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Higher Education in Russia: The Rise of Economic Dominance

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ABSTRACT

Choosing a university is not an easy matter, and, as a rule, it is a task of multi-criteria optimization, and one of the weighty criteria is career prospects. At present, the children of those who themselves were applicants during the USSR collapse started to choose a university. At that time, it was believed that only elite universities (Moscow State University, MGIMO, etc.) would serve as a social lift to the most prestigious organizations of business, government, and science. In part, this can explain the almost total desire of modern school graduates to have a higher education, although often it is the desire of their parents. Using the example of the higher education market in Russia, the author examines the tendencies of universities' concentration, their stratification into three levels with different institutional conditions and the dominance of the upper levels (alpha universities) over the lower ones (beta and gamma universities). The article analyses Russian alpha universities' features against the background of a similar global hierarchy and identifies development trends for universities after the explosive introduction of distance learning technologies.

Keywords: theory of economic domination; institutional rent; higher education; distance learning technologies

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INTRODUCTION

Besides gaining a profession and independence from parents, realising ambitions, possibility to live abroad, boys enter the university in the hope of “disassociating from the army, and girls — find a successful husband. The traditional parental mantra: without education there will be no success/happiness still works, but already after a couple of generations the motivation to go to a university can change dramatically.

What is happening on the market of higher education in Russia? Let's try to work out with the theory of economic dominance (TED), proposed by A. Blokhin in [1], later elaborated by him together with I. Lomakin–Rumyantsev and S. Naumov [2] and developed by V. Vertogradov [3].

STRUCTURE OF THE HIGHER EDUCATION MARKET WITHIN THE TED

Fashion on higher education has led to that, at the moment of transition from universities of the

USSR to universities of Russia sign university has ceased to correspond to such status even among elite educational establishments. Therefore, now the name very often little says to the applicant — people focus primarily on the history of the university [4]. Thus, the initial market of higher education has developed, organically divided into alpha–, beta– and gamma universities.

So far in higher education the following structure according to the TED. Alpha–university are the “natural alpha — oldest Russian universities with many scientific schools, infrastructure, developed branch and partner network. The state has created a number of new alpha — university: federal universities, which are intended to consolidate the region's applicants, have selected promising higher education institutions in “Project 5–100” (<https://www.5stop100.ru>). Some of the nomenclature institutions of higher education, such as RANEPA, MGIMO and the Financial

University, have also been included in this category.

Regional universities with history and specialized sectoral institutes have formed a complex of beta–universities. For them, the main advantage is the proximity of contacts with the line ministry or enterprises of the main industry. At the same time, regional and technical universities often have their own scientific and engineering schools to train high–quality professionals. As a result, these institutions have received a large number of public places, which makes them attractive to students.

The last category of higher education institutions (gamma) formed numerous paid non–public higher education institutions, created on a wave of restructuring by teachers who do not agree with the concept of development of their “native higher education institution, or by teachers with entrepreneurial vein. Over time, some gamma universities ceased to exist, while others expanded, expanded and still exist, finding their clients.

RESTRICTIONS IN THE HIGHER EDUCATION MARKET

In order to understand the links in the market for higher education, it is necessary to understand some of its features. Now the market for higher education is characterized by a high degree of bureaucracy: the number of papers to be filled has increased in number, while the creative component of the author’s programs is practically forbidden, everything is tied to competences. The implementation of the Bologna Process poses significant challenges to universities, both in organizational and substantive terms [5].

Employers and civil servants tend to place more and more work responsibilities in the baccalaureate education standard than they do in the case of master’s and post–graduate studies, which are narrowing and becoming more formalized. The desire of business is understandable — everyone wants at the

bachelor level to get a ready–made specialist who knows everything. At the same time, the entrepreneurs themselves do little to assist the university in the training of specialists, although there is a wide range of possibilities for them: internships, internships, participation in the R&D or participation in the academic activities of a student or university. As well as a working instrument such as the Endowment fund in Russia is used very rarely, and the size of the funds used in comparison with the amount of financing of universities is rather modest.

Since 2009, admission to higher education has been based on the results of the USE (unified state examination), which has made it easier for gifted applicants from the regions to have access to alpha — universities, and higher education institutions have thus helped to find such applicants more quickly. Another traditional source of talent search and selection for the university is the system of Olympics on school subjects — the winner/winner of All–Russian Olympics on a subject relevant for the university has the possibility to enter without an entrance test in a budget place. And the winner/winner of the Olympiad List (<https://olimpiada.ru/article/942>) can get benefits: from 100 points for the USE on the respective subject before enrolling without entrance tests. With the adjustment to bureaucracy, the education system has a lag between the request and the implementation of specialist training from 4 to 6 years, although with some limitations it can be tried in 2.5–4 years. The universities, which have changed to the system bachelor’s and master’s degree, have proved to be much more mobile in this sense — their lag size does not exceed two years. This creates a significant imbalance between the demand for and the training of professionals, such as in the professions related to artificial intelligence, cryptocurrencies and mobile technologies.

STRATEGIES FOR ALPHA – UNIVERSITIES

In the category of “alpha one can refer to about three tens of universities. They are not all large:

on *fig. 1* shows the relative size of alpha-higher education institutions by number of students and professor-teaching staff (PTS). As can be seen from the figure, there is a part of the giant universities: SPBU, MSU, HSE, SUSU, RANEPa, the Financial University, but most of the universities are divided into two clusters by the number of teachers (0.6–1.5 and 2–4 thousand people). А во разброс по численности студентов в каждом кластере весьма велик: от 7 до 37 тыс. чел. The difference between the number of students in each cluster is very large: from 7 to 37 thous. people. According to a number of criteria, the Skolkovo Institute of Science and Technology (Skoltech) can also be classified as an alpha university, but on the scale of traditional universities it is microscopic, although it has a share of influence.

On *fig. 1* oldest Russian universities are marked with a circle, the federal universities are marked with a square (the KPFU, although it is a federal university, but it is noted as the oldest university in Russia), and the parishes are allocated universities from Project 5–100.

Alpha — universities derive major benefits in terms of institutional rents:

- Increased funding;
- Adoption of educational regulations and standards;
- Implementation of the State R&D;
- Work with alpha — companies (including R&D);
- publishing.

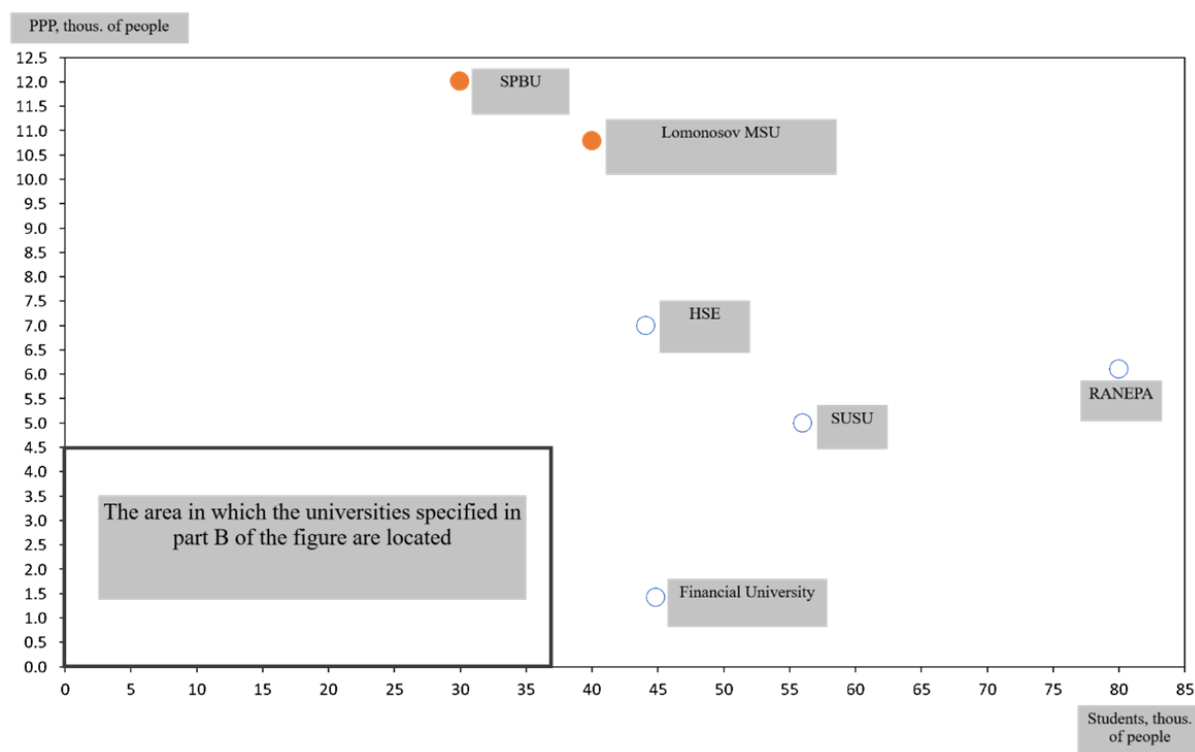
The scheme of financing of universities in Russia can be described as “money follows student. Therefore, if, from the point of view of budget, the student’s education costs *n* rubles, then the student-contract should cost as much (in practice this is not always so, usually a little more). In other words, if you look at the amount of the tuition fee in a higher education institution, you can find out the approximate level of its financing from the budget per student. The cost of education in alpha-higher education is 2–3 times higher than in beta-higher

education and 4–8 times higher than in gamma-higher education. Some alpha-higher education institutions have full academic autonomy and a separate budget line in the Russian Federation, which allows them to maintain a good technical base and attract the smartest and most solvent applicants.

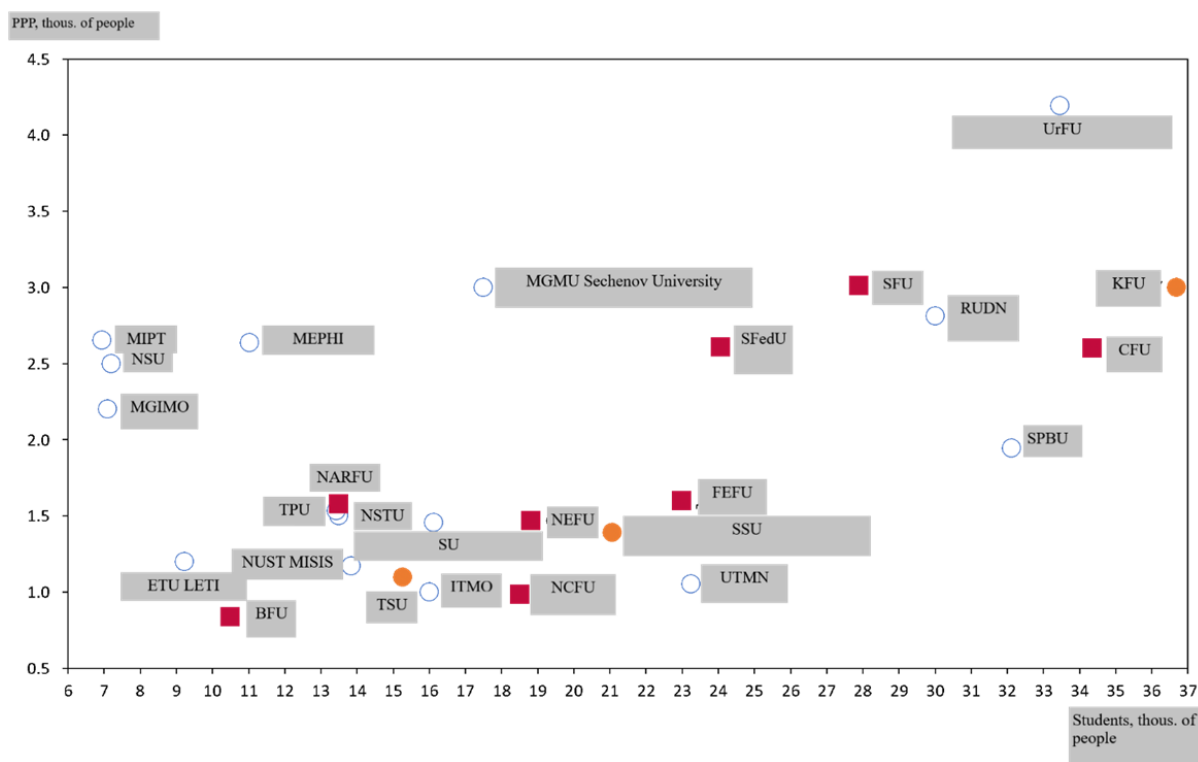
Another institutional advantage of alpha-higher education is the formation of rules and methods. As a rule, representatives of alpha-higher education institutions are listened to by officials when formulating the rules to be followed in all higher education institutions in the country. Alpha Universities are most likely to lead Federal Learning and Learning Coalitions (FLLC) in larger specialties, where the formulation of Competences and Regulations for Federal Public Education Standards (FPES) is being actively discussed. Of course, the Ministry is responsible for the final approval and implementation of FPES, but the most common FPES language, based on the results of the testing of new discipline modules, was proposed by alpha-universities. It cannot be argued that the course and pace of educational reform is governed by alpha-higher education, but that these processes are significantly influenced by alpha-higher education representatives, — no doubt.

The last three points of the sources of institutional rents for alpha — universities are sometimes very difficult to separate from each other, so let’s try to describe them in an integrated way. This is no longer relevant for higher education as it is for secondary education, but the whole chain works. Alpha — universities always support the demand of their methods, textbooks, teachers through close cooperation with publishing houses of educational literature. Institutions of higher education write textbooks to lobby for competences and results, develop methods, and recommend them for use as basic materials in the subjects being developed.

Similar difficulties for “strangers are also supported when working with scientific articles, magazines and conferences. Almost all alpha



Part A



Part B

Fig. Comparative sizes of alpha-universities in Russia

Source: compiled by the author based on data from the official websites of universities.

universities are founders of HCC, Russian Science Citation Index, Web of Science, Scopus, etc. These are magazines with a good impact factor, in which publication significantly influences the scientific status of the author. Conferences organized by alpha — universities tend to have a higher status and participation, so that the presentation of the report gives more weight to the author. The system of review and free publication, together with the waiting time for graduate and postgraduate students, is the right mechanism. But assuming that reviewers can be specifically selected, the mechanism may not be quite right. Of course, anyone with good points has a chance to become a speaker, and with good research — to be published in a prestigious magazine, but still the system is designed to support their own: often high citation, speaking at prestigious conferences as evidence of a speaker's experience can be one of the criteria for winning R&D tenders, for receiving a grant, etc.

The largest customers of R&D and corporate learning are representatives of either government agencies or alpha companies in their industry. It is easier and more convenient for such customers to communicate with equal status and capabilities of alpha-universities, in fact it is a market $\alpha 2\alpha$. It is almost unrealistic for beta- and gamma- universities to receive a large R&D from an alpha — company or a government agency unless specific specialists or a school are needed. On the State side, alpha — universities are the most frequently involved in the development and implementation of national strategies and federal targeted programmes.

It can be stated that alpha-universities cooperate with the highest State bodies, the largest Russian and international companies and the best scientific institutions, by receiving funding from them for contract work and providing their best students for their human resources services. Alpha graduates become business elite, occupy high positions in the state and work with their alma mater to lead the respective alpha structures.

The circle was closed definitively, drawing the contours of an ecosystem in which the transition to a higher level was almost impossible because of high costs or administrative barriers. Is the educational ecosystem described exclusively a Russian phenomenon? As noted by the authors of TED, concentration of business, its stratification by size and domination of the upper levels above the lower — norm for large developed economies [2], in other words — no, similar ecosystems are formed worldwide, gradually transforming into alpha — empires.

Thus, Russian alpha-higher education institutions are now engaged in meeting criteria that allow them to enter or rise within a variety of international rankings, while in the domestic market alpha-higher education is, on average, quite slow in terms of technology, since institutional rents allow resting on laurels instead of looking for growth points.

STRATEGIES FOR THE BEHAVIOUR OF BETA — UNIVERSITIES

Given the capabilities of alpha — universities, it would seem that beta universities simply have no chance of survival or survival. But this is far from being the case. In the struggle for a student, the beta — universities begin to develop qualities for which the alpha universities lack time. This applies in particular to the educational infrastructure and the creation of a comfortable learning environment for students. According to the observations of the author's colleagues working in financial literacy projects, regional universities acquire excellent equipment, create favorable operating modes of objects such as libraries, co-working zones, recreation areas, creative spaces.

The main source of money for beta — universities is the budget money, wherein they, all other things being equal, recruit among the best students of those who did not pass in alpha — universities, for example, on the budget, or who cannot “pull the cost of education in alpha- universities.

The second line of revenue is provided by the non-attractive Alpha — higher education R&D and the R&D provided by the line ministry or line companies. Yes, these R&D are often smaller and cheaper, but they are available and demand is growing — modern economies require new technologies and materials.

A recently launched tool to address the human resource hunger of enterprises and institutions — targeted training — has so far been perceived as a legitimate way to circumvent the competition. But, first, in the current version of the documents, the competition for target recruitment may be higher than general, and second, perhaps target recruitment and lowers the bar on entrance to the university, but no one plans to lower it in the course of study, i.e. a student enrolled on a target set, can be just as easily expelled for academic failure.

The target set is a possible growth point of the beta-universities, where the basic fundamental knowledge is given through the online-disciplines of the alpha — universities, and the “cut of the future specialist, including a large amount of practices at the client-enterprise, is carried out on the spot.

By analogy with remark V. Vertogradov the cost of beta business followers (according to economic dominance theory is gamma business) is always lower, and if these gamma companies have access to the capabilities of linked alpha — companies, they are also significantly more successful financially [3], it can be said that beta — universities can always replicate the work of alpha universities, reducing their costs and increasing their profitability. In addition, alpha — universities have long been absent from projects that consider themselves too small, outsourcing them to a limited number of satellite universities. Thus, given the stable demand for beta higher education services and the trend towards the revival of domestic production, there are no threats to the established beta — higher education community.

Russian beta-universities are now engaged in the development of their growth points without notice: creating a comfortable learning environment, increasing expertise in their subject areas, and the rehabilitation and development of scientific and engineering schools.

STRATEGIES FOR THE ACTION OF GAMMA UNIVERSITIES

Gamma — universities within the system provide training only in high-altitude professions, and their resource base is mainly for applicants not enrolled in alpha- and beta-higher education. Therefore, gamma — universities are notable for their pop advertising and sometimes create unique image projects: for example, Synergy University and its forum have already become the heroes of memes, which for a certain category of applicants may be attractive.

At the same time, it is not necessary to think that there are not many such institutions: on the information portal dedicated to education in Russia and abroad, at the request of “non-governmental universities in all specialties the answer is given: results of search of higher educational establishments of Russia (found 1005 educational establishments).*

Gamma — universities can be used by alpha- and beta- universities teachers as a platform for running programmes of new disciplines, teaching methods (which cannot be implemented in their home universities), teaching aids and forms of control. Sometimes it gets funny: like, an unknown university, and all the teachers are from alpha — universities, and if you want to go no-name universities, you can get an education as good as the top ones.

The main source of income for gamma — universities are treaty-based, as there are few or no government-funded places in such

* List of non-State institutions of higher education in Russia. Information portal on education in Russia and abroad. Academica.ru. URL: https://academica.ru/vysshee-obrazovanie/negosudarstvennyj-vuz/stranitsa_1/.

institutions. At the same time, the tuition fees for such higher education institutions sometimes amount to only 15–20% of the tuition fees for the respective specialty in alpha — university.

Another possible source of income may be R&D, but its cost and complexity cannot be compared to the R&D received by the alpha — universities. However, these institutions often do not have their own space — they rent premises and therefore do not offer training in specialties for which special equipment or experimental sites are required.

It is not necessary to think that non-state paid institutions of higher education always remain in the category of “gamma, — with proper management and good training such higher education may well find themselves in the category of “beta. The Russian Economic School (RES) is an example of an excellent beta-university, whose graduates find jobs in alpha-companies in Russia and abroad. However, such beta — universities have to occupy a very narrow niche, being educational boutiques rather than a mass product. The RES and HSE have a joint project in which all three parties (each university and student) benefit, and the success of the project shows that different types of cooperation are possible in the education market.

THE ROLE OF RUSSIAN UNIVERSITIES IN THE WORLD MARKET FOR HIGHER EDUCATION

The processes taking place in the Russian education market are fully replicated on a smaller scale the processes taking place in the world. Russian alpha — universities against the background of Western alpha — universities occupy at best a niche of beta — universities. The oldest Russian universities, the SPBU and the MSU, were founded in the 18th century, and most European universities were established in the 14th and 15th centuries, so we are clearly losing out on experience and tradition here. At the same time, Western universities have a much better culture of using alumni aid, more developed channels

of assistance and business participation in the educational process, but most importantly, what we lose is ratings. The best place Russian University ranked The Higher Education (THE) — 187 from 1300, although Russian Higher School is represented by 39 universities [6]. The top rankings of higher education institutions are in the USA and the UK, and that hasn't changed for a very long time. And if the universities of Great Britain were founded in 11–12th centuries and they have a rich history and huge experience, then USA universities often buy talented scientists and researchers. So the top — universities make discoveries, get awards and grants, broadcast success stories, and, of course, young, talented students from all over the world.

One of the criteria for different university rankings — is the number of foreign students. All things being equal, paying foreigners will go to the USA and Europe for an education that will give them the right to remain there to work. Often the opinion of experts/businessmen (their honesty and truthfulness are never questioned) is the criterion for the ranking, and due to the prominence of the top — universities of higher education these respondents are more likely to name them. The set of criteria for rating can always be chosen in such a way that the top — universities will lead them.

Another popular criterion is the citation of authors. But the scientific literature industry has long turned into a multi — billion dollar (enough to study the accounting records of a typical Elsevier company) business: the honesty and impartiality of reviewers is not questioned, and the promotion of the principle of the cool teacher who publishes (publish or perish) forces teachers to write articles, replacing the scientific content with at least some econometric study. At the same time, the founders of journals for publication are either alpha — universities or independent associations that actively use the services of these same alpha — universities.

But all of the above does not mean that our universities cannot be included in these ratings.

When you're trying to get into the THE ratings, you have to be very clear that we're starting to play on someone else's field by someone else's rules. Without creating its own alternative rating system, without developing a wide range of studies within the country, without investing in education and creating attractive conditions for young scientists, and without involving researchers in the educational process, we will always be dependent on those who controls the rules of the game — western alpha — universities.

TRENDS AND PROSPECTS IN HIGHER EDUCATION

And what will happen to the market after the arrival of black swan — coronavirus pandemic? In Russia and in the world as a whole, the coronavirus has contributed to the explosive introduction of remote technologies, and the fastest it has touched upon education — it is already possible to speak of the total upgrading of qualifications of all teachers within the country and the world. And after the coronavirus, some of that technology will remain forever.

A situation of uncertainty could lead to a profound transformation of the education market if the alpha — universities want to take advantage of this opportunity. For example, they may suggest that alpha — universities teachers lecture on basic curriculum courses from a distance to the whole country (region). The introduction of online — courses in basic subjects of the curriculum from alpha — universities free of charge (or their use in lieu of lectures by their teachers) — is a major threat to beta — and gamma — universities.

Moreover, the learning process itself can change irreversibly: analysts The World Economic Forum (<https://www.weforum.org/>) — international public-private cooperation organization — wrote mistakenly: “new solutions for education can bring welcome innovations [7]. I'll try to be specific: as 5G technology becomes increasingly accessible, the whole environment can be made interactive — learning can become

permanent and continuous (training anywhere at any time — “Education 3.0). Schools and universities will become unnecessary, much more effective will be learning in town: you put a pebble from the ground up against a smartphone camera — and it gives you all the information: its composition, a few videos — from how it formed to what you can do with it.

On the one hand, it's convenient, because all the available information will be at hand. But on the other hand, according to WEF experts, inequality in education may increase, because all have different financial opportunities to access data and information transfer technologies, including training.

The Wall Street Journal experts, in its recent article [8], finds it disappointing that as early as this year, due to the large amount of non-payment by students, up to 20% of humanities colleges could go bankrupt, but Ivy League schools slightly increased admission of students in autumn 2020 [9]. The total switch to distance learning raised a legitimate question for students and their parents: what are we paying for? Because similar digital content can be obtained for much less money or allow a wider choice of sites for the same fee. In general, this will necessitate a revision of the current model of fee-paying education, the calculation of tuition fees.

Interesting fact in The New York Times [10]: The rich don't live like that. The rich have become afraid of the screens. They want their kids to play with the dice, and the private schools without technology grow rapidly. People — are more expensive, and rich people are willing and able to pay for them. Communicating with people — a life without a phone during the day, leaving social networks and not responding to e-mail — became a status symbol. All this led to a new curious reality: human contact becomes a luxury.

Interestingly, a similar opinion in a parent chat in WhatsApp was voiced before New Year when the plans of a Russian alpha-university to translate the lectures into a remote format. So, there is a unique chance for alpha — universities

to assert their superiority: by introducing distance lectures for all, they give their students the same lively communication, and others the high quality of education, but from the screen. For beta – and gamma – universities – it's an opportunity to reduce costs and reallocate the burden of their teachers to the subtleties of their specialty. As can be seen, the use of the theory of economic dominance is justified for

the analysis of the higher education market. This theory helps to understand the logic of the behavior of alpha–, beta– and gamma– universities in the current situation, allows to give some forecasts on the development of the industry, to suggest trends that may be realized in the near future. Although, as life has shown, everything is far more interesting and less predictable.

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