STRATEGIES OF SMALL EUROPEAN UNIVERSITIES: COMPETITIVE OR SURVIVAL?

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Abstract

This paper reflects on the outcomes of research activities that intended to explore a number of issues concerning current strategies used by ‘small’ Universities in Russia and Finland. The first part of the paper focuses on the complexities of developing and realizing effective strategies in the field of higher education. This discussion raises a variety of questions including universities’ ability to detect and apply a sustainable strategy basing on their achievements and prospects, and small universities’ potential dependency on the national policies, as well as the challenges for those trying to ‘oppose’ the circumstances or the system. Leading on from that, the second part of the paper debates the concept of universities’ freedom in choosing and implementing strategies aiming at their survival or higher competition in the national and international markets.

From the undertaken conversations with students, academics and administrators of seven small Universities in the two countries it has become evident that the very nature of universities’ competition is bound today by national and regional policies often dictated by some ‘higher’ neoliberal principles and ideas than fair competition and free market rules. The authors argue that the situation with small Universities’ inability to participate in an honest competition while facing a need to fight for survival requires more attention of both governmental and academic circles and deeper involvement of all stakeholders including students-to-be and their future employers.

Keywords: ‘small’ universities; Universities of applied sciences; survival strategies; competitive strategies; market tools.

1 INTRODUCTION

The problem of small Universities’ competitiveness is not novel. A number of studies have highlighted that a whirl of rising costs, increased competition and regulatory uncertainty made small Universities particularly vulnerable and fragile. According to Martin and Samels (2014), many colleges and Universities of applied sciences worldwide are also buffeted by gainful employment, student and family debt and, quite often, underprepared student populations [13]. In fact, both nonprofit and for-profit colleges and Universities now face the most daunting challenges ever imposed by federal regulators, state academic licensing agencies and accreditors [Ibid.]. Biemiller (2015) and Weisbuch (2015) argue against the current shrinking procedures of small Universities in Europe and beyond and underpin the core issues that their decision-makers should pay primary attention to [3, 26].

As the year of 2016 is coming to an end, Universities’ decision-makers should pay particular attention to setting priorities, aiming for greater efficiency, and managing reasonably the resources they possess.

The greatest challenge is the problem of maintaining control over the various issues involved in the contemporary Universities’ activities influenced largely by their status and position of ‘small’ Universities of applied sciences or similar higher schools. A number of considerations resulting from the pilot research are offered as preliminary results aimed at attracting stakeholders’ attention to the problem and identifying its possible development trends.

The qualitative research methods used include (1) research of small Universities’ strategies (review and adequacy assessment aimed at identifying weak and strong points) and (2) interviewing University stakeholders (in-depth interviews with decision-makers from small Universities or once small Universities in Russia and Finland).

The authors have collected evidence from 7 institutions of higher education (4 Russian and 3 Finnish), which either satisfy the requirements of the ‘small University’ category or previously did. In the first stage, the data was collected through reviewing the chosen Universities’ strategies and development programmes or their substitutions. The second stage included in-depth interviews with academics (32)
and decision makers (15) of the chosen Universities, aimed at identifying the Universities’
development strategies including mergers and concentration processes. The responses within the
interviews were subsequently analysed and further verified with the results received in the first stage.
The article thus represents the preliminary research findings and considerations and aims at launching
a constructive discussion and forming a proactive attitude.

2 THE PHENOMENON OF ‘SMALL UNIVERSITY’

When describing the phenomenon of ‘small University’, one ought to start with producing a definition,
which is not so easy, as ‘small’ Universities differ in size and other characteristics seemingly
distinguishing them from their ‘big’ counterparts.

The first reason of calling a University ‘small’ is the number of students, which is followed with a
corresponding small number of academics, administration and supporting personnel. Still, ‘small
Universities’ differ much in the number of students, with the smallest European University represented
by Scuola Normale Superior in Pisa having fewer than 500 students [15].

Ross (2016) offers to apply the term ‘small University’ to every institution of higher education providing
education services for fewer than 5,000 students [ibid.]. Hyman and Lynn (2010) developed the
definition adding absence of a graduate school, and a student-to-faculty ratio of under 10:1, with some
having it even as low as 5:1 [10].

We agree with Ross (2016) and Minsky (2016) that small Universities have a number of merits, from
which students can benefit to a large extent. The distinguishing features may include a specific
mission, traditions rooting deep in the national history, and much tighter communities where everyone
recognizes most of their peers on campus [15, 14].

Besides, according to the research conducted by IDEA, smaller classes prove to produce higher
student achievements and contribute more to students’ improved communication skills than bigger
classes at huge Universities [20].

Basing on the authors’ personal experience of working for small higher schools, it can be stated that
small Universities are more flexible in working with employers (even with dozens or hundreds) and
tailoring their programmes for their needs and requirements.

To rank the best 10 small Universities in Canada, University Hub portal selected the following criteria:
variety of programme offerings (0.2), quality of the education (0.4), athletics (0.1), and quality of
campus & University life (0.3) [ibid.] – analyzing the weightings, it is easy to notice that both quality of
education and quality of campus and University life are believed to be the most important criteria.

Algoma University, established in 1965 and not yet included into the ranking of the 10 best small
Canadian Universities, positions itself under the slogan ‘Small University. Big Education’, striving for
higher enrollment from app. 1,000 in 2008 to app. 3,000 students by the year 2020 [1]. Algoma
University, by the way, does not have a strategy published on its website but it has a clear mission,
which makes it unique for the needs of Northern Ontario [ibid.].

3 COMPLEXITIES OF EFFECTIVE STRATEGIES IN HIGHER EDUCATION

The recent difficulties facing small European Universities in their choosing a development strategy are
shaped within the recent streamline for Universities’ corporatisation aggravated with globalisation,
unfavourable economic environment, internationalisation, the drive for quality, the growing importance
of research and innovation, and obsession with rankings [2].

We share the DPMG’s idea that production of well-qualified graduates and high quality research bases
on the three pillars – (1) Leadership, vision, & plan; (2) Internal quality assurance & institutional
research, and (3) Resources & incentives for teaching, research and student aid [18].

However, the authors’ analyses of the chosen Universities’ strategies turned out to be quite
problematic as most of them don’t have a holistic strategy elaborated in one document. If the given
Russian small Universities do not have a strategy, they have a ‘development programme’ or a similar
document, while none of the researched Finnish Universities seemed to have a solid strategy or
development programme at least judging by their websites, instead, they have important strategic
University of Applied Sciences [12], which covers to a large extent the contents of common University
strategies encompassing strategic management and quality assurance, stakeholder cooperation, financial responsibility outcomes, environmental responsibility outcomes, and three components of the University’s social responsibility outcomes – concerning students, staff and working life at large.

The analyses of the Russian small Universities’ strategies / development programmes allowed to identify several systemic flaws of the currently adopted guidance documents. The major flaw is the non-coincidence of the concept ‘comprehensive programme’ and that of ‘strategy’ or ‘strategic programme’ in their scope and overall intention, with the former not containing the University’s mission or strategic vision.

Second, the comprehensive programme adopted instead of a strategy as the main guidance document lists certain measures aimed at improving the quality of the University’s life in many aspects, yet, in the absence of a strategic vision, many of the measures planned for the various areas of activity remain fragmented, not integrated into a solid strategic entity.

The absence of the University’s development strategy is manifested in the absence of properly spaced priorities for each activity. And finally, the lack of strategic vision did not allow the University’s administration management to build an updated model of the University in 2020.

In the authors’ opinion, the lack of strategy (which cannot be replaced by "a comprehensive programme of the University development") affects negatively the University’s activities, and therefore, the very first recommendation for the University’s sustainability would include elaboration of a strategy correlated with the establisher’s needs and with the requirements of reliable employers of the University graduates taken into account and pursued.

The complexities of elaborating effective strategies in the field of higher education in the given countries include the Universities’ relatively limited freedom in choosing a strategy, limitations imposed by the narrower or wider vision of the Universities’ administrations, and most importantly, their using or losing the systems approach when considering the Universities’ further development as in the absence of systemic vision the system gets vulnerable sooner or later and sporadic attempts to treat it may not serve the main purpose – the small University’s increased sustainability.

4 CURRENT DEVELOPMENT STRATEGIES OF SMALL UNIVERSITIES

This is a pilot research limited in the number of research objects and objectives, primarily intended for identifying a set of actual research questions and selecting research problems for further development.

To start with, the authors decided to choose two countries, which national systems of higher education have much in common and which small Universities have been going along similar paths, though seemingly for different reasons. The countries in question are the Russian Federation and Finland, representing two levels of economic development and having similar systems of higher education, comprising classical Universities and polytechnics (industry-oriented Universities, Institutes or Academies in Russia and Universities of applied sciences in Finland).

The development strategies of small Universities in every given country considerably overlap, which was another reason to choose them. Small Universities in the two countries are mainly represented by Universities of applied sciences, though the chosen definition is not fully applicable to each of them, which is stipulated with a particular country’s population and student population. For instance, almost every Finnish University can be called ‘small’ in comparison with most Russian Universities (even polytechnics), if one sticks to dimensional parameters only.

The development strategies chosen by small Universities in the given countries depend on a number of issues, with governmental authorities in the Russian Federation and Finland playing first fiddle in creating the environment and primary (favourable or not quite favourable) conditions to urge the choice of strategy.

Discussing arguments supporting the idea of small Universities’ mergers, Selingo (2015) admits that more than 800 American institutions of higher education can be allocated to the high risk group, with risk factors including student population of under 1,000 students, tuition discounts of more than 35%, and high debt payments for campus updates [19]. To tell the truth, very few to none of the small Universities in Russia and Finland used to face similar challenges, with none of the seven small Universities used as research objects showing those signs of decline.
4.1 The Case of Russia

Russian small Universities were chosen as research objects for the following reasons –

- the Russian system of higher education allowed Russia to retain the status of one of the leading world economies and superpowers for at least a century and produce a long list of breakthrough innovations all through the 20\(^{th}\) and 21\(^{st}\) centuries;
- 50\% of Russian men and 65\% of Russian women aged 25–34 held a tertiary education in 2015, compared to the OECD averages of 35\% and 46\% respectively [9];
- the Russian education system used to rely completely on teachers’ expertise not involving any external standardized student testing, with the United State Exam becoming the only form of school graduation examinations since 2009 only;
- measuring the percentage of high-school graduates continuing their education at higher schools, the percentage of the annual science and engineering graduates in all college graduates, and the percentage of science and engineering graduates of the labour force, the US company Bloomberg rated Russia’s higher education in 2016 as the third most efficient in the world, with the Finnish higher education ranked the fourth [11], and though in 2015 basing on 6 criteria including R&D, manufacturing, hi-tech companies, education, research personnel and patents, Russia was ranked 14\(^{th}\) (Finland was ranked 4\(^{th}\)) out of 50 most innovative countries of the world (thus surpassing Norway, Switzerland, Austria and 33 other world innovative economies) [6], in 2016 Russia was ranked 12\(^{th}\) (total score of 78.85), with Finland ranked 7\(^{th}\) (total score of 83.80) surpassing Austria (13\(^{th}\)) and United Kingdom (17\(^{th}\)), basing on the updated 7 criteria: R&D intensity, manufacturing value-added, productivity, high-tech density, tertiary efficiency, researcher concentration, and patent activity [11];
- the number of Russian higher schools and their branches was reduced drastically from app. 3,000 in 2005 to 1450 in March of 2016 (by 42\% since 1 January 2014) and is expected to fall down to 877 by 2020. For a comparison: the United States has 4,495 institutions of tertiary education, with a low percentage having to close down or merge but these decisions are not ‘prompted’ from above;
- small Universities is Russia used to differ much from those in Finland, with the average student population of at least 4,500 or 5,000 students, with the difference losing its actual significance recently to a large extent.

On analysing the recent situation with the Russian small Universities and the attitude to them on the part of the Federal and Regional authorities, four major strategies have been identified and are discussed below in more detail.

4.1.1 Merge or Perish

Under the aegis of improved quality of education, the Russian Ministry for Education and Science launched the strive for a reduced system of higher education, using the two main tools – either closing Universities blaming them of inefficiency or forcing them to merge with other Universities, with the dominating University absorbing the other one chosen with unclear logic (the case of the big Textile University rooting deep in the country’s history (over 100 years) and economic development forced to merge with the small and relatively new Moscow State University of Design and Technologies, which enjoyed the dominating role). The same mode of development was offered to several hundred small Russian Universities, with only the Moscow State University of Design and Technologies enjoying the dominating role in the merger to the best of the authors’ knowledge.

4.1.2 Doomed to Closure

Moscow Academy of Entrepreneurship is an example of the use of the other tool aimed at regulating the number of Russian small Universities and increasing the quality of the Russian higher education. The Academy was closed as it was deprived of its licence by the order of the Russian federal authorities. On the one hand, there was some logic in the decision as the Academy had only two faculties, on the other – it used to have 13 regional branches giving opportunity to students living far from the main educational centres to get a higher education.
4.1.3 Doomed to Systemic Change

Moscow City Pedagogical University had to follow the strategy of the Department of Education of the City of Moscow (part of the Moscow Government), which performs the functions of the University’s establisher, and change systemically from an undergraduate and graduate higher school to a training institution offering additional and supplementary educational programmes.

4.1.4 Fight for Survival

Moscow (Senkevich) State Institute for Tourism Industry (MSITI) has another story of rise and ‘assisted’ fall and an ardent fight for survival. In 2014 MSITI, a typical small polytechnics working to contribute to the development of the Moscow tourism and hospitality industries, had over 4,500 students studying at its 5 faculties, with the level of graduates’ employment exceeding 95%. In 2016, due to the decision of the Russian federal authorities, its programmes in economics and management were not accredited, almost halving the student population. Nevertheless, MSITI managed to stand high supported by its reliable partners-employers and what was most important, fully supported and encouraged by the Department of National Policies, Interregional Relations and Tourism of the City of Moscow, performing MSITI establisher’s functions for the Government of Moscow, which expressed a deep interest in the higher school’s survival and even increased the number of the places funded from the Moscow budget by 3.5 times.

4.2 The Case of Finland

Finnish small Universities were chosen as research objects for the following reasons –

- the Finnish ‘education miracle’ has been attracting researchers worldwide as until the 1960s only one out of ten adult Finns had completed more than nine years of basic education [16], with 40% of Finnish adults aged 25–64 holding a tertiary education qualification in 2014, compared to the OECD and EU21 averages of 33% and 29% respectively [8], and recent international indices proving the fact that Finland is one of the most advanced knowledge societies [16],
- the Finnish education system relies on teachers’ expertise and does not employ any external standardized student testing to drive the performance of schools, neither does it employ a rigorous inspection system [8];
- the outstanding attitude to teachers in the Finnish society as representatives of “a noble and prestigious profession driven by moral purpose” [17] accounts partly for the efforts Finnish teachers-to-be make to pursue their professional careers and largely for the high level of education provided by Finnish Universities of applied sciences, most of which can be included in the category of the ‘small’ University;
- the Times Higher Education (THE) World University Rankings for 2014–2015 listed seven Finnish Universities as world-class centres of educational excellence, with Lappeenranta University of Technology, having just 4,800 students following Helsinki University and Aalto University in the global top 300 out of the world’s 17,000 universities [25].
- The year of 2009 witnessed the work of 46 Finnish institutions of higher education (20 Universities and 26 polytechnics). But since then the Ministry of Education and Culture has seen to a considerable reduction in the number of Finnish Universities aiming at reducing it to 33 (15 Universities and 18 polytechnics) with the means of mergers by the year of 2020 thus increasing the student population up to at least 3,000 full-time students in every classical University and to 2,500 in polytechnics (Opetusministeriö 2008, cited by [17]).

The strategies used by the three chosen small Finnish Universities are aimed at mergers that either took place in the recent past (two cases) or are planned in the near future (one case). Besides, one more strategy has been announced in the Universities Act of 2009, but the chosen Universities did not use it separately from the mergers. The three identified strategies are based on the right to change legal framework granted to Finnish Universities by the legislation, mergers of Universities of applied sciences (UAS) and mergers of classical Universities with UAS, as well as the interim strategy of shared resources.
4.2.1 Changing the Universities’ Legal Framework

This strategy introduced by the Universities Act (558/2009) in 2009 aims to increase the Finnish Universities’ institutional autonomy [24]. It was not identified as an independently used development strategy within the pilot research but the authors hope to look at it more attentively in their further work.

4.2.2 Assisted Mergers of Universities of Applied Sciences

The second main strategy assisted by the Ministry of Education and Culture is merger of Universities. Urging Universities to merge, the Ministry funded some merger projects in 2008 aiming at establishing three new universities, which opened in January 2010, uniting seven previously existing Universities [23].

Two of the Universities analysed in the research went through merger processes, with one of them absorbing two smaller UAS (Mikkeli University of Applied Sciences) and the other one – a brand new University created after the merger of three UAS (the University of Eastern Finland).

4.2.3 Assisted Mergers of Classical Universities with UAS

The third strategy identified is that of merger of polytechnics and classical Universities. This merger is planned between Lappeenranta University of Technology and Saimaa University of Applied Sciences and finally scheduled for 2018.

4.2.4 Shared Resources

The fourth strategy identified is the one used by Saimaa University of Applied Sciences (SAMK), which saved its limited resources using the library, laboratories and equipment as well as classrooms of Lappeenranta University of Applied Sciences. The main reason to finally merge with the classical University was to stop fighting for SAMK’s survival, though many respondents admitted that it has been among the best thriving UAS in Finland.

According to the majority of the interviewed academics and administrators, the mergers of Finnish Universities have so far resulted in the administrators and academics getting bigger work loads, feeling a lack of employment security and scarcity of resources (however unexpected it might seem). Some representative of the Finnish trade unions believe that the mergers are simply cost-saving measures leading to ephemeral higher prestige and international research competitiveness in the future at the cost of lost jobs and other hardships to be experienced in the present.

This pilot research has not yielded any other strategy applied by small Universities either in Russia or in Finland, yet the authors hope to detect more in their further research.

5 SMALL UNIVERSITIES’ LIMITED FREEDOM IN CHOOSING STRATEGIES

If the level of freedom enjoyed by the analysed small Universities in choosing their development strategies is to be ranked, it can be admitted that currently, Russian small Universities forced to follow the federal or regional authorities’ recommendations have less freedom in comparison with the Finnish small Universities ‘persuaded’ with funding opportunities and other seemingly more democratic means.

The limited freedom of small Universities is based upon authorities’ condescending attitude to small Universities shaped by either some ‘overwhelming’ strive for the overwhelming common good or narrow vision resulting in underestimation and underappreciation of small Universities and inability or reluctance to understand their importance for the three cornerstones of the nations’ future success – the development of democracy realized in stakeholders’ freedom of choice, high quality of education including tailor-made-programmes (for the faster development of particular industries and their sustainability), and systems approach to the development of the national higher education, which cannot be successful without involvement of every federal subject (to speak about Russia) and every stakeholder.

The country’s future is inseparable from its system of higher education and its wise development is the primary responsibility of every stakeholder – not limited to authorities or Universities’ administration.
6 SMALL UNIVERSITIES’ PROSPECTS

Hyman and Lynn (2010) state that small higher schools often offer more advantages than mega-Universities do and find 10 important reasons to go to a small University including small classes (with two-thirds intended for 20 or fewer students), teaching provided by professors only (and not by graduate students being taught how to teach), professors’ deeper commitment to teaching (unlike professors’ attitude at large research Universities where both tenure and promotion depend on researching and being published, at small Universities teaching is mostly the main criterion for advancement), essays and other kinds of students’ work evaluated more carefully (having fewer students means more time for more attentive attitude to the students’ works), more opportunities for students to write more papers and realize more projects supervised by real experts, more opportunities for students for one-on-one contact with their professors (which brings even more benefits when it comes to getting a letter of recommendation), students’ larger freedom in the curriculum (unlike large Universities, small ones give their students more leeway to design programmes meeting their individual interests much better), more opportunities of collaboration with professors in their researches, experiments of conference contributions, less bureaucracy facing students, and last but not least – getting a fully-fledged feeling that every student counts [10]. All these make small Universities highly worthy of being preserved and developed, when it comes to the issues of education quality, stakeholders’ free choice and democratic societies at large.

Besides, the authors have found some miscorrelation between the University’s size and success, including the quality of research. Small Universities are often ‘looked down’ and mistakenly underestimated, which has been proved this year by the California Institute of Technology – a small University with enrollment of 2,243 students only, which is ranked # 1 in the Times Higher Education rankings. It was intentionally designed as a small and research-focused University, which model was successfully copied by POSTECH University in South Korea, ranking 116, with the student population of 3,000 only [14].

The authors also believe that the concept of students’ success widely developed in the United States in the recent years is worth considering as a comprehensive strategy or at least a set of tactics that small European Universities ought to adopt for their successful survival and development.

The interim conclusion to the study is that the complexities of small Universities’ competition cannot be effectively addressed without introducing both attitudinal and procedural changes at every level – top management, executives (including academics), employers and, undoubtedly, students.

These include changes required of every stakeholder – University decision-makers, inter-organisational educational bodies, academics and support staff, reliable and potential employers, students and their parents. The implications for small Universities of applied sciences are that elements of effective strategies may not be immediately apparent. A recognition of the need for changes should be a strategic imperative to be embedded in curriculum development, teaching strategies and institutional purpose as part of their holistic strategies.

7 CONCLUSION

The Programme “Community Economic and Social Development” (CESD) attracting students to Algoma University takes a systemic approach to creating communities where people come before profit; understanding that social, cultural, political, environmental, and economic kinds of development are all integrally linked and activities in one impact the other, with the process of development believed to be as important as the content itself [5]. Both the community and University authorities capable of such holistic vision set a perfect example to follow for every stakeholder in Canada and beyond. The authors hope that this approach will be sooner or later found worthy by decision makers in both countries considered in the article.

The conducted pilot research has resulted in identifying several sore spots both in the contemporary environment created by corresponding governmental authorities and strategies of small Universities per se.

One possible solution for small Universities’ increased competition would be to become more consumer-oriented by taking correct strategic decisions about which markets to target and developing their strategies according to the markets’ specificities under the aegis of finding a proper match between students and employers. This consumer-market orientation allows small Universities to develop ‘a golden triangle’ of three main stakeholders – students, employers, and themselves.
Yet, another solution or sometimes the only ‘forced’ escape is the strategy of amalgamation or merger with a larger and stronger University, by which small Universities aspire to achieve a higher level of competition in the domestic and international markets. Whilst this strategy often makes sense from a rational point of view, it might defeat the objective of fair competition, with a bunch of big Universities dividing the market of higher education and agreeing on pricing and other policies, thus depriving both students and employers as major stakeholders and end-consumers of their right to choose and influence the competition.

As a basis for further research, the authors have identified the following core issues that can be developed as major trajectories for small Universities’ competitive strategies – finance, sustainability, safety, environmental health, distance learning, new technologies, community outreach, and maintenance.

REFERENCES


