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Higher Education in Russia and Beyond

Higher School of Everything

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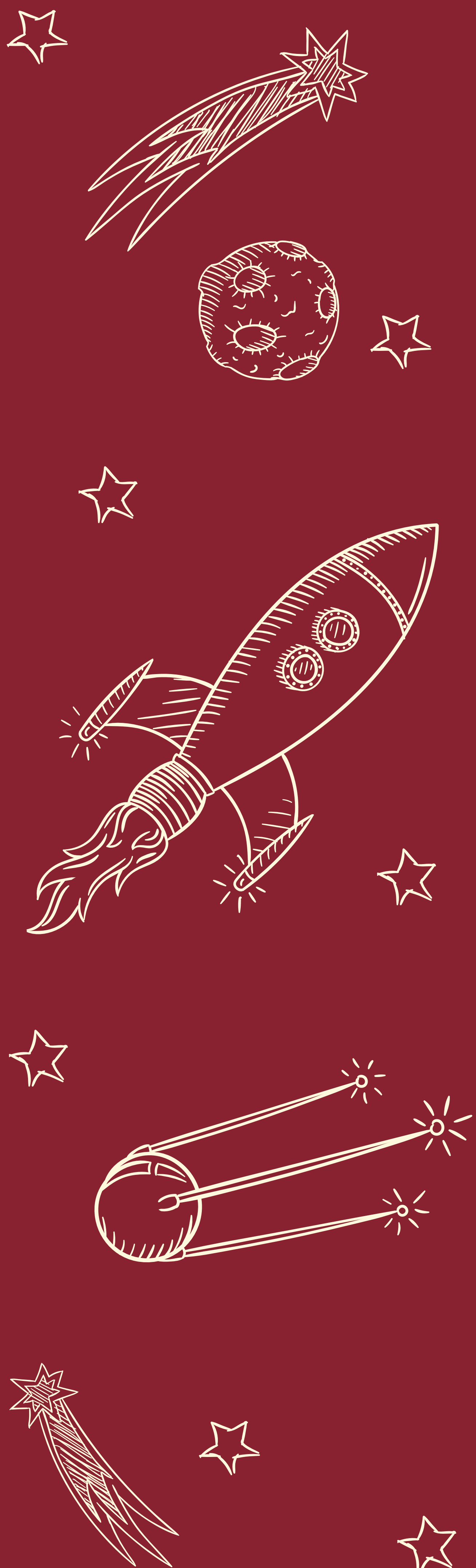

Dear colleagues,

In 2017, Higher School of Economics, the publisher of Higher Education in Russia and Beyond, turns 25. For a university, this is a very young age, so we will celebrate this milestone in the form of an “anti-anniversary”: we give out presents instead of receiving them, we laugh at ourselves, contemplate about the challenges we face and about how to become even better. This special issue of Higher Education in Russia and Beyond, which discusses the development of our university, is published as part of this “anti-anniversary year.”

Higher School of Economics is a unique post-soviet educational project. In a very short time HSE has evolved from a small graduate school specializing in economics into a global research university with a variety of academic fields (so people sometimes call us “Higher School of Everything”). HSE grew rapidly over time, it changed, it solved a number of complex problems and developed institutes which later gained widespread acceptance within Russian higher education.

The articles in this issue are authored by HSE faculty and friends, who write about various aspects of the university’s life and the challenges of its development. In the opening interview with HSE rector one can learn about the university’s major development drivers and the risks of rapid growth. In the second part, members of HSE International Expert Council discuss external challenges. In the third part, HSE faculty analyze some of the institutes and practices that have developed at HSE.

We believe that examining HSE experience through critical self-scrutiny could be useful for fast-growing universities that face similar issues both in Russia and beyond.

‘Higher Education in Russia and Beyond’ editorial team

National Research University Higher School of Economics

National Research University Higher School of Economics is the largest center of socio-economic studies and one of the top-ranked higher education institutions in Eastern Europe. The University efficiently carries out fundamental and applied research projects in such fields as computer science, management, sociology, political science, philosophy, international relations, mathematics, Oriental studies, and journalism, which all come together on grounds of basic principles of modern economics.

HSE professors and researchers contribute to the elaboration of social and economic reforms in Russia as experts. The University transmits up-to-date economic knowledge to the government, business community and civil society through system analysis and complex interdisciplinary research.

Higher School of Economics incorporates 97 research centers and 32 international laboratories, which are involved in fundamental and applied research. Higher education studies are one of the University's key priorities. This research field consolidates intellectual efforts of several research groups, whose work fully complies highest world standards. Experts in economics, sociology, psychology and management from Russia and other countries work together on comparative projects. The main research spheres include: analysis of global and Russian higher education system development, transformation of the academic profession, effective contract in higher education, developing educational standards and HEI evaluation models, etc.

Center for Institutional Studies

The Center for Institutional Studies is one of HSE's research centers. CInSt focuses on fundamental and applied interdisciplinary researches in the field of institutional analysis, economics and sociology of science and higher education. Researchers are working in the center strictly adhere to the world's top academic standards.

The Center for Institutional Studies is integrated into international higher education research networks. The center cooperates with foreign experts through joint comparative projects that cover the problems of higher education development and education policy. As part of our long-term cooperation with the Boston College Center of International Higher Education, CInSt has taken up the publication of the Russian version of the "International Higher Education" newsletter.

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We Were Not Afraid of Changing Inefficient Institutions

Interview with HSE Rector Yaroslav Kuzminov

- HSE is changing very fast.
It is uncommon for many universities, especially for those working in the same institutional environment.
What was the nature of these changes over the past 25 years?
Why does HSE have "itchy feet"?

I think that any development is a battle between a person and the institutions he/she ends up with. HSE is a unique organization because it was shaped by people rather than institutions. Why? In the late 1980s, optimization of institutions began: the Soviet ones were destroyed and new ones, which conformed with the free market, with the ideas of democracy and academic exchange, were created. HSE "core" was from the very beginning involved into the reform of institutions in Russia. It consisted of economists, lawyers, and sociologists who became advisors to the process, ministers, leaders, experts. Since we needed to optimize existing institutions, we had no piety for them, and we were not afraid of changing inefficient ones.

So, HSE was originally created as an organization full of people who were consciously designing new norms and rules. Therefore we have a similar attitude to the institutions within the academia: we know that these are simply our tools and not some kind of sacred scrolls or even walls within which we need to rearrange our furniture. By the way, other Russian universities, especially those aiming at academic development, draw on our experience of creating such tools. Such things as academic salary bonuses, teaching salary bonuses, grants for young faculty and research funds have become common in the country's leading universities, though the scale is often smaller.

In this sense, we have indeed "itchy feet," we are all the time trying to improve things. Our mission is our self-fulfilment and support to our country. I hope this doesn't sound too pretentious because it is simply true: our country is our environment, we live here and we do not see ourselves outside of it. We are trying to change both the environment and ourselves. We try to avoid "fetishizing institutions." This is important because people are prone to developing pipe-dreams. Sociologists have constructions that say that humans are different from animals because the former build up virtual worlds they later worship. We don't build any virtual world, we are rather realistic about institutions.

- Institutional changes are always difficult, sometimes even painful. What is the price of such rapid growth and development?

The price is the lack of tranquility. At HSE, one cannot just relax, which makes being here less comfortable for faculty and students. People who are not psychologically braced for the necessity of rapid response and adjustment to constant changes leave HSE, this is natural selection in action. Some of these people are good instructors and interesting thinkers. Good instructors who can find an alternative sometimes leave us. However, I don't think that strong researchers have left us. This is probably due to the fact that we do not only raise standards but also improve working conditions. For students, HSE is a demanding environment that makes them work from their first day to their final one, which, I believe, gives them substantial advantage on the future labor market.

Some things were lost on the way as the university expanded. In the beginning, we had very strong master's students: among them were PhDs in physics and maths, graduates Moscow Institute of Physics and Technology, and others who wanted to become economists. Those were sturdy people who rose high but after 10 years the situation changed because physics graduates started working as physicists, etc.; i.e., the scale of dissatisfaction among young people didn't grow, and I am happy about it.

During the first 10-15 years, our programs were rather small. There were more opportunities for close informal contact then than there is now. We are trying to replace that by engaging students into research so that the communication remains but it has become more focused. What was lost was chair (kafedra) system, but chairs had always been weak, for that matter. We had never had that tradition of chairs as discussion groups. Frankly speaking, this tradition was non-existent even in my times as a young assistant professor at Moscow State University; that is, even in the 1980s in the country's top university this tradition was already gone. So, instead of lamenting one should think about whether there was something to lament in the first place.

- You have mentioned the university's rapid growth. How do you manage to keep it a single entity in the face of explosive growth growth in the number of students, faculty and educational programs?
Is it a single entity still?

It is, and there are three dimensions of its unity. The first dimension is values we share. Whole academic communities come to HSE (the physics community has joined us lately, and we expect chemistry and biology communities soon too) because they see how we live and they like it. They are ready to support our values: to be honest, open, self-rigorous, etc. These are simple rules that are used everywhere but unfortunately they are often forgotten in Russia.

The second dimension is interdisciplinary collaboration. We try to stimulate collaboration with representatives of different disciplines by supportingapplied projects that we do for business and the government. Sometimes this is done in a top-down manner: for example, we consciously encourage interdisciplinary projects, i.e., they receive support above all others. There are actually "dormant opportunities" in this field, such as comprehensive academic seminars on key topics where scholars could listen to each other and broaden their own research agendas. Unfortunately, we don't have something like that yet, so this is our goal for the coming decade.

The third dimension is the need to provide our students with a breadth of knowledge . This is a very sensitive issue because we had to go through a period (difficult for any university) when the majority of the students were seeking immediate practical use. It is no longer so but such a problem did exist in, let's say, 2000-2010. During that period, students wanted to be sure about how they exactly would be able to earn money by using the knowledge they were being given. Such a vulgar perception of a university as merely a tool is unpleasant but we are already past that. Nowadays our students understand that the immediate payoff of the knowledge they are gaining is inexplicit but they are interested in it. Actually, people are no longer satisfied with narrow professional knowledge: they want to broaden their perspective, and the university has to offer them a number of relevant tools. We were the first university in Russia to do so by introducing the system of minors, elective courses, and basic courses for those who change their area of study when proceeding from bachelor's program to master's program. All this contributes to institutional unity.

- The last question is about the future. HSE exists for 25 years already. What do you expect in the next 25 years?

We have several development trajectories. I believe that in 10 years, a number of HSE schools will help the university join the world's top-50 in respective disciplines, i.e., that we will be globally visible and recognized. What does it mean to be in the top-50 – or even top-25 if possible? This means that the world's leading universities will send their best students and PhD to you; this means participating in the global circulation of talent.

I also think that the border between degree education and continuing education should be blurred because the nature of education will transform, it will move towards online delivery. The economics of universities will transform too because if half of your budget is generated through online courses with, say, 50,000 participants, this is a totally different situation. I think that being one of the leading universities, HSE audience will increase manyfold too. This will create the main challenge: how to avoid impersonality in the context of rapid massification. This will be a difficult kind of evolution, which will, probably, require deep integration with partner universities. We will have to transform the external environment even to a greater extent than we are doing now. HSE success of the past 25 years was due to the fact that we stood out against the rest of the Russian higher education landscape. Our goal now is to make others stand out too, make them like us or even better than us.

Speaking of new disciplines, we have no fixed plans. We are an open system joined by academic communities that want to work with us. In this sense, we might expand by integrating some subfields of natural sciences that can be combined, to some extent, with math and social sciences (linguistics or psychology, for example, which are going through integration processes). The arts sector will grow too, I think, including pure arts, such as painting or theatre (we have creative writing already). In the area of applied art, we could include architecture.

There is also a number of "heavy" disciplines we are thinking about: engineering (in the broad sense of the term) and medicine. Engineering profession is changing. It is now about data analysis rather than drawing blueprints. I believe there is a probability that we will become a university in the Western sense of the word – i.e., that we will have our own vibrant medical school. This implies substantial investments, which we cannot generate on our own, so there has to be a strong public interest.

Global Rankings and Lessons for HSE

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Are the best universities those that focus disproportionately on research or those that focus on student learning and helping graduates earn credentials for sustainable living and employment?

Are the best universities those which pursue global reputation OR those that encourage civic engagement and responsibility to their communities and wider society?

Are the best universities those which adopt indicators chosen by ranking organisations for their own purposes OR those which choose indicators which best align with the university's mission and purpose?

What is Excellence?

Ever since global university rankings became an omnipresent feature of higher education, they have played a significant role in opinion-formation and decision-making at the institutional and national level. Perhaps most significantly is the way in which the choice of indicators used by rankings, as well as the final league table, has become used and interpreted as a meaningful measure of quality and excellence.

As a consequence, we witness around the world how a university's ambitions are often described and measured in terms of ranking success, and how the results are used to allocate resources, recruit faculty, organise academic units, and reward success. Students, especially high achievers and international students, often use rankings to inform their study choice. Other universities often use rankings to help identify potential partners or membership of international networks. And, governments and employers, as well as other key opinion formers, use rankings to inform policy and underpin investment decisions, and for publicity.

Rankings work by comparing universities by using a range of indicators, which are each weighted differently. The final score is aggregated to a single digit. However, the choice of indicators is not value-free. This is because there is no such thing as an objective ranking. The evidence is never self-evident because measurements are rarely direct but consist of proxies. And the weightings reflect the value-judgements of the rankers, rather than any internationally accepted measure of quality.

So, can rankings really tell us which are the best universities?

What is the Best University?

Around the world, governments and universities are turning to rankings to help provide strategic guidance. Many universities and governments have imported indicators used by rankings into their own strategic framework. The following vignettes provide two examples of how different universities have responded to rankings.

In 2005, the Kentucky state legislature set the goal of reaching Top-20 in the US News & World Report College Rankings by 2020. To do so, meant the university would need to: recruit an additional 6200 undergraduates, 750 graduate and professional students, 374 post-doctoral researchers, 625 faculty, award 3065 bachelor and 189 doctoral degrees, and raise research expenditure by $470m [EUR 400.73 million]. But, it also meant the university would have to alter its student entry criteria and become more selective. As a US land grant university – with a public mission – this would mean refocusing its mission and becoming more prestigious and exclusive. By 2009-2010, university had failed to keep pace with its 2006 metrics, and a major funding gap of over EUR 358m had opened open. The strategy was abandoned. [1]

The Universitat Rovira i Virgili illustrates an alternative pathway. Established 1991 by a decision of the Catalan Parliament, the university was created to contribute "decisively to the involvement of Catalonia and Spain in the cultural, social and economic development of the world." From its origin, the university has aimed to align its teaching, research and innovation along five strategic areas, which correspond to regional strengths in chemical engineering, its Roman/classical archaeological heritage, its position within the wine region of southern Catalonia, tourism and leisure opportunities, and the health and nutrition of its population. In other words, its mission has been to leverage local expertise and socio-economic needs for global recognition. This strategy has proven successful and the university is listed as #76 in the Times Higher Education Universities Under 50 for 2017 (up from #83 in 2016), and has obtained high subject rankings in the Academic Ranking of World Universities and the Leiden Rankings.

Implications and Lessons for HSE

As the above two vignettes illustrate, context matters. The University of Kentucky illustrates how slavish pursuit of rankings can lead a university to abandon its mission and end up in extraordinary debt. In contrast, the Universitat Rovira i Virgili shows how a university can excel by embracing its mission and region. In other words, in the former example – rankings were the over-determining driver of strategy while in the latter improving in the rankings was an outcome of the university's own strategy.

Are there lessons here for HSE?

According to its website, HSE is a "one of the preeminent economics and social sciences universities in Eastern Europe and Eurasia." But the choice of indicators used by global rankings give disproportionate weight to the physical, life, and medical sciences. This results in research which has national or regional significance – most often in the humanities and social sciences – being undermined or ignored. And because this research is often published in the native language, there is a further disadvantage to these fields due to English language bias.

Another problem derives from how rankings measure educational quality. For example, QS attempts to measure educational quality by using the staff-student ratio. However, international research consistently demonstrates that the quality of teaching is far more important for learning outcomes and student achievement than class size. Times Higher Education uses a reputational survey, but it is impossible to genuinely know about someone's teaching quality without being in the classroom. ARWU includes a category for educational quality, but instead measures alumni and academic staff winning Nobel and other prizes.

There are also difficulties with the way in which rankings conceptualise impact in terms of a singular focus on citations. Instead, there is a need to go beyond direct "tangible" impact (e.g. output, outcome) to include much broader range of parameters, appropriate to the mission and region, which include graduate attributes, innovation, contribution to public policy, etc.

Ultimately, the cost of rising in the rankings, even by a few spots, can be both a very costly and a lengthy process. In the process, the university may be forced to change its student admissions criteria, sack and recruit large numbers of academic staff, reorient its disciplinary and research focus, abandon its civic engagement agenda, etc. [2]

Finally, rankings are a relational measure which has more to do with changes in other HEIs' position rather than any actual change within the institution itself. [3]

Use Rankings Very Carefully

In a globalised world, we require confidence that our universities are operating an internationally competitive level in terms of teaching and learning, new knowledge production and innovation, and graduate attributes and talent attractiveness. From a government or university perspective, rankings may appear to provide a simple and useful way to measure and compare quality and performance. But do they?

One of the big lessons of global rankings is the extent to which they encourage universities, and governments, to adopt indicators chosen by commercial companies for their own purposes. However, as Birnbaum argues, world class universities can only be built if they are firmly grounded on strong and indigenous educational and social foundations. [4] Trying to develop them by using imported rhetoric and models, and large sums of money is destined to fail.

Learning these lessons are vital. HSE should seek to be the best at what it is good at, and what it is good for. By pursuing this strategy, HSE will excel nationally and internationally.

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The Higher School of Economics: Achievements and Challenges

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The challenges of building world-class higher universities in Russia are substantial and perhaps overwhelming. The Higher School of Economics (HSE), now marking its first quarter-century, is a good example of both the challenges and possibilities. HSE's achievements are especially impressive in the context of Russian realities and point to some of the difficulties of building a new world-class university. However, HSE joins a very small number of new universities worldwide that have achieved significant success in a short period of time.

Because HSE started as a specialized university focusing on the social sciences, it could not quickly break into the top tier of global rankings since most of the metrics used for measuring research impact are mainly relevant to the natural sciences, medicine, and engineering. Yet, the university is widely recognized in the Russian Federation as one of the most successful and innovative institutions. The university has been able to attract well-qualified students and faculty, and is one of the most internationalized in the country. As one of the 21 universities chosen to participate in the highly competitive 5–100 program, HSE has consistently ranked in the top tier of the 5–100 cohort.

Some Reasons for Quick Success

For a university started in 1992 by a few professors, mostly from Lomonosov Moscow State University, who were dissatisfied with the traditionalism and lack of innovation of Russia's most prestigious academic institution, HSE's success has been remarkable. From the beginning, the university emphasized building up the social sciences, relating these fields to relevant policy issues in Russia, and preparing students for newly emerging employment opportunities. The social sciences had been politicized or suppressed during Soviet times, and the political and intellectual instability that followed the end of the Soviet Union left a vacuum. HSE effectively moved to fill the void. It was able to attract faculty who were interested in new thinking and providing relevant education to a changing economy, developing programs in such "new" professions in the media, consulting, and others.

HSE provided a significant change from traditional Russian universities. The traditional cathedra (chair) system was dismantled and interdisciplinary teams and laboratories were created. HSE introduced new ways of evaluating faculty, provided longer-term appointments for some, and boosted salaries for many. The university attracted some prominent international professors to direct or codirect laboratories on a part-time basis, and some international staff were hired full-time. All of these innovations were, when implemented, a marked change from traditional Russian universities.

HSE's location in central Moscow also helped. It was attractive to faculty and students, and permitted the university to build up relationships and undertake research and consulting for government agencies and the private sector.

Challenges and Dilemmas

Despite its accomplishments, HSE faces significant challenges as it seeks to continue its effort to achieve world-class status and develop as an innovative institution of higher learning.

At the beginning, HSE's goals were fairly clear: to provide top quality and highly relevant education in the social sciences, and especially in economics and related fields. Over the past quarter-century, HSE has expanded in both size and mission. With several branches in three Russian cities, and having merged with engineering school in Moscow, HSE, with 28,000 students, is close to being a comprehensive university. A recent expansion into physics is the latest example. But it can be argued that both large size and dispersed mission will, in the long run, not help HSE continue its quest for top quality. Being one of the world's premier institutions in the social sciences and economics may no longer seem sufficiently exciting, and specialization does create some limitations when it comes to achievement in the international rankings — but being the "Higher School of Everything" may limit quality and focus. There are many examples of highly specialized and also successful academic institutions, such as the London School of Economics and Political Science, incidentally an HSE partner, the Tata Institute of Social Sciences in Mumbai, India, New School University in New York, and others.

Aspects of Russian academic reality adversely affect HSE — and all Russian universities. There is no effective academic labor market. Russian academics seldom move from on university to another, and thus it is difficult for HSE to hire away top talent from other universities. Further, Russian base academic salaries are quite low by international standards, making an academic career somewhat unattractive for top talent, who may be more attracted to private sector jobs or academic positions in other countries. There is no tradition of tenured (permanent) positions for senior academics, reducing the attractiveness and the stability of an academic career. HSE recognizes many of these challenges and, in comparison with most other Russian universities, has created a more favorable environment for its academics.

HSE has made significant efforts to decentralize its administration and to include the academic community in decision-making and governance, and is ahead of most other Russian universities in this regard. Yet, it remains a centralized university with key decisions coming from the top. While the HSE community understands that top universities worldwide have significant faculty governance, implementing such policies and reforms in the Russian context remains difficult — yet is necessary.

Conclusion

While the achievements of the Higher School of Economics during its first quarter-century are impressive, the challenges, internal and external, are significant. In an international perspective, HSE can be compared with some of the world's most successful new universities such as the Hong Kong University of Science and Technology — and HSE has achieved its success without the massive funding evident in similar universities in other countries.

Maintaining Quality Under Rapid Growth

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It is well-known that the 1990s became a period of uncertainty for Russia, nearly chaos. This was also true for the academia: neither the Academy of Sciences nor university leaders had a clear understanding of where they were going and where they would like to be. HSE obviously stood out against this backdrop since it had a clear mission and goals: HSE founders wanted to create a serious world-standard university that would serve the country's interests. We can now say that they succeeded. How did they manage to fulfil their goals?

Resources: Human, Financial, Ideological

The key factor was EU grants that supported the establishment of HSE and the development of economics education in Russia's regions. It was thanks to those grants that HSE managed to develop strong connections with Erasmus University Rotterdam and Université Paris 1 Panthéon-Sorbonne. Professors from these two universities taught our very first students, while our faculty got 2-3 months scholarships in Rotterdam and Paris. These grants also allowed us to buy necessary equipment and create modern library.

Together with a clear mission, these resources helped attract the most talented young academics to HSE. Most of my fellow alumni from Moscow State University (where we graduated from in 1988) went into private sector; many left the country altogether. But the majority of those who stayed in the Russian academia joined HSE eventually because of the professional and career opportunities it was offering.

Having joined HSE as a young PhD, a new teacher could soon expect professorship, get their own chair, become vice-dean or even dean. It was a young fast-growing organization with a comfortable atmosphere, so it was pretty easy for an active person to find a right place for themselves. It was important for those who wanted to stay in the academia because older universities or the institutes of the Russian Academy of Sciences offered virtually nothing in that period. As a result, many MSU professors and famous RAS scholars took up positions at HSE too.

A clear mission, access to international grants and close ties with foreign universities helped shape a strong academic core, which contributed to HSE's success after 1998.

The Russian Financial Crisis as a Turning Point

Up until fall 1998, other universities treated HSE more or less as a "puppet" structure of Evgeny Yasin, Alexander Shokhin, Yakov Urinson and other liberals from the government rather than as a real competitor. Their attitude changed when the results of the first ever enrolment campaign for self-funded (as opposed to state-funded) students were published, following the 4-times depreciation of the ruble in August 1998.

It is important to mention that due to macroeconomic insecurity of the early 1990s in Russia, the country was heavily dollarized: for a long time many goods and services were priced in US dollars. When it became legally forbidden to trade directly in dollars, the term "c.u." — "currency unit" — gained popularity: one "c.u." was equal to one US dollar. For ruble transactions, the amount of "currency units" stated in the contract had to be multiplied by the current dollar-ruble exchange rate set at the Moscow Interbank Currency Exchange (MICEX).

Such an approach to pricing was used by the country's leading universities too. However, the rapid depreciation of the ruble in August 1998 forced most higher education institutions to introduce the so-called "adjusted rates," i.e., tuition was still priced in dollars but HEIs used their own currency conversion rates, which were usually 2–2.5 times lower than the MICEX rate. This was done because transactions based on the current exchange rate would have led to a catastrophic drop in the number of self-funded students.

HSE turned out to be the only university that managed to keep dollar tuition prices based on the official MICEX rate without losing new self-funded students. This was possible due to rector Yaroslav Kouzminov's decision to offer discounted tuition to the applicants who were just several points below admission score. They actually got significant discounts: those lacking 1 point were guaranteed a 70-percent discount, those lacking 2 points got 50% off, and those lacking 3 points — 30% off.

Nowadays, talking post-factum, we can say that this was a classical case of price discrimination, which turned out to be beneficial both for consumers and the service provider. By virtue of such policy HSE managed to keep its pool of self-funded students, and even to change its structure for the benefit of the most well-prepared applicants. Students' parents also saw that even taking into account the special adjusted rates used at other HEIs, they would still pay the same or less at HSE.

Nevertheless, such policy was very effective because by that time, HSE diplomas were already well recognized on the labor market. In summer 1998, HSE had awarded master's diplomas for the fourth time already, and bachelor's diplomas — for the third time. Our graduates were in high demand, so families were ready to pay HSE for their children's education because they understood that young people with HSE diplomas would later be able to find good, well-paid jobs.

After the Crisis

Having succeeded at holding our ground in the heat of the crisis, we soon started expanding since new demand for highly qualified economists, managers, sociologists and lawyers emerged in 1999 when the economy began to grow again. There was demand both for full-time higher education programs and for advanced professional training programs. It is of course no accident that HSE Graduate School of Business became an independent unit within the university exactly in that period. In 2000 onward, the demand for applied research and governmental policy advice started growing too, which had to do with the planning of a new national policy for social & economic development (the so-called "Gref program").

As a result, HSE developed three major "revenue centers" by the early 2000s:

- bachelor's programs (at the time, there were five faculties already: economics, sociology, political science, law, management);
- a wide range of advanced professional training programs;
- applied research and policy advice.

In all the cases "market success" was predestined by the substantial investments of the 1990s into human capital; HSE teaching and research staff had knowledge and competences that enabled appropriate response to the government's and private sector's new demands. However, being in such high demand caused some problems too. All the three "revenue centers" were served by the same academic core, which had developed back in the 1990s. Those were about 150–200 people, I would say. At the same time, the resources that had made personnel development possible were diminishing; their volume was inadequate for the expanding university. Since HSE continued to grow (in 2002, 5 new faculties were launched in addition to the already existing 5), there was a mid-term risk of a decrease in academic quality.

To solve this issue, in the mid-2000s, HSE introduced special internal incentive mechanisms for its faculty. Before we move further to talk about these mechanisms, I would like to explain why we chose the expansion path.

To Grow or Not to Grow

The decision that we should become bigger was actually taken back in 1996–1997, when we expanded our academic profile by going beyond just economics, and also founded the Nizhny Novgorod branch. Such a strategy was rooted in the university's mission — in the idea of creating a truly broad pool of candidates to rejuvenate both real economy and civil service. There was, however, one other factor: a highly unstable institutional environment. True, we could have become a small elite university backed by foreign grants or local businesses (the model chosen, for example, by New Economic School or Skolkovo Business School). Yet, we chose to become a large, politically affluent organization because in our context, such an organization would have more chances to survive and more opportunities for development. Of course, our size and "political ties" have downsides too, i.e., high level of dependence on the state and on public funding.

Academic Incentive Mechanisms

Serious debates about the challenges HSE faced in 2002–2003 resulted in a new institutional development strategy, which we submitted to the Russian Ministry of Economic Development in 2004. In the same period, special incentive mechanisms for faculty were developed to motivate them to invest into their own "human capital." This became possible by means of our own internal resources (which emerged as a result of centralized deductions from profit on commercial training programs and applied research). I am talking about HSE Academic Fund Program, which has been distributing competitive research grants to faculty (to both individuals and teams), and the academic bonuses program, which rewards high-quality publications. However, we soon realized that a mere re-distribution of internal resources (earned on the market) does not ensure adequate investment into development. At this moment, Evgeny Yasin (HSE Academic Supervisor) together with rector Kouzminov started negotiations with the government regarding additional funding for fundamental research, which would have been similar to what the Academy of Sciences was getting at the time.

Why Endowments Remain Important for Public Universities

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When raising money for a university endowment, one often hears criticism, which basically comes down to the three points: for a large public university, endowment return is a "drop in the bucket;" endowment "buries" money that the university could have directly profited from; donors are more efficient in managing their assets than endowment investment managers, so it would be better to make regular current-use donations directly to the university rather than through gifts to an endowment. Does it mean that managing an endowment isn't worth the effort?

This article aims to show that despite the seeming truthfulness of such criticism, endowments remain important for large universities, including public ones.

A university's success depends not only on its leadership but as well on its faculty members' independence and entrepreneurship. Due to limited resources, interests of the administration and those of professors (or departments) often contradict each other: while a professor prioritizes his/her own program or lab, it may not be of equal importance for the administration when managing entire university's budget.

Distribution from restricted endowment established to support a particular object (field of research, lab, program, professorship etc.) is not influenced by the administration's priorities: it would still be obliged to spend the money in a way as designated by the donor. Hence, a professor or program leader can always rely on such resources. No matter how small the share of such funds is in the university's budget, they are of critical importance for respective faculty as they ensure financial sustainability for their initiatives. What is valuable for a faculty is valuable for the university as well.

Thus, an endowment amalgamates the interests of both university leadership and faculty members: professors get a reliable source of long-term funding, while administrators nurture their relations with donors.

So, what makes endowment a preferable form of support versus current-use gifts?

If your donor can guarantee recurring annual donations for an unlimited period, you probably have nothing to worry about. But in fact, the decision to donate is always considered anew as it depends inevitably on the donor's current priorities. The donors who choose to give annually instead of making donations through endowment simultaneously deprive their donatees of the privilege of stable long-term financing. While for projects with longstanding obligations (research projects, professorships, etc.) the stability of funding may become more valuable than its current volume. However, this is of course no reason to decline such cooperation.

How It Works at the Higher School of Economics

HSE University benefits from both type of philanthropy, in the form of endowments and current-use gifts. The majority of donations come from prominent Russian business leaders who are members of HSE Board of Trustees.

HSE University Endowment Fund was among the first university endowments in Russia, founded in December 2006 shortly after a new federal law was adopted. It is currently one of the top-5 largest university endowments in Russia. As of late June 2017, the value of HSE University Endowment Fund was 554 mln rubles (9 mln USD). All pledges included, the fund exceeds 900 mln rubles (15mln USD).

The Fund is made up of five endowments, three of them came with specific donor restrictions. In common, it consists of 3 kinds of endowments:

- endowments dedicated to support a particular field of research (including research labs, endowed chairs, etc.);
- endowments related to different forms of student financial aid;
- endowments given for unrestricted support of the HSE University.

When it comes to research labs, arrangements with donors usually imply creating a stable funding model based on two parallel tracks: co-financing the lab's operating costs and forming its own endowment. As return from endowment growth, direct funding gradually decreases to be later fully substituted as the endowment reaches its target volume.

For example, such a model is used in cooperation with VTB Bank regarding HSE International Laboratory for Comparative Social Research headed by the world-famous sociologist and political scientist Ronald Inglehart. HSE's impressive progress in world university rankings by subject, namely in sociology, in the recent years is noteworthy: QS ranked HSE 151-200 in 2015, 101-150 in 2016 and 51-100 in 2017; ARWU ranked HSE 75 in 2017. In this case, the donor was particularly keen to invest into the future (as opposed to helping those in need) and therefore selected a lab that had proven its efficiency under the governmental program of recruiting the world's brightest researchers and bringing them to Russia. [1]

Being interested in attracting top scientists from all over the world, HSE University had become the first public university in Russia to launch international faculty recruitment procedures and the first one to have an endowed chair in partnership with VTB24 Bank, titled VTB24 Endowed Chair of Finance. For few years prior chair establishment, HSE University and the bank had been developing a scheme of cooperation that would be of mutual interest. In general establishing endowed professorships is a subject to ask from a donor after years of nurturing such relationship.

With regard to the financial aid to students, there are also two ways of support via external donations: through both endowment and current-use gifts. For example, HSE research scholarships for PhD students are supported via direct annual donations, which makes budget planning for PhD programs difficult as it takes time before donors make their final decision whether to continue their support and in which amount. The other program – grants for HSE students participating in mobility programs at partner institutions – is endowed, so there are no such issues as endowment market return is predictable and therefore allows timely announcement of the number of grants available and their payout terms.

There is always a kind of trade off for both donor and university on which form to choose: endowment or current-use gift. Yet there is a remarkable thing to be mentioned. In 2017, an HSE Outstanding Alumni Endowment has been established thanks to enthusiasm and efforts of the most successful alumni, which will be further managed and supported by its founders. They are keen on making a fundraising campaign throughout the HSE alumni society and ready to be fundraisers themselves. It seems that next generation of donors at HSE will be dedicated to giving through endowment meaning to support the next generation of the HSE alumni.

So, endowments will always remain important for public universities.

Notes

[1] The lab was founded in 2010 under the "megagrants" program of the Russian Ministry of Educatioun and Science

More on HSE University Endowment Fund (in Russian): https://endowment.hse.ru.

HSE As Academic Innovator: Mission-Related Challenges

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Accelerated globalization of the past three decades has had a strong impact on science and higher education. There is nowadays global competition between the world's top universities, which is reflected in international rankings. The 1990s became a difficult period for the Russian academic system. It was challenged in many ways at the same time. First of all, the country's financial turmoil resulted in underfunding higher education. Secondly, the Soviet academic culture was not ready for the changes that were happening on the global science and higher education arena. Thirdly, the inherited system of higher education organization needed structural reforms, which were in the end postponed until 2007-2008 due to financial reasons. At the same, it was exactly in the 1990s that several new academic centers were built in Russia complying with international standards and oriented towards the global science and higher education market.

National Research University Higher School of Economics (HSE) is already well-known globally; it ranks high internationally by a number of indicators and is recognized in Russia as a leading expert center in the sphere of economics and social policy. HSE has managed to gather a strong international academic team. Retrospectively, it is obvious that the university's landmark mission was and remains to be a testing site for institutional and cultural innovations in science & education in Russia. On the one hand, pursuing this mission gives HSE momentum for further development. On the other hand, it often leads to cultural and institutional tension. The main source of this tension is the fact that HSE is both a prominent global player and an organization still embedded in the Russian academic and administrative environment, which differs substantially from international standards. The university is playing on two fields at the same time, and the rules aren't always the same.

One of the main challenges came with changing modes and contents of work, changing levels of professional autonomy, and modifications to the familiar behavioral patterns in the academia. Scholars of academic profession have been describing the trend of moving towards a managerial governance style at universities for many years already. The new forms of governance and control are based on the principles of transparent performance evaluation and professionals' administrative accountability. Researchers worry that managerialization of the academia reduces the autonomy of academic professionals. This is proven by empirical data but universities have to compete with other institutes of knowledge production and distribution, so they have to keep in step with the times.

HSE was one of the first universities in Russia to switch to a transparent system of evaluating and managing academic performance: it introduced an incentive scheme that rewards publications, reformed the labor contract to make it more academic productivity-oriented, and launched an administrative reorganization of faculties and departments. These changes stimulated the university for future development and had a positive impact on academic productivity. At the same time, they caused some tension among the staff that we will discuss further.

In the past eight years, the authors of this paper have participated in two studies aimed at analyzing transformations of the academic profession in Russia drawing on the example of HSE. The first study was dedicated to academic autonomy, the second one — to academic professionals' time budgets. HSE also annually monitors its internal academic life, which helps understand faculty's attitudes towards institutional transformations. If we summarize the results of the two aforementioned studies, we can detect several problematic areas within the university; however, they are not unique for HSE or for even the Russian higher education system on the whole.

First of all, increased formalization of administrative procedures increased the influence of the university's administrative structures comparing to a traditional Soviet university governance system. Competition for power between academic structures and the new administrative units causes discontent in both "camps." The former see the risks of reduced academic freedoms and self-governance, while the latter fear that failure to understand the importance of efficient administration will lead to disarray. In terms of discourse, this is a conflict of two ideologies: of managerialism and academic professionalism. The latter appeals to the principle of academic autonomy; its proponents view the university as a sacral place with a mandate of knowledge production, storage and distribution. In the Russian context, they are often "conservatively"-oriented (for example, they idealize the Soviet higher education); they believe in the "special historical path" of Russian science and educations (consideration for the local context), and show distrust towards academic administrators as the principle agents of the implementation of new control practices at Russian universities. The ideology of managerialism is, on the other hand, globalist and futurist in nature; it promotes transfer of efficient management practices from business into the academic sector.

Secondly, the introduction of new incentive schemes ushered re-examination of the existing academic hierarchies that guaranteed direct correlation between the academic title and seniority on the one hand and higher salary on the other hand. Nowadays remuneration is no longer linked to one's formal status but rather depends on the measurable quality and quantity of one's publications resulting from one's own research. This helps motivates young researchers and creates a competitive environment within the university. However, it is often a cause of dissatisfaction among those faculty members who matured professionally in the Soviet system.

Thirdly, our academic time budgets study shows that a new role differentiation related to faculty's work is emerging. Alongside the traditional research, administrative and teaching roles, new ones materialize too, e.g.: experts for various external stakeholders, public intellectuals working with the media audience, and those who combine all the three traditional roles. Of course, academic professionals have always had to reconcile various expert roles but today, this differentiation is becoming more evident and is sometimes perceived as a threat to the customary modes of academic professionalism. Moreover, the time budgets study showed a shift in university faculty's attitudes; they are now more oriented towards research, which can sometimes be to the detriment of teaching. But as the administrators focus primarily on research and publication activity, there is a risk that teaching will be perceived as less prestigious and not worth much attention. As a result, the group that is most dissatisfied with the new working conditions is those faculty members who only do teaching. On the whole, HSE internal monitoring shows that research productivity requirements remain the major source of stress both for teaching staff and for researchers.

Fourthly, the communication environment that unites the university's administrative and academic worlds sometimes fails. Prompt changes fueled by global competitions and the necessity to comply with the local norms of the Russian higher education system do not always allow broader circles of academic professionals to play a meaningful role in these transformations. Many of them feel that they are merely objects of some externally-imposed changes. In fact, many of them do not even manage to follow the changes: according to HSE Center for Institutional Research, 7% of the faculty don't know that the university was selected for the national "5-100" excellence initiative, while nearly a third haven't heard about HSE Development Strategy. This causes estrangement of some of the faculty from the university's institutional norms and the development of conservative attitudes towards new initiatives.

So, the areas of tension that we have described result from the fact that HSE stays on the forefront of science and education both in Russia and — as we can now claim thanks to the recent success in international rankings — globally. Measures taken to mitigate the tension are important not just at the institutional level but also from the point of view of HSE's landmark mission of marking the direction for university development in the new context and sharing good practices for a successful implementation of changes.

To Inbreed, or Not to Inbreed: Is That the Question?

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Inbreeding: Is It Good, Bad or Simply Inevitable?

Academic inbreeding, i.e., universities hiring their own graduates, is one of the most controversial practices in higher education. In some countries university systems are to a large extent based on inbreeding and this wide-spread practice is actually considered to be the main, the most logical and sensible recruitment policy. In other countries inbreeding is either forbidden or virtually non-existent, and the rare cases that do exists are interpreted as the university's inability to find someone on the labor market and as the candidate's inability to find employment outside his or her alma mater. The proponents of both views have sound arguments. Those who oppose inbreeding point out the lack of "new blood," intellectual stagnation, unreadiness for new practices and the university's low level of embeddedness in the common environment. On the other hand, those in favor of inbreeding treasure the possibility of carefully choosing one's future colleagues, preserving academic values and conveying them further, and developing "schools of thought." The results of empirical research are controversial too, but on the whole, inbreeding is generally considered to be justifiable though potentially less efficient. As Harvard president Charles Eliot said at the beginning of the 20th century, "[to hire its own graduates] is natural but not wise." Inbreeding is very traditional for Russian higher education; it was equally common both in the tsarist times and in the Soviet period. It still dominates recruitment policies of Russian universities.

In their book Academic Marketplace Caplow and McGee notice that inbreeding "is commonly dissapproved but widely practiced." In a way, Higher School of Economics is no exception. Like any other freshly founded university, in the first years there was even no question whether to hire our own graduated or not simply because their were none yet. But master's programs soon started producing the first alumni, some of whom stayed at HSE to teach and to help build the university further. Many of HSE faculty who joined the university in that period currently hold administrative positions too in addition to their academic functions.

At the same time, many of the students who decided to do their graduate studies at HSE in the first years of its existence were actually adult learners who had completed their higher education long before that, so they had external experience, knowledge and connections already — all the things that inbred faculty often lack. Soon HSE started hiring "fully inbred" faculty, i.e., those who had completed both their bachelor's and master's education their. For a long time this practice raised no questions and was not an issue for self-analysis: there were still quite a lot of faculty members with external experience. Yet, after a while a clear trend emerged across various departments: when each new department was founded, it first had a very low level of inbreeding, which, however, grew over time.

Was this a conscious choice or did it just happen so that "we wanted to hire the best, and the best turned out to be HSE graduates"? Apparently, it is the latter. But things aren't so simple: introducing an open recruitment policy and imposing limitations on inbreeding depends not only on the university itself but on the national academic market too. That is, when the market shows low levels of academic mobility (which is the case in Russia) and other universities rely primarily on inbreeding, it is difficult for any given university to depart from this tradition.

One Soldier Does Not Make a Battle?

Still, HSE is trying to take a step in a different direction.

First of all, HSE has introduced truly open recruitment procedures. Yes, the academic community in general is not yet used to the idea that the formally "open" competition for vacant posts is actually open and isn't only done for the sake of appearance, and that external candidates are treated on equal terms with the internal ones. On the other hand, such adjustment can go relatively quickly if the community sees positive examples. HSE already attracts a lot of external candidates for its vacancies and we expect that they will continue to grow in number.

Secondly, a university that is aspiring to reach world-class level cannot limit its recruitment policy by national boundaries. National academic market capacity is, of course, always limited but universities can and should act as global employers and recruit PhD holders from the world's top universities. This is another important employment policy objective, and a lot depends on its successful accomplishment.

Self-imposed Restrictions: Yes or No?

Is it sensible to commit not to hire one's own graduates at all and thus give a certain signal to the external academic market and to students pondering over academic careers? Probably not, considering the current institutional context. Several years ago, when the Full-time Advanced Doctoral Program was launched at HSE (a special track for the most talented PhD students, which allows them to focus on their research and to complete long-term internships in the world's leading research universities), [1] the question of whether the graduates of this program should later be allowed to work at HSE was hotly debated. Originally the majority believed that the answer should be negative and that the recruitment of such candidates should be restricted. First of all, it is the graduates of PhD programs that help shape opinion about the programs' quality on the market. When a PhD holder is hired by a good university, this is beneficial for his or her alma mater's reputation. There is, however, no such signal on the market if a university's top graduates find employment internally. Secondly, such a restriction is an important signal for PhD students. If one knows that they will have to look for a job on the external market and that their main asset in this is their dissertation, one will primarily concentrate on doing good research. However, very soon it became clear that neither the market nor we are actually ready to switch to such a model and that restricting inbreeding would actually drain us of the best students instead of helping attract the good ones. So in the end, no such restriction was introduced.

The current conditions on the Russian market do not allow unconditional inbreeding restrictions to become a viable and sustainable university policy. At the same time, universities — especially research-oriented ones — can and should explore the ways to attract external talents. It is crucial to develop a common market, and any corporate actions undertaken by universities as single field players — such as academic exchanges, internships, joint projects and courses — will bring them closer to this goal. There is always competition for the best candidates but if one looks closely, success in this competition has some corporate grounds too.

References

[1] For more on HSE Full-time Advanced Doctoral Program see: Elena Kobzar. Enhancement of Doctoral Programs in Russian Universities: Case of Higher School of Economics, HERB 9, 2016, P. 13-16.

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Seven Wonders of HSE International Recruiting

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For about half of its 25-year history, HSE has been recruiting faculty on the international job market.. The first university in Russia to recruit according to international standards on a large scale, and with no local experience, HSE took best practices from leading world universities as starting guidelines. Over time, lots of them were proven to work and just as many – not to work; Russia's academic environment is so unique that standard rules often do not apply. Therefore, if you wonder what really works in Russia with respect to bringing best international faculty onboard, we have some answers for you.

I wonder if international faculty is necessary.

An often-heard comment on the sidelines goes along the lines of "why do we even need international faculty here, they are not any better." Whether they are better is a question up for a debate – but they are certainly different. They bring with them a wealth of knowledge, culture, research and teaching practices simply not available here. As they do not easily fit into our cultural molds, they shake up the routine and make us change, preventing stagnation. Moreover, they bring with them a vast web of their international connections, which increases both the intellectual and the social capital for us to access. So, if you still wonder whether international recruiting is necessary, wonder no longer: there is simply no international growth without it.

I wonder if reputation matters.

Reputation is a double-edged sword, and in a good sense. The original idea was to increase HSE reputation by recruiting international faculty, but international faculty were not eager to join an unknown university. The quality of candidates increased dramatically once HSE became more noticeable in the international arena. Moreover, in economics, mathematics and computer science, where HSE had strong positions, competition was always very high. Over time, as other disciplines became known (or ranked by QS), we have noticed the same trends. Therefore, it appears that in order to attract the best international candidates, the university has to have a strong position in a certain discipline already. That leaves one to wonder what to do for those who do not have a strong position yet, and to that we have more answers.

I wonder if money matters.

Money matters – and it does not. From the very beginning, HSE offered its international faculty salaries that were competitive with best research universities worldwide, in some disciplines exceeding comparable salaries elsewhere. Of course, some faculty came just for the money; it was hard to turn down the highest possible offer among comparable options. The 2014-2015 economic crisis, which cut the ruble's value in more than half, put a big question to rest: there are some things money cannot buy. HSE's losses of international faculty were lower than expected (fewer than ten faculty members left that year due to reduced income), and interest from international faculty to HSE in subsequent years diminished only slightly. HSE's growth potential and research opportunities in Russia transcend the compensation attractiveness of the university's international offers, and faculty who come here now do not come for the money – they come for opportunities. So, if you want to bring international faculty to your university, find something else you can offer in addition to money.

I wonder if environment matters.

The first several years of recruiting came under the motto "if you pay them, they will come." Only after multiple constructive input from international faculty did it become apparent that money alone is not enough; the environment that was conducive to international faculty productivity was of paramount importance. HSE made many changes, from administrative systems to academic incentives for its own faculty to foster collaborations with international colleagues. Today, HSE offers both the administrative environment and the intellectual competition that challenge all of its faculty members, domestic and international, to perform their best.

I wonder if quantity matters.

A good Russian expression, loosely translated as "one cannot conquer alone," sums up this part quite well: you cannot bring one or two international faculty members onboard and expect major changes, no matter the term. In order to make a difference, international faculty have to be noticeable. We have several schools where "safety in numbers" has already resulted in visible changes. One example (there are more, of course) is the school of philosophy, second now only to economics in the number of international recruits. Productivity of individual faculty members is quite high, but more importantly, they created an HSE Seminar in Early Modern Philosophy, which brings the best minds in philosophy to lecture at HSE, further increasing the university's visibility and reputation abroad. What one cannot do, a few can, and HSE expects to bring the total number of international faculty to about 15% eventually.

I wonder what else matters.

One cannot overestimate the importance of social capital in international recruiting. The best and most productive faculty members were brought to HSE not because of "cold call advertisements" but because of personal connections made either prior to recruiting or during major international recruiting events. So, if you want to bring the best international faculty onboard, get out into the world first and make yourselves known. Find projects, topics and ideas that are interesting and challenging for you and others to research, then bring colleagues here to continue your collaboration.

I wonder what happens next.

International recruiting is here to stay. Once you realize how much internationalization can do for the university, there is no way back. However, what remains to be learned – and this is different for every university – is what position types work best in different disciplines. HSE has found out that along with tenure-track faculty, post-docs turned out to be very productive, and so were part-time senior faculty members, who lead small research groups. We still need to learn best venues for recruiting, better advertisement strategies, better integration mechanisms. But overall, over almost half of its life, HSE has learned an important lesson: internationalization is the key to success, with respect to faculty included.

Talking Frankly About KPI

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It feels as if treading on thin ice… It is just recently that HSE Faculty of Social Sciences has been — without any festivities — recognized as the best according to KPI-2016 evaluation and the only one "exceeding expectations" (a year earlier we were just "matching expectations"). Moreover, we have for the first time been ranked among the top-100 according to QS Ranking by Subject in Sociology, and in Politics & International Studies. In ARWU, HSE is moving up in sociology and political science too. All of this is the achievement of our academic staff and has already brought us additional resources, which can be used for the faculty's further development. And yet, I have been asked to write about the pros and cons of the whole KPI system.

Indeed, this is a difficult topic. KPIs have been in use in various management areas for a long time already: in big and medium-size businesses, in public and non-governmental organizations, etc. Nevertheless, the KPI system is often criticized. There is evidence that the system can be imitated, that the indicators can be selected and manipulated (quite effectively) and, moreover, that the system may lead to an oversimplification of important issues that just aren't easily quantified.

HSE introduced the KPI system selectively in 2015: since then, it is used to evaluated the so-called "mega-faculties" that emerged as a result of a reorganization, when existing "small" faculties were merged and became schools or departments within broader entities organized by subject. I think the introduction of KPIs for our faculty was a good decision, though some questions remain. For example, why such selectivity? Why does the system only target faculties and deans? Obviously, faculties are the main units within the institutional structure in terms of management and real work but if the system is intended to become comprehensive, then — according to its inner logic — it should also be applied to sub-units and even to the units higher in the managerial chain. This isn't the case yet, and I intend to suggest broader introduction of the system in the nearest future.

However, the underlying issue is much broader, as it involves the use of quantitative indicators per se for evaluating and managing social processes. I have recently been at a conference in Hong Kong organized by the International Studies Association, where I bought a book Ranking the World dedicated to various global rankings and co-edited by a famous American professor of international and comparative relations Jack Snyder. The book mentions the so-called "Campbell's law," which stipulates that the more any quantitative social indicator is used for social decision-making, the more subject it will be to corruption pressures and the more apt it will be to distort and corrupt the social processes it is intended to monitor

It was back in the 1970s, long before the current "tsunami" of various rankings (from football teams and restaurants to the levels of democratization and quality of public administration), when the American psychologist Donald Campbell warned about the hazards of quantitative indicators becoming an end in itself. The so-called "Goodhart's law" (named after British economist Charles Goodhart) offers similar reasoning, arguing that when a measure becomes a target, it ceases to be a good measure. Of course, I am not suggesting to reject all the rankings altogether but I would recommend that they are treated with caution. The similar logic of assessing the quality of education and research primarily by citation indices was often questioned too though the global mainstream is the opposite. I believe this is another important point for further discussions.

Speaking of KPIs themselves, particularly in my professional sphere, the system is far from ideal. One of my fellow deans actually says: "Either I am a good dean — or I fulfil the KPIs." This is of course an extreme point of view but still exemplary because a dean's tasks and responsibilities go far beyond measurable KPIs.

Just like my colleague, I am a "field commander" (no "strategist"), so I agree that not everything is quantifiable.

Still, many things are, so KPIs can be used as an instrument of control and motivation at universities, including ours. Indeed, the KPI system allows for quantitative assessment and comparison of different units depending on development priorities and helps mobilize leadership and staff to work towards the identified goals. One should realize that this is only possible when all the staff members clearly understand the goals, when the indicators/criteria used are stable and internally coherent, when the context and local peculiarities are taken into account, etc., which isn't always the case.

When KPIs for faculties and deans were introduced at HSE in 2015, the following indicators were in use: (1) economic efficiency of undergraduate and graduate programs (student/faculty ratio); (2) the amount of external funds per faculty member (grants, consulting, etc.); (3) publication activity (in WoS and Scopus); (4) postgraduate programs efficiency (share of successfully defended dissertations); (5) share of international students; (6) number of applications per place at graduate programs; (7) student participation in educational projects, research, etc.; (8) website contents. 2016 brought some changes, including the introduction of a new indicator, such as the share of self-funded international students. In general, I think it is fine, yet new questions arise that can be of importance for both Russian and foreign universities that are already experimenting with KPIs or only planning to use them.

First of all, successful introduction and implementation of such a system depends on its transparency. This means that the rationale behind it should be explained to each individual and structural "recipient" and not imposed. Same goes for when indicators are modified. This is an important rule of the KPI system that is not always taken in account.

Secondly, our "mega-faculties" differ a lot: they have their own traditions and peculiarities, different upsides and downsides, different pools of prospective students with different demands, etc. For example, the Faculty of Social Sciences features four main schools (sociology, political science, state and municipal administration, psychology) and a number of smaller departments, including associated ones. Shouldn't we then try to somehow take this variety into consideration, e.g., by introducing some indicators of general use alongside a number of faculty-specific indicators? As far as I understand, many deans would agree if asked. By the way, this could be important in terms of building management practices both at Russian and foreign universities, especially in developing countries.

Thirdly, deans do not exercise direct influence over all of the existing KPIs. At HSE, for example, a dean has no mandate or resources (except for the power of persuasion) to influence the development of educational programs or the work of associated departments and institutions, though their results are measured as part of the mega-faculties'. It seems that the current separation of managerial functions between deans/faculties and heads of educational programs needs to be discussed, particularly in the context of international practices.

Fourthly (this may be important for other flourishing universities in Russia and abroad), some of HSE's "mega-faculties" feature the so-called "associated departments" which enjoy a high degree of administrative autonomy and have their own budgets. But when it comes to them, KPIs are applied selectively: some count for their respective mega-faculties, other don't. This seems to be a small issue but for better motivation, the staff need to know the reasons for such selectivity.

Also, we find it difficult to provide the final number for such indicators as the share of international students, especially the share of self-funded international students. This external indicator is of course of critical importance for the university in terms of global rankings but for objective reasons, our departments and educational programs are not equally attractive for international students. Shouldn't the KPI system take this into account somehow? Due to the existing model of sharing responsibilities, faculties do not always have the mandate or resources to improve their internationalization indicators. Moreover, current legislation does not facilitate exporting educational services, which is, according to the prime-minister, of crucial importance.

Finally (and this has already been mentioned above), our KPIs system is only applied to faculties and deans, while units at both higher and lower managerial levels continue to function according to preset rules. I would suggest expanding the system to include at least schools and departments, which could also provide the deans with an additional tool to improve their faculties' results. A daring suggestion: why don't we also experiment with KPIs at the other levels of management, e.g., vice rectors, heads of educational programs, etc.? Shouldn't we think of developing joint responsibilities — and their respective measurable indicators?

I am sure there are other ideas and suggestions about improving the KPI system HSE uses, which is of course good. Still, I believe that the most important thing now is to start an interactive ("horizontal" and "bottom-up") discussion about how to use and how to perfect these indicators for the benefit of the university's development.

Different Roads Going Uphill: HSE International College of Economics and Finance

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The International College of Economics and Finance (ICEF) was created at the National Research University Higher School of Economics (HSE) in 1997 with the academic support of London School of Economics and Political Science (LSE) in order to provide world-class economic education and research in Russia.

More than a thousand young people have graduated from ICEF double-degree undergraduate programs over the last two decades and thus earned both HSE and University of London diplomas; more than 200 people graduated from double-degree master's programs. ICEF currently has more than 1000 students, 19 internationally recruited full-time academics holding PhDs from renowned universities, and more than 60 part-time lecturers (about half of them also work at the HSE, about a dozen have earned their PhDs abroad). ICEF alumni successfully continue their education at the top universities' Master's, PhD and MBA programs; they are also highly competitive on the labor market when joining globally operating companies and banks.

However, the road to success was not all straight or smooth. ICEF encountered challenges that were new to Russian universities at all stages of its development. It was therefore often unclear what decision would be best for ICEF as an international organization.

We understood that we could not just copy what LSE or other foreign universities were doing because we bore our own academic traditions, which were different from the Anglo-Saxon ones. At the same time, it was obvious that our academic culture would benefit from foreign achievements.

This was not always easy in practice. For example, when ICEF concept was first discussed, the main question was, where should we start: with Bachelor's programs or with Master's programs?

Some of our colleagues from LSE believed that we should first open Master's program, i.e., start from the more advance level of studies. First, they believed that Bachelor's programs that existed in Russia at that time were already modern enough, as some of their graduates were successfully admitted to LSE Master's programs. Secondly, LSE–ICEF cooperation within the framework of two-year Master's programs seemed less costly and less demanding in terms of time than the four-year Bachelor's programs.

There were, however, other observations too. There are always a number of very smart graduates who do well despite the shortcomings of the educational programs they study. Graduates from Russian universities who applied for the LSE Master's programs often mentioned adaptation problems caused by the lack of certain disciplines at Russian Bachelor's programs and by the big differences in the approaches to teaching. Besides that, feasibility analysis for new programs also had to include a forecast on their potential profitability by means of solvent demand from prospective students in the absence of public funding. In this sense, both national and international experience was not in favor of master's education.

We eventually decided to start from the beginning, i.e., from undergraduate programs. Such a choice was driven, among other things, by the fact that ICEF's goal of offering world-quality education matched the system of bachelor's exams within the University of London International Programmes. The system was a clear confirmation of the quality offered at ICEF, as its alumni received two diplomas: one from the University of London and one from HSE. For us, establishing a double-degree program (which is sometimes understood differently in different countries) was not a goal in and of itself. It was important for us to create a competitive international educational program in Russia.

It took only ten years for ICEF to gain international recognition within its first decade particularly because of its double degree undergraduate program, which became a brand in itself. Thanks to this program, ICEF also became one of the best centers affiliated with the University of London. The LSE–ICEF joint MSc program in Financial Economics, which was launched in 2007, required an internationally recruited faculty. This became possible within the first 7 years of its existence by means of the income from undergraduate education.

How can we evaluate the original choice? Have we reached our planned destination — or have we taken the wrong road and ended up it a totally different place?

Had ICEF started its operation by opening a Master's program, it would have probably gained broader academic recognition as an economics research center (providing that it would still recruit PhD holders at the international labor market). Such recruitment began nearly at the end of ICEF's first decade because some of its undergraduate courses were taught by the rather competitive part-time faculty from HSE.

As a result of the fact that we first started with undergraduate education, we currently have two groups of academics: full-time lecturers recruited under the supervision of ICEF International Academic Committee from the international labor market according to international hiring procedures, who work at Master's level and at Bachelor's level, and a large group of part-time lecturers who teach undergraduate courses. These are two very different groups, and they require different approaches.

From the financial point of view, the choice we made was very good too. ICEF undergraduate program confirmed its world-class quality and slowly became self-sufficient. Nowadays income from the undergraduate program is used not only to cover its operational costs but also to co-fund research done at ICEF, and — partially — the expenses paid for from HSE central budget, whereas some other social sciences schools that were created in Russia or other countries and offered free undergraduate and expensive master's education (such as the New Economic School (Moscow), Moscow School of Social and Economic Science, European University at Saint Petersburg, Kiev School of Economics or Tbilisi School of Economics) had problems with funding for their core programs. They are trying to solve their problems by offering paid Master's programs (which are not in high demand in Russia either because of their academic specialization or because of the unavailability of student loans) or paid undergraduate programs.

Thus, though ICEF did not gain all short-term academic benefits, it has managed to develop its own sources of long-term academic development both in terms of education and research.

In 2011, the success of the double-degree undergraduate program in economics caused ICEF's international team to debate whether the program should continue in the same format. The Director of the ICEF Project at LSE wrote in his annual report that the program had already gained widespread international recognition and suggested stopping issuing UK diplomas. His logic was simple. Many Western universities have double-degree programs or cooperate with foreign universities in other ways but what matters in terms of international recognition is their own diplomas. This is especially true in the ICEF case, since ICEF diplomas certify to the college's world-class educational standards. Such an approach was natural for the long-established Western academic culture but not for the Russian academic culture, which was, in a way, in the process of transitioning and integrating Russian universities into the global educational space. Surveys of current and prospective students show that the existence of a second diploma offered by a world-famous university is what testifies to the quality of education at ICEF and is actually one of the defining factors in the process of making education-related choices. This is not to be ignored in cross-cultural education. Moreover, the program offered by the University of London always helped ICEF to evolve but never set any limits to its development. In the long term, we might drop the double-degree part of the program at some point but it would only be reasonable at a higher stage of the program's development, when it became more attractive for international students — in other words, when it gains broader international recognition.

Experience suggests that joint educational and research projects by universities from different countries can be challenging due to differences in academic traditions. Nevertheless, such projects create new opportunities for academic progress as they allow to combine best practices from various academic cultures.

About HERB

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