn, 1998). Whereas Shin and Milton (2008) examined the effects of price increases for education in academic fields such as engineering, biology, physics, mathematics, business, and education. They found that the price elasticity differs across disciplines, for example, the demand is elastic to the price level in Physics, Biology, and Business, but it remains inelastic in Engineering, which has the highest disbursement and rate of return. The authors also made a big influence for policymakers by spreading the existing researches on tuition elasticity demand for higher education by analyzing it not only by student's characteristic, but also considering discipline level. However, they still advise readers and emphasize to be more careful with interpreting the results as well as meaning can distinguish for different conditions of each individual country (Shin, 2008).

Epple, Romanoo, and Sieg (2006) presents enrollment data of 768 private universities in the United States for the Academic Year 1995-1996 testing the price effect on enrollment. They have come to the conclusion that even a small change in price leads to relatively large changes in enrollment (Epple, 2006).

A various number of studies has been conducted in order to investigate the demand in higher education. Each of them has a different and sometimes contradictory results of the tuition and income elasticities. In 2007, Gallet attempted to apply the meta-analysis method in order to reveal whether data differences, method of estimation and different corrections expressively impact the estimates of elasticity. He conducted a pooled estimate of conceptually similar studies to determine which characteristics are the main determinants of college enrollment. He tried to analyze every single factor that influenced the enrollment, beginning from the type of journal, where the single study was published, and the year of publication affect elasticity estimates.

The author collected 60 existing studies of price and income elasticities of higher education that were conducted in the period from 1953 to 2007. After that, the studies were regressed as dependent variables on different study attributes as independent variables. These studies attributes are presented in the regression in form of dummy variables and capture particular characteristics, such as country, type of university, gender, race, political affiliation of applicants etc. The interpretation can be described as follows: a positive estimated coefficient of a dummy variable says that study characteristic increases the elasticity estimate ceteris paribus and otherwise, a negative estimated coefficient of a dummy variable says that study characteristic decreases the elasticity estimate ceteris paribus.

Gallet (2007) also specifies the review of the main differences across studies, such as specifications of the dependent variable, type and source of the data, demographic or an institutional characteristic, estimation techniques, different aspects of the publication.

In both cases, the author found that tuition and income elasticities, coefficient estimates for many study attribute's variables are significantly different from zero. He wrote that the income effect on enrollment are less investigated than price effect in the literature. Significance of coefficients on many individual study characteristics shows the little impact on income elasticity comparing with the price elasticity. However, some study attributes affect the income elasticity.

The results of the demand for higher education appeared to be more price inelastic in the short-run rather than in the long-run due to the significantly positive coefficient of the dummy variable, that capture the period. The same effect was perceived in case of the income elasticity.

Furthermore, the author found that the demand is more inelastic in the United States rather than other countries. Also, the results show that the measure of quantity and price, as well as estimation method have important effects on the tuition elasticity. For example, 3SLS (Three-stage Least Squares), MLE (Maximum Likelihood Estimation) or SUR (Seemingly Unrelated Regressions) estimation increase the tuition elasticity, while 2SLS (two-stages least squares) and GLS (Generalized Least Squares) decrease it. Estimation method also has important effects on the income elasticity. Particularly, using MLE decreases income elasticity, while GLS estimation has the opposite effect. However, the measurement of quantity and price affect the income elasticity very little. In addition, the type of the data (cross-sectional, time series, or panel) does not have effect neither on price elasticity nor income. The results are different across the studies and there is no benchmark magnitude of the price elasticity of the demand for higher education (Gallet, 2007).

2.1 Types of Elasticity of Demand

Elasticity of demand measures how sensitive quantity demanded is to a change in price. It is an important variation on the concept of demand because it helps the companies and organizations to understand what happens to quantity when there is a change in price. Indeed, the elasticity of demand depends a lot on the type of the product.[8]

Demand can be classified as:

- Perfectly Elastic Demand – the demand is perfectly elastic when a little change in the price the quantity demanded change up to the infinite level. This is a theoretical concept and does not happen in the normal market but it may occur in case of abnormal cases.

[8] http://www.beingeconomist.com/elasticity-in-economics-and-types-of-elasticities/#Perfectly_Elastic_Demand

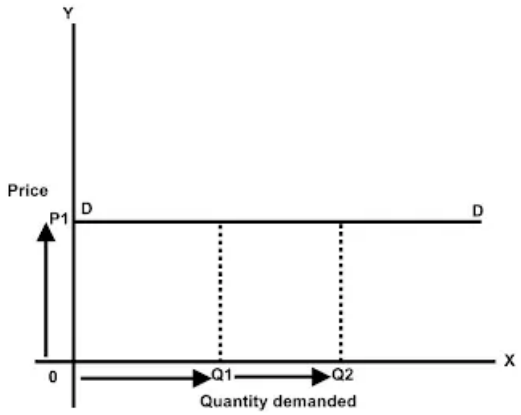

Figure 1. Perfectly Elastic Demand

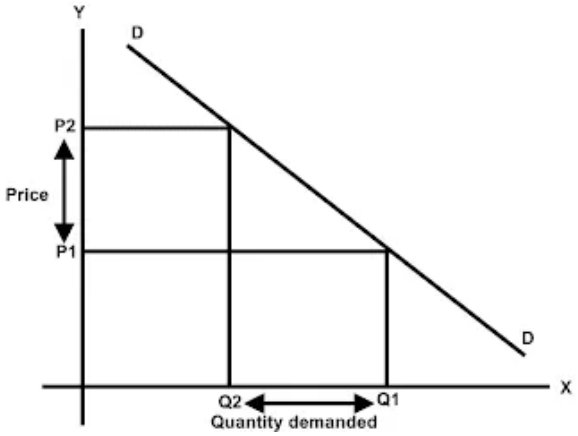

Figure 2. Relatively Elastic Demand

In the Figure 1., the x-axis tells us the quantity demanded and the y-axis the price. D curve is the demand curve, whereas the Price Elasticity of Demand is infinity i.e. PED = ∞.

- Relative Elastic Demand happens in that case where the quantity demanded is changed much more than the change in price. In other words, if the quantity demanded changes a lot when prices change a little, a product is said to be relative elastic or elastic. This often is the case for products or services for which there are many alternatives, or for which consumers are relatively price sensitive. When we have an Elastic Demand, we have also an elastic revenue which goes down after the prices have increased, and a higher revenue when the prices decrease.[9]

The relatively elastic demand (Figure 2.) represents the demand curve downward sloping, and the Price Elasticity of Demand lies between 1 and ∞ i.e. PED > 1.

- Relatively Inelastic Demand (PED<1) happens when a change in quantity demanded is less than the change in price of the commodity, or in other words, the greater the change in price results to a smaller change in demand. Its impact on revenue is that when the increase in price results in higher revenue, and a decrease in price results in lower total revenue.

[9] https://www.businesstopia.net/economics/micro/price-elasticity-demand

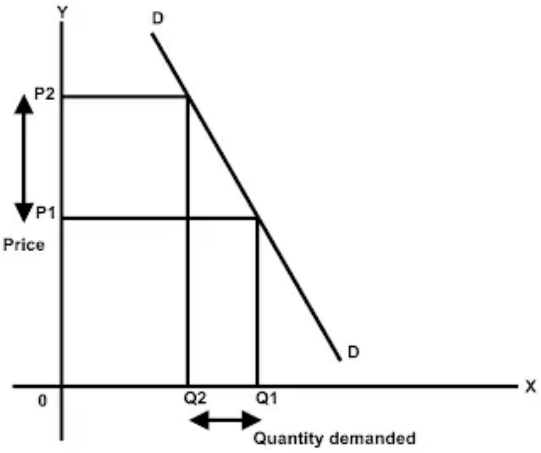

Figure 3. Relatively Inelastic Demand

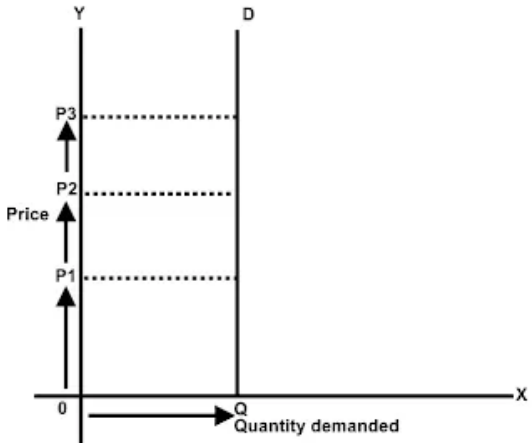

Figure 4. Perfectly Inelastic Demand

In the case of Relatively Inelastic Demand (Figure 3.), the demand curve is downward sloping and Price Elasticity of Demand lies between zero and 1 i.e. PED < 1.

- Perfectly Inelastic Demand happens when the demand doesn't change with a change in price, either rising or falling. It indicates that the demand remains constant for any change in price. This case includes any change in price of necessity goods.

In the case of Perfectly Inelastic Demand (Figure 4.), the demand curve is vertical whereas the Price Elasticity of Demand is zero i.e. PED = 0.

- Unitary Elastic Demand is the case when the percentage change in quantity demanded is equal to the percentage change in price. When the price increases or decreases, it has no impact on the total revenue, we have a Unit or Unitary Elastic demand.

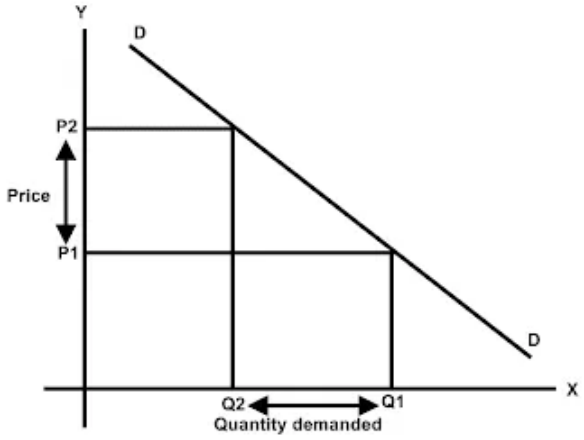

Figure 5. Unitary Elastic Demand

In the figure above, the demand curve is downward sloping and PED is zero i.e. PED = 0.

2.1.1 Price elasticity of Demand

The price elasticity of demand is the most important factor that directly affects the demand for any good or service in the market.[10] For example, what will happen to our demand for Gasoline if its price rises by 20%? Would we continue to buy the same quantity of Gasoline or would we look to switch to something else? Obviously, there would be not possible to switch to a substitute Gasoline, because the price in the market is the same, neither we would use more our cars if the price of the Gasoline goes down. These products are very insensitive to any price changes.

Price elasticity of demand measures the extent to which the quantity of a product demanded changes in response to a change in price.[11] Price Elasticity of Demand (PED) is calculated as:

$$Ep = \frac{\text{Percentage Change in the Quantity Demanded}}{\text{Percentage Change in the Price}}$$

$$Ep = \frac{\frac{\Delta Q}{\text{Qx}}}{\frac{\Delta P}{\text{P}x}}$$

Where:

E_p= Price Elasticity of Demand

ΔQ= Change in Quantity Demanded

Qx= Initial Quantity Demanded

ΔP= Change in Price

Px= Initial Price

[10] https://www.investopedia.com/ask/answers/040315/what-factors-influence-change-demand-elasticity.asp
[11] http://www.beingeconomist.com/types-of-elasticity-of-demand/

A product is said to be Price Elastic when the value of PED is more than 1, or **Ep > 1**, meaning that if P is more than 1, the change in demand is going to be higher than the change in price. Conversely, a product is Price Inelastic if PED is less than 1, or **Ep < 1,** meaning the change in demand is less than the change in price. And if we have Unitary Price Elasticity, the value of PED is exactly 1, or **Ep = 1**, meaning that the change in demand is the same as the change in price.[12]

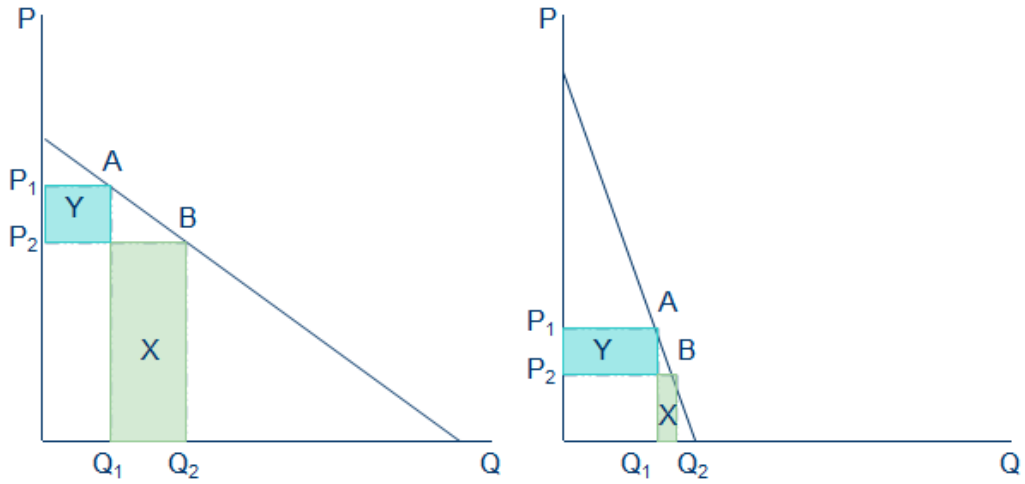

Figure 6. How the Total Revenue changes when the demand is elastic vs inelastic

If demand is elastic, a decrease in price results in an increase in total revenue, and an increase in price results in a decrease in total revenue. (First graph) If demand is inelastic, a decrease in price results in a decrease in total revenue, and an increase in price results in an increase in total revenue. (Second graph)

Total revenue is calculated by multiplying the quantity of a good/service sold by its price. It is a measure of how much money a company makes from selling its product, before any costs are considered.[13]

[12] https://www.businesstopia.net/economics/micro/price-elasticity-demand
[13] https://courses.lumenlearning.com/wm-microeconomics/chapter/elasticity-and-total-revenue/

2.1.2 Income Elasticity of Demand

Income Elasticity of Demand (YED) is also important and very strong connected with the demand for any product. Income Elasticity of Demand tells us how responsive the quantity demanded for a product is to a change in costumers' real income[14]. The formula for calculating the Income Elasticity of Demand is:

$$Ey = \frac{\text{Percentage Change in Quantity Demanded}}{\text{Percentage Change in Income}}$$

$$Ey = \frac{\frac{\Delta Q}{\text{Qx}}}{\frac{\Delta Y}{\text{Y}x}}$$

Where:

E_Y=Income elasticity of demand

ΔQ=Change in Quantity

Qx=Quantity

ΔY= Change in Income

Yx= Income Level

The consumers income is decision maker of the quantity demanded. The higher the income elasticity of demand, the bigger the consumers' response in their purchasing behaviors[15]. There are five types of income elasticity of demand:

- High – an increase in income comes with bigger increases in the quantity demanded[16]
- Unitary – an increase in income is equal to the increase in the quantity demanded

[14] http://www.beingeconomist.com/types-of-elasticity-of-demand/

15 http://www.economicsdiscussion.net/elasticity-of-demand/income-elasticity-of-demand-measurement-types-and-significance/3523

16 https://www.investopedia.com/terms/i/incomeelasticityofdemand.asp

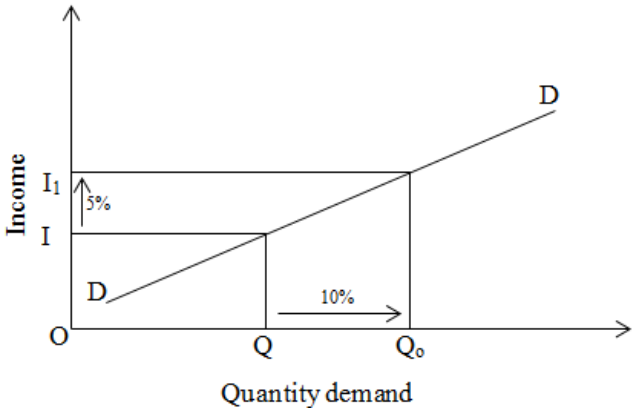

Figure 7. High Income Elasticity of Demand

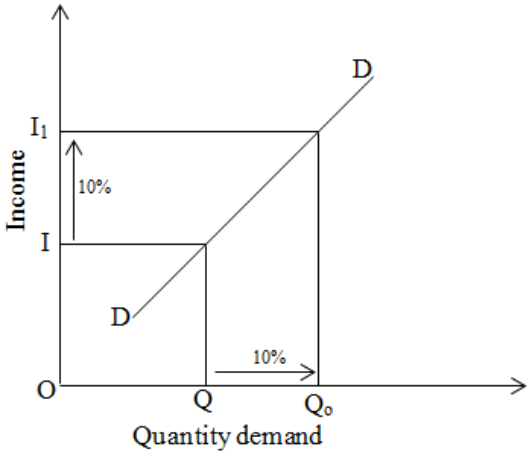

Figure 8. Unitary Income Elasticity of Demand

Figure 7. measures quantity demanded and income respectively. DD is the demand curve, whereas in the initial stage, income and demand is OI and OQ. When income goes up from I to I_1 by 5%, then the demand is increasing from Q to Q_0 by 10%. This is known as income elasticity of demand greater than one. YED > 1

On the Figure 8. above we can see that initial income is OI and quantity demanded is OQ. When income increases from I to I_1 by 10%, then the quantity demand also increases from Q to Q_0 by 10%.

- Low – a decrease in income is less than proportionate than the increase in the quantity demanded.
- Zero - the quantity demanded remains the same even if income changes

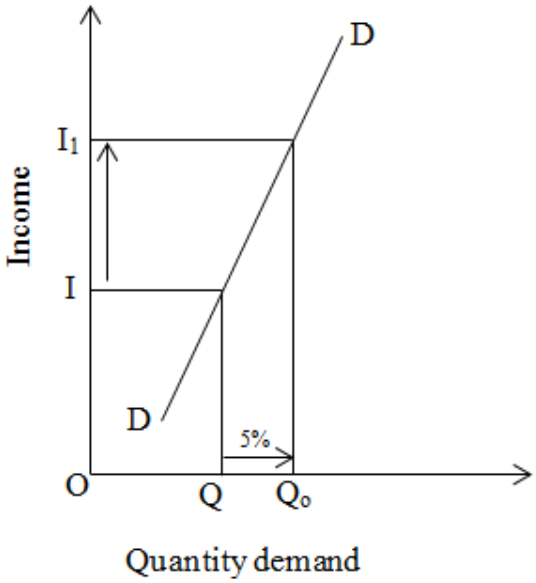

Figure 9. Low Income Elasticity of Demand

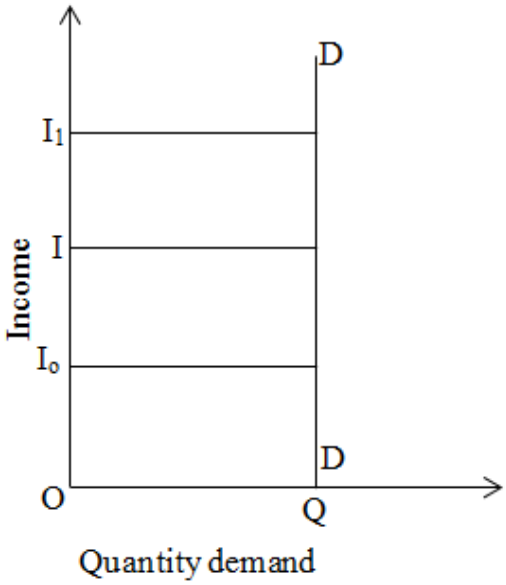

Figure 10. Zero Income Elasticity of Demand

On Figure 9., initial income is OI and quantity demand is OQ. When income increases from I to I_1 by 10% then demand increases from Q to Q_1 by 5%. This is known as elasticity of demand less than one, or, YED < 1.

On the Figure 10. , in initial stage price is OI and quantity of demand is OQ, when income increase to I_1 and decreases to Io, there is no any change in quantity of demand.

- Negative – a rise in income results with a decrease in the quantity demanded.

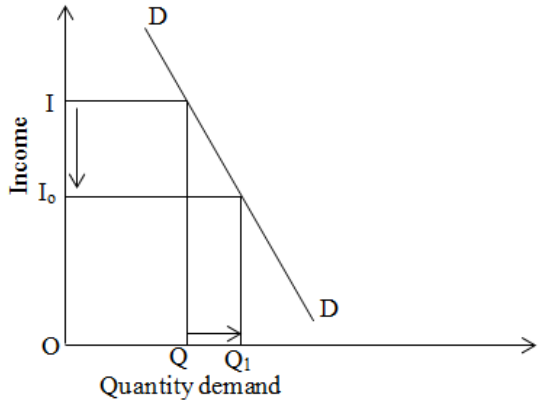

Figure 11. Negative Income Elasticity of Demand

On the above figure, the graph represent demand for inferior goods and income respectively. When income is OI then quantity demand is OQ and when income decreases from I to I_o then quantity demand increases from Q to Q_1.[17]

When it comes to income elasticity demand we look at different types of goods and services, and the crucial distinction to make is between normal good and inferior good, in other words we break it down into normal necessities and normal luxuries. The income elasticity of demand for normal goods is always positive, which means that Yd will be greater than zero (YED > 0).[18] Moreover, when income goes up, then the consumer will spend more of that particular product.

Regular necessities have an income elasticity of demand of between 0 and +1. For example, if income goes up by 10% and the quantity demand for a product also increases by 4% that will give an income elasticity of +0.4, which means that quantity demand is expanding less than proportionally to income. Typical necessities include everyday consumer products.

Normal luxuries on the other hand have an income elasticity of demand of greater than +1, (YED > +1) that means that the quantity demand increases more than proportionate to a change in income. These products have a high- and positive-income elasticity, typically these are higher-end products considered as a luxury by a relevant group of customers. Luxury goods are much more income sensitive in terms of their demand.[19]

What people regard as a necessity and a luxury is contextual meaning that it absolutely depends on the circumstances of the consumers involved.

If, following an increase in income, less of the good is consumed, then the good is an inferior good. In other words, if income goes up and people buy less, we have an income elasticity of less than zero and the good will be categorized as an inferior good. Typically, inferior goods and services exist where superior goods are available if the consumer has the money available to buy them.

[17] https://tyrocity.com/topic/negative-income-elasticity-of-demand/
[18] https://www.toppr.com/guides/business-economics/theory-of-demand/income-elasticity-of-demand/
[19] https://www.tutor2u.net/economics/reference/income-elasticity-of-demand

When real income increases during a period of economic growth, then the demand for inferior goods will decrease, thus generating an inward shift of the demand curve. Equally, when real incomes and living standards are falling down during a period of recession or (more generally) if wages are rising more slowly than prices, the demand for inferior goods will rise. This is why we sometimes call inferior goods as "counter-cyclical" products. When the economy is in the downturn, the quantity demand for inferior good may go up.[20]

2.1.3 Cross Elasticity of Demand

Cross Price Elasticity of demand (XED) measures how a change in the price of one good affect the quantity demanded of another good[21]. In other words, XED measures the quantity demanded for product X because of the change in the price of product Y. Both products can be the complement or the substitute for each other. There are multiple different scenarios we could think about, but it is really thinking about how a price change in one good might affect the quantity demanded in another good. The formula for calculating Cross Price Elasticity of Demand is:

$$Ec = \frac{\text{Percentage Change in the Quantity of Product A}}{\text{Percentage Change in the Quantity of Product B}}$$

$$Ec = \frac{\frac{\Delta Qa}{\text{Qa}}}{\frac{\Delta Pb}{\text{Pb}}}$$

Where:

Ec= Cross elasticity of Demand

ΔQa= Change in the Quantity Demanded of Product A

Qa= Quantity Demanded of Product A

ΔPb= Change in the Price of Product B

Pb= Price of Product B[22]

[20] https://www.economicshelp.org/blog/790/economics/different-types-of-goods-inferior-normal-luxury/

[21] ttps://www.khanacademy.org/economics-finance-domain/microeconomics/elasticity-tutorial/income-elasticity-of-demand/a/lesson-overview-cross-price-elasticity-and-income-elasticity-of-demand

[22] http://www.beingeconomist.com/types-of-elasticity-of-demand/

When XED value is less than one it means that consumers of one good are relatively unresponsive to changes in price of the related good. It the value is greater than one it means that consumers of one good are relatively responsive to changes in the price of the related good. When we have nearly perfect substitutes for each other, the cross elasticity of demand approaches infinity. XED - ∞. In theory, if two or more goods or services are identical, people will definitely choose the cheapest one. Conversely, when we have the case of complementary products, then the cross elasticity of demand is negative.[23]

We can interpret the cross-price elasticity of demand as summarized in the table below:

If XED is	The Elasticity is	The goods are
Negative	Perfectly Elastic - ∞	Perfect complements that must be consumed in fixed proportions
Negative	Elastic	Highly complementary goods
Negative	Inelastic	Somewhat complementary goods
0	0	Unrelated goods (neither complements or substitutes)
Positive	Inelastic	Somewhat substitutes
Positive	Elastic	Very substitutes
Positive	Perfectly Elastic (∞)	Perfect substitutes

Table 1. Types of Cross-price Elasticity of Demand

The XED coefficient will always be positive for two substitute goods. The XED coefficient will always be negative for two complement goods.

2.1.4 Advertising Elasticity of Demand

As a went through a research in the internet, I found out that in most of the articles Advertising Elasticity of Demand (AED) was not ranked as a type of Elasticity in Demand. I think that in the global marketplace advertising is essential and investing on it benefits the company by boosting awareness of the products and services.

[23] https://courses.lumenlearning.com/boundless-economics/chapter/other-demand-elasticities/

Advertising elasticity of demand measures the percentage change in quantity demanded due to the change in the advertising expenses[24]. The formula for calculating AED is:

$$Ea = \frac{\text{Percentage Change in Demand}}{\text{Percentage Change in Advertising Expenditures}}$$

$$Ea = \frac{\frac{\text{D1}}{\text{D2}}}{\frac{\text{A1}}{\text{A2}}}$$

Where:

D_1 = Original Demand

D_2 = New Demand

A_1 = Original Advertisement Expense

A_2 = New Advertisement Expense

Usually, it is expected that with the increase in the advertising expenses of the firm the quantity demanded of the product of that firm will increase but it's not the case in all situations.

The Advertising Expense Demand is said to be *perfectly elastic* when the demand for a product changes (increases or decreases), even when there is no change in advertising expense. When a change in advertising expense doesn't lead to any change in quantity demanded, it is known as *perfectly inelastic demand*. When the percentage change in demand is more than the percentage change in advertising expense, it is known as *relatively elastic demand*. Conversely, we have *unitary elastic demand* when the percentage change in demand is equal to percentage change in advertising expense price. When the percentage change in demand is less than the percentage change in advertising expense, the *demand is relatively inelastic*.[25]

[24] http://www.economicsdiscussion.net/elasticity-of-demand/elasticity-of-demand-4-types/21896
[25] https://www.investopedia.com/terms/a/advertising-elasticity-of-demand.asp

2.2 Determinants of Price Elasticity

There can be listed a group of factors that can determine whether the demand for a particular good might be relatively elastic or inelastic. The question is, what are some of the key determinants that influence the price elasticity of demand?! Perhaps the most important one is the availability and the number of close substitutes, meaning that when there are many close substitutes in the market the more price elastic is demand. The second important determinant is the nature of good/service, if the product is a necessity, people will continue to buy it so the demand will be inelastic. If the product is a luxury people are more sensitive to the price, so we would have elastic demand. The third part includes the time period under consideration, for example, people will start to think about the next investment for 1 year long, not in the last minute just before making the investment. The high school students also, they decide on which university they want to register about one or two years earlier. Nevertheless, this is not the same in all the cases.[26]

2.2.1 Number of Close substitute

The more substitutes available in the market, the more elastic demand will be to a change in price. The availability of close substitutes is the most important factor that determines price elasticity of demand. If a company increases the price of good or service that can be easily replaced, the consumers will switch to buy the cheapest good or service, even if there is a small change in price. Conversely, if there are no substitutes available, the demand is expected to be inelastic.[27]

2.2.2 Nature of good/service

Demand for products that are considered necessities is less sensitive to price changes because consumers will still continue buying these products despite price increases. On the other hand,

[26]https://inflateyourmind.com/microeconomics/unit-3-microeconomics/section-3-determinants-of-price-elasticity-of-demand/
[27] https://courses.lumenlearning.com/boundless-economics/chapter/price-elasticity-of-demand/

an increase in price of a good or service that is luxury will deter consumers because the opportunity cost of buying the product will become too high.[28]

2.2.2.1 Necessities

The meaning of a necessity is an essential requirement, basically something people can't live without. The greater the necessity for a good or service, the lower the elasticity of demand. For example, consumers will attempt to buy critical medications like insulin regardless of the price. The demand for necessity goods or service tends to be price inelastic.[29]

2.2.2.2 Luxuries

The meaning of a luxury product/service is something that is pleasurable to the people, but not necessarily needed. Luxury goods characterize normal goods related with income elasticities of demand greater than one. Premium cars, boats, jewelry, 5-star hotel vacations, etc., are considered to be part of the luxury products or services and correspondingly they tend to be very sensitive to changes in consumer income.[30]

Basically, a negative income elasticity of demand is related with inferior goods, meaning that a rise in income will lead to a drop in demand and may mean changes to luxury goods. A positive income elasticity of demand is linked with normal goods. Therefore, a rise in income will lead to a rise in demand. [31] The demand for luxury goods or services tends to be price elastic.

2.2.3 Time Period under Consideration

Demand tends to be more inelastic in the short run because consumer's have less chance for finding acceptable substitutes, the longer the time period the more elastic the demand tends to be. When consumers have more time, they search for cheaper substitutes.[32]

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[28] https://corporatefinanceinstitute.com/resources/knowledge/economics/elasticity/

[29] http://www.economicsdiscussion.net/price-elasticity-of-demand/determinants-of-price-elasticity-of-demand-goods-economics/27466

[30] https://www.asc.ohio-state.edu/peck.33/H200/EconH200L5.pdf

[31] https://www.investopedia.com/terms/i/incomeelasticityofdemand.asp

[32] https://www.khanacademy.org/economics-finance-domain/microeconomics/elasticity-tutorial/price-elasticity-tutorial/a/elasticity-in-the-long-run-and-short-run

CHAPTER 3 - HIGHER EDUCATION SYSTEM IN NORTH MACEDONIA

The Higher Education system in North Macedonia operates through public and private higher education institutions. The total number of accredited universities is 18. Six of them are state universities, 1 is private-public university, 9 private universities and 2 are higher vocational schools.[33] There are four major universities in North Macedonia, where Sts. Cyril and Methodius University in Skopje has the highest number of students enrolled, with the total number of 25,220 in the Academic Year 2018/2019. University "Goce Delcev" – Shtip has the second largest number of students consisting of 8,237, State University of Tetovo with the total of 7,097 students is the third, and then comes University "St.Kliment Ohridski" – Bitola with 4,139 students.[34]

The country has implemented the Bologna process in 2003, where their purpose was to "committing to start the major systemic reforms in higher education- the introduction of ECTS, three cycles of study programs of easy legible and recognizable degrees, diploma complement, effective quality assurance system, promotion of social dimension and European collaboration, international flexibility of students and teaching staff."[35]

In the state of Macedonia, the main problem of Albanians was the study in the Albanian mother tongue. Ethnic disputes between the Albanian and Macedonian peoples have historically been present, as discrimination has been felt in almost every institution, especially in the institutions of education and science in the Republic of Macedonia. A considerable number of Macedonian Albanians chose Pristina and Tirana as options for higher education.

Ss.Cyril and Methodius University was opened in 1949, as a result of the implementation of Law No. 5 dated January 29, 1949, approved by the Assembly of the People's Republic of Macedonia.[36] 19 years after the functioning of this institution, in 1965/1966 the first parallel in the Albanian language was created. Five learning groups were also opened. According to Doc.Dr.Dashmir Idrizi two decades after the founding of the University of Skopje, during 1971-1972, the group of

[33] http://www.mon.gov.mk/images/documents/zakoni/Zakoni_albanski/Ligj%20p%C3%ABr%20arsim%20t%C3%AB%20lart%C3%AB.pdf
[34] www.stat.gov.mk
[35] https://eacea.ec.europa.eu/national-policies/eurydice/republic-north-macedonia/higher-education_en
[36] http://www.ukim.edu.mk/mk_content.php?meni=1&glavno=1

Albanian language and literature was established, which continued to be part of the branch of Yugoslav and Balkan languages. In 1973 this branch became independent. (Idrizi, 2020).

According to the official data, the academy marked an extremely large increase in the number of Albanian students, thus reaching from 18% in 1972 to 33% in 1977. In the same year, 986 teachers of Albanian origin graduated. [37] The persistent ethnic conflicts affected the Ss.Cyril and Methdoius University in Skopje, where the groups were successively abolished and finally on October 8, 1984, the teaching in Albanian language in the Academy was stopped.[38]

After the demonstrations of 1991, the repression of the Macedonian regime against the Albanian schools began. As a result, many schools were closed.

In the early 1990 the Higher Education in Macedonia was ethnic-separated, and it is a must to mention that it was very hard and challenging for the Albanian students to earn a diploma of higher education.

The commitment of Albanians to take the initiative to establish educational institutions in the Albanian language was a priority, as the population needed such an implementation.

3.1 Private versus State Universities

As we mentioned, education in North Macedonia is provided both in public (state) and private universities. The homeowners have the option to decide between one of them. The college decision according to Hossler and Gallagher includes three stages: predisposition, search, and choice (Hossler, 1987). The process of making that decision involves multiple steps, including the income of the customers, the quality provided, number of substitute universities, etc. Both private and state universities have their strengths and their weaknesses, but students need to make clear what is the best for them, what are their needs and wants before making the decision. (Chapman, 1981) established a college choice model that was divided into two phases: college search and college choice. In this model were included the students' characteristics, including

[37] https://tradita.org/2020/02/19/themelimi-dhe-funksionimi-i-universitetit-te-tetoves/#_ftn1
[38] https://tradita.org/2020/02/19/themelimi-dhe-funksionimi-i-universitetit-te-tetoves/#_ftn1

family income, academics, and objectives, and also the external factors which were mainly related to costs, college characteristics, and friends.

What distinguishes private from public (state universities) in the Republic of North Macedonia includes a list of differences. The first and most important factor when deciding about future studies is the price of the degree. The state universities are funded by the state government, and that's why they are low-priced, whereas private universities receive no funding from the government, but they rely on tuition fees paid from their students. The research of (Tierney, 1980) regarding the decision to attend to private or state universities stated that students who choose private college usually came from families whose parent income as well as education level was above the general standard. Later research and findings embraced these reports saying that the income of parents and education were driving forces behind private universities enrollment (Hu, 2000).

Regarding the class sizes, public universities typically are larger than private universities. The opportunity to learn independently, and have the space to ask or work closely with the professors is nearly impossible in public universities with a class of +200 students. Usually, private universities have smaller class sizes. This allows the students to have a direct relationship with the professors and therefore, enhancing the quality and efficiency of the lectures and their knowledge. According to (Crawford, 1996), educational facilities are a significant predictor when students select their college or university for their upcoming studies.

University Ranking is also important, but in this segment, there is no difference between the public and private universities. Both of them are well categorized in world university rankings. The International website webometrics.info made the latest rankings of universities in the world, where we can see that Ss Cyril and Methodius University Skopje is ranked as the most successful university in Republic of North Macedonia, and the second is the private-public South East European University.[39]

[39] https://www.seeu.edu.mk/en/information/news-events?id=2181

According to the data of the State Statistical Office, the majority of the high school students chose State (Public) Universities to continue their future studies[40]. In the Academic Year 2008/2009 were a total of 63.437 enrolled students in the Republic of Macedonia, which is a decrease of 1.3% compared with 2007/2008. In the Academic Year 2009/2010 the total number of enrolled students decreased to 57.894 where 21% chose Private Universities, and 79% chose State Universities. This year has also the highest percentage of students enrolled in Private Universities. The following graph shows the percentage of the students enrolled in State Universities versus the students enrolled in Private Universities.

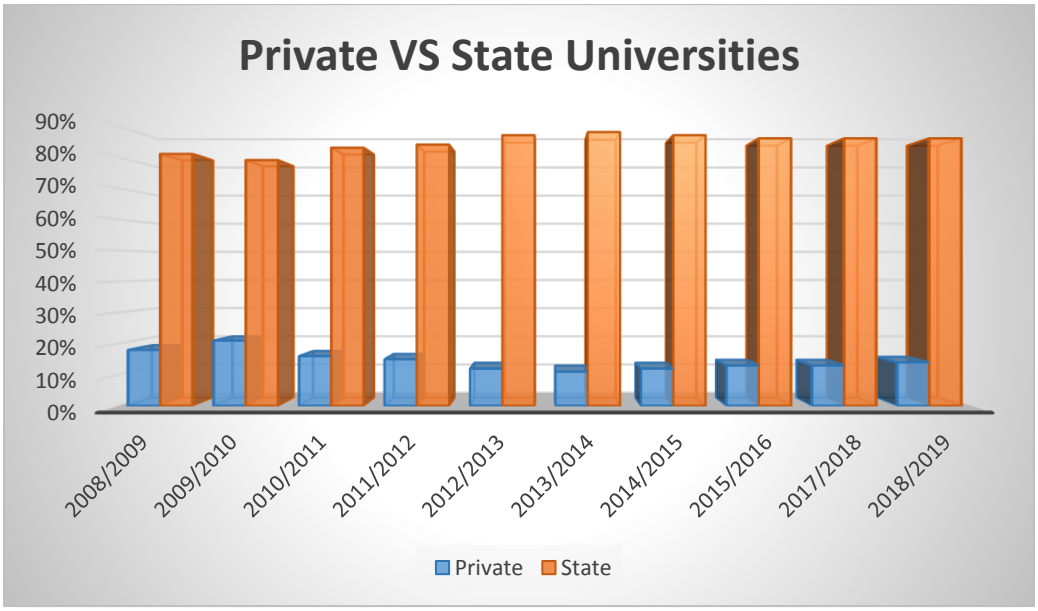

Figure 12. Private versus State Universities through 2008/2009 – 2018/2019

In the Academic Year 2018/2019, the total number of students enrolled in the Republic of North Macedonia was 53.677. We can see that the number of students has decreased by 9.760 or 15.3% compared to the academic year 2008/2009.[41]

[40] http://www.stat.gov.mk/pdf/2010/2.1.10.01.pdf
[41] http://www.stat.gov.mk/pdf/2019/2.1.19.27_mk.pdf

3.2 Factors influencing Enrollment

3.2.1 Time Period under Consideration

As previously mentioned, the longer the period the more elastic the demand will become, while in the short run the demand tends to be more inelastic. In our case we can have a clear estimation about this factor that influences elasticity of demand. The number of students that have ambition and willingness to continue their studies, they have already decided about the university and field of study one or two years before enrollment. The experience gained throughout their high school, and the time invested on that particular field would be enough to evaluate what program is right for you. There can also be exceptions, where students can't decide between two different fields, and they make the decision the same day they apply, but that still remains a smaller number.

3.2.2 The Income of Customers

When an individual's income goes up, their ability to purchase goods and services increases, and this causes demand to increase. When incomes fall there will be a decrease in the demand. Based on (MacAllum, 2007), low-income families consider rate cost as well as financial aid as one of the most important issues when deciding about future studies.

According to the State Statistical Office data in North Macedonia, the annual average expenditures of households in 2019 is 311,767 denars[42], depending on where they live and what they work. The average per household member is 85.220 denars per year, and 7.101 denars per month. In this part are calculated the costs of mostly necessities, which are: Food and Non-alcoholic beverages; Alcoholic beverages and tobacco; Clothing and footwear; Housing, water, electricity, gas and other fuels; Health; Transport; Communication; Recreation and Culture; Education; Restaurants and Hotels, and Miscellaneous goods and services. The group of people here are divided into Agricultural, Mixed, and Non-agricultural. An agricultural family needs 220,035 denars to spend the year. A mixed family needs 379,985 denars, whereas a Non-agricultural family needs 303,320 denars. In the section of Health, a single family member needs 3,361 denars per year in Medical products, appliances and equipment;

[42] http://www.stat.gov.mk/PrikaziPublikacija_1.aspx?rbr=816

Outpatient services and Hospital services. The average per household in the sector of Health per year is 12,297 denars.

The income of customers is the most important factor when students decide about their future studies. In North Macedonia, the official reports and data about wages through years are not published and are hard to find. According to the official website of the Government of North Macedonia, for the first time in 2012, a special law made it possible to determine the lowest monthly amount of the basic salary in the country, where the employer was obliged to pay the employee. In 2012 the minimum salary was in the amount of 8,050 denars, and then the next year increased to 8,800 denars. Starting from January 1, 2015, the minimum wage of 8,800 year increased in amount of 9,590 denars, and then again in January 2016 to 10,080 denars.[43] This data was not determined whether it was gross or net salary. Taking into consideration the monthly average expenditures for person which is 7.101 denars, workers that received the minimum salary until 2016 were unable to afford the capability of studying in private universities, or not even in state universities.

According to the official webpage of Ministry of Labor and Social Policy the minimum gross salary for September 2017, and also the salary for June 2018 is 17.130 denars.[44] Starting from April 2019, the minimum gross salary increases for 813 denars, reaching the sum of 17.943 denars.[45] The minimum wage is increased year by year, but also the expenditures increased.

According to the State Statistical Office[46], the Average Salary in Macedonia from year 2010-2019 is as follows:

Average Salary in North Macedonia							**in denars**
2019	2018	2017	2016	2015	2014	2013	2010
25.297	24.276	22.927	22.341	21.903	21.393	21.145	20.553

Table 2. Average Salary 2010-2019

[43] https://vlada.mk/node/9591
[44] https://www.mtsp.gov.mk/plati.nspx
[45] https://www.mtsp.gov.mk/plati.nspx
[46] http://www.stat.gov.mk/PrethodniSoopstenijaOblast.aspx?id=40

The table shows a continuous increase in the average salary. But also, almost every year (except of the three recent years), usually in December, but also 2 to 3 months in a year, 1% of workers have not received wages. This is published in the State Statistical Office[47]. The average salary in 2013 is 21,145 denars, the same year, in almost every month from 1 to 2% workers were not paid. In June of this year, 2.3% of workers in North Macedonia were also not paid. The biggest crisis was predominantly in 2010, when almost every month a significant percentage of workers did not receive a monthly salary. In February 2010, 3.3% of employees were not paid, in March 3.6%, while in May 2010 the percentage reached 4.4%, and so on. This year was a consequence of the global crisis that gripped most businesses.

The formula for calculating the Net Income is as follows:

Gross Income – Expenses = Net Income

In 2019 the Net Income in North Macedonia was 18.196 denars (25.297 - 7.101 = 18.196). In this case people feel more comfortable and have more money on their pocket in order to invest on their college.

3.2.3 MIGRATION

After the collapse of Yugoslavia in 1990, Macedonia recorded migration movements from the former Yugoslav republics, counting both the residents of the Republic of North Macedonia and foreigners. The emigration of the people of the Western Balkans, including the people of North Macedonia, has historically been large in mass, but without an officially documented number. The reasons for leaving the country have been various, but the main reason was to have a better life and future. The country went to different tough periods, including social problems, ethnic tensions as well as economic instability. As Böhning said “the history of humankind is a history of migration” (Böhning, 1978) . After the liberalization of the visas in 2009, the number of emigrants in the Europe countries increased dramatically.

[47] http://www.stat.gov.mk/PrethodniSoopstenijaOblast.aspx?id=40

According to the State Statistical Office, in 2017 are registered 6.704 emigrated citizens of the Republic of North Macedonia.[48] Meanwhile in 2018 the number of emigrants is 6.132.[49] The emigrants are registered mostly in Europe, USA and other countries around the world.

In the following table are the official numbers of the Eurostat data:

North Macedonia residence permit					
2013	2014	2015	2016	2017	2018
10.349	10.174	12.129	14.336	16.917	24.442

Table 3. Number of citizens of North Macedonia to whom first residence permits were issued each year within the EU -28, 2013-2018

As we can see from the table, the number of Macedonian citizens is huge, and it is increasing each and every year. The largest number of first residence permit issued Germany, with the largest percentage of 47.4%.[50] Official data claims that between 350,000 and 2 million Macedonian citizens live around the world (Van Selm, 2007).

Finally, we can conclude that migration is also one of the main factors why the number of students' enrollment is decreasing.

3.2.4 Low birth rates

In our country during the last years the decrease of the birth rate has been felt significantly. According to the State Statistical Office data in the Republic of North Macedonia the number of births in 2019 were 19.986, of which 19.845 live births and 141 stillbirths. Related to the previous year, in 2019 the number of live births decreased by 7.0%. Meanwhile in 2018, the number of births were 21.484, of which 21.333 live births and 151 stillbirths. In 2018, related to the previous year, the number of live births decreased by 1.9%.[51]

[48] http://www.stat.gov.mk/Publikacii/2.4.18.06.pdf
[49] http://www.stat.gov.mk/Publikacii/SG2019/03-Naselenie-Population.pdf
[50] https://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=migr_resfirst&lang=en
[51] http://www.stat.gov.mk/PrikaziSoopstenie_en.aspx?rbrtxt=8

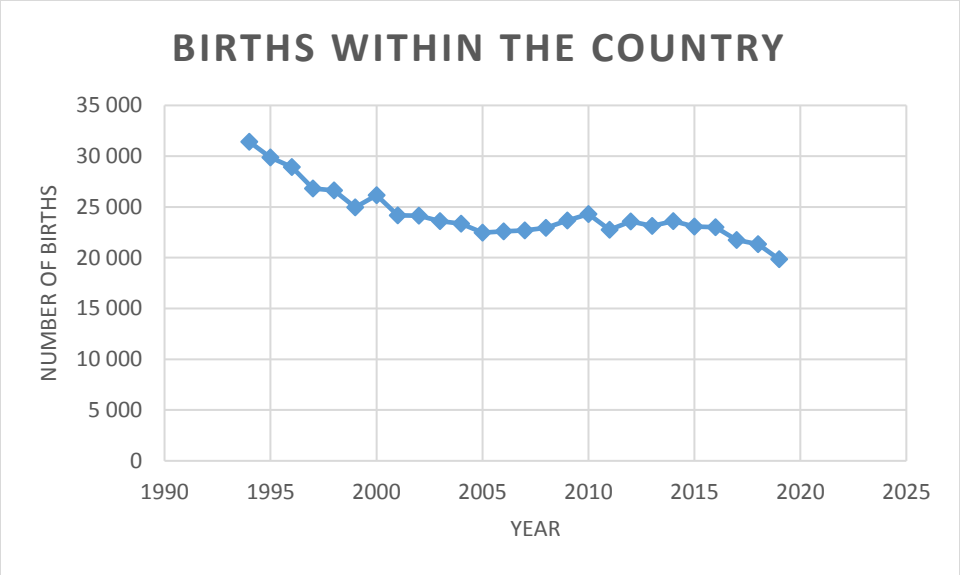

Figure 13. Number of births through 1990-2020 in North Macedonia

The figure above gives us a clear picture of the falling birth rate in our country. One of the factors of decline is emigration, but also the limited time and excessive commitments of modern times and the 21st century. This could be also an explanation of why the number of students is decreasing year by year.

3.2.5 Economic crisis

Prior to 1990, in the former Yugoslavia, the Republic of North Macedonia like other Former Yugoslav republics, was economically stronger. After the partition and the declaration of independence, Macedonia began the stages of serious economic crisis. This was because exports and production were located in Serbia, and Macedonia was excluded from their partner, the market and the economy there. On April 26, 1992, the Republic of North Macedonia announced its currency, the Macedonian Denar (MKD).[52]

Greece imposes an embargo (1994-1995) on the import of goods to Macedonia from Greece and the transport of products through Greek territory, all in order to resolve the dispute over the name of the Macedonian state. The economic instability situation continued even with the introduction of the new millennium of the Macedonian state. Sanctions from the north and

[52] https://www.nbrm.mk/makedonski-pari-en.nspx

embargo in the south were still in place. The only economic and open connection was the transport and products of Macedonia to Bulgaria. Nevertheless, according to (Tome Nenoski, 2012) the increased cost of transporting Macedonian products abroad made them more expensive in developing markets, and also the imported products become more expensive in the domestic market.

Economic turbulence in North Macedonia continues and worsens even after the 2001 war. Where, in addition to hundreds of lives lost, large sums of money from the budget were consumed in an unprecedented way. Hundreds of millions of German marks from the budget were used for weapons, bombs, and various combat assets. All this was very serious and with great economic consequences.

Gross Domestic Product (GDP) in North Maccedonia, 2003-2018

Year	GDP at current prices (in million denars)	GDP per capita in Euros (at current exchange rate)	GDP in million Euros (at current exchange rate)	GDP real growth in rates %	GDP Deflator
2003	268 694	2 164	4 386	2,2	101.7
2004	280 786	2 252	4 578	4,7	99.8
2005	308 447	2 470	5 032	4,7	104.9
2006	334 840	2 682	5 472	5,1	103.3
2007	372 889	2 982	6 095	6,5	104.6
2008	414 890	3 308	6 772	5,5	105.5
2009	414 622	3 300	6 767	-0,4	100.3
2010	437 296	3 459	7 109	3,4	102.0
2011	464 186	3 665	7 544	2,3	103.7
2012	466 703	3 680	7 585	-0,5	101.0
2013	501 891	3 948	8 150	2,9	104.5
2014	527 631	4 141	8 562	3,6	101.4
2015	558 954	4 382	9 072	3,9	102.0
2016	594 795	4 659	9 657	2,8	103.5
2017	618 106	4 839	10 038	1,1	102.8
2018	658 053	5 153	10 689	2,7	103.6

Table 4. Gross Domestic Product (GDP) in North Macedonia

According to the data of the State Statistical Office, the Gross Domestic Product (GDP) in 2008 was 414 890 million denars.[53] The real GDP growth was 1% less than in 2007, which actually is not a huge difference. As we can see from the Table 2. Republic of North Macedonia actually entered in recession in the third quarter in 2009 where economy experienced negative amounts and the real GDP growth decreased to -0.4%. Fortunately, that situation didn't last very long. The economy improved and the real GDP went to 3.4%.

The financial crisis of 2007-2008, also known as the Global Financial Crisis (GFC), is universally recognized as the worst financial crisis since the Great Depression of 1930s. It started with the bursting of the bubble in U.S mortgage market in 2006/2007, the collapse of the investment bank of Lehman Brothers on September 15, 2008, and followed with the failure of key businesses globally, declining in consumer wealth, damaging financial institutions and worldwide economic activity. No country in the world has been left untouched by the global crisis, of course North Macedonia has been affected as well. This difficult situation has also affected students' decision-making for further studies.

The Gross Domestic Product (GDP) in 2018 in North Macedonia reached 658 053 million denars and comparing with 2017 it increased by 6.5% in nominal terms. According to the real GDP growth rate in 2018, compared to 2017, was 2.7%.

According to the official website of the Ministry of Finance, the overall public debt in Republic of North Macedonia in 2018 is 4,344 Million Euros or 40,6% of the GDP.[54]

3.2.6 INFLATION RATE

Inflation rate means a rise in the average level of prices in the economy, which also corresponds to a fall in the domestic purchasing power of money. When we talk about inflation, we actually talk about the Consumer Price Index (CPI). The CPI is based on the price of goods and services. It measures the monthly prices of products or services, which is divided by the

[53] http://www.stat.gov.mk/pdf/2019/3.1.19.20_mk.pdf
[54]https://finance.gov.mk/stock-of-debt/?lang=en

same products or services bought previous month, all of that is multiplied by 100 and finally, the result reports inflation or deflation.

Consumer Price Index (CPI) through years 2015 and 2019 in North Macedonia is shown in the figure below:

Consumer Price Index (CPI)

	2015	***2016***	***2017***	***2018***	***2019***
Total	97.5	97.2	98.6	100	100.8
Food and non - alcoholic beverages	100.3	99.0	99.2	-	101.6
Alcoholic beverages, tobacco and narcotics	85.2	89.2	94.8	-	105.6
Clothing and footwear	98.0	99.4	100.4	-	98.5
Housing, water, electricity, gas, and other fuels	100.9	100.2	100.0	-	99.9
Furnishing, household equipment and routine maintenance of the house	96.0	98.8	99.2	-	101.2
Health	99.9	99.9	99.3	-	102.7
Transport	90.4	88.3	93.1	-	97.8
Communication	90.9	91.5	99.3	-	98.3
Recreation and culture	94.8	96.6	97.6	-	101.6
Education	100.1	100.4	100.1	-	99.6
Restaurants and hotels	93.6	94.5	98.1	-	100.9
Miscellaneous goods and services	100.7	100.1	99.6	-	100.0

Table 5. The Consumer Price Index (CPI) through 2015-2019

This table is taken originally from the State Statistical Office in North Macedonia[55]. As we can notice, the total CPI in 2015 was 97.5, depending on the different sections of products and

[55] http://www.stat.gov.mk/PrikaziPublikacija_1.aspx?rbr=816

services. In 2016 the total CPI decreased for 0.3. A huge increase was made in 2017 where the CPI increased for 1.4, in 2018 for 0.4, and in 2019 for 0.8. We can conclude that the Consumer Price Index is increasing year by year, which means that the economy is growing continuously, and a proportion of the population will have troubles to afford basic goods and services. At the same time will decrease the number of students enrolled in private universities or colleges.

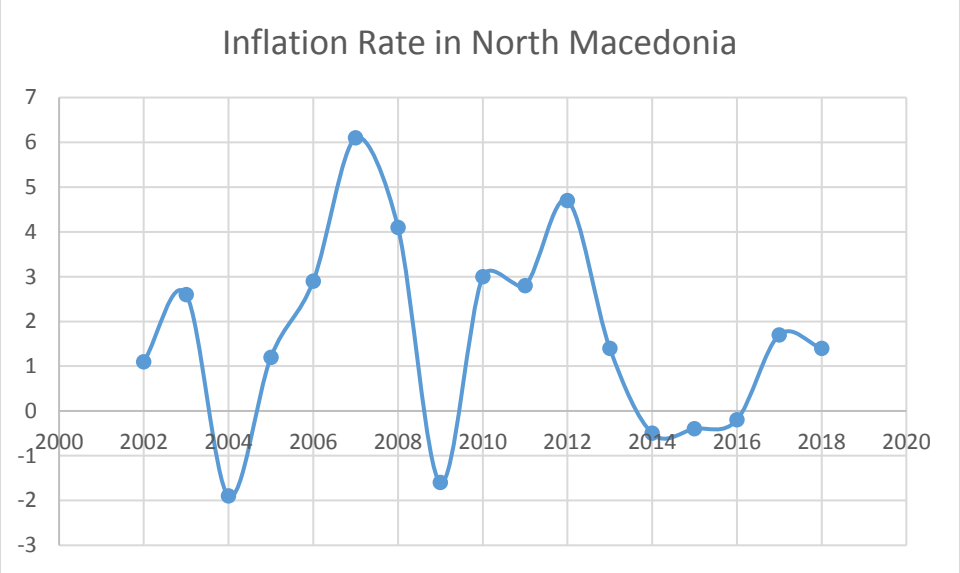

Figure 14. Inflation Rate 2002-2018

According to the National Bank of the Republic of Macedonia[56], the highest inflation rate was in 2007, where it reached 6,1%. In 2018 inflation rate decreased by 0.3%, comparing with 2017 which was 1,7%.

If the CPI continues to increase and thereby causing an inflation in our country, people will face more difficulties on their purchasing/investing power.

3.2.7 Unemployment rate

The major social-economic problem since 2000 that Macedonia has been facing is high unemployment. The main reason why young people leave the country can be the fear of not finding a job or the fear of unemployment.

[56] https://www.nbrm.mk/osnovni_ekonomski_pokazateli.nspx

According to the economist of the University of Cape Town (UCT) Vimal Ranchhod, "long-term unemployment leads to unfulfilled human potential over a lifetime and can affect people's sense of self-worth and cause depression. Poverty rates are higher and this affects individuals, their families and their communities." (Ranchhod, 2019)

Nenovski also stated that when examining the rate structure of unemployment, a large number of officially unemployment are working in the informal sector, i.e., the so-called "gray" economy, which in Macedonia is predictable to account for about 40% of the GDP of the country. (Nenovski, 2008).

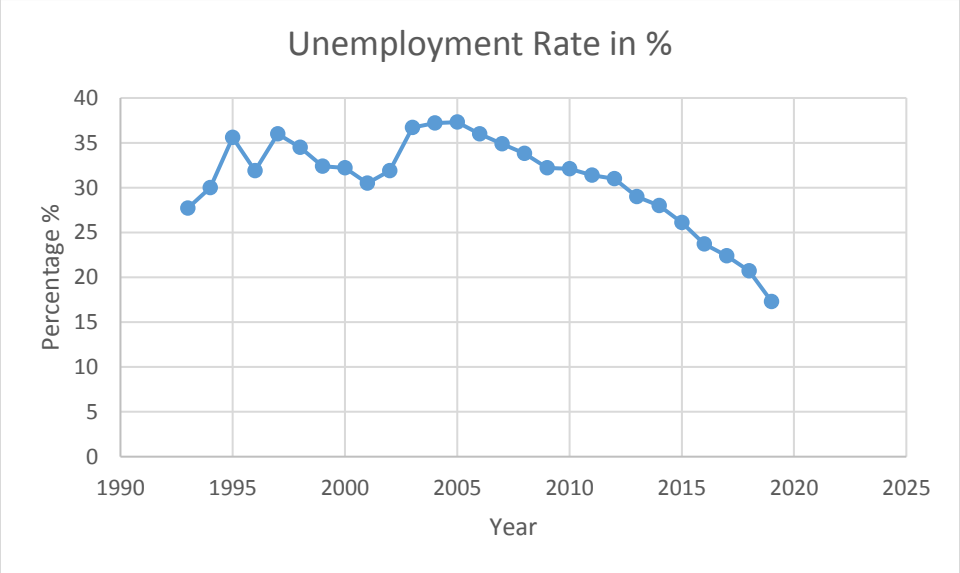

Figure 15. Unemployment Rate in North Macedonia 1993-2019

The highest unemployment rate was since the early 2000s, according to the official data of National Bank of the Republic of Macedonia[57], starting from 2003 when the unemployment rate had reached 36.7%. In 2004 and 2005 there was an increase in the percentage reaching 37.2% in 2004 and 37.3% in 2005. From 2006, where there was a decrease of 1.3% compared to the previous year. From 2010 to 2018 the percentage of unemployed people continued to drop, reaching a number of 22.4% in 2007, 20.7% in 2018 and 17,3% in 2019. The recent percentage of

[57] https://www.nbrm.mk/osnovni_ekonomski_pokazateli.nspx

the unemployment rate is shocking, that is because the state of Northern Macedonia continues to have large numbers of poor people.

3.2.8 The legalization of State University of Tetovo

After the destruction of Yugoslavia and the demarcation of the borders, and after teaching in Albanian language in the Academy was stopped, Albanian people found it difficult to study in Pristina, thus being forced to make a decision as soon as possible for opening a university in the Albanian language.

On June 4, 1994 in Tetovo was held the Assembly of university-level intellectuals from Macedonia where the decision was made to establish a University in the Albanian language in Macedonia, based in Tetovo. On this day, the presidency for the establishment of the university was elected, which involved three members, Dr. Fadil Sulejmani; Dr.Agni Dika; and Dr. Murtezan Ismaili.[58]

During the adoption of this decision high-ranking officials of the state took part, including the Assembly of Intellectuals of Albania. The discussions of the intellectuals were numerous, studying the informal bodies and the doubt whether this assembly has the authority to establish a university in the Albanian language in Macedonia. They decided that a verdict should be taken by the municipal assembly in Tetovo, Gostivar, and Diber. Meanwhile, they sent a statement informing the municipal assembly about the decision to raise the educational and scientific staff of Macedonian Albanians in their mother tongue.

According to the official newspaper of the Republic of Macedonia, the state university of Tetovo started working in 1994-1995, while the legalization took place after nine years, respectively in 2004.[59] The legalization of the University of Tetovo was a new era of success and career achievements of the Albanians of Macedonia.

After the legalization of the State University of Tetovo (UT), the total number of students in all universities has dropped, including the number of students enrolled in the Faculty of Economics and Business. There is no official data about the exact number of students enrolled at the

[58] Rilindja 5 June 2004 p.3
[59] https://tradita.org/2020/02/19/themelimi-dhe-funksionimi-i-universitetit-te-tetoves/#_ftn10

University of Tetovo. According to the official data provided by the Finance Office of SEEU, in the Academic Year 2003/3004 (before the legalization of the UT) the total number of FBE students in SEEU was 495, meanwhile in 2004/2005 (after the legalization of the UT) the number of FBE students dropped to 434.

3.2.9 Substitute Universities (Other private and state universities established)

When the number of substitutes goes up, the demand for product or service goes down. In recent years, despite the fact of migration, the tremendous decline of the number of students and the troubles with the economy growth, 2 more private/state universities are opened in North Macedonia, Mother Teresa University and Vision International University. However, the low number of students is perturbing.

The following table shows the tuition fees in some of the North Macedonia universities, respectively prices in the Faculty of Business and Economics.

Tuition Fees of **Faculty of Economics** in North Macedonia universities							
University	Ss. Cyril and Methodius – Skopje	St.Klimen t Ohridski Bitola	University Goce Delcev – Shtip	State University of Tetovo	FON - Skopje	American College – Skopje	South East European University
Tuition Fees/year	€400	€400	€400	€400	€2000	€2600	€1500

Table 6. Tuition Fee of Faculty of Business and Economics in substitute universities

FON, American College, and South East European University belong to the group of Private universities, and the most expensive university from this group is American College – Skopje[60]. From the table we can also conclude that prices in state universities are much lower compared to private ones.

The Academic Year 2008/2009 was the first year to provide official data of the number of students registered in each University in North Macedonia. The following table shows the

[60]https://uacs.edu.mk/home/wp-content/uploads/2020/07/Tarifnik-za-dodiplomski-studii-na-UAKS-za-akademska-2020-2021-godin%D0%B0.pdf

number of students enrolled in the faculty of Business and Economics in different universities in North Macedonia.

Number of Students enrolled in the Faculty of Business and Economics through Academic Years 2008/2009 – 2018/2019											
Academic Year	Ss. Cyril and Methodius - Skopje	Faculty of Economics - Prilep	University Goce Delcev – Shtip	State University of Tetovo	European University – Skopje	FON University - Skopje	American College – Skopje	International Balkan University	University of Tourism and Management - SK	Faculty of Business and Economics - SK	South East European University - SEEU
2008/2009	819	385	520	33	266	234	133	-	-	65	291
2009/2010	1 014	325	487	-	177	238	126	44	29	271	228
2010/2011	1 091	219	439	122	81	157	89	77	42	149	202
2011/2012	1 178	221	367	7	46	108	92	72	82	143	155
2012/2013	1 048	373	310	267	14	100	17	45	75	146	168
2013/2014	1021	290	486	314	11	57	50	128	65	125	149
2014/2015	860	213	261	461	29	10	81	115	123	110	150
2015/2016	878	203	230	250	25	55	74	65	69	76	149
2016/2017	843	165	242	224	29	73	64	98	70	66	149
2017/2018	718	178	198	40	21	66	95	77	65	69	158
2018/2019	604	110	180	148	16	47	111	63	-	78	124

Table 7. Number of students enrolled in substitute universities

As we can see from the table above, SEEU competes in the market mostly with the state universities of our country. According to the State Statistical Office, during the academic year 2008/2009 in the state university of Ss.Cyril and Methodius in Skopje in the Faculty of Business and Economics are enrolled 819 students, while the current total number of FBE students is 4,349.[61] In the Faculty of Economics in Prilep the number of students enrolled in 2008/2009 is 385, the total number in the field of Economics is 1757. University Goce Delcev – Shtip has 520

[61] http://www.stat.gov.mk/PrikaziSoopstenie.aspx?id=29&rbr=3043

students enrolled, while the total number is 754. In the State University of Tetovo the number of enrolled students in faculty of Economics is 33, while the total number is 264.

European University in Skopje has 266 students enrolled in 2008/2009, while the total number of FBE students was 673. In the same year FON University has 234 FBE students, then comes American College with 133, and Faculty of Business and Economics with 65 students. The State University of Tetovo reached a peak in the Academic Year 2014/2015 with 461 students enrolled.

The total number of students from 2009/2010 dropped each year. In the academic year 2018/2019 at South East European University in the faculty of Economics the total number of students enrolled was 124, while the total number of students studying Economics is 470, which is almost twice the number of the other private universities.[62]

3.3 South East European University – History

South East European University is a *private-public non-profit* higher education institution in the Republic of North Macedonia. In spring 2000, OSCE High Commissioner for National Minorities with the support of international donors proclaimed discussions for establishment of a new university in the Republic of North Macedonia.[63] In late 2000, after the adoption of the Law on Higher Education by the Parliament of Republic of North Macedonia, OSCE High Commissioner for National Minorities started the planning of the University. The campus construction started in March 2001, and South East European University (SEEU) was opened six months later. The opening of SEEU was a rejuvenation for all citizens of Macedonia and beyond, whereas in 2002 the number of students reached 2250, and in 2003 the total number went to 3700.[64] Established at a difficult time, politically and economically, SEEU has made most impressive progress. It was the first university that offered Albanian people to study on their mother tongue.

[62] www.stat.gov.mk/xls/2019/2.1.19.27.xls
[63] https://www.seeu.edu.mk/en/about/history
[64] https://www.seeu.edu.mk/en/about/history

With an encouraged leadership and academic staff, just two years after the opening of the university SEEU achieved to be state-recognized, to fully operate and to be effective institution of higher education. This accomplishment is quite outstanding and deserves the highest acclamation.

SEEU has a very good reputation in the country, which consists of an excellent academic staff, including professors and assistants, where most of them have graduated abroad and in the most advanced faculties in the country. Me as a student, where I have completed a Bachelor and a Master in this university, I can say with much conviction that the quality of study in the Faculty of Contemporary Sciences and Technology and in the Faculty of Business and Economics at SEEU is at a high level. According to (Pampaloni, 2010) there are many studies conducted which say that the reputation of a university or institution is one of the most important factors ranked high by students.

The following faculties are part of the University:

1. Faculty of Business and Economics
2. Faculty of Law
3. Faculty of Languages Cultures and Communications
4. Faculty of Contemporary Sciences and Technologies
5. Faculty of Contemporary Social Sciences

In most of the faculty's students have the opportunity to attend courses in three languages: Albanian, Macedonian, and English. SEEU is known as a multi-lingual university, and its diploma is internationally recognized.

According to (Ford, 1999) the program issues including range of study programs, flexibility of the degree is the most influential factor when students decide their higher education institution. Starting from the academic year 2020/21, SEEU has decided to expand the academic fields offered by adding *Architecture and Design* as the newest program. "South East European University always designs its academic offer in cooperation with all interested parties, and first of all with the business community. Employment data shows that over 70% of graduates reach

employment by the first year of graduation" says the Rector of the South East European University, Acad. Prof. Dr. Abdylmenaf Bexheti.[65]

Three cycles of study are organized at the University in accordance with the Bologna Declaration.

- First Cycle of University Studies - undergraduate studies
- Second Cycle of University Studies (Master studies) – postgraduate studies
- Third Cycle of University Studies – Doctoral Studies
- The university also offers Specialized and Professional Training Programs

The most innovative and attractive decision that SEEU recently made was the application of the merit-based scholarships (MBS) for the future students based on their high school performance (cumulative GPA during their four years of education). The students with Cumulative GPA 5.00 receive a scholarship amount 60% of tuition fees, whereas students with Cumulative GPA from 4.50 to 4.99 receive a scholarship amount 40% of tuition fees.[66]

The university (SEEU) also offers financial discount for family members with two or more students studying at SEEU. After the first sibling has paid 100% of the tuition fee, the second pays 85%, and the third sibling pays only 75% of the tuition fee.[67]

SEEU enables students to Work and Study at the same time. The university support the students financially and also give them opportunity to demonstrate their professional skills.

Nowadays online teaching/services are considered as one of the most important tools for efficiency. SEEU was one of the first universities that offered online services and latest technology innovations. Students had the opportunity to see their grades on MySEEU, upload and download course documents in Google Classroom, keeping in touch with the professors by Webmail, and eLibrary for searching books that are available at the library.

[65] https://www.seeu.edu.mk/en/future-students/student-info?id=2077
[66] https://www.seeu.edu.mk/en/future-students/financial-aid#scholar
[67] https://www.seeu.edu.mk/en/future-students/financial-aid#finance

In recent years, the university established SEEU Career Centre. They connect graduate students with companies in North Macedonia and help them find a job, and link the present students to finish their practical work.[68]

Erasmus+ is the EU's programme to support education, training, youth and sport in Europe. Through Erasmus+, SEEU students have the opportunity to study and gain expreience in almost every EU countries.

South East European University had continous improvement and innovation in the method of educating students and developing science. Their mission is to chase excellence in teaching and research, improve teaching quality, create the opportunity for every student under equal circumstances to gain higher education, contribute to higher education in the Albanian language as well as promote inter-ethnic understanding.[69]

3.4 South East European University – SWOT Analysis

SWOT Analysis is a strategic planning technique that help organizations to determine Strengths, Weaknesses, Opportunities, and Threats. SWOT analysis is divided into two categories:

1. Internal Factors – the *strengths* and *weaknesses* of the university
2. External Factors – the *opportunities* and *threats* that arises from outside the university

Internal Analysis

Strengths

- Provides quality education
- Academy Staff
- Experienced faculty members
- Program changes (4+1 or 3+2)

[68] https://careercentre.seeu.edu.mk/
[69] https://drive.google.com/file/d/1JmwyrvtsSt-7tHX8qn8XMDC4OTbCPDkR/view

- Positive reputation
- Online services
- Good locations (Skopje and Tetovo)
- Merit-based-scholarships
- Internationally Recognized
- Relief in payment (rate payment, for siblings 25% discount)

Weaknesses

- High tuition fees
- Lack of collaboration with particular institutions for practical work experience
- Less government supports

External Analysis

Opportunities

- Provide career-oriented seminars and programs for the students
- Build up relations with other universities

Threats

- State Universities
- Public Universities
- Economic crisis
- Migration

CHAPTER 4 – DATA ANALYSIS

4. PRIMARY DATA COLLECTION, ANALYSIS AND FINDINGS

As a part of the data collection progression, I consulted enrollment reports that included the number of the students who enrolled at Faculty of Business and Economics in South East

European University during the Academic Year 2001/2002 and 2017/2018. These enrollment reports reflected only the number of students who participated in undergraduate studies.

I also collected materials and statistics that have been published by the official data from the State Statistical Office in North Macedonia.

The participants for this study included the high school students that were ambitious to continue their studies. I choose this student group purposefully because they were on their 4th year of High School and I thought it was the most appropriate time to collect real information about my study.

4.1.2 Customer Data

4.1.3 Data Collection and Descriptive Statistics

In order to measure the number students that are planning to study the field of Business and Economics and do not choose South East European University, we realized 147 anonymous questionnaires in three different high schools in Skopje, Tetovo, and Kumanovo. The question structure contains different types of questions, including: the language of the studies they want to enroll, the field of study they choose, which university they want to register, what are the reasons they choose that particular university, and most importantly, are they informed about the opportunities that SEEU offers, what are the reasons they did not choose FBE within SEEU, etc. In our analysis, we encompassed only those questions which are related to our hypothesis. For more information, refer to the Appendix.

The following questionnaire has been conducted face to face personally by me, because there was no other option to realize it.

The gender distribution of the high school students was consisting of 69 male participants or 47% males and 78 female participants or 53% female from the total of 147 participants. The Gender Descriptive statistics of the Customer Satisfaction Questionnaire is displayed in Figure 16.

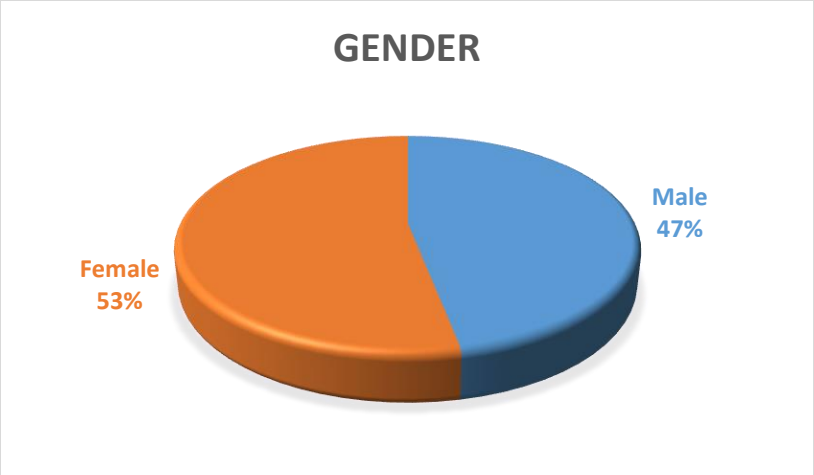

Figure 16. The gender statistics of the high school students

The participants for the high school students were of different grade point average (GPA), where 49 of the students OR 33% had a GPA of 5,00, 41 students or 27% were with 4,5, 31 students or 21% with 3,5, and 26 students or 17% had Other. The GPA statistics are displayed in Figure 17.

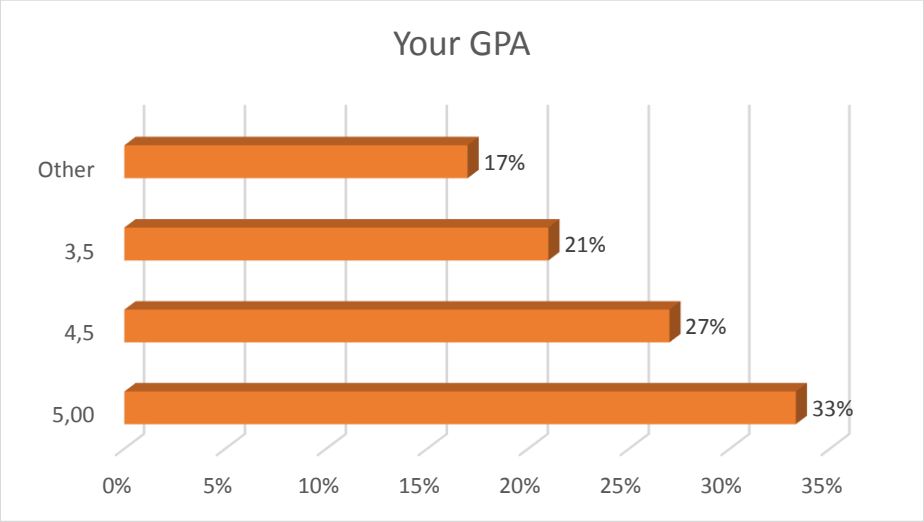

Figure 17. GPA of the high school students

In the question about the location or city from which the high school students come, we can see that 49 students or 33% are from Tetovo, 45 students or 31% are from Skopje, and 53 students or 36% are from Kumanovo. The City statistics of high school students is displayed in Figure 18.

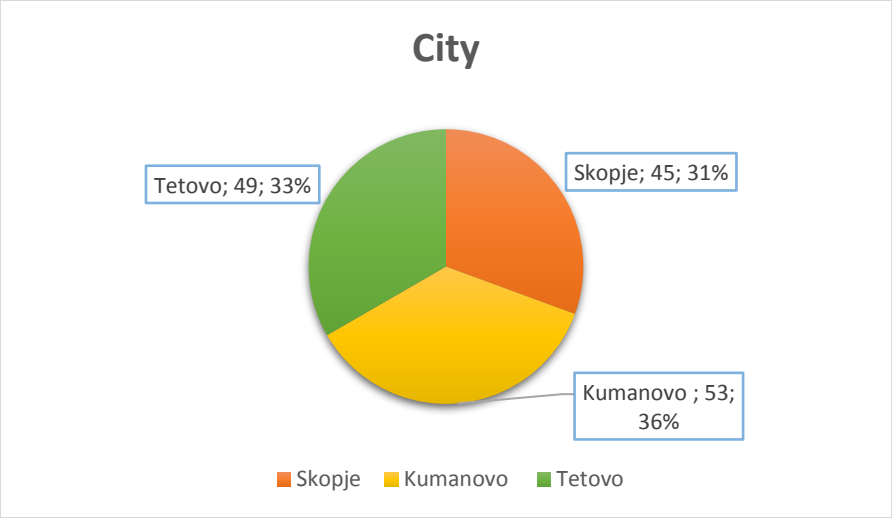

Figure 18. City statistics of the high school students

When asked *"Will you continue your studies"*, Figure 19 shows that 78% or 115 of the students answered Yes, whereas 22% or 32 students answered with No.

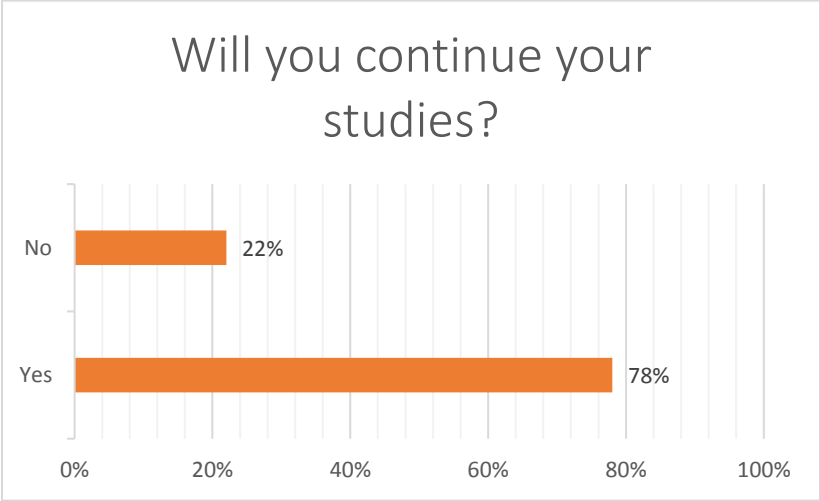

Figure 19. Statistics of the number of students they want to continue their studies

In the Figure 20 we can see the language of the studies students prefer to enroll. 56% or 65 students decided to continue their studies in Albanian language, 25% or 29 students in Macedonian language, and 18% or 21 students in English language. We can also have in mind that not all the universities offer lectures in different languages.

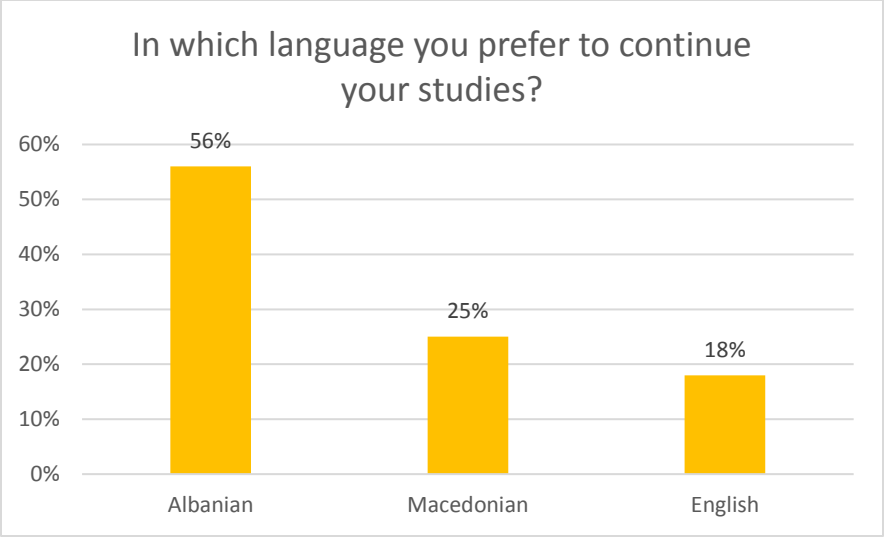

Figure 20. Statistics of the language students want to continue their studies

In the question in Figure 21 "In which university do you want to register?", 27% or 32 of the students answered with: University of St Cyril and Methodius, 20% or 23 of the students choose South East European University, 36% or 42 students choose State University of Tetovo, 7 students or 6% choose University American College Skopje, 8 students or 6% choose FON University, and 3 students or 2% choose International Balkan University. Therefore, we can conclude that SEEU competes the most with the University of St Cyril and Methodius and the State University of Tetovo.

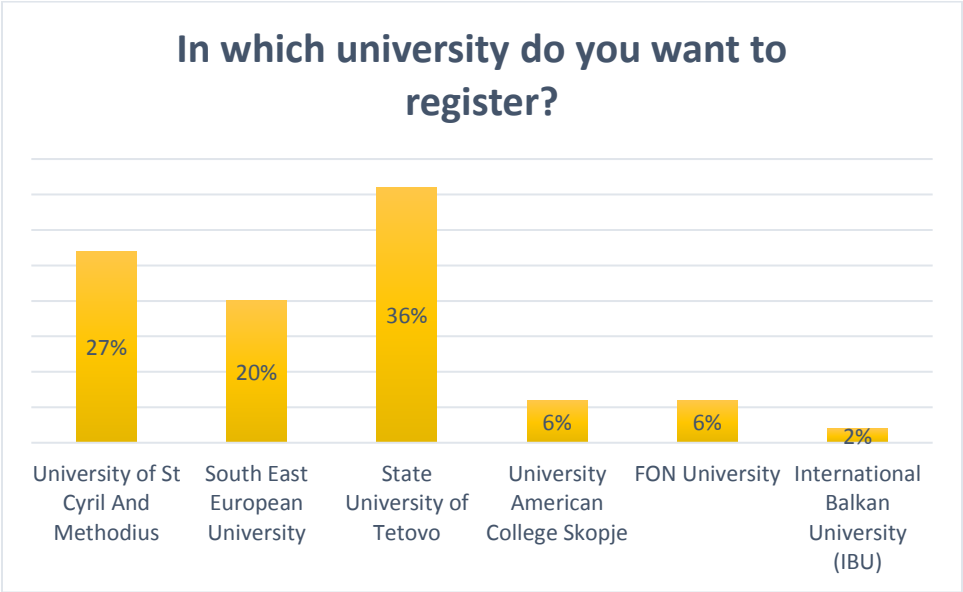

Figure 21. Represents the universities students want to register

In the following question students had the opportunity to circle more than one answer, so we could have a clearly picture about what actually students care about when deciding about their studies. Here we can see that 57 students or 50% choose Price as the main factor for deciding about their studies, 38 students or 42% choose Reputation of the University, 32 students or 29% choose Quality of objects, a large number of students, 48 or 43% also circled the Study Quality, 31 or 29% choose Location, 23 or 16% circled Scholarships, and 15 or 10% choose Financial Discount. The reasons that affect the student's decision to choose a university for their future studies is displayed in Figure 22.

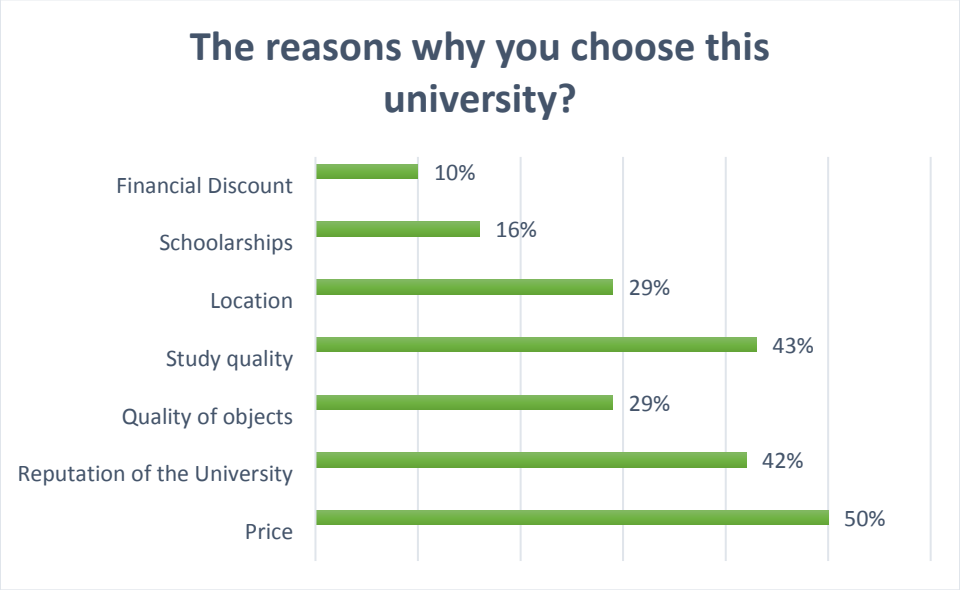

Figure 22. Represents the reasons why they choose that university

Regarding the field of study students want to register, in the Figure 19 we can see that 37 students or 32% answered with Faculty of Business and Economics, 28 students or 24% choose Faculty of Contemporary Science and Technology, 10 students or 8% choose Faculty of Law, 4 students or 3% choose Faculty of Languages, Cultures, and Communication, 15 students or 13% are willing to study Faculty of Public Administration and Political Science, 4 students or 3% choose Faculty of Medicine, 4 students or 3% Faculty of Architecture, and 13 students or 11% choose Other.

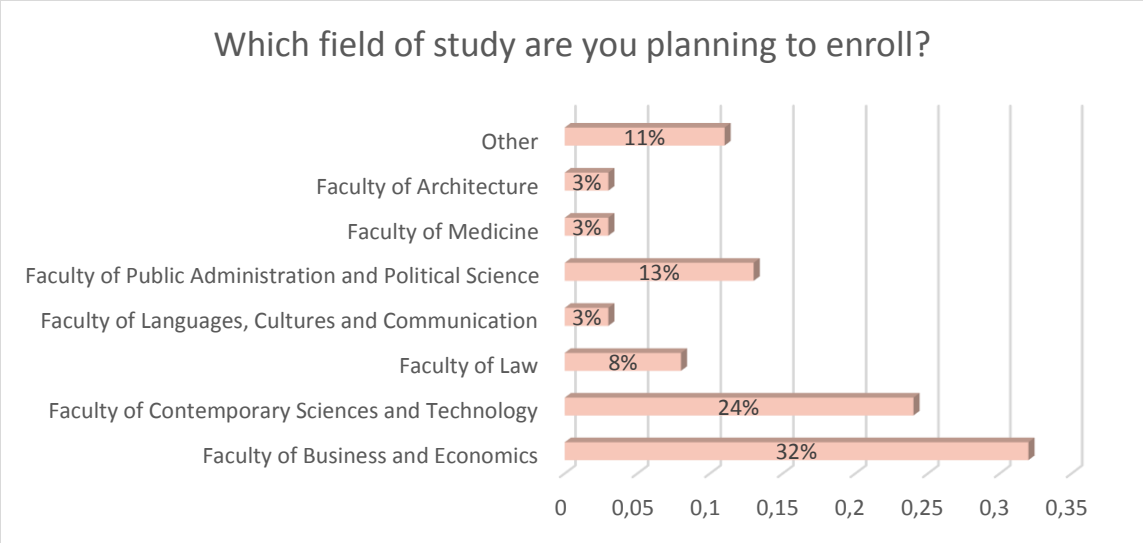

Figure 23. Represents the field of study students want to enroll

The following question students had the opportunity to circle more than one answer as well. Where the reason that they choose that particular field of study is as follows: 29 students or 25% choose the Ease of Finding a Job, 12 students or 10% choose Location, 12 students or 10% choose Academic Staff, 35 students or 30% choose Study Program, 24 students or 20% choose Teaching Methods, 35 students or 20% decide to circle Study Quality, 26 students or 22% choose Practice, 19 students or 16% choose Internship, and finally 23 students or 20% choose Price.

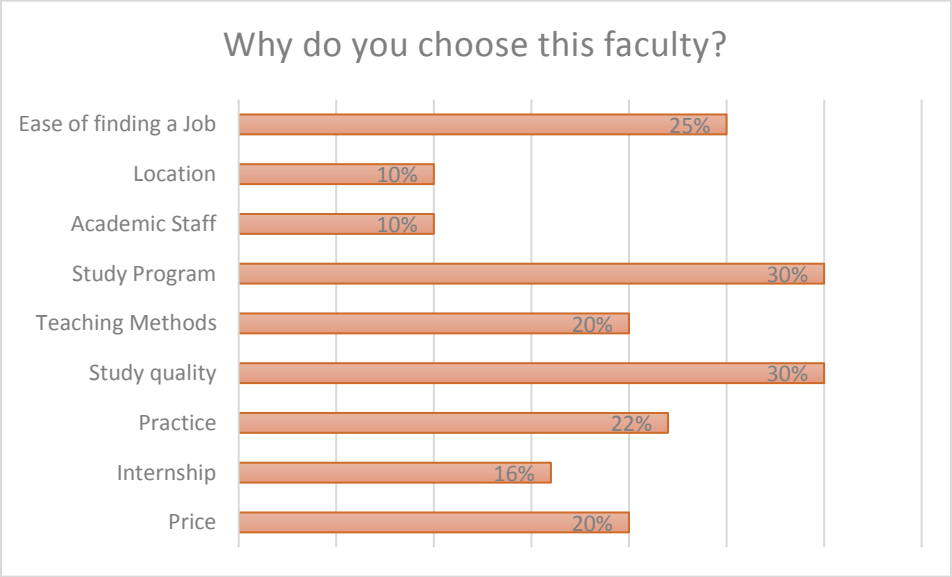

Figure 24. Represents the reasons why they choose this faculty

4.1.4 Data Analysis

In this section we are going to analyze the answers that are adequate for testing our hypothesis. Moreover, the questions were only for those students who plan to enroll the faculty of Business and Economics but they didn't choose SEEU.

In the question displayed in Figure 23 we have the answers regarding the field of studies high school students decided to continue, and we found out that 5 of the students had already decided enroll in South East European University, whereas 32 of them choose Faculty of Business and Economics in other universities except SEEU.

In Figure 25 we can see that 28 students of 87% of FBE field are informed about the programs, tuition fees, scholarships and facilities that SEEU offers, although 4 students or 13% are not informed.

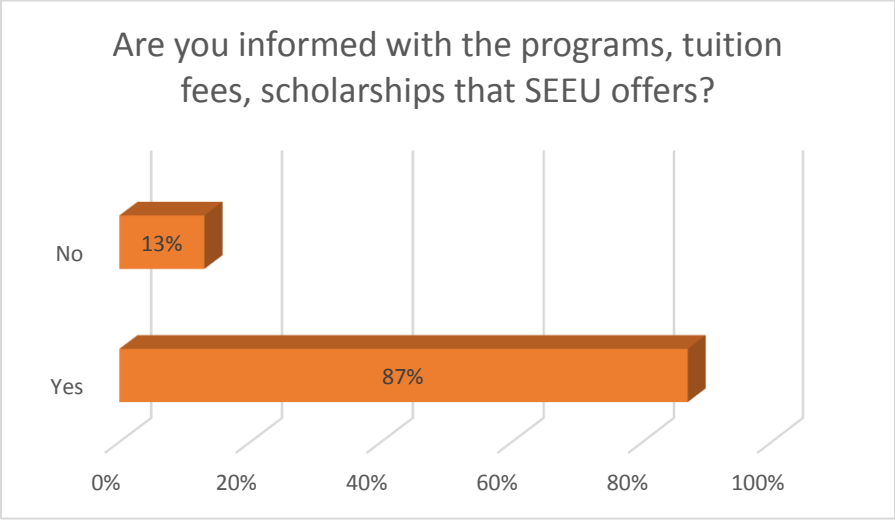

Figure 25. Represents the student's information about SEEU offers

The following figure expresses a list of the reasons why high school students didn't choose FBE within SEEU. When asking about if the Price was the reason why they didn't choose FBE within SEEU, 27 or 84% of the students answered YES, while 15% or 5 students answered NO. Regarding the Quality of Studies, 13 students or 40% answered YES, 19 students or 59% said NO. Shanghai Ranking – 12 of the students or 37% said YES – that is one of the reasons why I didn't choose SEEU, 63% or 20 students said NO. Internship – 8 students or 25% said YES, 24

students or 75% answered NO. Practice - 20 students or 62% said YES, 12 students or 37% answered NO. Study Program – 24 students or 75% answered YES, 8 students or 25% said NO. Teaching Methods – 8 students or 25% said YES, 24 students or 75% answered NO. Regarding Academic Staff, 6 students or 18% said YES, 26 students or 81% said NO – that is not the reason. Location – 12 students or 37% answered YES, 20 students or 62% said NO. And finally, the last question was about the Ease of finding a Job, and they said: 14 students or 43% YES, 18 students or 56% NO.

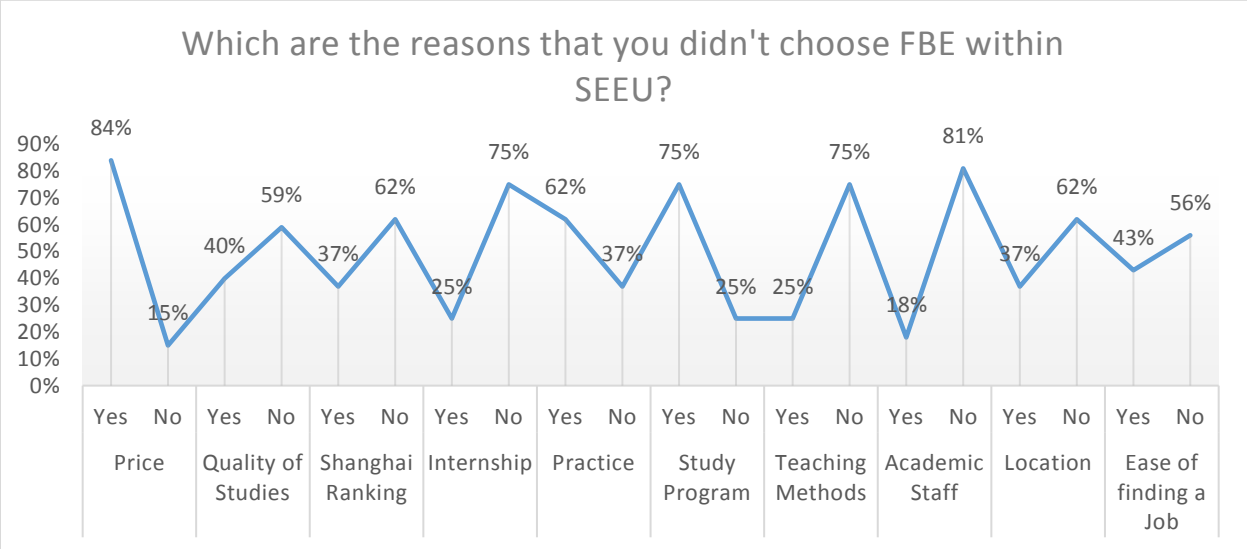

Figure 26. Represents the reasons why students didn't choose FBE within SEEU

The opportunity that each of the student wouldn't have lose, studying in a university that offers you practical work in some of the institutions related with your field of study. In *Figure 27* we can see that if SEEU offers work/internship experience in banks, companies or any other financial/state institutions 81% or 26 students would register, and 6 students or 19% said No, they would not register despite the fact of the great opportunities.

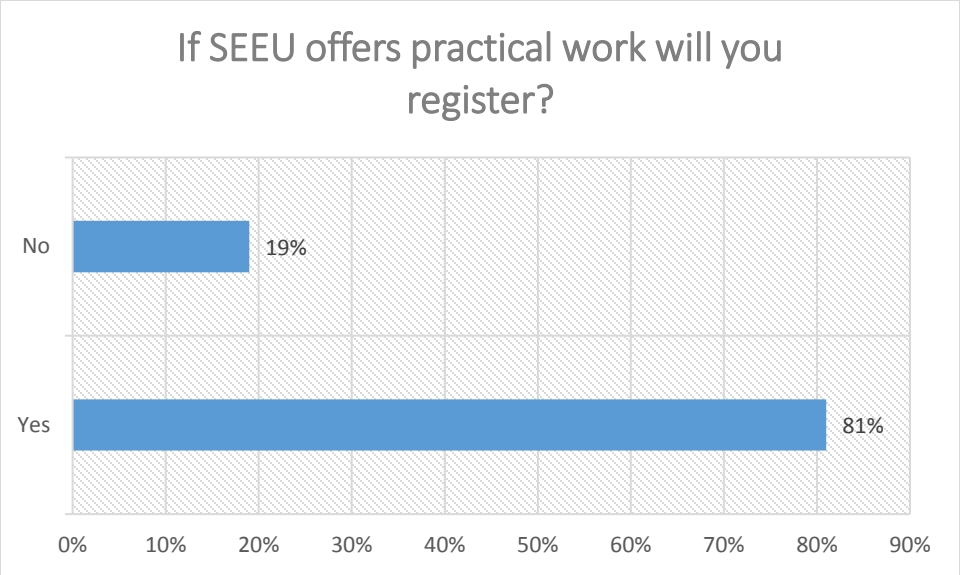

Figure 27. Represents the statistics of the question that if SEEU offers work / internship experience in banks, companies or any other financial /state institution would they register.

Finally, the last question is related with the tuition fees. If FBE within SEEU would decrease the tuition fees from 900 to 500 euros per semester, 23 students or 71% said that Yes, they would register if the price drops below 500 euros per semester. 4 students or 12% said that prices are affordable, and 5 students or 16% answered with No, they would not register even if the prices would drop.

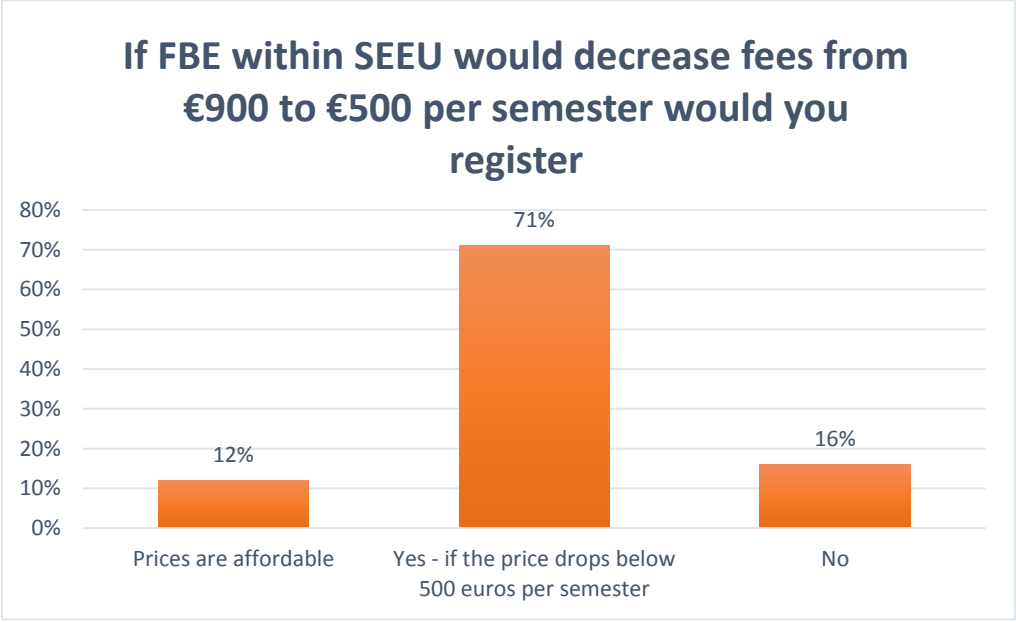

Figure 28. Represents the attitude of the students if SEEU decreases its prices

4.2. Primary Data Findings

4.2.1 Simple linear regression

Simple linear regression is a regression model which helps us to examine the relationship between two quantitative variables. Moreover, regression allows us to explain how a dependent variable change as the independent variable changes.[70]

The formula for a simple linear regression is:

$$y = \beta_0 + \beta_1 X + \varepsilon$$

Where y is the predicted value of the dependent variable (y), in our case the quantity of the students enrolled, for any given value of the independent variable (x) in our case the Tuition Fee in FBE within SEEU. B_0 is the intercept, B_1 is the regression coefficient, x is the independent variable (the variable we expect to influence y) and e is the error of the estimate of the regression coefficient.

In order to satisfy the Hypothesis H1: *Decreasing the tuition fees will enhance the enrollment of Business and Economics students* we took two variables:

- Dependent Variable: Quantity of the Students Enrolled through 2001/2002 to 2017/2018
- Independent Variable: The Annual Tuition Fee of Faculty of Business and Economics in SEEU through 2001/2002 - 2017/2018

The data collected from the high school students tells that if FBE within SEEU would decrease the tuition fees from 900 to 500 euros per semester, 23 students or 71% said that Yes, they would register if the price drops below 500 euros per semester. 4 students or 12% said that prices are affordable, and 5 students or 16% answered with No, they would not register even if the prices would drop.

[70] https://www.scribbr.com/statistics/simple-linear-regression/

The table below gives us a clear picture of the regression output examined in Microsoft Excel. We will go through and explain the main parts of the Output.

Regression Statistics	
Multiple R	*0,502032544*
R Square	*0,252036676*
Adjusted R Square	*0,202172454*
Standard Error	*103,4586936*
Observations	*17*

Table 8. Regression Statistics

The Multiple R is the absolute value of the correlation coefficient which tells us how strong the relationship between two variables is.[71] A correlation coefficient +1 indicates that variables have a perfect positive relationship, meaning that they move in the same direction. A correlation coefficient 0 indicates that there is no relationship between the two variables. And a correlation coefficient of -1 tells us that the variables move in perfect tandem but in the opposite direction. In our case the Multiple R is 0,502, this means that there is a moderate correlation between Tuition Fees and Quantity of Stundents enrolled, thus ***we have a positive relationship*** between the two variables.

The R-squared specifies how well the regression line fits the data. It shows the proportion of variance in the dependent variable (Y), or the Number of Students in our case, that is explained by the independent variable (X), or the Tuition Fee. Our regression output indicates that 25% of variation in Quantity is explained by the Tuition Fee. And 75% (100%-25%) of the variation is caused by other factors except Tuition Fee.

The Adjusted R-Squared is typically quoted more than R-Squared. It is used only in Multiple regression output analysis, meaning that it is used only when we have more than one independent variable.[72]

[71] https://www.graduatetutor.com/statistics-tutor/interpreting-regression-output/
[72] https://www.statisticshowto.com/excel-regression-analysis-output-explained/

The other important part we are going to analyze is the probability that the null hypothesis in our regression model cannot be rejected, and that would be shown by the Significance F of the regression.[73] The Significance F is the P-value of F. The smaller the Significance F the greater the probability that the regression output is not wrong.

ANOVA

	Df	*SS*	*MS*	*F*	*Significance F*
Regression	1	54101,42188	54101,42188	5,054459241	0,040025193
Residual	15	160555,5193	10703,70129		
Total	16	214656,9412			

Table 9. Anova

In our case the Significance F is 0,04, meaning that there is 4% chance that our output was obtained merely by random chance. This means that ***our regression is strong***.

The most useful component in the last section is the reliability of the Regressions' Y-Intercept and Coefficient.

	Coefficients	Standard Error	t Stat	P-value
Intercept	531,9468078	122,2046575	4,352917628	0,000568075
Price	-0,171994421	0,076502744	-2,248212455	0,040025193

Table 10. Coefficients

The Coefficient is the numbers that go into the linear equation of the line which has the Y-Intercept and the slope of the variable Price. The slope of the Price (Tuition Fee) is 0.17 meaning that we have an upward or ***positive relationship*** between the Tuition Fees and the Number of FBE Students Enrolled. Lower prices – more students enrolled.

The P-value is a test of whether the coefficient are too close to zero. In this case we have a P-value of 0.04, meaning that these coefficient actually ***has an effect*** on Quantity (number of Students). Therefore we can ***reject the null hypothesis and accept our hypothesis***.

[73] https://www.ablebits.com/office-addins-blog/2018/08/01/linear-regression-analysis-excel/

4.2 Price Elasticity of Demand and Total Revenue in SEEU – Faculty of Business and Economics through Academic Years 2001/02-2017/18

Price Elasticity of Demand (PED) is the percentage change or the sensitivity in the quantity demanded of a given good X, relative to the percentage change in its price when all other factors are held constant. In other words, PED shows the relationship between price and quantity demanded and provides a precise calculation of the effect of a change in price on quantity demanded. The formula for calculating the PED is:

$$Ep = \frac{\%\Delta Q}{\%\Delta P}. \qquad Ep = \frac{\frac{\Delta Q}{\mathrm{Qx}}}{\frac{\Delta P}{\mathrm{P}x}} = \frac{\frac{Q_2 - Q_1}{Qx}}{\frac{P_2 - P_1}{Px}}$$

Where Ep is the Price Elasticity, $\%\Delta Q$ is the percentage change in quantity demanded, and $\%\Delta P$ is the percentage change in price. Q_2 in our case is the total quantity of students in current year, whereas Q_1 is the total number of students in the previous year, all of that divided by the number of students in the previous year. P_2 is the tuition fee of the current year, minus the P_1 which is the tuition fee of the previous year, all of that divided with the price of the previous year.

Students are responsive to price increases—whether they occur as a result of tuition hikes or cuts to financial aid. However, students also tend to be less sensitive to price than consumers are for many other goods and services. This relative insensitivity to price has allowed colleges and universities to boost revenue by raising tuition.

Tuition elasticity measures the responsiveness of a student's enrollment decision to changes in a college's tuition. Technically, it is the percentage change in enrollment divided by the percentage change in cost of going to college (tuition rates).

Measuring tuition elasticity correctly is extremely important for the universities and the other higher educational institutions which depend on student tuition for a substantial portion of their operating income. Universities can increase revenue by raising tuition rates if student enrollment

is relatively insensitive. However, if tuition elasticity is greater than 1, —that is if students are very price sensitive then an increase in tuition rates result in both enrollment and total revenue decreasing.

Total Revenue is obtained by multiplying the price by the quantity before any costs are considered, in our case we multiply the number Registered Students by the Annual Tuition Fees. Obviously, the goal of the university is to maximize profits, and one way to do this is by increasing total revenue. The university can increase its total revenue by attracting more students or by raising the price.

Academic Years 2001/2002 – 2017/2018	Registered Students – UGS	Annual Tuition Fees	Price Elasticity of Demand	Total Annual Revenue
2001/2002	303	€ 817		€ 247,551
2002/2003	396	€ 910	Ep =2.7, | Ep|>1	€ 360,360
2003/2004	495	€ 1,000	Ep =2.5, | Ep|>1	€ 495,000
2004/2005	434	€ 1,500	Ep =0.24, | Ep|<1	€ 651,000
2005/2006	397	€ 1,650	Ep =0.85, | Ep|<1	€ 655,050
2006/2007	324	€ 1,800	Ep =2.01, | Ep|>1	€ 583,200
2007/2008	310	€ 1,800		€ 558,000
2008/2009	291	€ 1,800		€ 523,800
2009/2010	242	€ 1,800		€ 435,600
2010/2011	202	€ 1,800		€ 363,600
2011/2012	155	€ 1,800		€ 279,000
2012/2013	168	€ 1,800		€ 302,400
2013/2014	149	€ 1,800		€ 268,200
2014/2015	150	€ 1,800		€ 270,000
2015/2016	149	€ 1,500	Ep =0.036, | Ep|<1	€ 260,300
2016/2017	149	€ 1,500		€ 250,600
2017/2018	158	€ 1,500		€ 280,500

Table 11. Total Number of FBE Students and its elasticity throughout 2001-2017

In Table 11 we can see the total number of students, annual tuition fees, total revenue and the price elasticity of demand in the Faculty of Business and Economics during academic years 2001/2002 – 2017/2018. From the table we can clearly perceive that the number of students when the university was opened was twice higher than the number of the recent years. As we discussed previously, there are a number of reasons that decreased the number of enrollments. The peak number of students was reached in the period from 2002/2003 to 2005/2006. When we talk about the price,

To be more precise, we are going to calculate year by year the PED on that particular years where the price has changed. Following are the calculations:

2002/2003

$$FBE\ Ep = \frac{\frac{\Delta Q}{\mathrm{Qx}}}{\frac{\Delta P}{\mathrm{P}x}} = \frac{\frac{Q_{02/03} - Q_{01/02}}{Qx}}{\frac{P_{02/03} - P_{01/02}}{Px}} = \frac{\frac{396 - 303}{303}}{\frac{910 - 817}{817}} = \frac{\frac{93}{303}}{\frac{93}{817}} = \frac{0.3069}{0.1138} = \mathbf{2.696}$$

From the above result we can conclude that ***BE Ep=2.696***, when **| Ep |>1**, in this case $\%\mathbf{\Delta Q} > \%\mathbf{\Delta P}$, we have ***Elastic Demand***.

2003/2004

$$Ep = \frac{\frac{\Delta Q}{\mathrm{Qx}}}{\frac{\Delta P}{\mathrm{P}x}} = \frac{\frac{Q_{03/04} - Q_{02/03}}{Qx}}{\frac{P_{03/04} - P_{02/03}}{Px}} = \frac{\frac{495 - 396}{396}}{\frac{100 - 910}{910}} = \frac{\frac{99}{396}}{\frac{90}{910}} = \frac{0.25}{0.0989} = \mathbf{2.527}$$

In 2003/2004 we have ***Elastic Demand*** as well.

2004/2005

$$Ep = \frac{\frac{\Delta Q}{\mathrm{Qx}}}{\frac{\Delta P}{\mathrm{P}x}} = \frac{\frac{Q_{04/05} - Q_{03/04}}{Qx}}{\frac{P_{04/05} - P_{03/04}}{Px}} = \frac{\frac{434 - 495}{495}}{\frac{150 - 100}{100}} = \frac{\frac{61}{495}}{\frac{50}{100}} = \frac{0.123}{0.5} = \mathbf{0.24}$$

2005/2006

$$Ep = \frac{\frac{\Delta Q}{\mathrm{Qx}}}{\frac{\Delta P}{\mathrm{P}x}} = \frac{\frac{Q_{05/06} - Q_{04/05}}{Qx}}{\frac{P_{05/06} - P_{04/05}}{Px}} = \frac{\frac{397 - 434}{434}}{\frac{165 - 150}{150}} = \frac{\frac{37}{434}}{\frac{15}{150}} = \frac{0.085}{0.1} = \mathbf{0.85}$$

From 2004/2005 to 2005/2006 we have ***Inelastic Demand***, where **| Ep |<1,** in this case $\%\mathbf{\Delta Q} < \%\mathbf{\Delta P}$

2006/2007

$$Ep = \frac{\frac{\Delta Q}{\mathrm{Qx}}}{\frac{\Delta P}{\mathrm{P}x}} = \frac{\frac{Q_{06/07} - Q_{05/06}}{Qx}}{\frac{P_{06/07} - P_{05/06}}{Px}} = \frac{\frac{324 - 397}{397}}{\frac{180 - 165}{165}} = \frac{\frac{73}{397}}{\frac{15}{165}} = \frac{0.183}{0.0909} = \mathbf{2.013}$$

In 2006/2007 the ***Demand is Elastic***.

From the academic year 2006/2007 until 2014/2015 the Tuition Fee of Faculty of Business and Economics are the same and due to that fact, we can't calculate the price elasticity of demand.

2015/2016

$$Ep = \frac{\frac{\Delta Q}{\mathrm{Qx}}}{\frac{\Delta P}{\mathrm{P}x}} = \frac{\frac{Q_{15/16} - Q_{14/15}}{Qx}}{\frac{P_{15/16} - P_{14/15}}{Px}} = \frac{\frac{149 - 150}{150}}{\frac{150 - 180}{180}} = \frac{\frac{1}{150}}{\frac{30}{180}} = \frac{0.006}{0.166} = \mathbf{0.036}$$

In 2015/2016 we have ***Inelastic Demand***.

In 2015/2016 the university made a huge change in the price. The semester fee for the students that have Cumulative GPA 5.00 they offer 50% discount (tuition fee decreased from 1,800 to 900 Euros annually), for the students with GPA 4.5-4.99 they have 30% discount (from 1,800 to 1,260 Euros annually).

From 2015/2016 until 2017/2018 the Tuition Fee remained the same, and as we can see from the table, the number of students enrolled are more or less in the same level.

The main reason why we did this survey was to have a realistic picture of the student opinions and how to increase the revenue in SEEU. According to the results where 71% said that they would register in SEEU if tuition fee decreases more than 500 Euros per semester, I came to a conclusion that if SEEU would decrease prices, the expected revenue and total registered students will increase as well.

2018/2019 *expected* number of students:

$$BE\ Ep = \frac{\frac{\Delta Q}{Qx}}{\frac{\Delta P}{Px}} = \frac{\frac{Q_{18/19} - Q_{17/18}}{Qx}}{\frac{P_{18/19} - P_{17/18}}{Px}} = \frac{\frac{271 - 158}{158}}{\frac{100 - 150}{150}} = \frac{\frac{113}{158}}{\frac{50}{150}} = \frac{0.71}{0.33} = \mathbf{2.15}$$

$$Ep = 2.15,\ |Ep| > 1$$

In 2018/2019 we *would* have ***Elastic Demand.***

The expected revenue in 2018/2019:

Number of Registered students x Annual Tuition Fee

271 x € 1.000 = € 271.000

4.2 Relation to marginal revenue

The marginal revenue formula is calculated by dividing the change in total revenue by the change in quantity sold. The formula for calculating the marginal revenue is as follows:

$$MR = \frac{\Delta TR}{\Delta Q}$$

Where:

MR = Marginal Revenue

TR = Change in Revenue

Q = Change in Quantity

The Marginal Revenue of the Expected Revenue and the Expected number of students enrolled in FBE within SEEU in the Academic Year 2018/2019 after decreasing the price is:

$$MR = \frac{\Delta TR}{\Delta Q} = \frac{9500}{113} = 84{,}07$$

The following figure shows the Marginal Revenue in FBE within SEEU in some of the years where the university confronted fluctuations:

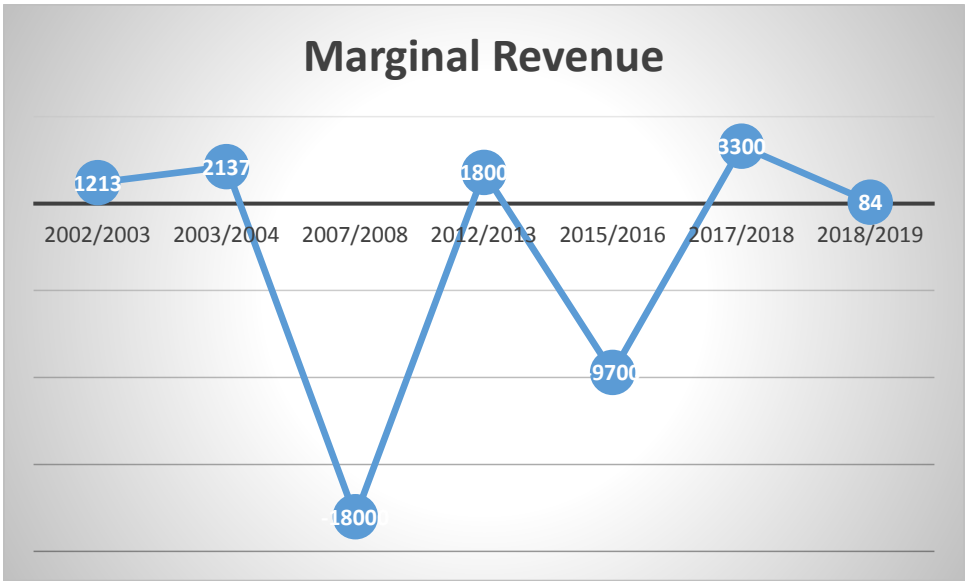

Figure 29. Marginal Revenue in FBE within SEEU

As we can see, in the period of 2007/2008 the faculty faced negative marginal revenue, meaning that the university's total revenue decreased. In 2015/2016 the total revenue also decreased. The marginal revenue of the expected year is 84, which means that the strategy of decreasing the annual tuition fee from 1500 Euros to 1000 Euros was positive.

4.3 Effect on Total Revenue

Total Revenue is obtained by multiplying the price by the quantity before any costs are considered, in our case we multiply the number Registered Students by the Annual Tuition Fees. When the Price Elasticity of Demand (PED) is *elastic* and when a rise in the Tuition Fee brings a *larger* decrease in the total number of Students Enrolled, we have a *decrease* in Total Revenue,

and when the Tuition Fee decreases and the number of Students Enrolled increases, we have an *increase* in Total Revenue.

When the PED is *inelastic* and when a rise in the Tuition Fee brings a *smaller* decrease in the total number of Students Enrolled, we have an *increase* in Total Revenue, and when the Tuition Fee decreases and that causes a decrease in the number of Students Enrolled, we have a *decrease* in Total Revenue.

When we have a Price Unitary Elastic, the Tuition Fee increase or decrease has *no impact* on Total Revenue.

The following graph shows the PED, the Quantity and the effect on Total Revenue in FBE within SEEU through Academic Year 2001/2002 – 2017/2018.

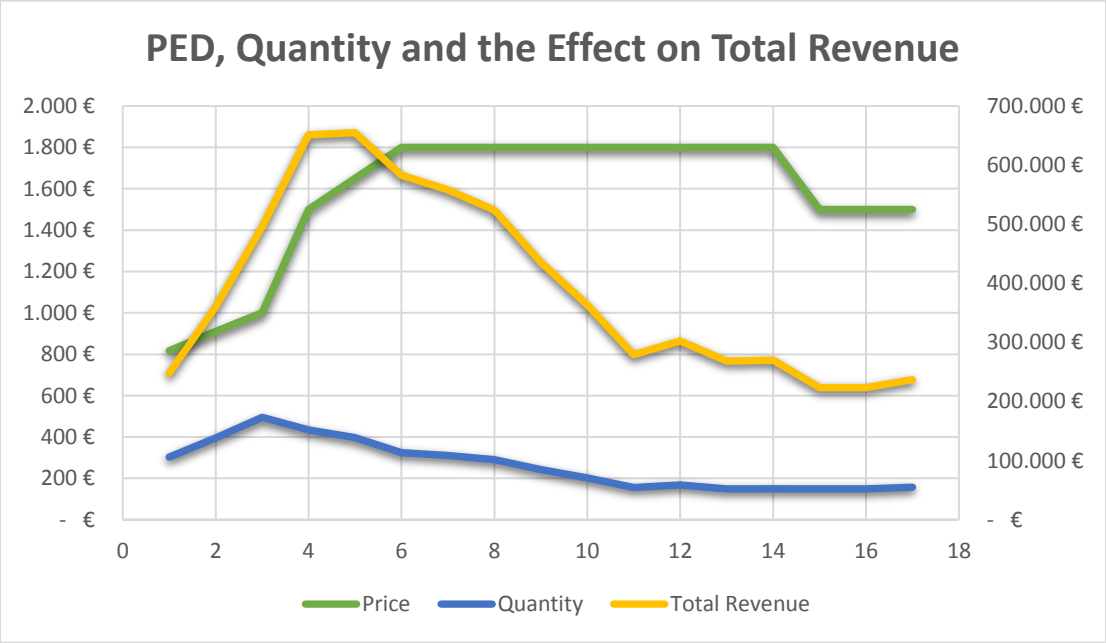

Figure 30. The PED, Quantity, and the effect on Total Revenue

As we can notice from the graph, the peak of SEEU's achievements with the largest number of students and the highest Total Revenue was within the first years of its opening. In 2002/2003 and 2003/2004 even though we have an Elastic Demand, a Price Increase and also an increase in Quantity, we still have a higher Total Revenue compared with the year before. This is the opposite and contradictory to what the law of PED and its effect on Total Revenue says.

Decrease in the number of students and total revenue had a gradual decline over the following years. The tuition fee continued to remain unchanged from 2006/2007 until 2014/2015, where in the academic year 2015/2016 the tuition fee dropped from 1,800 Euros to 1,500. This year the FBE had an Inelastic Demand, where the Price Decreased, the Quantity decreased as well, and consequently, FBE had a lower Total Revenue.

Obviously, the goal of the university is to increase the number of students and to maximize its total revenue. The university can increase its total revenue by attracting more students or by raising the price.

If the university applies our recommendation and decreases its Tuition Fee by 40%, in the Academic Year 2018/2019 the FBE within SEEU would have an Elastic Demand, a Decrease in Tuition Fee, an Increase in Total Number of Students Enrolled, and therefore a Lower Total Revenue, with the hope that in the coming years there will be a greater increase in the number of Students and also a higher Total Revenue.

4.4 DISCUSSION

The main goal of this thesis was to study the Price Elasticity of Demand and investigate the reasons why the number of students dropped or increased, as well as finding the strategies for enhancing the number of students in the Faculty of Business and Economics within South East European University. In order to do that, we have primarily invented three hypothesis and discuss whether we should accept or reject them based on our results.

The first hypothesis, *H1: Decreasing the tuition fees will enhance the enrollment of Business and Economics students.* As we know, the annual tuition fee in FBE within SEEU is 1,500 Euros. It is almost impossible for a citizen or parent of North Macedonia with an average minimum wage to enroll in a private university. According to (Hesel R. &., 2012) and (Hesel R. &., 2010) national surveys indicated that over half of the students and their families eliminate a college based on their tuition fee before any financial aid is calculated. In our Simple Regression Analysis, we can notice that the tuition fee is strongly and positively related to the number of students enrolled

in FBE. Also, when we compare the findings from the high school students' questionnaires to our hypothesis, where 71% of the students responded with: *Yes, I will register in FBE within SEEU if the prices drop below 500 Euros per semester*, we can conclude that the tuition fee is high and therefore the number of students will decrease if the University don't make changes. The results of the analysis indicate that the university is losing a large number of FBE students every year and more. If the university does not reduce the tuition fee then the number of students will decrease continuously. These findings support our first hypothesis and we can claim that *H1: Decreasing the tuition fees will enhance the enrollment of Business and Economics students* is acccepted.

The second hypothesis stated that *H2: Offering students practical work experience in banks, companies, or another state/financial institution will positively affect the enrollment of Business and Economics students.* The plan of each student after graduation is the employment and the application of their knowledge gained during studies in practical work. This would be possible if the university would offer students practical work experience in some financial private or state institutions in the period of studies. During this period, each student would have the opportunity to display knowledge and ambition about their profession. Institutions would also have their advantage, given the capacity and employment relationship, they would value each student so that in the future it would be easier to hire the most special workers. According to (Sevier, 1998) students are often concerned to continue their studies because of the career opportuinities. Everyone is interested about earnings. Another data states that students make university choices based on existing job opportunities for graduates (Paulsen, 1990). Based on these data and also on the response of primary data obtained from the high school students in Macedonia where 26 students or 81% responded with Yes – I will enroll in FBE within SEEU if they offer practical work, the second hypothesis *H2: Offering students practical work experience in banks, companies, or another state/financial institution will positively affect the enrollment of Business and Economics students* is accepted.

The third hypothesis declares that *H3: SEEU rank improvement based on Shanghai Ranking will increase the number of FBE students.* The University' image and reputation have an incredible effect on the future studies choice. Reputation is a very influential factor that every student takes

into account before making any decision (Lay, 1981). Also (Keling, 2007) stated that the reputation is the most persuasive factor that students assess in selecting their choice.

The 11th question devoted to high school students was:" *What are the reasons you did not choose Faculty of Business and Economics in SEEU?"* One of the possible answers within that question was: "Shanghai Ranking", where 62% of them or 20 students said "No" that is not the reason why I didn't choose FBE within SEEU, and 37% or 12 students said "Yes", that is the reason why I didn't choose FBE within SEEU. This means that high school students in Macedonia generally do not see it as a cause or as a factor that influences their choice about their future studies. However, SEEU in Academic 2015/2016 was third in the Shanghai Ranking list.[74] Based on these findings, we claim that our third hypothesis *H3: SEEU rank improvement based on Shanghai Ranking will increase the number of FBE students* is rejected.

CHAPTER 5 - CONCLUSION

The main reason for this thesis was the investigation of Price Elasticity of Demand at South East European University, where in order to reach the conclusion three hypotheses were created. The elasticity of demand from the academic year 2000/2001 until recently had undergone drastic changes, noticing large declines in the number of students. The cause of this decline were many factors, including major economic crises in the country, low income, migration, unemployment rate, substitute universities, state universities, and so on. Official data from the official websites of North Macedonia, enrollment reports provided by the SEEU Director of Finance, information from the official website of the SEEU, and some other information were instrumental in this study. The findings from the high school students' questionnaire indicate that the annual Tuition Fee in FBE within SEEU is one of the reasons that stops them from the desire and willingness to choose SEEU for future studies. Considering the results of Simple Linear Regression, we can also conclude that the annual tuition fee has a positive relationship with the number of students enrolled. Therefore, the university must create new sustainable strategies by lowering prices. One of the questions asked in the questionnaire was whether one of the reasons for not enrolling

[74] http://www.shanghairanking.com/Macedonian_HEIs_Ranking/Macedonian-HEIs-Ranking-2015-2016.html

in FBE within SEEU was Quality of Studies. As a result, we found that the largest percentage of students had positive beliefs about the quality of studies, answering with 59% no, that is not the reason, and 40% yes, this is one of the reasons for not choosing. The SEEU academic staff also had a high and positive reaction. Regarding the third hypothesis *H3: SEEU rank improvement based on Shanghai Ranking will increase the number of FBE students*, where actually it was rejected by high school students because it had no positive correlation with the total number of students enrolled each year. Hypothesis number 2 *H2: Offering students practical work experience in banks, companies, or another state / financial institution will positively affect the enrollment of Business and Economics students*, was also welcomed by high school students, thus responding 81% of them in a positive way. This strategy can be used by the university as an effective tool to attract a large number of students.

5.1 RECOMMENDATIONS

Based on official data, elasticity analysis, and finally and most important the high school students' responses to enrollment at the Faculty of Business and Economics at South East European University, the following recommendations will react positively in enhancing the total number of students enrolled each year.

1. **Decrease Annual Tuition Fees** – because that's the decisive reason when the student decides on future studies. Unfortunately, in our country, except for those who receive scholarships, in the impossibility of finding a job, the financial support of each student comes only from their parents. And a parent with a minimum or average salary, cannot afford, for example, to support 2 or 3 of their children in the same time, to study in SEEU. If the university reduces prices, in the coming years there will be a significant increase in the number of students, starting with an increase in students from the following year by 41.7% (based on the above calculations of the expected number of students in the Academic Year 2018/2019).
2. **Offer students work / internship experience in banks, companies, or other financial institutions** - in every job offer as the number one criterion is practical work and

experience in order for the worker to get that job. Otherwise, even if the student has completed the studies with the highest grades, the lack of experience will still penalize him. In our country very few, or rather, none of the banks or financial institutions accept new students to do practical work. However, these problems can be solved by the university, thus making a contract with the relevant institutions that each year to accept students who have the desire to express their theoretically acquired knowledge. Based on the response of high school students to the question of whether they would enroll if SEEU offers practical work, the answer of 81% of students was Yes, they would enroll. This strategy ensures long-term enrollment plan, competitive advantage, and motivated students.

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APPENDIX I

High School Students Questionnaire

1. Gender
    - O Male
    - O Female

2. Your GPA
    - O 5.00
    - O 4.5
    - O 3.5
    - O Other

3. City
    - O Skopje
    - O Kumanovo
    - O Tetovo

4. Will you continue your studies?
    - O Yes
    - O No

5. In which language you prefer to continue your studies?
    - O Albanian
    - O Macedonian

- O English

6. In which university do you want to register?
   - □ University of Kiril & Metodij
   - □ South East European University
   - □ State University of Tetovo
   - □ University of American College Skopje
   - □ FON University
   - □ International Balkan University

7. The reason why you choose this university?
   - □ Price
   - □ University Reputation
   - □ Quality of facilities
   - □ Quality of studying
   - □ Location
   - □ Scholarships
   - □ Relief in payment (rate payment, for siblings 25% discount)

8. Which field of study are you planning to enroll?
   - □ Faculty of Business and Economics
   - □ Faculty of Contemporary Sciences and Technology
   - □ Faculty of Law
   - □ Faculty of Languages, Cultures and Communication
   - □ Faculty of Public Administration and Political Sciences
   - □ Faculty of Medicine
   - □ Faculty of Architecture

- ☐ Other

9. Why do you choose this faculty?
   - ☐ Price
   - ☐ Internship
   - ☐ Practice
   - ☐ Quality of studying
   - ☐ Teaching Methods
   - ☐ Study program
   - ☐ Academic staff
   - ☐ Location
   - ☐ Ease to find job

Only for those students who plan to enroll the faculty of Business and Economics but they didn't choose SEEU

10. Are you informed with the programs, tuition fees, scholarships and facilities that SEEU offers?
    - ☐ Yes
    - ☐ No

11. Which are the reasons that you didn't choose FBE within SEEU?

11.1 Price

- ☐ Yes

□ No

11.2 Quality of studying

□ Yes

□ No

11.3 Shanghai Ranking

□ Yes

□ No

11.4 Internship

O Yes

O No

11.5 Practice

O Yes

O No

11.6 Study Program

O Yes

O No

11.7 Teaching Methods

O Yes

O No

11.8 Academic Staff

O Yes

O No

11.9 Location

O Yes

O No

11.10 Ease to find job

O Yes

O No

12. If SEEU offers practical work experience in banks, companies or another financial/state institution will you register?

    - O Yes
    - O No

13. If FBE within SEEU would decrease prices from 900 Euros to 500 Euros per semester would you enroll/register?

    - O The prices are affordable
    - O Yes - if they decrease prices below 500 per semester
    - O No