

# The new institutional economics approach to international cooperation of universities

IRINA DUDINA

Volgograd State University

1000, Prospect Universitetsky, 400062 Volgograd, Russia, dudina@tele-kom.ru

## Abstract

*The article uses the new institutional economics approach to seek the solution for socio-economic problems that arise in international learning and teaching environment. Within the concept of the institution of international academic cooperation it analyzes the problems of joint academic interactions, such as decision making, difficulties of collective choice in academic partnerships, consortia and associations; endogenous perception of multicultural cooperative values, norms and rules, etc. The aggregation rules that guide all the participants of international education programs are viewed as enforcement arrangements that turn the routine and innovative procedures of subject-object interactions into a specific institutional mechanism of academic cooperation that functions within certain organizational forms.*

## ECONOMICS OF INTERNATIONAL ACADEMIC COOPERATION?

There is little hope that economics based on international cooperation in higher education will soon become a full status field in Russia or elsewhere. Like economics of any social sphere, economics of this field of human activity has not yet developed a unique theoretical or empirical background. Yet the multidisciplinary approach of new institutional economics may help to design a concept for the solution of universities' socio-economic problems. Promoting this research we can address such important issues as the institutionalization of Russian universities integration into the European area of higher education, and address the multi level challenges posed on us by international academic activities of universities.

In his conceptual analysis of the internationalization of higher education in Europe and the USA Hans de Wit emphasizes the importance of institutional responses to international academic cooperation effects. He points out that "it is impossible to see internationalization as a strategy in itself without a conscious and deliberate strategy to integrate it into the teaching, research and service functions of the institution" (de Wit, 2002, p. 226), concentrating on the integration effect of international academic relationships. While Dr. Wit's and other distinguished researchers' assumptions of the inevitability of institutional change under the impact of internationalization is more than relevant (DAVIES 1995, pp. 15-16; TEICHLER 1999, p. 5; KNIGHT 1999, p. 26), there's obviously more to institutional analysis of international academic cooperation than diversity of institutional forms or organizational models. An institution of international academic cooperation may be viewed both as a means and as a device that provides structure to routine and innovative activities of academic partnerships and reduces uncertainty of their communications.

## THE CONCEPT OF THE INSTITUTION OF INTERNATIONAL ACADEMIC COOPERATION

For the purpose of this paper the basic concept of *the institution of international academic cooperation* will be defined as a system of relationships for the coordination of universities' joint interactions on the basis of formal and informal norms and rules, shared by the participants of the interactions (LEBEDEVA, 2002, p. 45; DUDINA, 2003, p. 30). It is especially important to note that norms and rules are regarded as institutional attributes, not just the content of the institution under study. In effect, the formal application of North's understanding of institutions (as rules of the game, providing a structure to everyday activity and thus reducing uncertainty (NORTH, 1990, p. 3), to the international education services production and trade via cooperation can be done only with reservations, mostly because "education production functions of learning are poorly understood" (SIEGFRIED, 2001, p. 68).

Nevertheless, setting working rules of any cooperation means trying to determine who is eligible to make decisions, what actions are encouraged, allowed or constrained, what logistics is necessary, what procedures will follow, what information should be provided and what benefits will be assigned to the participants depending on their performance. The aggregation rules that guide all the participants of international education programs are supplied by enforcement arrangements that turn the routine subject-object interactions into a specific institutional mechanism of academic cooperation within certain organizational forms.

The major functions of the university level international cooperation are, of course, the production of knowledge for the national and international labor markets, knowledge management in multicultural context and provision of liaison between the two. The complexity of the situation is that these functions are performed by mostly non-for-profit institutions of higher education, which is why though research on the economics of the international education and cooperation began in 1960-s, it is still too early to speak about formulated theoretical concepts and models.

There has been done a lot of work on universities as the source of human capital and GDP replenishment; academic strategies and practical applications of decision making on micro level as well as on the rationales of academic internationalization. However, the systematic application of such a powerful tool as new institutional economics to the study of international academic cooperation has not been widely used.

It is obvious that institutions and norms of behavior in this type of cooperation are the result of the collective choice of the cooperation participants, who are striving to make their interactions more predictable and sustainable. That is why without a serious study of the institutions of academic exchange, mobility, trade in higher education services, etc., that function and develop within academic partnerships, consortia and associations, it is hard to imagine how "working rules" will be actually used, for example, by cooperating Russian and European universities. One of the vivid examples of the institutional gap that is being experienced by most of 1006 Russian universities is the opportunistic behavior of their administrative structures to the introduction of the European Credit Transfer System (ECTS). The leading Russian scholar in international education Ye. Shevchenko noted not long ago that though 400 universities of the Russian Federation have already become familiar with the ECTS only one tenth of them actually use it (BULGAKOVA, 2003). In his opinion, the main obstacles to the adaptation of the credit transfer system in Russia are:

- the resistance of university policy makers responsible for the curricula content revision
- lack of understanding of the inevitability of and need for this innovation at the individual level.

## ENDOGENOUS PERCEPTION ISSUES

There may be no formal constraints to the introduction of ECTS in Russian universities, but the prescriptions of the Ministry of Education can not possibly become "the rules of the game" in each university unless individuals, departments, schools and universities (both participants and non participants of international cooperation) make their individual and collective choices about the actions they will take in this direction. It would be relevant to treat this resistance phenomenon as the manifestation of methodological individualism —one of the most essential concepts in the new institutional economics theory— that focuses on the role of the individual decision makers, whose tastes, goals, purposes, ideas may differ greatly.

Individuals involved in the international academic cooperation seek their own interests, be it access to information sources, reputation or just profit from the participation in the trade in higher education services. It is well-known that in such countries as the USA and Australia the export of educational services brings up to five per cent of gross domestic production: it is a big business with a competitive market leadership and considerable monetary effect on individuals' and organizations' rational choices. Therefore the maxim and concept (FURUBOTN, RICHTER, 2000, p. 5) that deals with individual and institutional striving to utility maximization in terms of human capital, reputation and monetary value, is also in place.

Moreover, sharing and processing information on the results and outputs of international and transnational education issues raise ethical problems among university educators and administrators. This may considerably bound the participants' rational choices with regard to joining and contributing to a certain international program.

There is also the problem of endogenous perception of multicultural cooperative values, norms and rules, as well as pertinent modes of

coordination and incentive systems in HEIs' schools and departments. Their collective choices in making decisions on university international activities may vary a lot, but generally lead to cross-functional conflicts. All the participants of university international and transnational programs, be they consumers or producers of educational services, are involved into the economic cooperation with a set of rules and norms that assign to them sanctioned property rights. In our case and in the widest sense of the term, these rights include the right to use and gain benefits from intellectual performance of participants, the right to use physical (material) objects as well as the right to follow certain rules in international cooperation relationships on individual, departmental, school, and university levels. The latter can be defined as contractual relationships that are governed by agreements among economic agents of educational programs, which are launched with the help of such coordination devices as vertical and horizontal restraints, bilateral and multilateral agreements of cooperation, information and franchising networks, etc.

Finally, the typical governance structure of international cooperation in Russian universities is far from ensuring a configuration of intellectual property rights within partnerships. The traditionally value oriented mechanism of the structure has been gradually replaced by value rational approach, which now lacks administrative and management instruments to enforce the rules. Though there are vivid examples of positive solution of the problem (mainly in Moscow, St.- Petersburg, Saratov, Nizhni Novgorod, Voronezh and some other Universities), these rules exist mainly in the form of "orders and prescriptions" initiated by the university administration or international office. Since these institutional attributes are not faculty and staff's collective choice, they are not interiorized by them that may leave institutions waiting for some kind of external effects of the international cooperation. The situation is not acceptable in principle especially in the context of Russia's attempts to integrate into the European higher education area. There's an urgent need to realize the necessity of building a multi level system of relationships among all the participants and economic agents of international academic cooperation. The uncertainty of individuals' possible behavior in this type of academic activity may be considerably reduced with the help of international academic exchanges norms, rules and sanctions, established by law, organization and contract, as well as by custom, tradition, habit, ethical and moral principles.

## CONCLUSION

The institution of international academic cooperation develops market and non-market exchange of educational services, ideas, methodologies, human capitals, even ideologies and fads, is of obvious importance. It

serves as a source of innovation and institutional change in Russian universities, providing a basis for cross-functional interactions in their internal environment. The transformation process regarding the rationalization of organization and management of international cooperation in Russian Universities that began in 1991 with the liberalization of universities' external economic activity (The Decree..., 1991) is now acquiring a new institutional dimension which is inseparable from their economic performance on the international market of higher education.

## BIBLIOGRAPHY

- BULGAKOVA, N., *Sorbonne, Bologna, Further on - Everywhere?* Poisk (in Russian). 27.01.2003.
- DAVIES J.L., University Strategies for Internationalization in Different Institutional and Cultural Settings. A Conceptional Framework. In *Policy and Policy Implementation in Internationalization of Higher Education*. EAIE Occasional paper. Amsterdam, 3-18, 1995.
- DUDINA, I., Institutional Mechanism of HEIs' International Cooperation in the Russian Economy Transformation and Globalization. Dissertation of Candidate of Sciences (*Economic Theory*). Volgograd State University (in Russian), 2003.
- FURUBOTN, E.; RICHTER, R., *Institutions and Economic Theory: the Contribution of the New Institutional Economics (Economics, Cognition, and Society)*. University of Michigan Press, 2000.
- KNIGHT, J., An Introduction to the IQRP Project and Process. In *Quality and Internationalization in Higher Education*, ed. by J. Knight and H. de Wit. Paris: IMHE/OECD, 1999.
- LEBEDEVA, N., *Institutional Mechanism of Economics: Essence, Structure, Development*. Volgograd: Volgograd University Press (in Russian), 2002.
- NORTH, D., *Institutions, Institutional Change and Economic Performance*. Cambridge: Cambridge University Press, 1990.
- SIEGFRIED, J., *Encouraging Policy Oriented Research on the Economics of Higher Education*. Forum Futures. EDUCAUSE, 2001.
- TEICHLER, U., *Internationalization as a Challenge for Higher Education in Europe*. Tertiary Education and Management 5, 5-23, 1999.
- The Decree of the President of the Russian Soviet Federal Republic (November 27, 1992). Liberalization of External Economic Activity. November 15, 1991. No. 213. *Rossiiskaya Gazeta* (in Russian).
- WIT H. de, *Internationalization of Higher Education in the United States of America and Europe*. Westport, Connecticut - London: Greenwood Press, 2002.

# A model of self-developing virtual learning environment for foreign language higher education

NINA BUHANTSEVA<sup>1</sup>, VILENA BRYLEVA<sup>2</sup>

<sup>1</sup> IT Centre. Volgograd State University

<sup>2</sup> Linguistics and Intercultural Communication Faculty, Volgograd State University  
Universitetsky Prospekt 100. Volgograd, Russia, nina.buhantseva@volsu.ru

## Abstract

The article describes the experience of developing a model of self-organizing virtual educational environment within Volgograd State University (VolsU) electronic resources for the needs of distributed learning and integrating a smaller environment of Linguistics Faculty into it upon the basis of education portal technology.

## INTRODUCTION

Internet community in Russia nowadays is a dynamically developing society involving a wide range of ages and occupations. New communication technologies are being rapidly implemented in education and prove to emerge as an effective tool in the teaching-learning process.

Comparing e-communication with traditional classroom, where verbal communication is still put a premium upon, we assume that the first is already attempting to compete with the latter, creating new forms of pedagogical interaction.

Computer-mediated communication is a new tool providing comfortable interaction in a teaching-learning process. It is not replacing traditional face-to-face class but adds to it new opportunities.

Modern progress in education technologies is impossible without the implementation of user centered learning and knowledge management systems that will provide a high quality of educational material presentation and retention thus enhancing the learning process and ability to create and share knowledge.

## EDUCATIONAL PORTAL AS A KEY TO THE PROBLEM OF RESOURCE INTEGRATION

The number of educators and learners using IT for their education needs in Russian province is objectively small, lack of convenient readymade software and network technologies for active interaction in educational environments being one of the main problems, preventing the rapid growth. Readymade software decisions of national IT companies are rare or not satisfying, foreign tailored systems are too expensive for state educational institutions and hard to support as they can not be easily adjusted to the needs of local education process. Development of "home made" virtual educational environments is one of the most urgent tasks to attempt nowadays.