

The Elites Creating 'Break with the Past': New Elite University and its Evolution

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New Elite Universities

Found in almost all middle income and some low income countries:

- **India:** IIMs and IITs, IBS (India Business School)
- **Morocco:** International University of Rabat
- **Mexico:** Monterrey Institute of Technology
- **S. Korea:** KAIST and POSCO University
- **Ghana:** Ashesi University

Quite rare in open high income economies

- **USA:** Olin College (reinvention of engineering education)

Key Question and Plan of the talk

A member of domestic elites (mother?) and (part of) global elites (father?) conceive a baby: an elite university.

Towards a theory of baby's conception and growth.

1. Setting the stage: the phenomenon
2. The messenger, key messages and methodology
3. Discussion of examples
4. The Heterogeneity of the Elites – the Matching problem
5. Key organizational conundrum
6. Illustration: Mexico and ITESM
7. Implications: Four stage model of conception and growth

The Elites creating a 'break with the past': origin of a new elite organization

- Elite university starts as enclave, or more precisely, exclave
- Exclave – extension of the global knowledge economy into national territory
- “When a student enrolls in IIT, his spirit is said to ascend to America. After graduation, his body follows” (about IITs and IIMs)

Russia: four generations of elite universities – Four impulses to modernization

1. Enlightenment

- Moscow, St. Petersburg Universities

2. Industrialization: regional dimension becomes crucial

- Elite technical universities (1898-1902): St. Petersburg, Warsaw, Kiev, Tomsk
- They still remain elite

3. Post-war scientific revolution: reincarnation of American research university in the Soviet corporate system

- FizTech, Novosibirsk University

The Emerging Fifth Generation

4. **Post-socialist transformation** (the 90's and 00's – the formative years)

- RES, HSE, Skolkovo Business School, SkolTech, European University, Shanin's School (sociology)
- Unlike the two previous waves, it is the Moscow phenomenon (plus St. Petersburg)

5. **Emerging generation**: Capitals of Provinces

- Kazan IT university
- Surgut University Complex
- *The emerging "fifth wave" as a motivation for this talk*

The Messenger: the 'Thinking Doer'

Twin perspective on action:

- Analysis of a 'doing thinker': an academic (or consultant) with a zest for action. For him, the main questions of action are 'why' and 'what to do'.
- View of 'thinking doer': an action-oriented practitioner capable of self-reflection. For him, the main question of action is 'how to': institutional design of the process.
- Hence, twin evidence:
 - Empirical research (funded by MacArthur Foundation, DFID and World Bank)
 - Lead of about 25 projects to transform innovation systems in about 25 developing economies (Argentina, Mexico, India, China, Tanzania, Ghana etc.)

The Methodology

- How does 'thinking doer' reflect on her policy experience?
- Appreciative theory (R. Nelson): theorizing on the basis of diverse portfolio of stories
- Objective is to generate plausible policy hypotheses to inform action, not a conventional theory

Key messages

- A new university as a deliberate effort to defy the system and its entrenched interests
- Created outside of the system, yet are linked of it: flexibility and problem-solving
- A new university is a micro-reform of national learning system: an embryo of a future system
- This micro-reform evolves in three stages

Heterogeneity and internal diversity of higher education

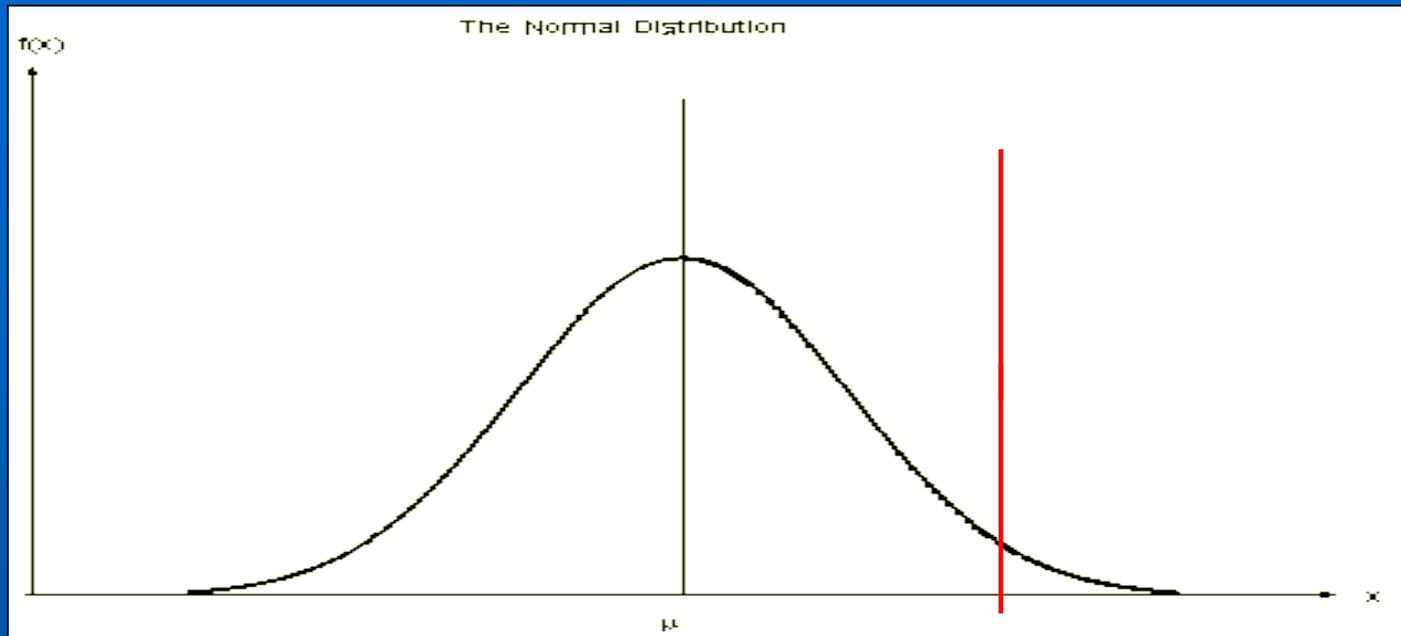
- Legacy universities (often big) vs. new
- Higher education as Schumpeterian field of start-ups

Three classes of higher education start-ups:

- fly-by-night operators (e.g. India)
- of mediocre quality
- institutions of excellence: excellence comes in a variety of organizational forms.
- Heterogeneity of niches or models of excellence: e.g. in the linkages with industry (e.g. ITESM in Mexico)

Leveraging Internal Diversity of Academics (and of the Elites)

- Academics are normal – but need managing
 - Relying on the best outliers while respecting the worst
 - and moving the mean



Context: rent-seeking environment (Кумовской капитализм)

- Highly uneven playing field, including uneven application of law (везде болит и воняет)
- Diverse entrenched interests (large companies like in Korea and Mexico; trade unions)
- Internal and external brain drain: acute shortage of managerial talent
- In higher education: a tendency towards de-facto privatization of higher education (although very different in each country)

New Institutions of Excellence

Examples:

- ✓ **Russia:** HSE, RES, European University, Shanin' School
- ✓ **India:** IITs and IIMs
- ✓ **Mexico:** ITESM and ITAM
- ✓ **S. Korea:** KAIST and POSCO University
- ✓ **Morocco:** International University of Rabat
- ✓ **Ghana:** Ashesi University

Morocco: International University of Rabat

- New private university, offered its first courses in fall 2009.
- <http://www.uir.ac.ma/en/introduction>
- Advanced undergraduate and MA level courses in science, architecture, social sciences and languages.
- Intercollegiate faculty drawing from a network of international universities that employ Moroccan academics. Project originated by a Moroccan professor at Polytechnic University of Nantes.
- Symbolic and material endorsement of a powerful segment of a home country (the King, former ministers), with donation of land.
- Pragmatic and innovative approach.
 - Substantial but still internationally competitive fees (10,000€)
 - Classes offered both in French and in English
 - 10% of teaching positions provided by private sector sponsors
 - 40% for diaspora professors and partner universities; students spend a semester in Europe or US

Ashesi-University, Ghana

- Ghanaian-American Microsoft Millionaire moved back to Ghana in order to establish an Ivy-league quality university: <http://www.ashesi.edu.gh/>
- Systematic use of home and residence country search networks: Feasibility – study realized by UC-Berkeley MBA's, Funding from foundations, well-established Ghanaians on advisory board
- First mover: " The old way of the state providing tertiary education for everybody who wants is obviously not sustainable"

Towards a theory of conception and growth

- **Stage 0: Conception**

'Water for fish strategy': a heavy weight creates a micro-enabling environment for exceptional individuals to create an exception from the general rule.

- **Stage 1: Organization as a 'first mover'** – a 'teething problem (0-7 years)

A new organization as a platform to link exceptions: from the private sector, government and voluntary sector.

- **Stage 2: Collective Action Problem**

How does the new organization interact with the rest of the economy? Does it remain an enclave? Does it transform the environment or is absorbed by it?

- **Stage 3: Critical mass problem – Global Excellence**

Global Excellence in what? Avoiding the world class university as the only paragon.
ITESM as an example

Three complementary motivations of the elites

1. Elites' reproduction (club good): matching western quality at home, so that children stay closer to home
2. National interests and glory (public good): a new university as symbol of a future new country
3. Personal glory (private good – reputation and fame): a monument to herself

Hirschman's passions as interests

The Elites: Global and National

Domestic dynamic segment: reform team in the government and oligarchs (private sector)

Global dynamic segment: **the 3D**

- 1) Diaspora
- 2) Dynamic paragons (role models to follow, particularly MIT)
- 3) Donors (particularly global foundations)

Matching two dynamic segments: of the domestic and global elite

- This matching problem is about conception (the baby metaphor)
- How does this matching between the two elite segments occur?
- Largely by serendipity

Dynamic Paragons: Elusive Role Models

- Example: MIT as an export industry
- Exporting MIT – in several waves
- In comparison to North-South emulation, little South-South learning: USA and USSR as two major paragons

Four Main Trajectories of Growth

1. Maintaining purity: remaining a small exclave

- IITs and IIMs in India
- RES and SkolTech in Russia
- Size and impact vs purity of the mission

Four Main Trajectories of Growth

2. Elusive growth: from exclave to the embedded autonomy

- Graduation to Stage 3 – Global Excellence – very rare
- ITESM in Mexico
- POSCO University and KAIST in S. Korea
- Four Technical universities established in 1898-1902 (St. Petersburg, Tomsk, Kiev, Warsaw) – graduated in the post war years, as part of the Soviet military-industrial complex

Four Main Trajectories of Growth

3. Pragmatic expansion

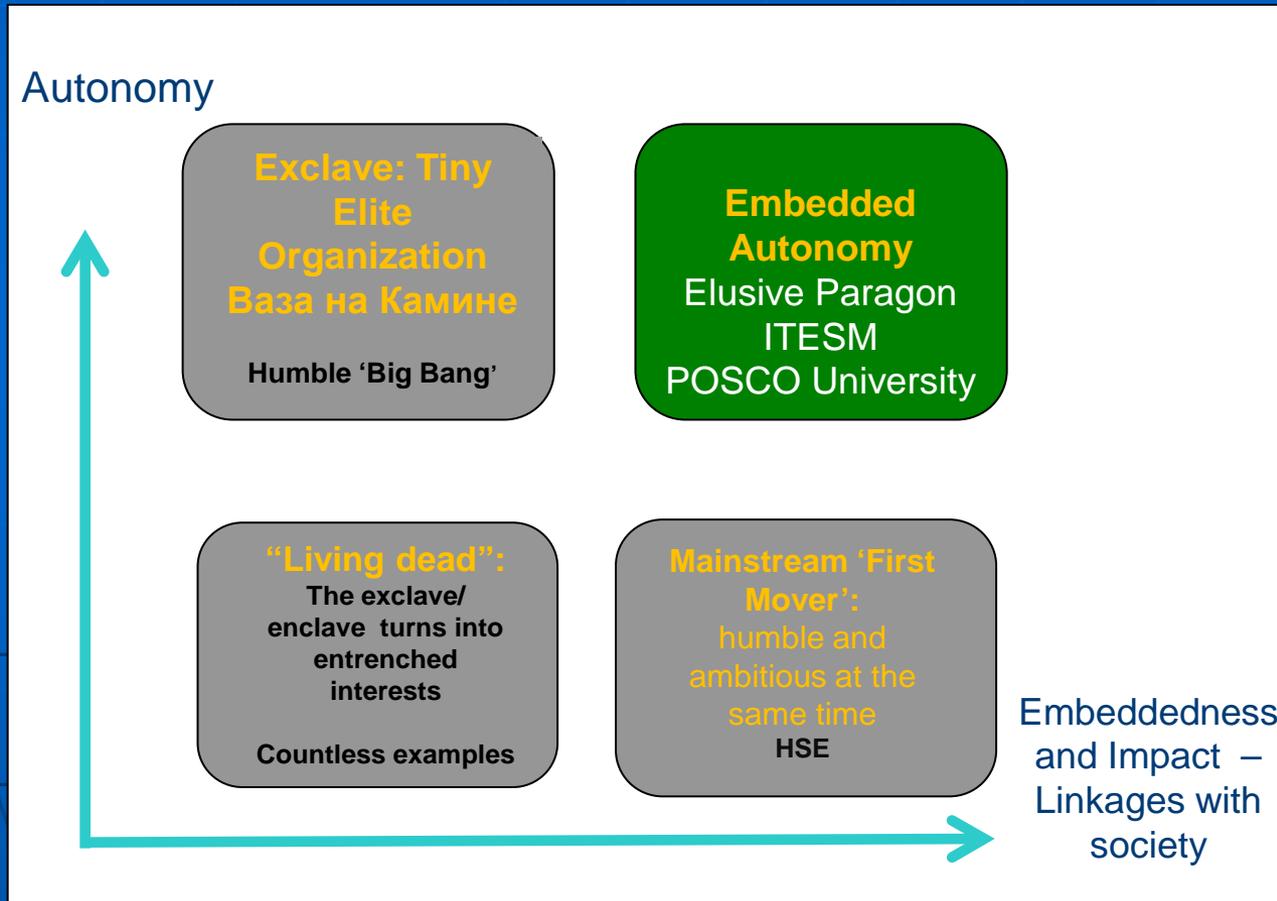
- From exclave to mainstream 'first mover' – from conception to Stage 2
- Funding from the established elites in exchange for reduction of autonomy
- Typical trajectory
- HSE in Russia

Four Main Trajectories of Growth

4. Degeneration: Capture by vested interests

- From autonomous agent to a typical mediocre organization ('the living dead')
- Some elite engineering schools in USSR/ Russia

Impact and Size: Autonomy vs. Embeddedness



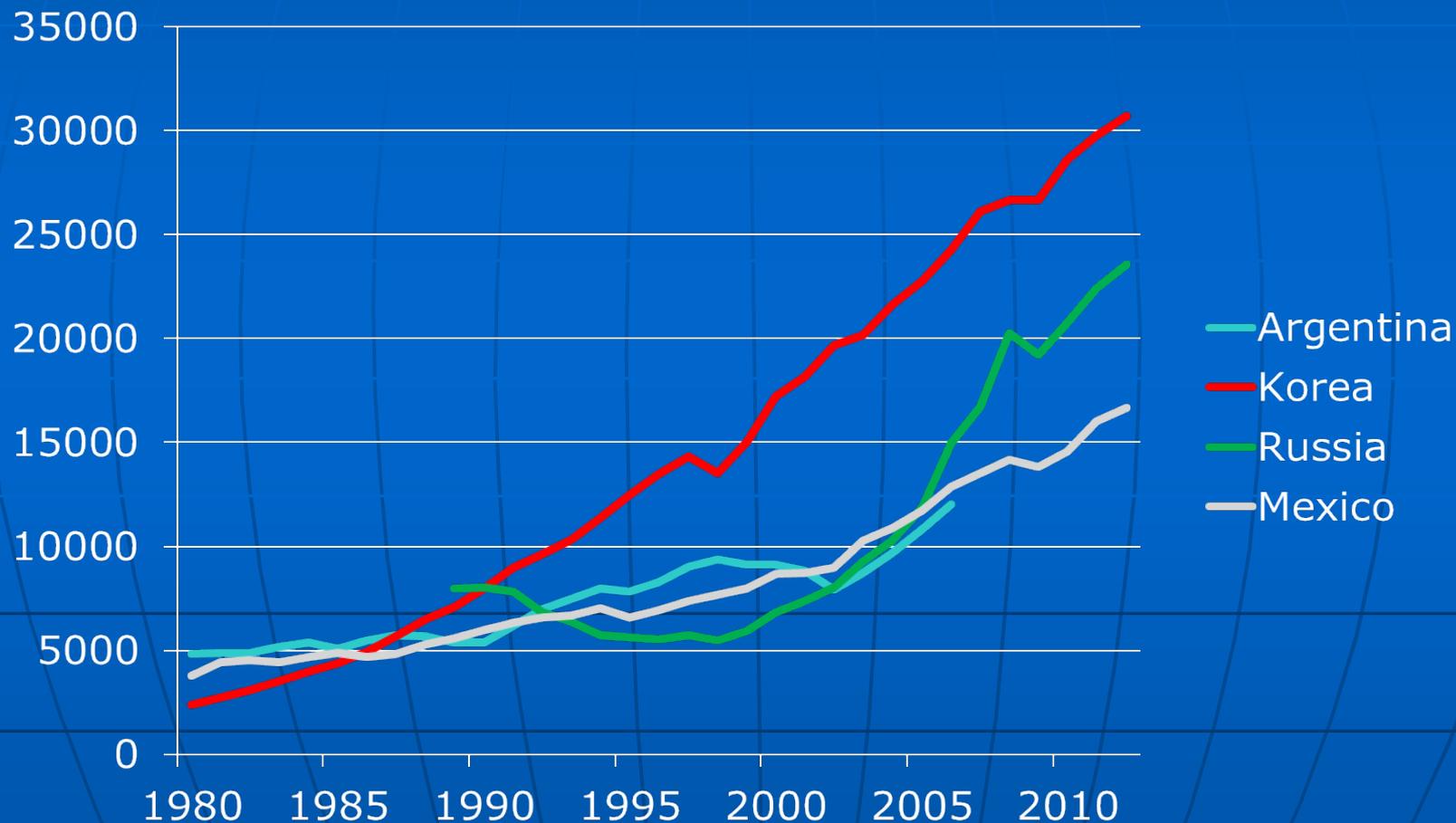
Mexico: Difficult yet Permissive Environment

Corporativist societies (Mexico as a paragon)

- Co-opt rather than coerce. Party and the government is the same.
- A lot of flexibility in reconciling differences (as the title of PRI – revolutionary-institutional party would suggest). Peronism in Argentina mastered this art to the point of virtuosity
- Visible and big deviation from the rule are not welcome, but relatively small are OK
- Economy: weak motivation for productivity growth -- corruption as a way of life; crony capitalism
- Politics: dedazo (president appoints the successor) but in the small the dissent is welcome
- Corporativist societies are not as inefficient as you would think, but only as long as they grow
- Crisis as **necessary** (yet not sufficient) condition for reforms

Growth trajectories of MARS (Mexico, Argentina, Russia, South Korea) economies

GDP per capita, PPP (current international \$)



Monterrey Tech System

33 campuses
8,178 faculty

88,287 students

39% with scholarships
or loans

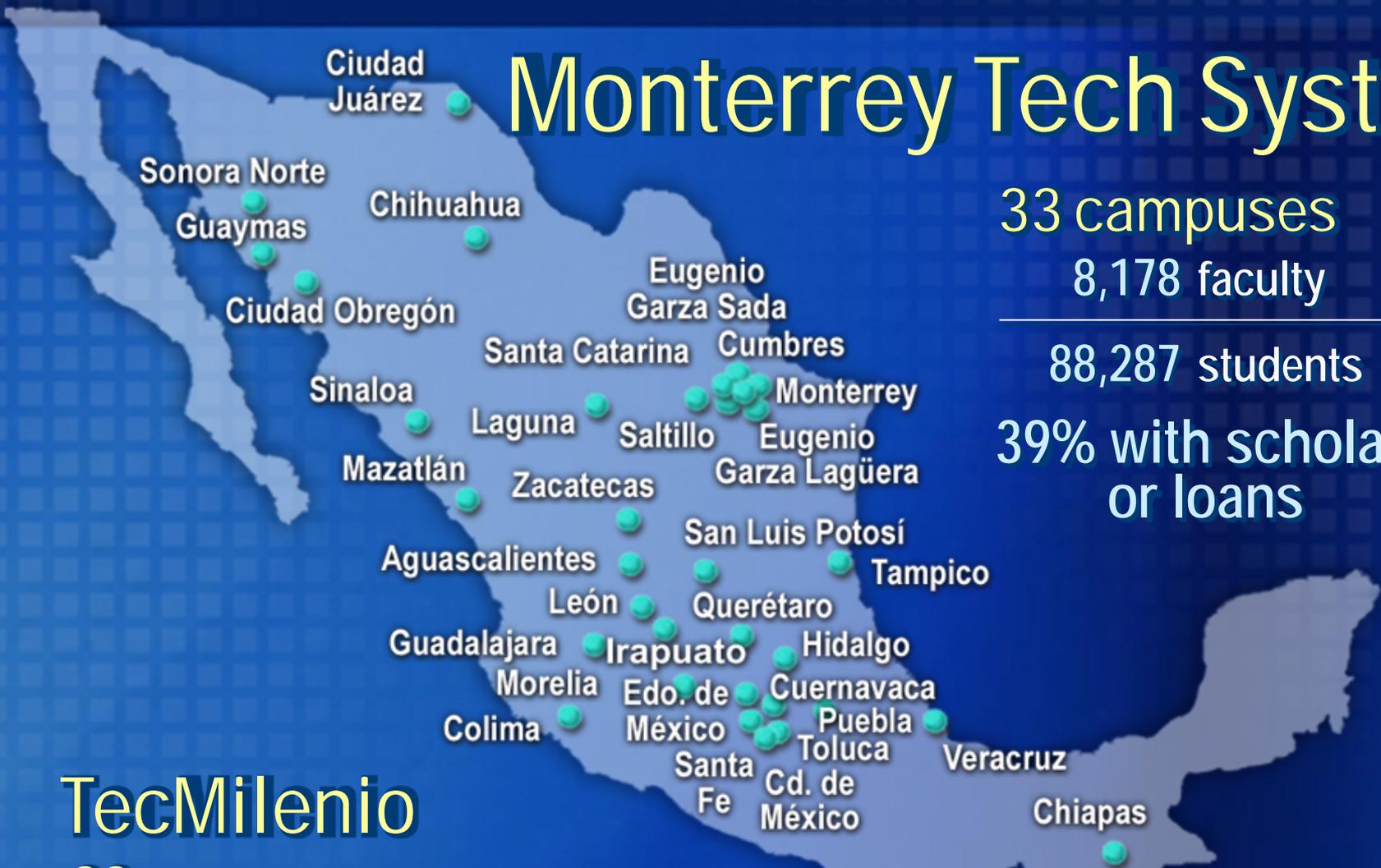
TecMilenio

22 campuses

870 faculty
12,524 students

Virtual University

6,016 Graduate students
65,926 Corporate continuing education
116,121 Social programs

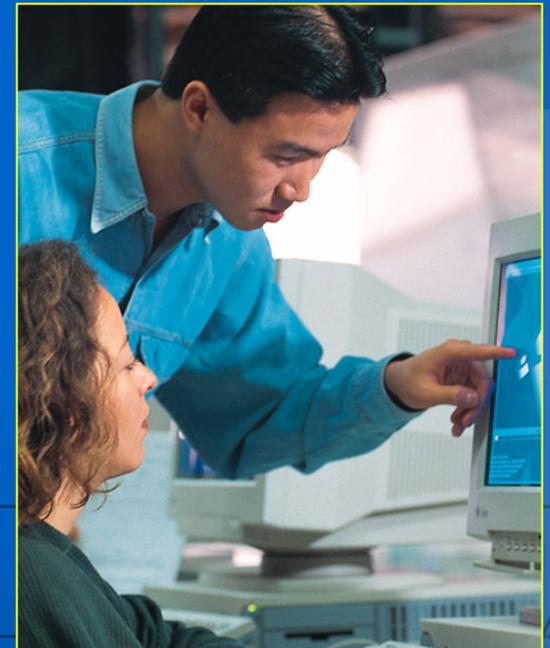


Monterrey Tech Main academic areas

- Engineering
- Information and communication technologies
- Management and economic sciences

- Health sciences

- Humanities and social sciences
- Environmental sciences



How to maintain excellence?

- No subsidies from the government
- Governance structure (private sector creates local campuses, but criteria of excellence are uniform)
- Continuous innovation: a spin-off strategy
- Turning a problem into an opportunity

'Fourth mission' – a change agent

- In the South (Chiapas) – one of very few credible agents
- Ranking of Mexican states by quality of public sector and competitiveness
- TecMillenio – a low cost educational model
- Mobilization of private sector leaders (Monterrey – Knowledge Technopolis)

The Third Stage in a Rent-seeking Environment

- A mirror of the society:** how to counteract a tendency towards mediocrity and internal rent-seeking (once they become big and relatively rich)?
- Search and discovery of new domains: Internal spin-offs (Tech Milenio; Virtual University)
 - Anti-fragility: gaining from stress (rats example: how rates induced internal innovation)
 - Global presence: of the Virtual University; students from Latin America
 - No assured support from the government, except for competitive bids for research. Crucial to maintain autonomy
 - Yet not a world-class university, and no aspiration to become one (unlike a rival UNAM)

Theory of conception and growth: Summary

- **Stage 0: Conception**

'Water for fish strategy': a "heavy weight" creates a micro environment for exceptional individuals to experiment.

- **Stage 1: Organization as a 'first mover'** – a 'teething problem (0-7 years)

A new organization as a platform to link exceptions from the private sector, government and voluntary sector.

- **Stage 2: Collective Action Problem (adolescence and youth)**

How does the new organization interact with the rest of the society? Does it remain an enclave? Does it transform the environment or, on the contrary, the environment absorbs the 'first mover'?

- **Stage 3: Critical mass problem – Global Excellence**

Global Excellence in what? Avoiding the world class university as the only paragon.

Policy Perspective:

How can governments and international organizations (e.g. World Bank) support break-away universities?

Stage 0 support: conception – problematic (whatever happens between consenting adults)

Stage 1 Support: to help a 'first mover' grow – plausible

Stage 2 Support: to facilitate collective action – very plausible , yet different from Stage 1 (mentoring, focus on organizational spin-offs)

Similarities with Venture Capital (Stage 0 – proof of concept; Stage 1 – seed and early stage; Stage 2 – equity fund)

From “best practice” to “best of the worst practice”: good practice amid bad institutions

- Russia and Argentina as paragons: innovation goes into rent seeking
- But also: Mexico, Morocco, S. Korea (the 50s and 60s)
- Features:
 - Corruption as a way of life
 - Ubiquity of vested interests: at best, selection of pet projects
 - Shortage of talent to run programs
 - Persistent turf battles: Fragmentation and lack of coordination

How to maintain excellence amid pervasive rent-seeking?

Thank you

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