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# Changes in the Structure of the Higher Education System: From Planned Economy to Market Forces (case of Russia)

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# Assumptions and questions

1. Higher education system includes “different animals”
  2. The types of the HEIs depend on the lenses we use: market behavior, stakeholders, private-public, mission
  3. Current structure of the system of HE depends on previous trajectory (path dependency)
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What is real structure of the HEI system in Russia?  
How did it evolve? How is it evolving?

## **Soviet policy in the sphere of higher education (Clark, 1983):**

- The role in coordinating is state-owned, market is completely absent
- Higher education institutions have low institutional autonomy
- High degree of centralization in management within university

**The development of higher education was subordinated to the needs of the state in the labor force  
The state is an owner and sole employer**

# Historical Development of Higher Education System Structure in the USSR

- Legacy of French and German models
- 1917-1919 Transforming old universities, attempts to regulate (avoid duplication and diversity), affirmative actions
- 1921-1932 – separation of research, greenfield projects, division of comprehensive universities, transferring specialized universities to sectoral ministries, soviet corporate universities.
- 1932-1958 - strengthening specialized universities (military engineering), attempt to distribute universities throughout the country
- 1958-1991 – opening comprehensive universities, new sectors universities, growth of the number of students



# The Basis of Higher Education System Structure in the USSR

## **Key objectives:**

- Workforce (and partially R&D) support of major branches or industries determining the competitiveness of the country
- Workforce (and partially R&D) support of the basic socio-economic infrastructure in the regions
- Elite production and reproduction

## **Three key groups of universities (based on LM function):**

1. Higher education institutions (HEI) created on the territorial-industry basis (local scale)
2. Specialized HEIs linked to the specific industry on national scale
3. Classical universities

## **Two key groups (based on elite production and reproduction)**

# Conditions for the Functioning of the Soviet HE System

- Limited admission (no more than 20% of school graduates for full-time programs)
- Part-time evening programs only for those who work
- Administrative control of professional practice and R&D
- Rigid system-wide uniform educational standards
- The attractiveness of the academic profession (high wages, prestige) and managed academic mobility
- Standards and rules for opening of new HEI and new educational programs
- **Mandatory placement of graduates and regulated labor market**

# Role of mandatory placement

- Planning of students' places based on plans for the industry development (five years plans)
- Narrow specialization with industry practice embedded
- Work-based standards
- Participation of industry specialists in the training
- Specialization of universities at the national level
- Mission – vocational identity formation

**QUASICORPORATE SYSTEM  
(Napoleon's ideal)**



## Spatial distribution

By 1991, in Moscow and Leningrad (now St. Petersburg) 23% of all (public) universities and more than 25% of the total number of students were concentrated.

Nearly 28% of total faculty and 1/3 of national faculty with academic degree worked there.

HEIs in Moscow and Leningrad played leading role in universities' networks

# HEI Created on the Territorial-Production Basis (Infrastructural HEI)

**1. Created in each region or in group of regions for staffing of specific sectors of the regional socio-economic system:**

- Pedagogical
- Agricultural
- Medical
- Polytechnic
- Culture and Arts
- Economy and Cooperation

**2. Particular HEI or groups of HEI belonged to industry commissariats and ministries** (Agricultural HEI – The USSR People’s commissariat for agriculture).

**3. Head HEI of corresponding types were allocated in the capitals to perform functions of methodological leadership and staff support of other universities**

(1-st Moscow Medical Institute , at present MSMU named after I.M. Sechenov).

## Performed staffing function of particular industries

(oil industry, water transport)

Three types of HEI were singled out:

### **(1) Specialized HEI -parts of soviet-type industry clusters**

focused on specific local labor market and directly incorporated into the production process (Kazan Aviation Institute, Moscow Industrial University-Plant).


**(2) Central specialized HEI** (Gubkin Russian State University of Oil and Gas; Moscow Institute of Steel)

**(3) Network industrial HEI** (Railway universities, branch offices of Nuclear University)

performed the function of scientific and staff support of national scale industry including the methodical support of other specialized universities

## Functioned as personnel training institutions for:

- Basic research and teaching in other universities (primarily for fundamental disciplines)
- local managerial elites (economic, history, legal education)



Novosibirsk State University;  
Tomsk State University;  
et al.

## External factors:

- Shift towards open society and market economy
- Rejection of planned personnel policy related to the major sectors of the economy
- Decline of some sectors of the economy
- Competition from private HEIs

## Internal factors:

- Financial deficit
- Jump in autonomy
- Opportunity for fee-paying students

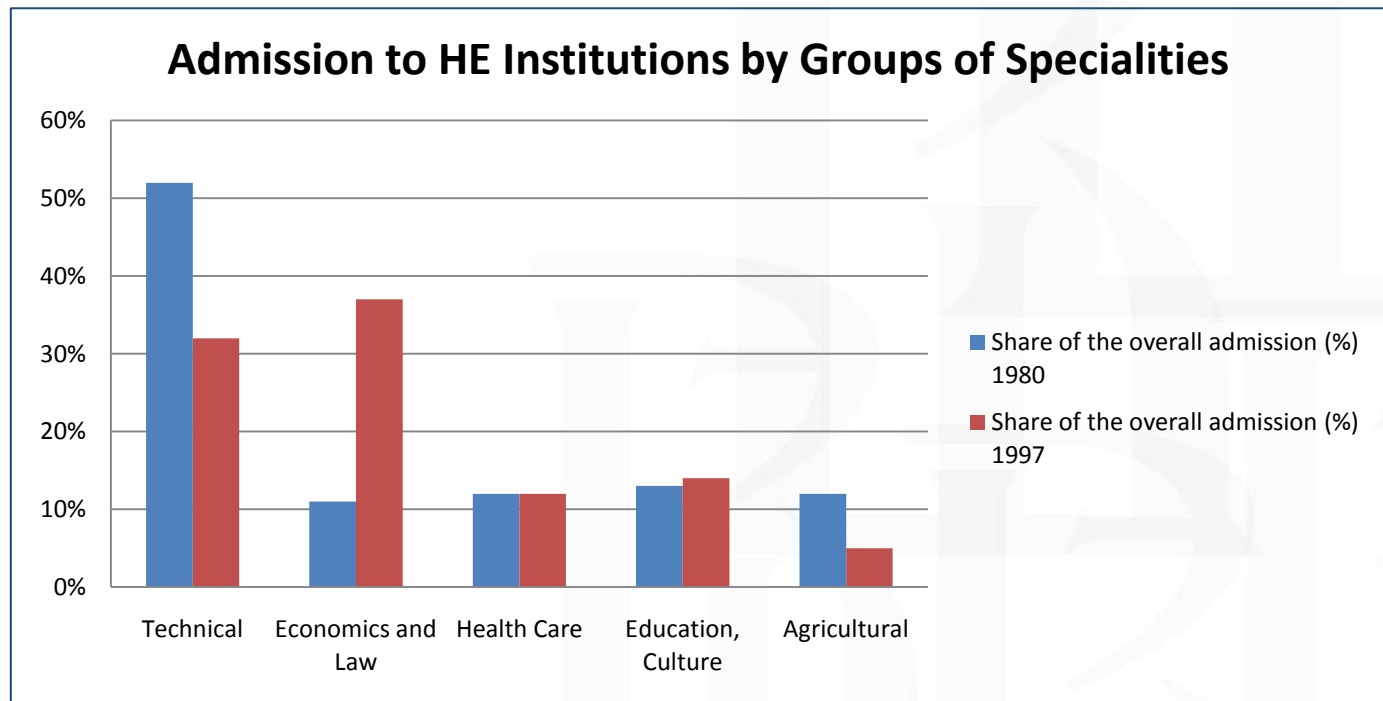
**The system, created to perform the order of only one customer – The State**

**– ceased to meet multiple demands**

- State
- Professional elites
- Households
- Employers

# Change in Educational and Professional Preferences

- Reduction of wages of engineers and academics.
- The growth of demand for economic, management and law fields of study



## 1. Internal diversification

- Opening market-oriented programs
- Opening part-time programs

## 2. Restructuring of the Higher Education Sector

- Establishment and development of private HEI
- Expansion of the branch networks
- Establishment of the HEI network subordinated regionally or municipally



## INFRASTRUCTURAL HEI

### Central Infrastructural HEI:

- The loss of methodological and staff development leading role

### Regional infrastructural HEI:

- Internal diversification
- Competition with classical universities
- The loss of the labor market (e.g. for polytechnic, agricultural and pedagogical institutions)

## Specialized HEI → Related to Clusters/Industries

- Degradation of the cluster – the loss of the labor market, scientific and industrial relations, diversification towards classical universities for both regional and central HEI (cluster of the aviation industry and the relevant universities)
- Preservation of the cluster – HEI close to labor market, retained specialization and market but ceased to do research function.
- Preservation of the cluster – central HEI partially retained methodological function , but almost stopped fulfilling staffing and R&D functions.

## Classical universities



- Decline of research function
- Decline of staffing functions for Research and HE sectors (except for the foreign academic market)
- Partially join emerging clusters (industries)
- Elite production functions moved to the central universities

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Provincial law quality universities

# Transformation Over the Past 20 Years– New Organizations and Structural Changes

- **Private HEI**
  - Small size
  - Socio-economic or humanitarian
  - High proportion of distance education
  - Compete with classical universities and regional infrastructure HEI for service sphere staffing
- **University mergers**

# Main barriers – traditions of planned economy

- Narrow and early specializations
- Academic oligarchies
- State funded order
- Rigid standards
- Isolation from global networks

# Government policy options

- Invent and force new types of institutions
- Give more flexibility and autonomy
- Restore the Soviet system of planning and placement