

# **Higher Education reform in post-soviet Russia: rapid emergence of private Higher Education.**

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## Abbreviations

Name	Explanation
HE	Higher Education
HEI	Higher Educational Institution
NPM	New Public Management
SES	State Educational Standards
The RF	The Russian Federation
RSFSR	Russian Soviet Federative Socialist Republic
USSR	The Union of Soviet Socialist Republics
QA	Quality Assurance
MESRF	The Ministry of Education and Science of Russian Federation
OECD	Organization for Economic Co-operation and Development
GDP	Gross Domestic Product
PDSEP	The project of the Ministry of Economic Development of the RF of June 2000«Principal directions of socio-economic policy of Russian Government over a long-term perspective»
LOE	The law N 3266-1 of July 10, 1992, "On Education"
LOH	The Federal Law N 125-FL of August 22, 1996, "On Higher and Professional Education"
NDE	The Government decree of October 4, 2000 N 751 on "The national doctrine of education in Russian Federation"
PME	The Decree of MESRF of February 11, 2002 N 393 on "Plan of modernization of Russian education for the period till 2010"
MRW	The Analytical report of MESRF of 2003 on "Major results of

work of the educational system in 2002 on realization of the Plan of modernization of Russian education for the period till 2010”

FPED            The “Federal Program for Education Development”, a supplement for the Federal Law of April 10, 2000 N 51-FL "On approval of Federal Program for Education Development”

# 1 Introduction

*“Higher education is currently undergoing multiple transformations in the midst of the impacts of overall public sector reform, the changing role of the state, new patterns of social demand, global flows and relationships, and the new technologies that are becoming available”.*

*Jurgen Enders and Ben Jongbloed, 2007*

Since the 1960s, the massive socioeconomic demand for higher education (HE) in the world has led to significant privatization of educational services. The term privatization is used in the HE literature in a broad sense to describe activities that involve adaptation of market-type practices and decreasing financial dependence of HEIs on the state.

This research addresses the process of emergence of private sector in HE in the Russian Federation (RF) from 1990 to 2011 in effort to determine key policy changes that occurred in that period. Furthermore, we attempt to investigate to what extent governmental policies in the HE system of Russia meet considered in the literature conditions for the emergence of HE private sector.

## 1.1 Problem statement

### 1.1.1 Socio-economic-political background

After 1980, in many countries the HE system went through significant transformations in terms of its orientation (Dolenec, 2006). Accompanied by political changes, the market ideology has become a dominant force that has influenced the direction and strategies of economic and social development (Dill, 2003; Sheehy, 2010). The state's investment priorities became aligned more with economic rationality and less with social concerns and equity.

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Till the latter part of the 20th century, public investment and subsidies promoted access to HE. However, currently, the individual capacity to buy and private incentives to invest influence provision of HE. A demand for HE is growing, but the state funding of higher educational institutions (HEIs) does not increase in line with it (West, 1998; Wende, 2002). In many cases (OECD countries), we can observe, that state funding for HE has declined (Learning for life: final report, 1998).

Therefore a growing social demand for HE, coupled with a decline in state funding became the reasons that led to the introduction of various reforms in many countries. These reforms have changed the way how services are provided and the way institutions are managed. They have contributed to the continued expansion of the HE system after a period of decline and stagnation in student enrolment (Levy, 2006b).

The character of these changes can be analyzed by theoretical approach of the New Public Management (NPM), which explains the reform process of public sector. The transition to a market economy and implementation of NPM principles in Western Europe in 1980s -1990s was caused by the dissatisfaction and distrust of people and politicians of previous paternalist models of social policy (Public Policy, 1993; Schiavo-Campo, 1994). In social services, such as HE, an accent was made on the evaluation and increase of quality, effectiveness, efficiency and performance (Weimer & Vining, 1992).

All these political and economic changes with introduction of NPM ideas to traditionally public sectors have led to the emergence of private providers for social services. Concerning the sector of HE, in particular, we can observe the emergence of the private HEIs that aim to become a competitor and alternative to the public sector (Levy, 2006a). Private sector of HE emerged in many countries, prompting a rise in enrolment. Due to private institutions the access of people to HE and to certain subject areas in particular increased meaningfully (Varghese, 2009).

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### 1.1.2 HE system reform in Russia

Following the line of reforms of western societies, the case of the RF is not an exception: it has undertaken similar changes, but in even sharper way. In Russia, as in a former communist country, changes in HE landscape have become a part of larger transformation at the broader political-economic level that took place after the collapse of the Soviet Union in 1991.

A new political course announced after the end of a communist regime had a great impact on HE and the next decades after 1991 were crucial in the history of the socio-political setting of Russian society (Smolentseva, 2003; Rastopshina, 2006). In these times, an independent Russian society was established, with new ideology and transformed economic system, where political changes marked an end to centralized planning, state control and a total dependence on the state funding of HEIs (Smolentseva, 2003). However, for the purpose of our study one of the most important changes in the country at that time was introduction of new legislation, allowing for private ownership in general and leading in future to the emergence of private providers of HE (Russian Soviet Federative Socialist Republic (RSFSR) Law of December 12, 1990 "On Property in the RSFSR"). At the same time, we can observe first attempts of Russian government to adopt NPM principles in the country — in formerly state-owned companies, public administration, HEIs and social services.

Until the 90s Russian system of HE was managed purely by the state. The attempt of NPM reform, which affected all levels of economy, including the HE system, led to the changes in the management structure and to the process of decentralization. To some extent reforms introduced competition between the providers, relative financial independence of HEIs and the improved legal environment. The former linear steering mechanisms (government – HEIs) have been changed and private employer has been introduced to the market of HE services. Thus, the period of reform and the introduction of the market economy resulted in the emergence of private HEIs.

At the same time, intensive reform process of HE system in Russia has brought to light a number of pressing problems, among which is the problem of regulation of private HEIs activities and quality control over them. So, how the

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NPM ideas were implemented in the RF? To which extent market forces and competition regulate the behavior of HEIs? What is the relationship between public and private sectors in HE in Russia? These are, among others, the questions that will be answered in our research.

In the following sections we will give a brief description of current regulation and funding of HE system of the RF and pose research questions for the study. Then we will provide information on other scholars who have investigated the similar topic and address the issue of our research's scientific contribution.

### **1.1.3 The regulation of HE system of Russian Federation**

Nowadays, Russian system of HE is determined by the RF Law "On Education" of July 10, 1992 N 3266-1 (with amendments) and Federal Law "On Higher Postgraduate Professional Education" of August 22, 1996 N 125-FL (with amendments). As of 1 January 2010 there are 1382 HEIs in Russia among which:

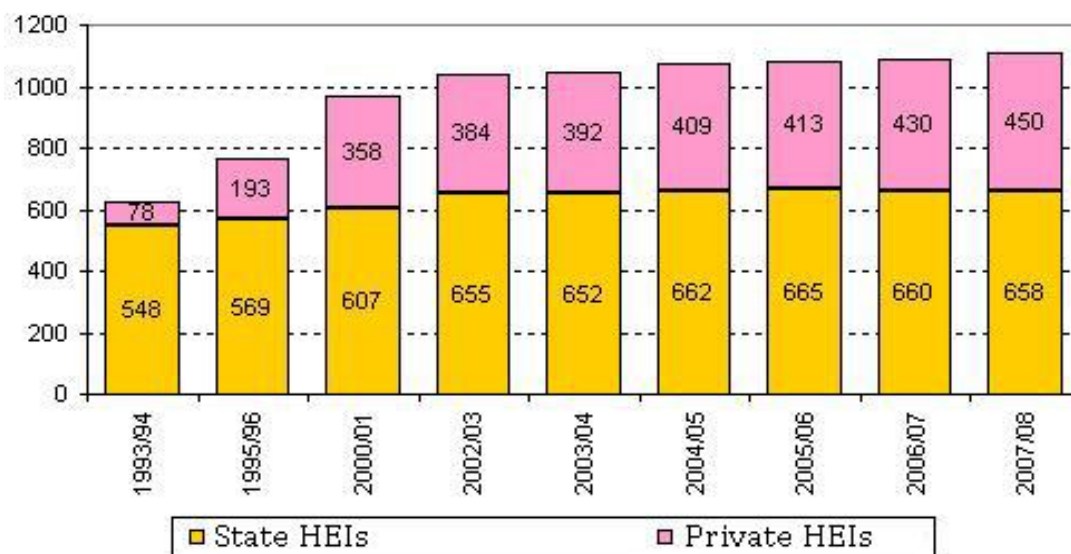
- state HEIs — 663;
- regional state HEIs — 53;
- municipal HEIs — 12;
- private HEIs — 654.

Source: National Accreditation Agency, 2010.

The division to state, regional state and municipal HEIs is made according to the way these HEIs are financed. State educational organizations are financed from federal budget, regional from regional and municipal from municipal budget of the country (the law "On Higher Education": Ch.3, art. 28).

As we see, nowadays the number of private HEIs is rather solid in comparison with state HEIs. We should bear in mind that private sector of HE appeared in Russia only 20 years ago and developed in size very rapidly. In order to show the dynamics of the process, the diagram with the number of public and private HEIs in the years 1993-2008 is provided below (**Figure 1**).

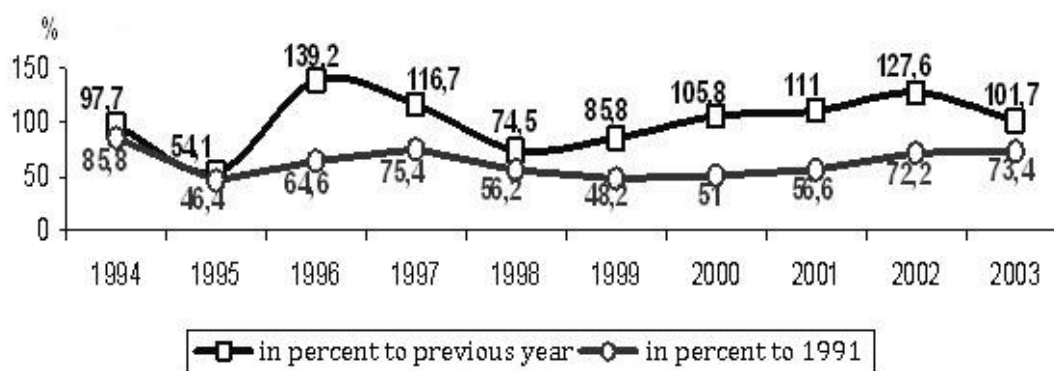
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**Figure 1.** The number of private and public HEIs. Source: Federal State Statistics Service, Russia in Figures.

From this figure we can conclude that in the last two decades (from 1993 to 2008) the number of HEIs has increased by more than 5.8 times. It is interesting to observe that this increase in overall number of HEIs was caused by the increase in the number of private HEIs.

As we have mentioned above, the other change that has occurred in the system of HE concerns public funding. According to the scholars of HE during the 1990s, state expenditures for HE were very low (Shishkin, 2004; Rastopshina, 2006). In order to illustrate our words we can provide a statistical dynamic of funding for the education system in Russia from 1994 to 2003 (**Figure 2**).



**Figure 2.** Expenditure on education from the consolidated budget of the RF (at constant prices). Source: Education in the RF: 2006. Statistical Yearbook. Moscow: GU-VSHE.

As we see from the **Figure 2**, the state expenditure on education after 1994 averaged 50 percent from the state expenses in 1991. At the same time an increase in public funding since 2000 has a double meaning and overestimated, according to the analysts of HE (Smolin, 2004). First of all, these years were characterized by the very high levels of devaluation and inflation of the currency. Second argument concerns the item of budget that has received the bulk of education budget increase - the salaries of the teaching staff and students' scholarships (Federal State Statistics Service, Russia in Figures). Without an increase in budget allocated for the wages state employees would go more and more below the subsistence level (Smolin, 2004) due to the increased cost of living in the country (i.e. the price of essential goods).

Thus, facing the problem of insufficient funding public HEIs were expanding from year to year student enrollment on the fee basis. While in 1993 the share of students studying in public HEIs on the account of the state made 93.62%, in 2000 it became almost equal with the share of students studying at their own expenses. In the figure below, we provide information on the increase of number of students studying on the fee basis. As we see, the amount of students, who have been enrolled to the HEIs at state expense had a nearly constant value of 600 thousands during 1998-2009 years. However, the enrollment on a fee basis has increased from 300 to 800 thousands of students (**Figure 3**).



**Figure 3.** Admission to the public HEIs at the state expenses and on the fee basis. Source: Source: Education in the RF: 2006. Statistical Yearbook. Moscow: GU-VSHE; statistics service: Russia in Figures.

Further, it should be said that, in 2003 Russia joined the Bologna process and at present the reforms in the sphere of HE are determined by the statements of the Bologna Declaration and the follow-up normative and legislative acts (National Accreditation Agency, 2010). That has meant many other changes in the system of HE of the RF. Among them such innovations as introduction of European standardized diploma supplement, three cycle system of HE (bachelor, master and PhD) and European credit transferring system. Besides, the quality assurance system (QA) of Russia has undergone significant changes.

Speaking about the regulations of HE system of the RF, we should note that the activity of state and municipal HEIs is a subject to the Standard Regulations of a HEI of the RF ratified by the Act of the government of the RF of February 14, 2008 N 71. These regulations are non-binding for private HEIs. HEIs are regulated by a range of actors: 1) The Ministry of Education and Science of Russia (MESFR) - management and coordination of federal executive bodies; the implementation of public policies in education; development of state standards, programs of education development, list of specialties, educational literature, order of admission to public institutions of secondary and higher education, 2) bodies of state administration of education of federal subjects - implementation of federal policy, licensing of educational institutions, curriculum development, organization of training of teachers, etc., and 3) federal departmental education authorities - control only subordinate HEIs on the profile spheres of activity of these bodies, the management of education - not their main purpose (Baranova, 2004).

The MESFR has also considerable powers in QA policies and processes. In the RF the requirements for the quality of education and training are set at the state level by the Ministry of Education by the State Educational Standards (SES).

Concerning the state accreditation of private HEIs, which implement their educational programs independently of the jurisdiction and organizational-legal forms, we should say that is carried out by the federal agency of administering HE (a special department of the MESFR). The decision on accreditation of the educational institution is made by the public national agency: the Accreditation College of the Russian MESFR (Federal Law "On Education", Ch. 3, art.33, paragraph 19).

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## **1.2 The research**

Given this backup of significant changes on HE policies, we will concentrate in this research on the process of emergence of private HE sector in Russia during 1990-2011. In doing so, we will analyze various factors that favored the process, which are represented in governmental policies in the area of HE. In our research a specific attention will be paid to the ideas of the NPM and their influence on the trajectory of the HE reform process. The development of private sector in HE will be considered from a policy change perspective, where the shift from the Soviet Union regime to the introduction of market ideas in the country has taken place.

In Russia, the process of emergence of private sector in HE is not well studied by the researchers due to its quite recent implementation (Rastopshina, 2006). However, in our opinion this process deserves more attention. Russia has been for a long time a part of the Soviet Union with its strict state control and existence of only public sector of education that was fully state funded and controlled. Therefore it is interesting to investigate what kind of policy changes had to be implemented in the state in order to allow for the emergence of private providers in traditionally public sector of HE. There are several studies carried out on the topic of Russian private HE (Rastopshina, 2006; Suspitsin, 2003), but they are mostly concentrated on the description of the reform process, without investigating the role of the governmental policies in the process of emergence of private HE.

Due to the fact that the influence of state policy on the process of emergence of private HE is still not well studied, there is a profound interest to conduct this research.

### **1.2.1 The research questions**

Summarizing the above we may pose the central research question and the sub questions that will guide this study:

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**The central research question:**

What kind of policy changes in The Russian Federation between 1990 and 2011 years have led to the emergence of private higher educational sector?

**Sub-research questions:**

1. Which conditions are presented in the literature that allow for the emergence of private sector of HE?
2. Which steps of the reform were taken by Russian government in order to allow the emergence of private education sector?
3. To which extent the public sector reform implemented in the RF from 1990 to 2011 meets the conditions that allow for the emergence of private sector of HE discussed in the literature?

### 1.3 Literature review

The interest of researchers to the study of the system of HE in general and of private education in particular is caused by the role of education in the development of modern society. The emergence and development of private HE in Russia is considered in the context of the modernization of Russian education. Since the early 90s we can observe a large number of publications, which critically address the history of national education and the problems of HE. Among them are the works by Gerschunskiy (1993), Mikhailushkin (1998), Sadovnichiy (2003). For instance, according to Sadovnichiy, “ultra-liberal” tendencies and the government’s fondness for applying foreign models onto Russian education system are responsible for the eroding the grounds and traditions of the country’s education system (Sadovnichiy, 2003).

Some scholars pay attention to the financial mechanisms of HE, connected with the spread of market relations in this sphere. For example, the studies of financial system of HE in Russia by Belyakov (2006; 2007a; 2007b) present a large value for the knowledge on Russian HE. In authors’ opinion, the current system of HE in Russia keeps the traits of the Soviet educational system with old



and newly appeared problems (caused by liberal reforms). Belyakov tries to propose specific interventional measures, such as the policy aiming on the improving of efficiency of the funding system (Belyakov, 2006).

Among Russian scholars, who studied the phenomena of private HE, we should mention such authors as: Ilyinskiy (2004a; 2004b, 2005), Suspitsin (2003), Rastopshina (2006). They address the questions of history of the development of private education in Russia and its regulatory legal framework. Further they highlight the role of private universities in shaping the market of educational services. At the same time, the questions of emergence of competition in HE and of quality assurance are studied (Rastopshina, 2006).

In Europe and the USA, scholars have extensively investigated the transformations in the system of HE. The reforms in HE were analyzed by Altbach (1999), Dill (2003), Weiler (2001), Gumpert (1999), Lazzeretti (2006) and Kwiek (2007; 2008).

A large knowledge base has been developed on the topic of private HE in the Western world. In the USA private sector in the system of HE is well developed, large and relatively strong, therefore it is very important to study their perspectives on private HE (Dougherty, 2004). Extended contribution to the research on private HE was made by such American authors as Levy (1982, 1986, 2006a, 2006b) and Geiger (1988). European point of view on this topic is presented by the works of Jongbloed & Enders (2002; 2004; 2007; 2008), De Boer (1998), Sporn (1999; 2003), Leisyte (2006).

Levy (1986), Geiger (1985) and Gumpert (2006) utilized non-profit concept in the study of HE and developed particular characteristics of HEIs as non-profit organizations. Nonprofit arenas usually include education, health, social services, and charitable and religious activities. The nonprofit concept helps us to define more clearly characteristics of private and public sectors.

Olsen (1998), Gornitzka and Maassen (2000), Zumeta (1997) have contributed to the study of private HE by investigating the role of government in the process of emergence of private HE. They have considered various state steering models in the process of HE system regulation and several policy patterns. Pachuashvili (2008) contributed to the application of the various concepts of governmental policies to the sector of private HE in post-communist countries.

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In the studies devoted to private sector of HE, the market theory takes an important place. The theory has been applied with a regard to HE by Dill (2003), Sheehy (2010), Leslie & Johnson (1974), Jongbloed (2002; 2004; 2007; 2008). According to Sheehy (2010), policy makers have been using certain market mechanisms for some time in regulating HE. These mechanisms are implemented in the area of HE in order to increase resources, to increase choice for students by increasing diversity in higher education, to improve quality and to increase both overall participation and participation of marginalized groups (Sheehy, 2010).

Further, Dill provided in his work an adaptation of Scherer and Ross's (1990) model of market competition (Dill, 2003). He shows that government policies may influence the general framework of rules in which institutions of HE operate and they may also shape the structure of the market – the degree of competition – by limiting or encouraging the development of private and/or for-profit higher education.

The theoretical approach of NPM provides a basis for the investigation of the topic of our research. It helps to understand the logics of contemporary market oriented public sector reforms in general, explaining the main rationales for the reform process. Hood (1991; 1995), Stark (2002), Lane (2000) examined the origins of the NPM instruments, demonstrating that shifts in public administration alter the mechanisms and processes of public service delivery, creating new approaches and tools for administrators to implement public policy. The model of NPM public sector reform was developed by Politt & Bouckaert (2004).

The influence of NPM ideas on the HE sector was studied in the works of Fusarelli & Johnson (2004), Goran (2009), Leisyte & Kizniene (2006), De Boer et al. (2007). For example, the work of Goran is of particular interest in our study, because she uses a comparative approach to identify the main features of administrative reform policy in post-communist countries as opposed to such reforms in Western democracies (Goran, 2009). The study of Leisyte et al. explores the case of Lithuania's public sector and suggests that NPM ideas have recently begun to penetrate the HE policy agenda. Sigman (2008) and Peters (2008) have made a contribution to the knowledge on the application of NPM

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principles in Russian sector of HE, indicating main achievements and failures of NPM models implementation.

### **1.3.1 The contribution of current research**

Current research also contributes to the existent knowledge on Russian private HE, due to its focus upon the importance of governmental policies in the process of private HE sector emergence. This study suggests a new approach embracing the theoretical approach of NPM as a rationale for the emergence of HE private sector and governmental policies as a major determinant of the emergence process.

Present research is very important to conduct for two reasons. First of all, limited data is available for foreign researchers due to the limited access. Secondly, this data is available in the Russian language. Our privilege of Russian language knowledge permits us to collect and analyze the necessary data and thus, to conduct a study that addresses an area that has been limitedly investigated before only to some extent.

Given these constraints, this research will contribute to international knowledge on HE in Russia.

## **1.4 The structure of the paper**

The current study addresses particular policy changes in the RF that allowed for the emergence and development of private sector in HE. The paper consists of five chapters.

In the first chapter we introduce the topic of the study and present the reasons why we have chosen it and why it is interesting to study.

The second chapter presents theoretical background for our analysis, where we discuss the literature on relevant topic and create an analytical model according to which the analysis will be conducted. This chapter presents an answer to the first sub-question of our study.

The third chapter describes the methodology of our study: it shows how we are going to proceed with our analysis. In particular it provides the research design

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(strategy and method), describes the procedure of data collection, the operationalization of the central concepts, and consequently presents the technique for data analysis and the templates of the tables for the analysis part.

The fourth chapter is devoted to the data analysis. It contains the obtained results after we followed presented methodology and collected and analyzed the necessary data. The fourth chapter describes in detail the reforms steps, provides information on how private sector of HE in Russia is regulated and how it is defined by the legislation. Thus, it provides an answer to the second sub-question of current research.

The fifth chapter contains our conclusions about the policy changes that allowed for the emergence of private sector in HE in Russia. There we give the answers to the third research sub-question and the central research question. Besides, the chapter provides the link between the research results and theory and gives recommendations for further research.

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## 2 Theoretical background

*This chapter provides a theoretical background for our research, where we analyze the literature relevant for the study. In the chapter we build an analytical model that presents particular conditions necessary for the emergence of private sector in HE. Governmental policies addressing the reform of HE system aimed at emergence of private sector in RF will be analyzed according to this model. Thus, the chapter provides a theoretical background for the answers on the research questions of our study.*

*For the purpose of answering the first sub-question of the research, concerning conditions that allow for the emergence of private sector, the NPM approach is introduced in the beginning of the section. The NPM reform model is considered in order to give a necessary background to understand the nature of the reform and its core principles.*

*Further, we focus our literature analysis on the studies, investigating the phenomena of private HE. We define private HEIs, introduce their classification and the most important characteristics. On the basis of collected information, we reformulate the main principles of NPM reform into the conditions for the private HE sector emergence.*

*The final part of the literature review explores different policy mechanisms that affect privately provided HE.*

*Subsequently, at the end of the chapter we present our conclusions about particular conditions that are important to meet for the government in order to develop a private sector of HE. These conditions form a theoretical framework that is further utilized in the research.*

### 2.1 Marketization and New Public Management

NPM is a global reform movement and a feature of international trends in state and public administration since the late 1970s. Over the last thirty years, the use of more market-based instruments and practices in government operations has been observed (Politt & Bouckaert, 2004; Hood, 1991, 1995; Stark, 2002; Lane,

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2000 Goran, 2009; Sigman, 2008; Peters, 2008; Kettl, 1997; Leisyte, 2006). The NPM approach is widely utilized by the scholars in the study of public sector reforms. In our study the NPM approach presents a general base for the theoretical framework, in which emergence of private sector in HE can be explained with the logic of NPM reform's main principles. We can consider the NPM reform's main principles by distinguishing them into four interdependent dimensions.

The first dimension concerns fundamental changes in traditional functions of the public sector. In this dimension NPM model questions the ability of the bureaucratic state to find solutions to modern problems, as well as to finance expensive welfare services in the long term. Thus, first NPM reform's principle in this dimension is to reduce governmental expansion by cutting as many of states functions as possible through privatization (Lane, 2000). Second principle concerns development of new innovative forms of organizations (e.g. Public Private Partnerships) in order to minimize public expenditures and introduce cost-effectiveness to the public sector (Politt & Bouckaert, 2004). The role of the state changes from the dominant producing to an ensuring or providing, where the government only has to guarantee for the continuing provision of formerly publicly provided tasks (Goran, 2009; Sigman, 2008; Kettl, 1997).

The second dimension of the NPM deals with the reform initiatives that focus on the conditions influencing the structure as well as the activity of the whole public sector. These policy changes mainly consist of approaches to introduce market forces and to create thus conditions for competition (Stark, 2002; Lane, 2000). On this level governments try to develop new financing models for public goods and services (e.g. by asking the consumers to pay), and to create alternative options so clients can enjoy a freedom of choice (Goran, 2009; Sigman, 2008).

The third dimension of the NPM concept concerns the interior reforms of structures, practices and personal behavior in public administrations. It is largely based on the so called "managerialism", which consists of numerous different management approaches from the private sector for reforming the public sector. In this dimension the emphasis is made on the process of decentralization of decision-making and decentralization of administrative

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tasks to disperse hierarchical bureaucratic structures (Pollitt & Bouckaert, 2004; Peters, 2008).

The fourth NPM dimension encompasses a stronger orientation towards the customers (citizens) of the public sector. This reform element involves especially the change from the bureaucratic focus on the inputs to the more effective concentration on the outputs or outcomes. Public sector faces growing pressure to improve service quality while containing costs. At the same time public sector is expected to become more accountable and responsive to stakeholder needs. Achieving these goals requires excellent public sector performance. Therefore performance management for public employees and organizations represents one of the important principles of a NPM type of reforms (Pollitt & Bouckaert, 2004; Stark, 2002).

In summary, NPM theoretical approach provides our research with a general perspective on a public sector reform by explaining NPM reform's main principles and core values. Having analyzed various concepts of NPM, we have derived four dimensions of NPM reform's principles. These dimensions form the main rationales for the NPM reform, such as: **decrease of the state regulation, introduction of market forces, encouraging of competition and output orientation (performance management)**. Since 1980s in many countries these rationales shape the governmental policies in the process of public sector reform.

Due to the focus of our research, we have to investigate which concrete policy changes in these dimensions of NPM reform present the conditions for the emergence of private sector in HE. That will provide us with an answer to the first sub-question of our research. Therefore, as a next step we will analyze the theoretical literature on private HE.

## 2.2 Public versus private in the system of HE

First of all, we would like to take into consideration the notion of 'private HE'. A clear understanding of what is implied by this notion will allow us to distinguish between public and private sectors in HE and to study some of the particularities of private HE development.

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In order to estimate privatization in qualitative as well as quantitative terms, private and public will be defined in our research by the features of *privateness* and *publicness* introduced by D. Levy (1986). The level of publicness and privateness can be evaluated using a common theoretical approach, which compares the categories of finance, governance, function, ownership and benefits (Levy, 1986; Geiger, 1988; Enders & Jongbloed, 2007).

Speaking about the category of finance, a HEI is understood to be public or private according to the degree that institution relies on the state financing. Thus, public institutions are publicly funded, and private institutions receive their income from sources other than the state (privately). The main private source is tuition of the study, but indirect subsidies and tax benefits should also be considered in this category (Levy, 1986).

As we can see nowadays, old scheme of financing of HE system changes and non-governmental funding of HE and research is being introduced. Market is recently moving into a very prominent position in the debate about HE funding (Weiler, 2001; Enders & Jongbloed, 2007). This aspect is directly linked with one of the dimensions of NPM reform model – marketization, because non-state financing in HE indicates **introduction of market forces** to a public sector. Thus, such rationale of NPM reform as marketization within the scope this study will be understood as the financing schemes of HE that explain how money is allocated in the sector of HE.

Speaking about the reasons of changes in financing schemes, scholars name “massification” and “substantive growth” in researches in HEIs with introduction of new disciplines and specializations (Enders & Jongbloed, 2007). The absence of a sufficient financing from the state leads therefore to consideration of new forms of external funding (Enders & Jongbloed, 2007).

The next category that helps to define private and public HEIs is the category of governance. We understand that an institution is supposed to be public to the extent that it is governed by the state authorities and private to the extent that it is governed by non-state personnel. Governance is defined as a system of coordination forms, in which hierarchies, markets, networks and communities are coexisting without a dominance of any one of them (De Boer et al. 2007).

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In terms of governance, recent policy changes are connected with a general tendency to “decentration” (Enders & Jongbloed, 2007). The meaning of decentration is related to vertical shifts of political authority as well as horizontal shifts from the public to the private sector (Büchs, 2007). Self-regulation of HEIs is increasingly stimulated by governmental actors as well (Enders & Jongbloed, 2007). Special attention should be paid to the question who is responsible for the decision-making process of macro level. For example, decisions about resource distribution, content of curriculum and about general political, economic and social orientation.

As a general rule, private HEIs have more autonomy from governments than public. An obvious rationale behind the governmental control for public universities is the perceived need for overseeing performance with the state funds. At the same time, if we consider the measures of Quality assurance (QA) as a mean of governance of HEI, the reality is different. Tuition-dependent private institutions become subject to strict governmental regulation through the procedures of QA (Levy 1986a, 1987).

The specific policy directions that were discussed in the category of governance follow the logics of NPM reform’s principles of the **decrease of state regulation** and **performance management (output orientation)**. Hence, we consider decentralization and regulation through the system of QA as one of the conditions that allow for the emergence of private sector in HE.

The last categories of benefits, ownership and function are less central for our study. The category of ownership is smoothly derived from the categories of financing and governance with an idea of universities are more independent from the state as a result of declined state funding. HEIs try “to escape the straightjacket of public control by changing their ownership status over-all or by creating sub-units with private or semi-private status” (Enders & Jongbloed, 2007). Categories of benefits and function can be explained in terms of what concrete HEI is doing, e.g. actual behavior in contrast with its stated mission and equity in HE. (Levy, 1986; Enders & Jongbloed, 2007; Guri-Rosenblit et al., 2007).

As we see, the characteristics of private sector in HEIs indeed have a lot in common with the NPM rationales. In the categories that form particular

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characteristics of private HEIs there is a reference to the processes of marketization, decrease of the state regulation and output orientation. Moreover, these processes are closely related. Decrease of the state regulation is not only about decentration, but it is also referred to marketization, where marketization indicates the adoption of market principles and mechanisms in running education (Mok & Lee, 2001).

However, in the section devoted to the NPM model we pointed out one more rationale of the NPM reform – **encouraging competition**. Encouraging competition is one of the core values of NPM concept, as it was pointed by Goran (2009), Sigman (2008) and Stark (2002). Speaking about the area of HE, competition plays a very important role in the process of QA and in progress of HE system (Dill, 2003). The model of market competition shows that state policies may shape the structure of the HE system by limiting or encouraging the development of private HEIs (Scherer & Ross's, 1990; Dill, 2003). Development of private sector in HE means an increase of the level of competition between public and private providers. In these conditions, both public and private providers try to improve the quality of their service in order to attract university entrants. Therefore, the general framework of norms and laws of the state has an influence on the degree of competition in a market and this competition in turn influences conduct and performance (Scherer & Ross's, 1990; Dill, 2003).

In our study the state policy of encouraging competition will be considered through the examination of the relationship between private and public sectors in the system of HE. Both of the sectors are formed under the influence of the state policy with its regulations and laws that creates the conditions for the existence of HEIs (Levy, 1986; Enders & Jongbloed, 2007; Geiger, 1988). Thus, in order to examine the relationship between private and public sectors of HE we will compare state policies towards these both sectors for the existence of the notable differences.

In the literature the relationship between private and public sectors, according to the role of the state in their development is described using three basic patterns of HE system (Geiger, 1988). These patterns represent three possible variations of governmental policies towards both sectors of HE. The policies are

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mainly considered through financial and regulatory measures. At the same time, the mission of private or public sector is also important, because it influences the character of state policies, which can vary according to the role designated for the particular sector of HE. Consequently, the patterns of HE system are the following: mass private and restricted public sectors; parallel public and private sectors; and comprehensive public and peripheral private sectors (Geiger, 1988).

1. *Mass private and restricted public sectors.* This pattern is characterized by inherently hierarchical system of HE with the academically elite universities that are state sponsored, with high-costs. The private sector is also hierarchical, with the highest status usually accorded to old and established institutions. Much of the private sector is left with the task of accommodating the social demand for HE. In mass private sectors, the state tends to assume the negative role of the enforcer of minimal standards in private institutions. This type of HE system can be observed mostly in Japan, but also to some extent in the Philippines, South Korea, Brazil, Columbia, and Indonesia.

2. *Parallel public and private sectors.* This pattern results from the need to guarantee a significant cultural pluralism within a nonhierarchical system. The existence of national degrees requires that each university provides education of equivalent value. Therefore in order to achieve meaningful equality, and to satisfy different cultural groups, private HEIs have to possess resources, which are comparable to public resources. Parallel public and private sectors in the system of HE have found an approval mostly in welfare-states, such as Belgium and the Netherlands. Government there conducts the policy of full state funding for private universities. The state is deeply involved with parallel private sectors, and its aim is to guarantee a high intellectual standard set by a system of national degrees. At the same time, financial support of HEIs precedes greater regulatory presence.

3. *Comprehensive public and peripheral private sectors.* In this case the public sector is basically designed to fulfill all of society's higher educational needs. In case when certain demands of people are disregarded, private providers emerge in the sector of HE. A peripheral private sector might consist of only one, "singular" institution (like in Sweden) or may have an opportunity to grow to

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significant size (example of Mexico). State regulation and oversight of peripheral private sectors tends to be low, but at the same time legal barriers are often erected that restrict the operation of private institutions.

We believe that the pattern 'parallel public and private sectors' is meant to be the most suitable for creating equal environment for the HEIs of private and public types. It guarantees the quality of education and provides same financing for both private and public HEIs. However, its orientation is far from NPM model's principles of marketization and decrease of state control. At the same time, 'parallel public and private sectors' pattern proposes full funding of HE and this may be not applicable for the countries of less economic wealth.

### 2.3 HE state policy mechanisms

As a next step, we would like to focus our research on the different policy mechanisms that influence the development of private sector in HE. Governmental policies define the scope and the room to maneuver for the actors involved in the HE system and serve as the major determinant of private HE sector growth patterns (Gornitzka & Maassen, 2000; Olsen, 1998; Pachuashvili, 2008). Here we consider the literature that will help us answer the second sub-question, concerning reform steps in RF leading to the emergence of HE private sector.

For the purpose of investigation of concrete state policies that may influence development of HE private sector, we would like to refer to the work of Pachuashvili (2008). In order to examine the dependence of private HE sector growth on the governmental policy, author analyzes the following state policies:

- legislative and regulative framework;
  - student aid policies;
  - direct state funding to private institutions;
  - tax policies;
  - governmental policies toward public institution tuition levels;
  - governmental policies toward public institution expansion;
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- the extent of private sector involvement in HE planning process (Pachuashvili, 2008).

We agree on the importance of the stated above governmental policies in the process of private HE sector emergence, but find the list not completely precise. Some of the categories have a too broad meaning and some are too narrow. For example, concerning the section of funding, we propose to investigate not only state funding to private HEIs, but also financing of public HEIs by the means of fee-paying students. We believe this policy has a considerable influence on the development and evolution of financing schemes of HE. In our research, we will concentrate on such state policies as: legislative and regulative framework; student aid policies and funding. All these policies will be explained in details in the next methodological chapter. The last categories of proposed by Pachuashvili list, we will leave out due to the scope of our research.

On the basis of the analysis of proposed policy directions, it will be possible to identify a private HE policy pattern. Pachuashvili presents three possible patterns: laissez-faire, market-competitive and central-planning (Pachuashvili, 2008).

- In the laissez-faire policy pattern, a state ignores the private education sector, because it does not see private HEIs as valued means of achieving policy aims in HE. This means a very little or absence of funding of private HEIs and no tax incentives available to them. The governmental activity is minimal, even with respect to legislative and regulative framework and mostly limited to the licensing and accreditation of HEIs in order to be established and operate (Pachuashvili, 2008). Private HEIs have no role in the HE planning due to denied access to policy formation procedures.
- The central-planning policy pattern is a complete opposition of the laissez-faire regime: the state treats private sector as an integral part of HE system and employs it in a planned way to serve public purposes. The state has a role of a central planner and has a decisive role in management of HE system, where private HEIs are highly integrated. In order to insure that private institutions serve public purposes, the state designs programs configurations and assigns specific institutional roles to private HEIs. This

sate involvement is achieved through using financial incentives, both in the form of direct appropriations to HEIs and aid to their students.

- In the market-competitive policy posture, the approach of state is completely different towards private HE from the above two patterns. The state operates in terms of market mechanisms using portable student aid grants, lower subsidies built into public institution tuition and information policies. In this model, the governmental regulation in HE sector is limited to quality control to a certain extent and has some other failures of market model of regulation, such as insufficient consumer information or inadequate response to particular state needs by HE system. The state characterized by market-competitive policy posture treats private HEIs similar to public and creates competitive environment among them by using enrollment-driven funding, performance contracting arrangements and other market mechanisms (Pachuashvili, 2008).

We would like to pay attention to the issue of quality control (accreditation and licensing) applied in the description of the policy patterns (Pachuashvili, 2008). We agree on the significance of QA policy in the process of emergence of private HE sector and accordingly, it will be included in our theoretical framework. QA procedures also have a reference to the ideas of NPM as a policy of performance management direction (Politt & Bouckaert, 2004). At the same time it presents one of the dimensions of the category 'governance' that we have used in order to define private HEIs (Levy 1986a, 1987).

In summary, here we have identified several important policy mechanisms, that influence the development of private sector in HE. This section will help us to answer the second sub-question of our research, concerning reform steps in RF leading to the emergence of HE private sector.

## 2.4 Conclusion

In order to build a theoretical framework, which will contain the conditions for the emergence of the HE private sector, we will combine the above discussed ideas in a particular fashion. This theoretical framework will serve as an analytical model for the current research. According to created analytical model

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we will investigate the policy changes allowing for the emergence of private sector in RF.

The process of formation of an analytical model is represented in three steps.

As a first step, we identify the most important determinant of private HE sector emergence. According to the scholars of private HE, governmental policies have the biggest influence on the emergence of private sector in HE (Levy, 1986; Jongbloed & Enders, 2007; Geiger, 1988; Pachuashvili, 2008; Dill, 2003). This has to do with the specific nature of HE and various market failures associated with its provision. In difference from competitive markets that respond to the supply and demand conditions, institutional arrangements set by national governments serve as the principle forces in shaping the development of public and private sectors in HE. Thus, the state is a dominant actor that influences public HEIs and plays a main role in their structuring using regulatory and financing mechanisms. Due to the fact that the state provides legislative framework and molds the environment in which institutions operate, the state is a very powerful factor in private HEIs development. For example, Geiger (1988) notes "...while public sectors can be regarded, directly or indirectly, as creatures of the state, the state also to a considerable extent molds the conditions of existence for privately controlled institutions. The state is thus a powerful factor on both sides of the divide". Therefore, we can further develop the idea of governmental policies as a major determinant of the emergence of HE private sector by specifying the types of the policies.

As we have stated in the beginning of the chapter, the NPM reform model serves us as a broad basis for our theoretical framework. Therefore, as a second step of formation of the analytical model, we have revealed the core principles of NPM approach. The principles are the following: decrease of the state regulation, introduction of market forces, encouraging of competition and performance management (Politt & Bouckaert, 2004; Lane 2000; Stark, 2002; Peters, 2008; Goran, 2009; Sigman, 2008; Kettl, 1997).

As a third step, we focus the list of conditions according to the scope of the research, taking into consideration specific characteristics of private HE, identified by the scholars of the area.

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- The NPM principle of '*decrease of the state regulation*' in our case will be studied through the state policies of decentration, such as decentralization of the decision-making. According to Fiske (1996), "decentralization is the process of reassigning responsibility and corresponding decision-making authority for specific functions from higher to lower levels of government and organizational units".
- Concerning the principle of '*performance management*' we propose to concentrate on the measures of QA introduced in the system of HE. Indeed, the importance of quality control in the process of development of private sector in HE was pointed out by the researchers such as Pachuashvili (2008), Harman et al (2000) and others. They claim that QA mechanisms are designed in order to ensure the healthy expansion and competitiveness of the HEIs.
- The rationale of '*introduction of market forces*' is very important in the model of NPM. We intend to analyze it by taking into consideration various changes in the funding mechanisms of HE system. According to Jongbloed (2008), funding is one of the key intervention powers both for government and for university decision-makers. Funding modes serve not only to allocate resources, but also used as governance or management tools and changes in funding mechanisms constitute a central package of measures related to NPM reforms.
- '*Encouraging competition*' is included in the NPM model as a very important principle of introduction of market mechanisms to the public sector. Thus, in our research we will consider various state policies that influence the level of competition. This rationale will be investigated by the comparison of the state policies towards public and private sectors of HE. The comparison will be possible in the process when we investigate governmental policies of stated above directions (financing, state regulation, QA). Thus, we do not have to make a separate field of investigation for the NPM principle of 'encouraging of competition'.

We would like to add to this list one more complementary condition for the emergence of private sector in HE. We propose to include the category of

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*allowance for the private ownership* in our analytical model. In the studied literature authors have not paid attention to this condition, but we believe it to be very important. First of all, emergence of private sector in HE would not be possible without official legalization of private ownership in public sectors. This is the case for post-communist countries and particularly for Russia, where during the communist regime private ownership in public sectors was forbidden. Allowance for the private ownership in post-Soviet countries indicates a change in the political regime: emergence of private property alongside with the state property is an inevitable phenomenon in the transition from central planned to market economy. Secondly, empirical experience of many welfare states shows that public sector cannot be developed as effectively as the private sector. Continued budgeting and financing of losses of state enterprises lead to an imbalance of the state budget and a growth of its indebtedness. Not all states are capable of maintaining investments into the public sector at expected levels (Latenko & Lvov, 2000). Consequently, the allowance for private ownership in traditionally public sectors becomes a solution to the problems of regulatory and financing character.

As a result, we have obtained the list of the focused conditions for the emergence of private sector in HE. Namely: **allowance for the private ownership, decentration in the system of HE, QA mechanisms in HE and changes in the system of HE funding** Here, it should be noted that, we have placed an accent on such conditions, derived from NPM principles that represent the dimensions of financing and governance, marked out by the scholars of HE. Having studied the definition of private HEIs in line with different categories that characterize it, we came to the conclusion that these dimensions are fundamental in the study of private HE (Levy, 1986; Enders & Jongbloed, 2007; Geiger, 1988).

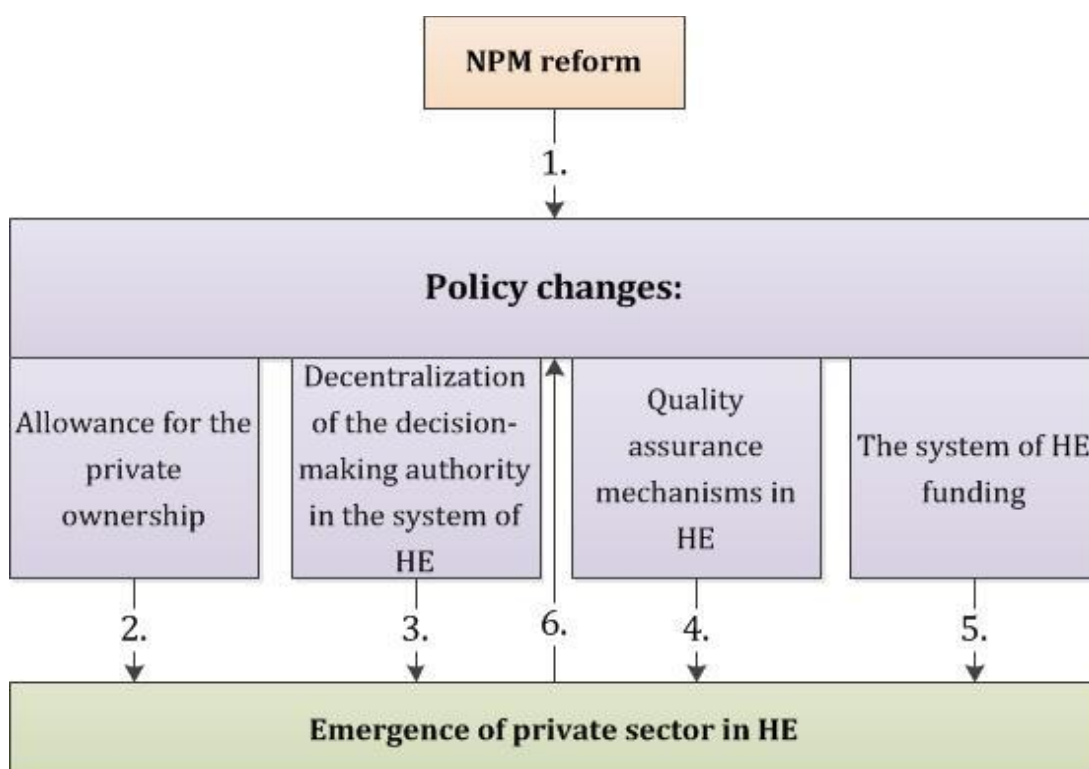
The choice of particular conditions can be explained for the following reasons according to the case study:

- Allowance for private ownership, decentration and market-oriented changes in the system of HE funding characterize in general the beginning of the time frame of the research. As it was discussed in the introductory

chapter, the 1990s in our study mark a collapse of the Soviet Union and a shift towards market economy in the RF. At the same time policy of decentralization followed the line of the reforms and presented a reasonable answer to the regime of strong state control.

- QA policies are of vital importance in regard to private sector in HE. The guarantee of quality and acceptance of the degree and diploma on the labor-market enhance the status of private HEIs and therefore serve as an important condition for private HE sector development. At the same time, accreditation of HEIs in Russia means a number of social privileges for students and graduates, such as adjournment of military service for male students, and the right to enter graduate schools at state universities. As soon as an institution is granted state accreditation and thus legally designated as a higher education institution, the state guarantees the quality of the institution's educational activities.

Consequently, on the basis of mentioned above the following analytical model for the research is constructed. This model presents an answer to our first research sub-question: *which conditions are presented in the literature that allow for the emergence of private sector of HE?* (**Figure 4**):



**Figure 4.** Analytical model for the research

(1) According to our model policy changes influenced by the logics of NPM reform at the national level serve as the major determinant of the emergence of private HE. (6) At the same time, the role designated to the private sector of HE may also influence the governmental policies (Geiger, 1988).

In order to allow for the emergence of HE private sector, the policy changes should have at least four particular directions. Specifically, allowance for the private ownership, decentralization of the decision-making authority in the system of HE, QA mechanisms in HE and changes in the system of HE funding. Further, we will consider the influence of each policy direction on the process of HE private sector's emergence.

(2) Allowance for the private ownership is a rather simple category to explain, which is included into our model with a regard to the case of post-communist countries. On the example of Russia, we see that for a long time (the greater part of the 20th century) it has been a communist state, where private ownership was officially forbidden. In our research we consider emergence of private providers by means of reform (in legal conditions), thus, in order to create

private sector within traditionally public sector, private ownership, first of all, must be allowed by the law.

(3) Decentralization of the decision-making authority in the system of HE creates initiatives for the emergence of private sector in HE. In our case decentralization means decrease in the state control over HEIs, which causes at the same time more freedom for institutions in funding mechanisms. The introduction and extension of self-management, responsibility, efficiency and accountability of universities, together with participation of the different stakeholders in society, are the expected results of decentralization and of educational reform in general. The following example will clarify the idea: autonomy of HEIs stimulates the development of new educational programs according to the demand of the market. Sometimes it results in formation of independent non-governmental (private) departments by public HEIs.

(4) Policy changes aimed at the system of QA present a great value for the emergence of private sector in HE. Higher education quality assurance became crucial in Russia in the middle 1990s when HEIs were given more academic freedom and their number – especially the number of private HEIs – began to increase. In our research we consider QA mechanisms through the procedures of state accreditation of private HEIs. A possibility for private HEIs to be accredited by the state means its recognition on the market of HE. At the same time, accreditation for private HEI signifies that this institution follows the State Educational Standards and is able to offer diplomas in the states' format.

(5) Policy changes in the system of HE funding are very big important in the process of emergence of HE private sector. This category is formed under the NPM rationale of the introduction of market forces to the public sector. The category is represented by teaching and research funding, student financial support and educational fees. A widespread idea of a shift from public budgets to private sources in HE financing have led to the significant changes. For example, nowadays a greater share of costs is asked of students and their families by means of tuition fees and student loans. In the scope of our research it has the following consequences: when a student has to pay tuition both in public and private university, the choice is no longer based on the financial

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criteria. Therefore, private HEIs increase their chances to get the candidate-student in the competition with public providers.

*In summary, this chapter consists of a discussion of various concepts that consider the reform of public sector in its entirety, introduce the notion of private sector of HE and explore the influence of governmental policies on the development of private sector. It provides us with a theoretical framework and an analytical model against which the methodology of the research required for conducting a documentary analysis of policy changes aimed at emergence of private sector of HE in Russia is developed.*

### 3 Research methodology

*The objective of this chapter is to present the research methodology used in the paper in order to answer central research questions and the sub-questions of the study as well as outline the processes of data collection and data analysis. The structure of the section is following: at first, it deals with the research design and strategy, taking into account the description of case study. Qualitative character of the research is considered alongside with exploratory, explanatory and descriptive approaches applied in the study. Secondly, we introduce the research method - documentary analysis by virtue of content analysis of Russian legislature that represents governmental policies aimed at emergence of private sector of HE. Thirdly, the procedure of data collection is presented, including information about utilized documentary. As a last part of the chapter the principles of conducting data analysis are explained. There we operationalize and adjust to the Russian context the conditions for the emergence of private sector in HE, that were derived from the theoretical background in previous chapter; we formulate the key concepts of mentioned conditions that are being further sought in the documents.*

#### 3.1 Research design and strategy

For the purpose of this thesis a qualitative research design is chosen. According to Straus and Corbin (1998), such kind of research can be explained as a research which produces findings that have been attained not by statistical procedures or any other means of quantification. We consider the primary objective of qualitative research as describing and understanding (Babbie & Mouton, 2001). It seeks a meaning of the phenomena and contributes to the development of theory by examining all the aspects of the same phenomenon to see their correlations and interrelations (Henning, 2004). Consequently, in our case, qualitative research is proposed, due to the fact that we will have to reflect on, evaluate and interpret in the process of data analyzing towards generalization and making some assumptions about the reform of emergence of

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private HE sector in Russia, we suggest that our study will have a qualitative design.

The type of the research being conducted is the case study. It investigates a phenomenon within its real-life context, where multiple sources of evidence are used to construct or inform the phenomenon (Yin, 1984). Particularly, the case under study is policy changes in the RF that have led to the emergence of private sector of HE.

Three different approaches are utilized in this research. Concerning theoretical part of the study exploratory approach is applied, in order to analyze the rich knowledge base on the subject, developed by other researches. Regarding analytical part of the research, a combination of exploratory, descriptive and interpretive approaches will be applied. Firstly, it tends to explore indicative characteristics of the public sector reform process and governmental policies aimed at HE in the literature. Secondly, it explores, describes and interprets the situation in the case of Russia.

### **3.2 Case selection**

For the purpose of conducting our case study, a choice of a single case has been made. It will focus on the HE policy of Russia. In the research we will investigate the emergence of private sector in HE, by focusing on the governmental policies that have influenced greatly the process whether in stimulating way or in restricting. Therefore, the unit of observation in the study is the state policy.

The choice of the country was made based on Russia's historical background and interesting development after the collapse of the Soviet Union. Alongside with the process of privatization of state owned property in various industries, a phenomenon of emergence of new privately owned organizations in traditionally public sectors developed. Private sector of HE is one of the striking examples of such phenomenon. Being for a long time a communist country with no private ownership, in two decades Russia have multiplied its privately owned sector of HE (Rastopshina, 2006). Therefore it is very interesting to analyze the process of transformation of the country from communist state

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(centrally planned and with strict state control) to the liberal country that intend to apply NPM ideas, on the example of emergence of HE private sector. The timeline set for the research encompasses the period from the beginning of the 1990s up until 2006.

### 3.3 Research method

Research methods are specific procedures used to gather and analyze the data related to some research question (Crotty, 1998).

For the purpose of present study, the research method selected is a documentary research method. It refers to the analysis of documents that contain information about the phenomenon under investigation (Bailey, 1994). The documentary research method is used in scrutinizing and categorizing of written documents whether in private or public domain (Payne, 2004). Coupled with surveys and ethnography, documentary research is one of the three main types of social research and supposedly has been the one most used of them (Ahmed, 2010).

The document – is a unit of observation in our research. A broad definition of document is “any written material other than a record that was not prepared specifically in response to some requests from the investigator” (Guba & Lincoln, 1981). The documents to be utilized in current research are primary documentary sources.

In order to conduct documentary research, the content analysis of the documents is used. Content analysis refers to the procedures which operate with categories, but which seek at least to quantify these categories by means of a frequency survey of classifications (Titscher et al., 2000).

In order to conduct a content analysis in this study, the procedures of the process are explicitly formulated and the selection criteria are clearly identified. The key concepts are formulated and operationalized for the conditions of reform process (revealed in theoretical chapter) for further facilitation of search process in documentary.

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In current research the key concepts for identified conditions of emergence of private sector in HE are treated as primary content; context information regarding key concepts as latent content.

### 3.4 Data collection

For the purpose of answering the second research sub-question posed in our study, regarding the steps of the reform that were taken by Russian government in order to allow the emergence of private education sector, we will collect and analyze primary sources of data. Among primary sources, we can name national legislation (Constitution of RF, federal laws, governmental decrees and Acts, administrative regulations), federal state educational standards, policy papers and other possible legal official documentary on HE. The necessary data is dated from 1990 up to 2006 according to the period studied, which marked the collapse of the Soviet Union and beginning of the reform process in many sectors of the country.

The following criteria were used to select the documents:

- The legislative documents belong to the studied period of time - during 1990-2011 years (after the collapse of the Soviet Union);
- The legislature is relevant to the topic of the research – legislative acts apply to the area of education of RF, contain regulations regarding HE and private HE in particular. In several documents the principal directions of development and modernization of educational system are considered.

Thus, we have selected a following list of documents for our analysis:

1. The law N 3266-1 *“On Education”* of July 10, 1992 with amendments.<sup>1</sup>

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<sup>1</sup> Law N 3266-1 “On Education” of July 10, 1992, amended on January 13, 1996; November 16, 1997; July 20, 2000; August 7, 2000; December 27, 2000; December 30, 2001; February 13, 2002; March 21, 2002; June 25, 2002; July 25, 2002; December 24, 2002; January 10, 2003; July 7, 2003; December 8, 2003; December 23, 2003; March 5, 2004; June 30, 2004; July 20, 2004; August 22, 2004; December 29, 2004; May 9, 2005; July 18, 2005; July 21, 2005; December 31, 2005; March 16, 2006; July 6, 2006; November 3, 2006; December 5, 2006; December 28, 2006; December 29, 2006; January 6, 2007; February 5, 2007; February 9, 2007; April 20, 2007; June 26, 2007; June 30, 2007; July 21, 2007; October 18, 2007; October 24, 2007; December 1, 2007; February 28, 2008; April 24, 2008; July 23, 2008; October 27, 2008; December 25, 2008; February 10, 2009; February 13, 2009; July 17, 2009; November 10, 2009; December 17, 2009; December 21, 2009; December 27, 2009; May 8, 2010; June 17, 2010; July 27, 2010; September 28, 2010; November 8, 2010; December 8, 2010; December 28, 2010; December 29, 2010; February 2, 2011; June 3, 2011; June 16, 2011; June 17, 2011; June 27, 2011; July 1, 2011; July 18, 2011 (hereinafter the law “On Education”).

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The law introduces a legal framework for all levels of education in general. “On Education,” provides for the founding and functioning of educational institutions of various legal organizational forms, including state, municipal, and non-state, and indeed introduces the term ‘non-state educational institutions.’ These are described as ones established by private, civil (public), or religious entities, and they are stipulated to be non-profit organizations. No clear-cut distinction between ‘private’ and ‘non-state’ is outlined. A major part of this law is dedicated to the mechanisms of quality assurance through the system of licensing, attestation, and accreditation of educational institutions.

2. The federal Law N 125-FL, of August 22, 1996, “*On Higher and Professional Education*” with amendments.<sup>2</sup>

The law makes specific reference solely to HE. The federal law establishes the basis of the legal regulations in the field of higher and postgraduate education, consolidating the principles of state policy in this area. It defines the competences of the federal government and state authorities of the RF in the field of education, establishing the structure of HE, as well as regulating the activity of HEIs. In order to ensure the quality of education the law stipulates for the development of state educational standards that include both federal and national-regional components. Concerning private HEIs, the law further develops the legal regulatory framework for them by stipulating the conditions of the financing.

3. Government decree of October 4, 2000 N 751 on “*The national doctrine of education in the Russian Federation*”.

With the help of this document the general concept of education in Russia will be investigated. The doctrine of education is a basic state document, approved by the federal law, which establishes the priority of education in

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<sup>2</sup> Federal Law N 125-FL, of August 22, 1996, “On Higher and Professional Education”, amended on July 10, 2000; 7 August 7, 2000; December 27, 2000; December 30, 2001; June 25, 2002; December 24, 2002; January 10, 2000; April 5, 2003; July 7, 2003; December 23, 2003; August 22, 2004; April 21, 2005; December 31, 2005; July 6, 2006; July 18, 2006; October 16, 2006; November 3, 2006; December 29, 2006; January 6, 2007; February 9, 2007; April 20, 2007; July 13, 2007; October 18, 2007; October 24, 2007; December 1, 2007; February 28, 2008; April 24, 2008; July 23, 2008; December 25, 2008; February 10, 2009; February 13, 2009; July 18, 2009; August 2, 2009; November 10, 2009; December 17, 2009; December 21, 2009; December 27, 2009; May 8, 2010; July 27, 2010; November 8, 2010; December 28, 2010; February 2, 2011; June 16, 2011; July 18, 2011 (hereinafter the law “On Higher Education”).

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public policy, provides strategy and main directions of its development. The doctrine defines the goals of education and the ways to achieve these goals through public education policy. It also describes the expected results of the development of the education system in 2025.

The following documents will be investigated in order to analyze the main principles of the reform of educational system in the RF that took place in the beginning of 2000s and could serve in favor of development of private sector in HE:

4. Decree of MESRF of February 11, 2002 N 393 on *"Plan of modernization of Russian education for the period till 2010"*.

The Plan of modernization further develops the basic principles of educational policy in Russia, which are defined in the Law "On Education", in Federal Law "On Higher and Professional Education", and disclosed in the National Doctrine of education. The Plan of modernization defines the priorities, measures and general strategy for the reform process of education. The law will be investigated together with the report of its first results:

5. Analytical report of MESRF of 2003 on *"Major results of work of the educational system in 2002 on realization of the Plan of modernization of Russian education for the period till 2010"*.

MESRF with the participation of interested federal departments and agencies has developed a package of interagency actions to implement in 2002-2005 in order to realize the Plan of modernization of Russian education. The document was approved by the Government of the RF and submitted for execution to the federal bodies of executive power. The MESRF is responsible for coordinating and monitoring the progress. Summarizing the results of the work in 2002 MESRF prepared an analytical report to be heard at a Government session at the beginning of the II quarter of 2003. In general, the report presents information on the interagency activities.

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6. *"Federal Program for Education Development"*, a supplement for the Federal Law of April 10, 2000 N 51-FL "On approval of Federal Program for Education Development" (amended on June 26, 2007).

Federal Program for Education Development (hereinafter - the Program), in accordance with the RF law "On Education" is the organizational basis of public policy of the RF in the field of education. The program determines the strategy of priority of the education system development and measures for its implementation. The main objectives of the Program are developed by the relevant regional programs that address ethno-cultural, socio-economic, cultural and other characteristics of a particular region. Implementation of the Program's objectives is secured by both current funding from the budgets required for sustainable operation of the RF educational system as well as from additional targeted funding directly to the activities of the Program.

The decision to develop the Program was adopted by the Government of the RF of October 14, 1992 N 787 "On organization of the competition to develop a federal program of education." In addition, in order to correlate the reform ideas with NPM values, a more broad look on the socio-economic policy of RF the following documents will be examined:

7. Project of the Ministry of Economic Development of the RF of June 2000 *«Principal directions of socio-economic policy of Russian Government over a long-term perspective»*.

In the Project of the Ministry of Economic Development of the RF *«Principal directions of socio-economic policy of Russian Government over a long-term perspective»* (hereinafter - the Project) the modernization of Russian economy and social policy is proposed. Modernization is based on the "release" of private initiative and strengthening of the state's role in ensuring of favorable business conditions, including financial and social stability. The Project rejects the models of the welfare state (paternalism) and of the privatization of social functions (radical liberals). It proposes to create a "subsidiarity" state, which provides social guarantees to the extent to which a society cannot do this alone. The purpose of the Project is to consistently improve living standards through self-realization of every

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citizen, to reduce social inequality, to preserve the independence and cultural values of Russia's economic recovery and political role in the world community. There can be found separate paragraphs with the regard to educational policy.

Further, as the research addresses the problem of emergence of private sector in HE, the documents concerning allowance of private ownership and regulations of private organizations are considered. Without these specific legislatures, emergence of private sector would not be possible absolutely.

8. The last *Constitution of USSR of the October 7, 1977* (amended on June 24, 1981; December 1, 1988; December 20, 1989; December 23 1989; March 14, 1990; December 26, 1990).
9. *The Constitution of RF of December 12, 1993* (amended on December 31, 2008).

The Constitution is the main law of the country, describing the Constitutional Order, human and citizens' rights and freedoms, the Federal structure and so forth.

Concerning the limitations of data collection and analysis part in the research, it should be noted that our study is limited to publicly available documents. As it was shown above, we focus on the national legislative documents.

Another problem or limitation of the research process concerns the language. All the documents of national legislation in RF are presented in the Russian language; therefore there is an issue of translations' accuracy. Second language problem that we face during the research is linked with the fact that same notions have very different linguistic meanings according to their translations in English and Russian languages. For instance, "*public*" sector is translated into Russian as "*государственный*" сектор (gosudarstvenniy sektor), which has a direct meaning of "*state*" sector. Another example that can be noted applies to *private* HEIs. Word "*private*" in this phrase has a translation in Russian language of "*негосударственный*" (negosudarstvenniy), which has a meaning of "*non-state*" or "*non-governmental*".

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So, from these examples we see a different conceptualization and understanding of public sector and private HEIs in Russian language, where it has a reference to state and non-state concept.

Having completed the procedure of data choice and collection, the next section is devoted to the description of the process how the data will be analyzed.

### **3.5 Operationalization of the conditions under which private HEI emerge and development of the key concepts**

After scrutiny of the literature concerning NPM ideas, private HE sector and governmental policies which compose the theoretical background of current research, we succeeded to build an analytical model according to which the current research will be conducted. In this model we distinguish between several main conditions for the emergence of private sector in HE. The conditions are the following: allowance of private ownership, QA mechanisms in HE, funding mechanisms in HE, and decentralization of the system of HE.

However, in order to provide further analysis on the basis of provided analytical model, a distinct operationalization of chosen conditions for the emergence of HE private sector is presented hereafter. The operationalization of these conditions will contribute to the development of key concepts that will be used as the search indicators in the targeted Russian official documents in purpose of answering the research questions posed in the study.

#### **A) Allowance for private ownership**

The importance of private property rights as an incentive was already recognized by Adam Smith (1904) according to whom the impossibility of accumulating property leads people to lose interest in work and diverts their interest to maximizing consumption instead. The Soviet Union was a state that proclaimed its adherence to Marxism-Leninism ideology that restricts rights of citizens on the private property (Pano & Kapetani, 1980). It should be noted that before the reforms of 1990s, country was highly centralized both

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economically and politically with no private ownership at all (Rastopshina, 2006).

Due to the fact that current research is focused on the emergence of private sector in HE, we have proposed an investigation of the origin of private property in Russia in 1990s after the collapse of the USSR.

First of all, we will analyze the legislation for the presence of private property rights. That will give us a starting point for further investigation on the emergence of private sector.

Secondly, we will analyze all the legal documents described above for the presence of specific regulations that are aimed particularly on private HEIs. It means the presence of separate chapters for private sector in HE or particular regulations for private providers of HE.

At the same time, we will investigate whether or not the privatization of state or municipally owned HEIs is allowed.

Therefore, the criteria for the investigation are the following:

- *the presence of private property rights;*
- *the presence of separate chapters for private sector in HE or particular regulations for private providers of HE;*
- *allowance for the privatization of state or municipally owned HEIs.*

## **B) Decentralization of decision-making authority in the system of HE**

To understand better what is implied by this criterion, two notions will be explained: deconcentration and decentralization (Decentralization in education: National policies and practices, UNESCO, 2005)

Deconcentration means the transfer or delegation of responsibility for managing the activities or services in question (in our case HE) from the national level to a local level of a ministry or central institution. This devolution of authority concerns the application of regulations, but not of their formulation. Decision-making and policy formulation remain largely centralized.

In current research we focus on such governmental policy as decentralization, which involves the transfer of all or part of the decision making, responsibilities and management vested in the central authority towards another regional, provincial or local authority (districts, municipalities, "communities") or

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towards HEIs themselves. Therefore, decentralization embraces both governmental and financial dimensions. The regional and local authorities may change and/or adapt educational priorities, curricula, teaching methods and educational management while managing their budget and the expenditure. Sometimes in the literature the term of devolution is implied, when the local units of government are autonomous and independent and their legal status is separate from central government. The central authorities exercise only indirect control and monitoring of the local units but may set up machinery to regulate and evaluate local policies. This process is basically different from privatization, which is a transfer of authority to private companies or individuals. The degree of decentralization may differ greatly from one country to another. Decentralization may be limited to the material and financial management of educational institutions, but also concern curriculum design. A final kind of decentralization—institutional decentralization—concerns the degree to which subnational communities or their representatives have formal rights within the procedures of central decision making.

Educational decentralization in general defines how far decision-making should be decentralized for each level or type of education (primary, secondary, higher, pre-primary and literacy training). It also defines how responsibilities will be allocated for the development of curricula and teaching methods, evaluation, textbook production and distribution, recruitment and remuneration of teachers, school building and maintenance, the establishment of links between parents and teachers.

This criterion is very important to study due to the fact that decentralization of state authority is one of the most important issues of the modernization of Russian HE politics (Kirillov, 2010).

For a criterion of decentralization we are going to look if central ministries delegate more decision-making authority to regional or local entities, i.e. for budget management.

In our analysis will investigate how much power is decentralized to HEIs by looking to the structure of HEIs regulation. Thus, the criteria of decentralization we are going to investigate are the following:



- *On which level the budget and expenditure of HEI is managed: central or regional/local?*
- *Are the local units of government autonomous from central government?*
- *Are there special rules for recruitment of students?*
- *Who has the responsibility for*
  - *the development of curricula;*
  - *the development of teaching methods;*
  - *textbook production;*
  - *textbook distribution;*
  - *remuneration of teachers;*
  - *buildings maintenance?*

### **C) Quality assurance mechanisms of HE**

QA in HE can be defined as systematic management and assessment procedures adopted by HEIs and HE system in order to monitor performance against objectives, and to ensure achievement of quality outputs and quality improvements (Proceedings of the International Conference on Quality Assurance in Higher Education: Standards, Mechanisms and Mutual Recognition, UNESCO, 2000).

Therefore we will examine the changes in accreditation system and its development in Russia after 1990s. According to Schwarz (2004), “[t]here are currently no patterns that demonstrate comparable structures of accreditation schemes”. However, in our research we will apply the definitions of accreditation and evaluation schemes derived by Schwarz in her work (2004). According to the author, accreditation schemes represent all institutionalized and systematically implemented evaluation schemes of HEIs, degree types and programs that aim at formal approval process of them.

Concerning QA of private sector in HE, the main aim of the various legislation is to protect the status and quality of awards, to ensure that private providers have met minimum criteria with regard to facilities and staff capacity, to ensure that the provision of higher education services by private providers is consistent with that offered by publicly-funded institutions and, in keeping with

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National standards ensure that private providers offer courses which meet appropriate standards.

In order to evaluate the HE accreditation schemes of Russia, we will compare the legislative data concerning regulations on licensing and accreditation towards both types of HEIs – public and private, in order to compare the two sectors regarding governmental policies. Therefore, we introduce the following criteria in our analysis:

- *Are the private HEIs allowed for the process of state accreditation?*
- *Are the standards for licensing and accreditation the same for public and private HEIs?*
- *Are the procedures of accreditation (rules, regulations and deadlines) the same for public and private HEIs?*
- *Are the private HEIs allowed to issue diplomas?*
- *Do the diplomas of accredited private HEIs have the same status as diplomas of public HEIs?*

The answers to these questions will at the same time allow us to make some preliminary conclusions about the level of competition between public and private providers of HE.

#### **D) The system of HE funding**

The changes in financing and governance are the key element in the reform of HE in Europe, and there is a very close link between changes in financing and changes in governance (Weiler, 2001). As we have noted above, the changes in funding mechanisms of HE are stipulated by the introduction of market forces to traditionally public sectors (Goran, 2009). At the same time, introduction of market mechanisms is closely related to the process of encouraging of competition. The category of funding is represented by teaching and research funding, student financial support and educational fees.

In the case of Russia, the process of marketization marked the period after the Collapse of the Soviet Union. During the period studied, state financing was decreasing, therefore such changes as results-oriented budgeting and audit

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from financial compliance to value-for-money audits could become very valuable (Lienert, 2005).

Therefore we will look at the legislative acts of the two past decades for the changes in budgeting of HEIs. It is important to understand if there was a general decline in financing of HEIs or a redistribution of funding according to the role and performance of HEIs – for example, through fellowship programs. At the same time we will examine the criteria that influence the provision of public funding to HEIs.

The study of legalization of entrepreneurial activities in HEIs also is interesting for our study in the current category of the funding system. By entrepreneurial activities we imply, for example, renting out of property of an educational institution; sale of purchased goods, equipment; purchase of stocks, bonds and getting income (dividends and interest) from them. An activity of HEI is entrepreneurial only to the extent to which the resulting income from the activities discussed above is not re-invested in this institution, and (or) on the immediate needs of development and improvement of educational process (including wages) in this educational institution.

We will also examine funding policies influencing the level of competition between public and private providers.

Thus, in the study of HE financing schemes, we will concentrate on the following criteria:

- *On which level the budget of HEI is managed: central or regional/local?*
  - *What are the formal criteria, laid down in laws and regulations, on the basis of which HE providers qualify for public funding?*
  - *Do these criteria refer to the quality and efficiency of the programs or the institutions providing the programs?*
  - *Has an education for a fee been introduced in public universities (as a source of funding)?*
  - *Has revenue from entrepreneurial activities of HEIs been legalized?*
  - *Have new models of state funding been proposed?*
  - *Have new models of state funding been implemented?*
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- *Do the students from private HEIs as from public HEIs have the same rights for the student scholarships?*
- *Do the students from private HEIs as from public HEIs have the same rights for the student loans?*

### 3.6 Data analysis: key concepts and rules for qualitative content analysis.

Current research is conducted by the means of content analysis, which is used to determine the presence of certain words or concepts within texts or sets of texts. We will quantify and analyze the presence, meanings and relationships of the concepts we have chosen and then make inferences about the messages within the texts. To conduct our analysis, the texts will be coded to the level of concepts and then examined. The data will be analyzed manually.

For the sake of clarity, the key concepts of chosen policy changes and their brief overview are put in the **Table A**. The **Table A** is divided into three columns: in the first column conditions or policy changes are presented, in the second column a short description of a key concept for the condition is given. The third column contains the criteria for investigation for the presence of the concepts.

#### 3.6.1 Key Concepts

**Table A:** Conditions/policy changes, important for the emergence of private HE sector and their conceptualization.

Conditions/policy changes	Key concepts of the conditions	
	Meaning of the concept	Criteria for the investigation of a concept
Allowance for private ownership	On meta level: origin of private ownership in the country after collapse of the Soviet Union. On the policy level: separate, particular consideration of private HE along with public.	<ul style="list-style-type: none"> <li>• <i>The presence of private property rights;</i></li> <li>• <i>The presence of separate chapters for private sector in HE or particular regulations for private providers of HE;</i></li> <li>• <i>Allowance for the privatization of state or municipally owned HEIs.</i></li> </ul>
	Involves the transfer of all or	<ul style="list-style-type: none"> <li>• <i>The responsibility for the</i></li> </ul>

Decentralization of decision-making authority in the system of HE	part of the decision making, responsibilities and management vested in the central authority towards another regional, provincial or local authority (districts, municipalities, "communities") or towards HEIs themselves. Decentralization embraces both governmental and financial dimensions.	<p><i>management of budget and expenditure of HEI on the regional/local level;</i></p> <ul style="list-style-type: none"> <li>• <i>Autonomy and independence of the local units of government from central government;</i></li> <li>• <i>The responsibility of HEIs for</i> <ul style="list-style-type: none"> <li>○ <i>the development of curricula;</i></li> <li>○ <i>the development of teaching methods;</i></li> <li>○ <i>textbook production;</i></li> <li>○ <i>textbook distribution;</i></li> <li>○ <i>recruitment of teachers and students;</i></li> <li>○ <i>remuneration of teachers;</i></li> <li>○ <i>buildings maintenance.</i></li> </ul> </li> </ul>
Quality assurance mechanisms of HE	A systematic management and assessment procedures adopted by HEIs and HE system in order to monitor performance against objectives, and to ensure achievement of quality outputs and quality improvements.	<ul style="list-style-type: none"> <li>• <i>Allowance of private HEIs for the process of state accreditation;</i></li> <li>• <i>Same standards for licensing and accreditation for public and private HEIs;</i></li> <li>• <i>Same procedures of accreditation (rules, regulations and deadlines) for public and private HEIs;</i></li> <li>• <i>Allowance of private HEIs to offer diplomas;</i></li> <li>• <i>Same status of the diplomas of accredited private HEIs as diplomas of public HEIs.</i></li> </ul>
Funding mechanisms of HE and of the research)	<p>The changes in funding mechanisms of HE are stipulated by the introduction of market forces. A close connection between the changes in financing schemes and changes in the governance are observed.</p> <p>The category of funding is represented by teaching and research funding, student financial support and educational fees.</p>	<ul style="list-style-type: none"> <li>• <i>The responsibility for the management of budget and expenditure of HEI on the regional/local level;</i></li> <li>• <i>Introduction of an education for a fee in public universities (as a source of funding);</i></li> <li>• <i>State budgeting of research in private HEIs;</i></li> <li>• <i>Legalization of entrepreneurial activities of a HEI;</i></li> <li>• <i>Proposal of new models of state funding;</i></li> <li>• <i>Implementation of new models of state funding (e.g. result-oriented funding model).</i></li> <li>• <i>Provision of the same rights to the students from private HEIs as from public HEIs for the student scholarships;</i></li> <li>• <i>Provision of the same rights to the students from private HEIs as from public HEIs for the student loans.</i></li> </ul>

Having considered the key concepts and main characteristics of governmental policies directions in search, we allow for the current research certain flexibility

for understanding of the key concepts. Thus, we prevent our research from the loss of important information that could possibly affect the results of our study.

### 3.6.2 Observation grid

The key concepts discussed above are searched in the documents concerning their existence, non-existence or ban rather than frequency due to the qualitative nature of the current study.

We should take into consideration the ambiguous style of making of the legislation in Russia, which presents a possibility to interpret the information in different ways. Therefore, the language used in writing of the legislative documents is taken into account while we have developed the analytical model for the research and conceptualized its main directions.

Thus, in the process of data analysis the following **Table B** template is filled for every document under investigation:

**Table B:** Template of the table for content analysis of a document.

Title of the document

Conditions/policy changes	(1) Key concept	(2) Situation	(3) Presence/absence of implementation measures
Allowance for private ownership	- Private property rights		
	- Allowance for the privatization of state or municipally owned HEIs		
	- Separate chapters for private sector in HE or particular regulations for private providers of HE.		
Decentralization of decision-making authority in the system of HE	- HEI budget management and expenditure on the regional/local level		
	- Autonomy and independence of the local units of government from central government		
	- The responsibility of HEIs for the development of curricula		
	- The responsibility of HEIs for the development of teaching methods		
	- The responsibility of HEIs for the textbook production		
	- The responsibility of HEIs for the		

	textbook distribution		
	- The responsibility of HEIs for the recruitment of teachers and students		
	- The responsibility of HEIs for the remuneration of teachers		
	- The responsibility of HEIs for the buildings' maintenance		
<b>Quality assurance mechanisms of HE</b>	- Allowance of private HEIs for the process of state accreditation		
	- Same standards for licensing and accreditation for public and private HEIs		
	- Same procedures of accreditation (rules, regulations and deadlines) for public and private HEIs		
	- Allowance of private HEIs to offer diplomas		
	- Same status of the diplomas of accredited private HEIs as diplomas of public HEIs		
<b>The system of HE funding</b>	- HEI budget management and expenditure on the regional/local level		
	- Education for a fee in public universities (as a source of funding)		
	- State budgeting of research in private HEIs		
	- Legalization of entrepreneurial activities of a HEI		
	- Proposal of new models of state funding		
	- Implementation of new models of state funding (e.g. result-oriented funding model)		
	- Same rights to the students from private HEIs as from public HEIs for the student scholarships		
	- Same rights to the students from private HEIs as from public HEIs for the student loans		

While filling the table for each document, the presence will be marked as “1”; ban with “-1”, not mentioned with “9”.

During the process of content analysis, the information from the tables is recapitulated and interpreted, followed by discussion of the main findings in the scrutinized data. For the purpose of validity, these findings are corroborated with the reference to the particular article of an analyzed document.

Thus, this procedure will guide us to the answer on our third research sub-question, concerning the extent, to which public sector reform implemented in Russian Federation from 1990 to 2007 meets the case of the conditions discussed in the literature.

*To summarize, in this chapter the analytical framework of our study has been operationalized, and the key-concepts for each policy change have been developed. The results are put in the table for better visualization. At the same time, a table for the analysis of all the documents according to the issues under investigation was presented. Further, it will be utilized in conducting analysis of policy changes in the area of HE in RF.*

*With the help of these tables, Russian state policy that have led to the emergence of private sector of HE will be studied, and we will present our reasoning about the extent to which Russian policy fits the conditions specified in the literature on the emergence of private HE sector. Consequently, we will present the answer to the central research question by means of integrating the answers to the corresponding research sub-questions.*



## 4 Data analysis

*This chapter presents an analysis of the governmental policies in the RF that have influenced the emergence of private HE sector from 1990 till 2011. The question of particular interest is to investigate which policy changes have led to the emergence of private HE sector in Russia and to examine whether Russia has followed the reforms' trajectory presented in the literature. In order to answer the research questions posed in the introduction chapter, the documentary analysis is carried out.*

*There are three groups of documents under investigation: (1) The Constitution of USSR (1977) and the Constitution of RF (1993). These laws display the development of private ownership rights in the history of the country. (2) The Project of the Ministry of Economic Development concerning principal directions of socio-economic policy of Russian Government. With a help of this document we will try to investigate the relevance of NPM ideas in HE policy of Russia. (3) Specific legislature developed for the area of HE. Analysis of these documents will provide a complex picture of HE policy in the RF and will allow us to make conclusions about the way private HEIs have emerged with regard to state policy.*

*We use the research technique of content analysis in order to analyze the legal documents. The documents are examined for the presence (or absence/prohibition) of the key concepts of the conditions for private HE emergence. The scheme of key concepts was operationalized in the Chapter 3. The results of observations are put in the tables with our textual explanation. Consequently, in the conclusion section we summarize the main findings and provide the answers to research sub-questions.*

### 4.1 The development of private property rights in the history of the RF

Until the beginning of 1990s, the concepts of private ownership and the use of real estate were not applicable to the regime of former Russian state. The laws of the Soviet Union did not recognize the concept of private ownership

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(Randolph, 1994). Therefore, in this section we will provide a comparative analysis of two constitutions of the Russian state for the development of private property rights (see annex: **Table 3** and **Table 4**). Due to the fact that the Constitution of the RF acts as the supreme law and no laws or other acts of the RF may contradict the constitution, we believe that a study of these laws will give us a clear picture of the private ownership rights' emergence.

Having conducted the content analysis of two documents, we can note that the notion of private property is not used in the Constitution of 1977. In the Law, we observe an existence of socialistic and kolkhoz-cooperative property, which makes the base of the Soviet Unions' economic system. The use of these kinds of property for private income is forbidden by the Constitution of 1977 (Ch. 2, art.10). Concerning the rights for property of the citizens, only individual property is described in the Law: in individual property may be the living house, articles of domestic utility and income from the labor (Ch. 2, art.13).

Speaking about education system of the country, we should note that all the citizens were guaranteed with the right for a free education (of all kinds: primary, secondary and higher). At the same time, scholarships and benefits are given by the state to the students and the textbooks are distributed for free (Ch. 7, art. 45).

Russia's commitment to a market economy can be seen from its new Constitution ratified in 1993. The Constitution provides evidence that Russia has embraced the principles of the free market and decentralized economy. The right to pursue own economic interests for individuals was guaranteed by the Constitution. Through the codification of this right in its foundational document, the RF has made decentralization an integral part of its legal structure.

The first two chapters of the Russian Constitution lay the legal foundation upon which the Russian government may build a market-oriented economy. Chapter 1 of the constitution guarantees to the Russian people the "freedom of economic activity" (Ch.1, art. 8). Additionally, this section of the constitution recognizes and protects private property on an equal footing as state property." Further, Chapter 2 protects an individual's right "to make free use of his abilities and property for purposes of entrepreneurial activity and other economic activity not prohibited by law" (Ch.2, art. 34).

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Article 35(1) of the Constitution, guaranteeing the right to private ownership, does not limit the right to "legal methods," or any prescription of "federal law." Given this strong wording, the RF committed to an economic system based upon individual ownership. Together with the guarantees of the first chapter, regulations of the Russian Constitution provide the fundamental building blocks for a free market economy. Through the Constitution, the Russian people possess the freedom to pursue their individual interests and use their property to promote these interests. Therefore, the RF seems to accept the principle that the state should relinquish economic power to the individual.

Despite the foregoing development of economic liberties, after ratification of new Constitution of the RF Russian people were still facing impediments to the realization of those rights. No clear rules yet existed to govern how property is bought and sold or how property rights are recorded and enforced. Establishing a legal right to property does, however, play a more subtle role in supporting the development of the private sector, by providing a foundation for property rights that had not enjoyed clear legal status in Soviet times (Kovatch, 1998; Markovich, 2001).

Concerning autonomy and independence of the local units of government from Federal government, there is a separate chapter for the local government. According to it, local government in the RF independently manages local issues, possession, use and disposal of municipal property (Ch.8, art. 130, paragraph 1). Local government bodies shall independently manage municipal property, form, approve and execute the local budget, establish local taxes, ensure the protection of public order, as well as manage other issues of local importance (Ch.8, art. 132, paragraph 1). Local government bodies may be vested by law with certain state powers and receive required to implement them material and financial resources. However, implementation of delegated powers is under the control of the state (Ch.8, art. 132, paragraph 2).

Concerning the education system of the RF, it is stated in the Constitution of 1993, that everybody has a right to education. In the Law only preschool, primary and secondary education is guaranteed to be free in state schools. There is a competition between the university entrants for free HE in state HEIs. The RF determines the state federal standards for education. (Ch. 2, art. 43).

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As a result of our analysis of these two documents, we can see how the right of private property was developing in the country. There is not much reference to the sector of HE in both documents. In each of them only one article is devoted to the general questions of education in the country (Constitution of 1977, article 45; Constitution of 1993, article 43). Therefore, this legislature was investigated only for the policy changes concerning allowance for the private ownership.

## **4.2 The system of HE in socio-economic policy of the RF**

The socio-economic policy of the state largely determines the place of education in the priorities of the states' development. Thus, in this section we are going to analyze the project of the Ministry of Economic Development of the RF of June 2000 «Principal directions of socio-economic policy of Russian Government over a long-term perspective» (hereinafter - PDSEP). We will investigate which conditions for private sector emergence are observed in the socio-economic policy of the RF (see annex: **Table 5**). It should be noted that in this document there is a particular chapter devoted to the educational system of the state. Generally, in the discussion of principal directions of socio-economic policy of Russia most attention in the PDSEP is paid to the financial measures.

Having conducted the analysis of the PDSEP, we will present here the summary of its results according to the four policy changes (conditions), operationalized in the methodology chapter.

### **Allowance for private ownership**

In light of the Russian policy course aimed at implementation of democratic liberal standards, activation of private sectors and resources was the means of decentralization process and of introduction of new funding mechanisms. Therefore in the PDSEP we observe a clear emphasis on the importance of the private property. The document postulates that the baseline for the formation of an effective economic system and a favorable business climate is the assertion of *private property rights* (especially land and real estate) and insurance of their

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protection. A whole section of the PDSEP is devoted to property rights protection (Section 1.2.1). There it is said that the state must restrain itself from any direct or indirect measures in the field of privatization. Thus, one of the main policy directions of the RF in socio-economic dimension is to favor the private sectors development and at the same time to phase out the excessive interference in business affairs.

However, in general the concept of privatization is not well worked out in the PDSEP. Our idea can be supported with an example of inconsistent regulations in the document in the area of privatization. Thus, in the section 3.2 it is noted that “the main directions of state policy in the management of state property should be privatization of large segments of enterprises and economic entities in the public sector”. Whereas, in the section devoted to the modernization of educational system (Section 1.5), we find information of opposite nature. It is noted that “it is necessary to confirm *a ban on the privatization of property assigned to state and municipal educational institutions* or labor unions of these educational institutions”.

Speaking about private HEIs, the PDSEP has a direct reference to the private HE sector (Section 1.5). Private HEIs are referred to as ‘structures of various forms of property’ or ‘non-governmental HEIs’. Moreover, we can observe that development of private HE sector is seen in the document as an integral part of the development of the Russian HE system itself. Gradual convergence of the rights of public and private educational organizations with state accreditation is announced in the PDSEP.

### **Decentralization of decision-making authority in the system of HE**

In introductory section decentralization policy in economy and governance of the country is announced. It is stated that experience of Europe has shown that the prevalence of the distribution functions of the state leads to economic stagnation, political apathy and civic indifference. However, after conducting an analysis of the document for the concepts of “decentralization”, we observe that the concept is not developed at all. We find only the criterion of *HEI budget management and expenditure on the regional/local level* in the PDSEP. In section

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1.2 the document refers to the law “On Education”, which established principles of academic and economic autonomy of educational institutions, freedom of choice in education for teachers and students. At the same time, general intention of the government to involve regional authorities in funding of HE organizations is observed (Section 1.3).

We should note that the PDSEP proposes an empowerment of educational organizations to manage their financial resources, including planning and execution of cost estimates. Thus, we can observe a policy change towards inclusion of local levels in the issues concerning financing mechanisms. Other specific categories of our analysis such as responsibilities for curricula and teaching methods development are not presented in the document, due to its more broad character of orientation.

### **Quality assurance mechanisms of HE**

The PDSEP foresees the governmental regulation of education as quality control mechanisms and accreditation of educational organizations in Russia. At the same time, government understands that this will require a significant increase in the efficiency and transparency of these mechanisms (Section 1.5). For the purpose of our study it is important to note that *private HEIs are allowed for the process of state accreditation* according to the PDSEP.

### **The system of HE funding**

As we have already noted in the beginning of the PDSEP analysis considerable part of the project is focused on modernization and reform of funding mechanisms of the RF (Section 2). The given reasons for the change are financial instability and the debt burden on the economy. According to the PDSEP, the main factor of economic growth at this stage is to develop "a new sector" based on the release of entrepreneurial initiative (Section 2).

The situation for *HEI budget management and expenditure on the regional/local level* in the PDSEP was explained above in the policy change aimed at decentralization of decision-making authority in the system of HE. We have observed an intention of government to involve regional authorities in funding

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of HE organizations (Section 1.2). Even more financial autonomy from the state is granted to HEIs by the *allowance to fee-paying education provision* with a reference to the law "On Education". In the section 1.5 of the PDSEP it is said that the most important element of the new economic mechanism is "contractual (market) forms of relationships with government and private customers, including direct beneficiaries of educational services". It is also pointed out that governmental capital investments should be as means to stimulate effective utilization of non-state income of HEIs.

Different *new models of state funding* are discussed in the PDSEP. For example, the urgency of transition to personalized differentiated support for students from low-income families or for students living in the remote areas is noted (Section 1.3). In our opinion, in future this system of funding will allow to include private HEIs as money can be directed not towards particular public HEI but to a student, who can choose either public or private university for education.

In the section 1.4 the second direction of funding reform is described, which encourages market competition between HE providers for the governmental funding. The PDSEP proposes to allocate a separate budget for educational institutions that play a key role in the development of the entire education system or in the execution of "innovative order" of the state. The state's investment in education will be implemented mainly in the form of co-financing of selected projects on a competitive basis. According to the plan, this will help to mobilize non-state funding of educational institutions (Section 1.4). *The implementation of some new financial models* in the system of HE was planned in 2001-2004 years.

### **4.3 Regulation of educational system of RF**

The current regulations of HE system of Russia will be investigated with a help of two main laws that were issued in the 1990s and which govern the system till nowadays. The documents will be examined separately in order to see the

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possible difference between the concepts in educational and HE policy of the state.

The first document under investigation is the law “On Education” of 1992 (hereinafter – LOE). Numerical results of its analysis can be found in the annex **Table 6**, while here we present a short summary of the findings.

### **Allowance for the private ownership**

The LOE further develops the policy of private rights consolidation of the RF conducted in the 1990s. It has several references to private rights, private property and private HEIs in particular. In chapter 4, devoted to the economics of education we observe an article that directly considers *property relations* in the education system. There it is said that an educational institution is given ownership rights of the property (land, buildings, equipment etc.) that belongs to the founder of the institution by the right of ownership or leased from a third party (the owner) (Ch. 4, art. 39, paragraph 1). Further it is declared that “funds received by the educational institution from foreign economic activity belongs to the institution and are not subject to withdrawal” (Ch. 6, art. 58, paragraph 1). However, *privatization of state or municipally owned educational organizations is forbidden* in the LOE (Ch. 4, art. 39, paragraph 13).

For the sake of our study it is very important to note that *particular regulations that allow for the emergence of private HEIs* are observed in the LOE. Namely, it is postulated that: “educational institutions in their organizational and legal forms may be state, municipal, non-governmental (private, establishments of public and religious organizations” (Ch. 2, art. 12, paragraph 3).

At the same time, there are two separate articles in the LOE that contain regulations only for private educational institutions. According to the LOE, private educational organizations can be created in the legal forms provided by the civil legislation of the RF for non-profit organizations (Ch. 2, art. 11-1, paragraph 1). The activities of private educational institutions in the part not regulated by this Law shall be governed by the legislation of the RF (Ch. 2, art. 11-1, paragraph 2).

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Concerning the management of private educational institutions, it is said that private educational institution is managed by its founder or on behalf of the board of trustees, formed by the founder (Ch. 3, art. 36, paragraph 1). The competences of the board of trustees and the scheme of the internal management of private educational institutions, as well as the procedure for the appointment or election of the head of the educational institution and its competences are determined by the founder (or by the board of trustees) in consultation with teaching staff and recorded in the charter of private educational institutions (Ch. 3, art. 36, paragraph 2).

### **Decentralization of decision-making authority in the system of HE**

The concept of the decentralization of decision-making authority is well discernible in the LOE. According to the document, most of the decisions that concern public HEIs are made on the level of an educational institution, which is left with a quite large autonomy from the state. For example, we observe in the LOE several references concerning the issue of *independent use of budget means by an educational institution* (Ch. 4, art. 41, paragraph 5). The document postulates that “financial resources of educational institutions that are allocated by its founder or owned by this educational institution are used according to its discretion in conformity with the charter of the educational institution and not subject to withdrawal, unless otherwise stipulated by the legislation of the RF” (Ch. 4, art. 41, paragraph 2). According to the LOE, educational institution has a right to have its own balance and current account (including currency account) in banks and other credit institutions (Ch. 4, art. 43, paragraph 1).

Such criterion of decentralization concept as the responsibility of HEIs for the development of curricula and teaching methods is well observed in the LOE (Ch. 3, art. 32, paragraph 2). According to the general requirements for the educational process, “the educational process is regulated by curriculum, by annual educational schedule and timetable of classes, which are developed and approved by the educational institution itself”. However, we should note that state education authorities make up the model (example) of curricula and syllabi of courses and disciplines (Ch. 2, art. 15, paragraph 1).

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According to the LOE, *the responsibility for the recruitment of students belongs to the HEIs* as well. In the general requirements for admission to educational institutions it is noted that admission to the public HEIs is realized on a competitive basis of citizens' claims. Conditions of the competition should guarantee the right of citizens to education and ensure enrollment of the most capable and prepared students (Ch. 2, art. 16, paragraph 3).

At the same time, *HEIs is responsible for the recruitment of teachers and their remuneration*. We observe in the LOE that recruiting, hiring and placement of personnel and responsibility for personnel's qualifications are among the competencies of an educational institution (Ch. 3, art. 32, paragraph 2). The responsibility to remunerate the teaching staff is derived from the right of public HEIs to independently determine the direction and use of its state and non-state funds, including a share allocated to the salaries for employees of educational institutions (Ch. 4, art. 42, paragraph 5).

In the article devoted to material and technical base of educational institutions it is noted that an *"educational institution is accountable for the maintenance of the buildings, equipment and other property assigned to it and (or) belonging to it by right of ownership"* (Ch. 4, art. 44, paragraph 1).

### **QA mechanisms in the system of HE**

In the LOE the QA mechanisms are determined through the procedures of the state licensing and accreditation. The measures described are rather limited and not explicit and the analyzed document does not have a direct link to the regulations of accreditation procedures for private HEIs. However, when accreditation process is considered, there is no separation to public and private educational institutions and we can make a conclusion for *the allowance of private HEIs to the process of state accreditation* (Ch. 3, art. 33).

Given the present situation in the RF concerning the existent fact of diplomas issuing by private HEIs, we can conclude that the absence of restricting legal provision *permits private HEIs to offer diplomas* and confer degrees. However, in order to issue a diploma of the state standard, an educational institution must be accredited by the state (Ch. 3, art. 33). For the sake of clarity, it should be

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explained that in Russia public HEIs issue 'state diplomas' and accredited private HEIs – diplomas of the state standard, which do not have any differences from the legal point of view. A state approved diploma of the state standard guarantees an appropriate level of education; it has the seal of the State with the Emblem of the RF (Ch. 3, art. 33, paragraph 16-17).

Thus, we can conclude that the process of state accreditation is very important is the HE system of the RF as it equalizes the diplomas of public and accredited private HEIs.

### **The system of HE funding**

The situation for the criterion of *HEI budget management and expenditure on the regional/local level* was explained earlier in the section devoted to the decentralization of decision-making authority in the system of HE. There we have discussed that the LOE contains several references to the issue of independent use of state funds by an educational institution (Ch. 4, art. 41, paragraph 2 and 5; Ch. 4, art. 43, paragraph 1).

There is no reference to the implementation of new models of educational system funding in the LOE of the RF. However, we can observe the introduction of market principles in the system, which *permits entrepreneurial activities* in educational institutions (Ch. 4, art. 47, paragraph 1) and *allows them to charge fees* (Ch. 4, art. 45, paragraph 1). The limit of charge is not considered in the LOE. However, the non-profit nature of HEIs is underlined in the LOE as the income from these activities after deduction of the founders (owners) share is reinvested in this educational institution, including an increase in salary costs, at founders' discretion (Ch. 4, art. 45, paragraph 2).

Nevertheless, not all income is reinvested back in educational process, as HEIs are allowed to conduct entrepreneurial activities according to the LOE. In this document, an activity of HEIs is understood as entrepreneurial to the extent the resulting income is not directly re-invested in this institution or in the immediate needs of the development of educational process (including wages) in this educational institution (Ch. 4, art. 47, paragraph 3). Among such activities the LOE postulates: renting out of property of an educational

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institution; sale of purchased goods and equipment; purchase of stocks, bonds; getting income from them (dividends and interest) and so forth (Ch. 4, art. 47, paragraph 2). At the same time, the founder or local government may suspend the entrepreneurial activities of educational institutions, if it comes to the detriment of the educational activities that are provided by the charter (Ch. 4, art. 47, paragraph 5).

The next document under investigation is the Federal Law N 125-FL of August 22, 1996, "On Higher and Professional Education" (hereinafter – LOH) that provides specific regulations for the system of HE in the RF (see Annex: **Table 7**). Analysis of the document shows that the regulations in the LOH are less explicit than in the LOE, but the policy direction remains of the same character. The findings of our analysis are given below.

### **Allowance for private ownership**

In the chapter devoted to the economics of HE we observe a consideration of the *property relations* in higher and postgraduate education (Ch. 5, art. 27). However, in the LOH the notion of private property is less developed than in the LOE. Only in regard to private HEIs it is said that they may be the owners of property in accordance with the Russian law (Ch. 5, art. 27, paragraph 2). Concerning public HEIs, the LOH utilizes a notion of the 'right of operative management', which is established by the founder of a HEI (we suppose that the state is implied as the founder) over buildings, property complexes and equipment (Ch. 5, art. 27, paragraph 1). The land is allocated to a HEI for a permanent indefinite period (Ch. 5, art. 27, paragraph 3). At the same time, HEIs may be a tenant or the landlord of the property (Ch. 5, art. 27, paragraph 4).

In the same article we see a *ban to privatize state or municipally owned HEIs*. The text of the paragraph remains the same, as in the LOE, analyzed above (Ch. 5, art. 27, paragraph 7).

Private sector of HE is not much separated from the public sector in the LOH. In most of the cases educational organizations are called HEIs without reference to their ownership status. However, there are some *separated regulations aimed*

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*particularly on private HEIs.* For example, in the article 10, devoted to the rules for establishment and reorganization of HEIs, their licensing and accreditation there is a regulation for private HEIs (Ch. 2, art. 10, paragraph 2).

### **Decentralization of decision-making authority in the system of HE**

As we have noted above, in the LOH the policy direction follows the same trajectory as the policy presented in the LOE. This fact also concerns the policy aimed at decentralization of decision-making authority in HE system. In the article, devoted to the funding of HE system, it is noted that *HEIs themselves determine the direction of the funds expenditure received by these HEIs from the budget* and from the other sources not prohibited by the legislation of the RF (Ch. 4, art. 28, paragraph 4).

In the LOH as in the LOE, it is postulated that *HEIs themselves are responsible for the development of curricula and teaching methods.* However, the content and the duration of HE programs for each specialty are determined in accordance with Russian legislation on education and with federal or state educational standard requirements (Ch. 2, art. 11, paragraph 2). In the article devoted to the autonomy of institutions of HE and academic freedom, it is said that HEI itself is responsible for the development of teaching methods. The academic freedom is granted by the LOH to the teaching staff, researchers and students of HEIs, including freedom of teaching staff of HEIs to present course material in its discretion, choose topics for the research and carry out the research in their own fashion (Ch. 1, art. 3, paragraph 3).

At the same time, the LOH foresees that *HEIs are autonomous from the government in the process of teachers' recruitment.* The autonomy of the HEI refers to its independence in selection and placement of personnel, the implementation of educational, scientific, financial, economic and other activities in accordance with Russian legislation and the charter of a HEI (Ch. 1, art. 3, paragraph 1). Further, the LOH postulates that *HEI is free in the process of teachers' remuneration.* In the framework of available resources allocated for the payment for the labor, HEIs determines the size of additional payments, allowances, bonuses and other incentive measures, as well as the size of official

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salaries of all categories of employees (Ch. 5, art. 30, paragraph 1). The LOH does not provide any information about the minimum or maximum level of the wages.

The issue of *students' admission* to HEIs is discussed in the article 11 of the LOH. According to this law, admission to a HEI of the students who will study at the state expense is made on a competitive basis. Admission to a HEI for a fee-paid educational program is made under conditions established by the founder of the HEI in accordance with the Russian legislation. The LOH postulates that admission requirements should guarantee the right for education and enrollment of students most capable and prepared for studying. However, it is noted that the admission rules that are not regulated by this Federal Law or other normative acts are determined by the founder of a HEI and fixed in the charter of the HEI. WE should note that no specific regulations are presented in the LOH for the private HEIs concerning the rules for students' admission (Ch. 1, art. 11, paragraph 1).

### **Quality assurance mechanisms of HE**

QA mechanisms are broadly defined in the LOH and there is no direct reference requiring private HEIs to have state accreditation. However, the description of accreditation regulations is not addressing only public institutions, but refers to HEIs ('HE establishments') in general. Therefore, we conclude, that *private HEIs are allowed for the process of state accreditation*. For instance, such general regulations are observed in the article 10. According to it, the state accreditation of HE establishments is carried out by the federal executive authority responsible for control and supervision in education, according to the application of the HEI. Certificate of the state accreditation determines (or confirms for another term) the status of the HEI and the list of educational programs for which HEI *has the right to issue diplomas* of the state standard (Ch. 2, art. 10, paragraph 7).

The record of private HEIs is observed in the LOH only in the issue concerning licensing procedures. Thus, the law postulates that *licenses may be issued to HEIs regardless their organizational and legal forms*, but only if these HEIs have a

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right of ownership, operational management, free use or rent of the necessary educational facilities (Ch. 2, art. 10, paragraph 4).

### **The system of HE funding**

In the LOH it is noted that HEIs *themselves determine the direction of the funds expenditure received by these HEIs from the state budget* and from the other sources not prohibited by the legislation of the RF (Ch. 4, art. 28, paragraph 4). At the same time, it is postulated that a *HEI in accordance with its charter may have a fee-paid services in the field of education* and in other areas, if it does not come at the expense of its core activities (Ch. 5, art. 29, paragraph 1; Ch. 2, art. 11, paragraph 1). However, there is no information provided in the LOH regarding entrepreneurial activities of the HEIs.

For the sake of our study it is important to underline that in the LOH it is clearly stated that *students from private HEIs do not have the same rights as students from public HEIs for the state scholarships*. Student status of private HEI with a state accreditation is equal to the status of the student of a public HEI in respect of academic rights and academic freedom, except the right to receive state scholarships. Student status of private HEI, which does not have state accreditation, is determined by the charter of this institution of HE (Ch. 3, art. 16, paragraph 10).

## **4.4 Other documents influencing the development of HE system in Russia**

In this section we will analyze in aggregate last four documents of our study. We have decided to examine these documents in aggregate, because all of them have rather similar intended purpose. They describe the current education system of the RF and define the main direction for its development and modernization. The documents under investigation in this section are the following:

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1. Government decree of October 4, 2000 N 751 on “The national doctrine of education in Russian Federation” (hereinafter - NDE; see annex: **Table 8**).
2. Decree of MESRF of February 11, 2002 N 393 on “Plan of modernization of Russian education for the period till 2010” (hereinafter - PME; see annex: **Table 9**).

The law will be investigated together with the report of its first results:

3. Analytical report of MESRF of 2003 on “Major results of work of the educational system in 2002 on realization of the Plan of modernization of Russian education for the period till 2010” (hereinafter - MRW; see annex: **Table 10**).
4. “Federal Program for Education Development”, a supplement for the Federal Law of April 10, 2000 N 51-FL “On approval of Federal Program for Education Development” (amended on June 26, 2007) (hereinafter - FPED; see annex: **Table 11**).

With the help of these documents the general concept of education in Russia is investigated. We will analyze the goals of education and the ways to achieve these goals through public education policy. At the same time, the strategy and main directions of education systems’ development, the priorities, measures for the reform process of education will be examined.

### **Allowance for private ownership**

Only one of the studied documents has a certain reference to the *private property rights*. The NDE notes governmental support for educational institutions of all forms of property among the main tasks of the state in the area of education. Legal conditions for the functioning and development of educational institutions of various forms of ownership are also foreseen (the NDE, main tasks of the state in the area of education).

In the FPED we can observe *the ban to privatize state or municipally owned HEIs*. The FPED foresees specific measures for its implementation. Thus, it proposes to conduct a comprehensive audit of compliance with the legislation of the RF to prevent denationalization and privatization of all educational facilities. Based on the results of the audit, it is necessary to return to education system all the

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“illegally privatized educational institutions and other organizations of the education system”. At the same, it is planned to develop regulations that will define the responsibility of all levels of government and heads of educational institutions for the illegal privatization and deregulation of educational facilities (the FPED, section 6: 2.2). However, there is no explanation in the document for what an ‘illegally privatized educational institution’ is.

Concerning the *private sector in HE*, we have to note that except the NDE, all other documents mention private HEIs. For example, the PME postulates that “public-political and socio-economic changes of the late 80s - early 90s had a significant impact on the Russian education. These changes helped to implement the academic autonomy of HEIs, to provide a variety of educational institutions and variety of educational programs, and to develop private educational sector” (the Plan: 1.3).

Two of the studied documents, namely PME and MRW, acknowledge the importance of private HE sector in the RF. Thus, according to the MRW, a significant contribution to the organization of advanced training for the teaching staff is made by private sector of education, by the associations, unions and civil society organizations. The document states that “the practice of mutually beneficial cooperation of state and private educational institutions becomes more and more popular” (the MRW: development of life-long education). However, in the PME, in the section devoted to the governance of HE the development of private educational institutions is proposed in line with strengthening control over the quality of educational programs of these HEIs (the PME: 2.6). The FPED also has a reference to the private sector of HE, but in a rather negative sense.

According to the FPED, an increasing number of private educational institutions have created the problem of necessity to strengthen the state control of their activities and quality of education. Of a particular concern is the significant increase in the number of private HEIs and their subsidiaries that lack the necessary educational facilities and teaching staff. As noted in the FPED, education authorities in the RF have a little effect on the situation in these educational institutions. Thus, the frequency of HEIs accreditation once every

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five years does not provide sufficient safeguards to ensure a quality education (FPED, section 1: 2).

### **Decentralization of decision-making authority in the system of HE**

According to the PME, a formation of effective economic relations in education system is composed of several components. Among them consistent implementation of the principle of *economic autonomy of HEIs* with the introduction of non-state funding of educational institutions is noted. Same idea is observed in the FPED, which postulates that one of the principal directions in the evolution of Russian education system is a provision of legal economic guarantees for the independence of educational institutions to conduct educational, scientific and financial activities (the FPED, section 3: 1). However, in the PME this process is proposed along with insurance of transparency of activities of educational institutions and improvement of their financial and economic responsibility (the PME: 2.4).

The section 6 of the FPED devoted to the system of measures for the implementation of the program, proposes to develop state programs for publishing of educational, scientific, methodological literature and textbooks in accordance with the requirements of the SES and educational programs (the FPED, 6: 1.10). Thus, it is planned that *the state will be responsible for the textbook production*. At the same time, it is discussed in the FPED that the state should pay more attention to the *maintenance of the buildings* belonging to the education system. The information on the buildings maintenance can be found in the F. Program in the subsection devoted to logistical support for educational institutions. According to the FPED many buildings of educational system are in the poor condition and it is necessary to reconstruct them, replace utilities, equipment and furniture (the FPED, 4: 2).

As we see, the concept of the decentralization is just at the stage of development in the studied documents. On one hand the government gives more economic autonomy to HEIs, and on the other hand it proposes to increase state control upon educational and financial activities of HEIs through the requirement of greater transparency and responsibility of these HEIs. At the same time, it

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proposes to take under governmental control the textbook production and buildings' maintenance.

### **Quality assurance mechanisms of HE**

One of the measures for the implementation of FPEDs' goals is to improve the mechanism for licensing, certification and accreditation of educational institutions (the FPED, 6: 4.8). In general, in the documents, that contain information on the accreditation process – the MRW and in the FPED – HEIs are considered without specifying public and private institutions (the F. Program, 6: 4.8). However, as it was mentioned above, the FPED has an independent reference to private HEIs. There it is stated that quality of education in private HEIs is not sufficient and the requirement of HEIs to pass the state accreditation every five years does not provide sufficient safeguards to ensure education of high quality (FPED, section 1: 2). Thus, we may conclude positive answer for the criteria of *participation of private HEIs in the process of state accreditation*.

The situation on the *standards for licensing and accreditation for public and private HEIs* differs in the documents. In the MRW it is stated that representatives of private HEIs take an active part in the process of HEIs licensing. That is: the MESRF, education authorities of the RF, regional councils of the Rectors of HEIs and the Association of private HEIs of Russia audit public and private HEIs in order to verify the compliance with licensing requirements (the MRW, implementation and improving of the procedures for licensing and accreditation of educational institutions). However, the FPED postulates particular regulations only for private HEIs, thereby contradicting the existing conditions, provided above by the MRW. The FPED stipulates the development and implementation of interim assessment of private HEIs by state education authorities of the RF (the FPED, 3: 2).

### **The system of HE funding**

Two of the studied documents postulate that formation of effective economic relations in education system should be based on the principle of *economic autonomy of HEIs* with the introduction of the treasury accounting system of

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non-state funds of educational institutions (the PME: 2.4; the FPED, section 3: 1). More detailed the criteria of *HEI* budget management and expenditure on the regional/local level was explained earlier (see 'decentralization of decision-making authority in the system of HE'). Further, one of the studied documents follows the policy of the LOE and LOH and proposes *education for a fee in public universities* (as a source of funding). In the PME we observe that in order to create appropriate conditions for the improvement of educational quality it is proposed to expand additional fee-paid educational services in educational institutions. This would help, according to the PME, to meet the increased demand for education and increase financial resources (the Plan: 2.3).

Speaking about *the category of state financing of research in private HEIs*, we should say that only one of the documents has particular regulations, on the basis of which we can admit of a possibility of private HEIs to receive state financing for the research. Thus, in the PME it is said that the state plans to increase its financial support (including - in the form of grants on a competitive basis) in order to encourage the research activities among the staff of HE area (the PME: 2.3). There is no other information which would specify the type of HEIs that are allowed to compete for these grants. Therefore, we can conclude that researchers in private HEIs can also compete for the state grants.

It is also important to note that three of the investigated documents have references to the *new models of state funding* (the PME, the FPED, the NDE). For example, according to the NDE, one of the main tasks of the state in education is to implement a qualitative change in the system of education funding. Two measurers are proposed in order to accomplish this task: 1) encouraging private investment in the education system (e.g. provision of tax and customs privileges for businesses and individuals involved in the development of educational institutions); 2) development of effective ways of state budget expenditure in education (the NDE, the main tasks of the state in education).

The PME also proposes to attract private investment in the development of education system. Thus, the PME proposes to form in the education system legal economic mechanisms, which will regulate the involvement of non-state resources and their utilization (the PME, 1.4).

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However, in the studied documents not only the topic of private funding is discussed, but also several other ideas are proposed for the implementation in the system of education financing. We have summarized the new models of financing from the documents in one list:

- Introduction of the state educational loans, subsidies for the children from poor families (the PME, 2.1);
- Development of differentiated standards for budget financing of HEIs that will reflect the nature of its educational programs (the PME, 2.4);
- Development of a system of financial support for the education system taking into consideration the specific of the regions (rural, remote areas, etc.), types and categories of educational institutions, the contingent of students (the FPED, 6: 5.2).

Two of the documents have considered *concrete measures for the implementation of the new models* (the MRW, the NDE). Thus, government has adopted decree from August 21, 2001 № 606 "On the competitive placing of the state's order for the specialists with HE" and on October 4, 2002 № 749 "On competition for accredited HEIs to fulfill state's order for the specialists with HE" (the MRW, organizational-economic and structural processes of modernization of HE). It should be noted that, 'order for a specialist' means a number of state-financed places for the students of a particular specialization. Therefore, we observe an attempt to introduce the competition between HEIs. At the same time, the process of competition is under the state control, because the state orders a certain number of students.

The government has also issued a decree of April 29, 2002 № 1597/39n "On approval of methods of planning and financing the federal budget for HE on the basis of state individual financial obligations for HEIs that participate in experiment" (the MRW, on the course of the experiment on the financing of HEIs using state individual financial obligations in 2002). The same model of using state individual financial obligations is proposed in the Doctrine (the Doctrine, expected results of the doctrine).

As a result, we can conclude that the main direction of the RF policy in the system of HE funding is provision of greater financial autonomy to HEIs. This policy is implemented through the introduction of private investments and

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individual financial obligations to the students in the system of HE funding. At the same time there is an attempt to encourage the competition between HEIs through the system of differentiated standards for financing of HEIs. However, the process of competition is somewhat regulated by the state, because the state itself determines the amount of students, who will study at the expense of the public funding.

## 4.5 Preliminary conclusions

This chapter provides the analysis of policy changes in the system of Russian HE in 1990-2011. We have conducted a documentary analysis in order to provide the answers to the main research question and sub research questions of the study about the emergence of private HE sector in Russia. The content analysis of the legislative acts adopted after the Collapse of the Soviet Union in 1991 is conducted according to the scheme elaborated in methodological chapter. The inferences of the analysis and the answers to research questions of the study are presented below.

*The second sub-question of our research is the following: which steps of the reform were taken by Russian government in order to allow the emergence of private education sector?*

The analysis of the development of the private property rights in general is the starting point of the investigation since it is the main condition, which allows for the emergence of private sector in HE. Thus, the appearance on private property rights in the Constitution of the RF of 1993 in comparison with the Constitution of the 1977 represents a first step of the country on the way to create a sector of private HE providers. Consequently, after adoption of the new Constitution private sector already had a legal right to exist, but did not have particular regulations that would help its further development. The unanticipated growth of private sector in the area of education, along with organizational crisis within the public sector of education, made it urgent to impose specific regulations upon rapid and chaotic developments in HE.

Therefore, the second step of the reform is represented by creation of the legal framework for the emergence of private HEIs, which was provided by the state,

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when the government of Russia has issued two new laws in the area of education. The RF law “On Education” has several references to private rights and private property. It stated that HEIs may be of organizational forms, including state, municipal and private, and indeed introduced the term ‘private educational institutions’. Private educational organizations were described as non-profit organizations established by private, civil or religious entities. At the same time, the LOE provided the legal framework for private HEIs for the question of diploma issuance. Thus, in order to issue a diploma of the state standard (and to compete on the market with public HEIs) private educational institution must be accredited by the state.

The second Federal law, “On Higher and Professional Education,” further develops the legal regulatory framework for private higher education by stipulating the conditions of its financing. Non-state (private) HEIs may be financed by their founders, by income generated by the institutions themselves, or by combined means of the founders and institutions. The law also accords higher education a status of high national priority and declares the promotion of non-state higher education to be a factor contributing to the advancement of higher education.

The adoption of these two laws in the 1990s was driven by the imperative to reflect the socio-economic and organizational changes in education and in society at large and to impose regulation and accountability upon rapid developments in education.

Thus, after the 1992, when in the legislation the term of private educational institutions was introduced, the private sector became the fastest growing segment of the HE market with respect to the number of colleges and universities. Of the 525 institutions that opened their doors in the 1990s, more than three-fourths were established in the private sector (Suspitsin, 2004).

*The third sub question of the study sounds as follows: to which extent the public sector reform implemented in the Russian Federation from 1990 to 2011 meets the case of the conditions discussed in the literature?*

In order to answer this question we have conducted the analysis of the reform in Russia according to the key concepts (conditions) and their meanings elaborated in theoretical and methodological chapters. Therefore, the inferences

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of conducted analysis are explained below according to the conditions of private sector emergence.

### **Allowance for private ownership**

This condition was adequately met in the policy of RF. However, alongside with the introduction of private property rights and allowance for private providers of HE there is a strong position of the state to forbid privatization of any state (or municipal) HEIs.

### **Decentralization of decision-making authority in the system of HE**

This condition for the emergence of private sector was one of the main intended policy directions in the RF after the collapse of the USSR. The regulation was aimed at transferring the federal managerial functions to regional and municipal levels, thus bringing more responsibility and authority to the regions. However, after careful analysis of governmental policies in the sector of HE, we observe that the HE management system in Russia works on a principle, where in general the lower levels of managerial bodies are subordinate to the higher ones.

The process of decentralization decision-making authority of the HE system in Russia was mainly aimed at removing the strong governmental control over the HE sector. The initial period of reform started with setting up the legislative basis, formulated in the LOE and the LOH, which allowed the emergence of private HEIs and permitted for both public and private HEIs to create their branches. At the same time, financial autonomy and decision-making authority were given to HEIs, such as independent expenditure of the state funds and responsibility on the level of HEIs to make up a curriculum, teaching methods, recruit students and teachers etc. However, the RF still leads a policy of state control over the HE sector by imposing SES and ordering the number of students, who will study at the state expense.

### **Quality assurance mechanisms of HE**

The principle of QA has been discussed in the most of the studied documents. Some of the documents even discussed the situation with the rapid growth of private HEIs that lack quality, therefore proposing to revise the QA measures.

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### **The system of HE funding**

In the studied documents, a number of indicators speak on greater financial autonomy of HEIs introduced during the reform process. HEIs were permitted to offer fee-paid educational services and generate additional income, within the licensed norms. The rapidly increasing number of fee-paying students resulted in the fact that the non-budgetary funding became a very important part of a HEI financial means. Thus, the financial autonomy of HEIs has brought to the HE system the much needed financing support.

As we see, all of the conditions that were discussed in the literature are presented in the Russian policy in 1990-2011. First of all, private property rights were granted to the Russian citizenry. Secondly, an attempt to decentralize the decision-making authority, to change the system of HE funding, to implement QA mechanisms was made by the Russian government.

Many of the responsibilities are allocated now on the local level (such as curricula and teaching methods development, teachers and students recruitment etc.) At the same time, budget management and expenditure is also made on the local level. Concerning the system of funding, new models are proposed in the studied legislation, but their implementation does not seem to be well-thought. However, the HEIs are permitted to offer fee-paid educational programs and lead entrepreneurial activities. At the same time, private sector of HE is included to the system of QA – licensing and state accreditation. The rights of private HEIs appears to be the same as public HEIs, because private providers are allowed to be accredited and as a consequence to offer the diplomas of state format.

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## 5 Conclusion

This study is conducted in order to explore the emergence of private sector of HE in Russia after the collapse of the Soviet Union by analyzing the governmental policies that have favored this process.

Accordingly, the central research question of the paper was formulated as *what kind of policy changes in The Russian Federation between 1990 and 2011 years have led to the emergence of private higher educational sector?*

Due to the fact that the central research question is rather broad, we have posed specific sub-questions in order to simplify and organize the answer. Thus, the central question is answered by accumulating and integrating the answers to research sub-questions and it consists of three parts.

For the first part we have analyzed the theoretical literature and revealed several conditions for the emergence of private HE sector. We came to the result that private sector in HE is emerging under the influence of particular policy changes that serve as a major determinant of its development. These policy changes have four particular directions: allowance for the private ownership, decentralization of the decision-making authority in the system of HE, establishment of QA mechanisms in HE and changes in the system of HE funding. Allowance for the private ownership means in terms of our research the emergence of private property rights. In order to create private sector within traditionally public sector, private ownership, first of all, must be allowed by law. Decentralization of the decision-making authority in the system of HE in our case means decrease in the state control over HEIs, which causes at the same time more financial autonomy for educational institutions. Policy changes aimed at the system of QA become very important when HEIs are given more autonomy and the number of private HEIs increases. In our research we consider QA mechanisms through the procedures of state accreditation of HEIs and of their educational programs. The category of HE funding is formed under the influence of such NPM rationale as introduction of market forces to the public sector and means to some extent a shift from public budgets to private sources in HE financing.

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Then, for the second part of the answer to the central research question we have conducted an analysis of Russian educational sector reform and found out which steps were taken by the government in order to allow for the emergence of private sector in HE. As a result of it we obtained an answer for our second research sub-question, which is the following: the RF has proclaimed in its Constitution the right of citizens for the private property in general, and issued two important laws that regulate the sphere of education. These laws contained information on private providers of education and provided basic regulations for their activities.

The third step on the way to provide an answer to the central research question was to investigate to which extent the reform implemented in the RF meets the case of the conditions discussed in the literature. For this purpose we have correlated the policy changes occurred during reform process with the four conditions discussed above. Thus, we could conclude that all four conditions that were revealed from the literature are presented in the Russian policy in 1990-2011. The policy changes had as a starting point for the reform process the proclamation of private property rights in the Constitution of the RF of 1993. Then policy changes in the dimensions of the decentralization of decision-making authority, the system of HE funding, QA procedures took place.

Therefore, we are able to give an answer to the main research question and specify in these dimensions the policy changes that have led to the emergence of HE private sector in Russia.

As we have already discussed above, the most important policy change that allowed for the emergence of HE private sector in Russia was the adoption of new Constitution in the RF in 1993. This Constitution granted to people the right of private property and therefore legally allowed the development of privately provided public services (such as HE).

As a next step, the new version of the law “On Education”, the law on “Higher and Professional Education” and a number of government documents have contributed to the emergence of private HE sector by introducing various policy changes in discussed above dimensions.

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Major structural changes were introduced in order to decentralize the decision-making authority in the educational system and to provide more financial autonomy to the HEIs.

Thus, according to the decentralization principle, HEIs were granted a right to decide on the establishment of new academic branches, develop new syllabi, curricula, teaching methods, and establish admission requirements (though within the limits set by the State Standard Regulations). At the same time, universities were allowed to independently recruit and remunerate the teaching staff. Also the responsibility of building's maintenance passed from the government to the HEIs.

Speaking about financial autonomy, universities were granted the right to carry new market oriented economic activities. Public HEIs started to admit students for fee-paid educational programs and to conduct entrepreneurial activities. Therefore, declining state budgeting was supported by private funding to the system of HE. At the same time, new models of state financing to public HEIs were proposed by the government, such as personalized differentiated support for a student, but not for a HEI.

These two policy directions of greater autonomy of HEIs had a significant influence on the emergence of private providers of HE. It became possible for a private educational organization to be established legally and to develop its own curricula, teaching methods, hire teaching staff, admit students on a fee base and earn additional income from entrepreneurial activities. In other words, all regulations for the independent existence of a HEI were introduced.

At this time, the question of quality of education became of a big importance. The government wanted to control the quality of the specialists produced by lots of newly established private HEIs. Therefore, the question of QA had also to be considered in the laws. Thus, according to the new legislation, private HEIs along with public universities had to be: a) licensed by the state in order to continue to offer its educational services and b) accredited by a special accreditation agency in order to issue diplomas of the state standard. For the sake of clarity we should say that not accredited HEIs are allowed to issue diplomas, but not of the state standard and these diplomas are very low valued on the labor market.

As we see, all of the implemented policy changes in the system of Russian HE had a direct or indirect influence on the emergence of private HE sector. However, in our

opinion, private sector could bring more public benefit and be more efficient if it had more fair conditions for competition with public providers. Provision of state funding to public HEIs, budgeting of the research in public HEIs, provision of scholarships only for students of public HEIs hampers further development of private HE sector in Russia.

### **Connections of attained research results to the theory**

In order to conduct our research we have created an analytical model based on the theoretical approach of NPM. This model was tested during the current research and therefore we can make some comments on the connection of the research results to the theory.

According to the results of our research, the reform of HE in Russia has all the key elements of NPM reform, such as decentralization of the decision-making authority (i.e. degeneration of state financing), increasing use of markets and competition in the provision of public services (entrepreneurial activities of HEIs and contracting out mechanisms), increasing emphasis on QA. At the same time, the reform of HE in the RF followed the top-down trajectory (Politt & Bouckaert, 2004). In our findings we agree with Ferlie (1996), who noted that public administration reforms caused by the shift in the balance of the state power (in our case after the collapse of the USSR) are based on the “radical shock”. These reforms are based on the emergence of “a new political economy of the public sector”.

However we should underline two major incompatibilities with NPM ideas that were detected during the study. First of all, it concerns the principle of encouraging competition that is not well implemented in Russian system of HE. Our research shows an obvious inequality in the conditions for operation of public and private providers of HE, such as a privileged right of public HEIs for state financing and provision of scholarships only to the students of public HEIs. Secondly, rather strong state control is observed in some areas along with the decentralization policy. Thus, the state determines a number of students in a particular public HEI that will study at public expense by placing a ‘state order’ and then allocates public funds according to this number.

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In our opinion, these incompatibilities result from the Soviet past of the country and therefore can be explained by the Path dependence theory (Pierson, 2004). Indeed, high centralized communist state with strong state control might face serious difficulties in applying totally new principles of market economy.

Further, the current study shows that the reform trajectory was not much influenced by an intention to increase efficiency of the public sector, as it is claimed by Hood (1991). It appeared to be that the whole direction of funding policies was influenced by an inability of the state to provide financing on the same level and necessity to propose for educational system something instead. That is why we have not observed concrete result-oriented models of funding among the new models of financing proposed by the state in the RF.

Thus, our findings have much in common with the study of Larbi (1999), who proposed that “the common feature of countries going down the NPM route has been the experience of economic and fiscal crises”. Larbi described the situation of NPM reforms in Africa and Latin America, where the economy of the countries was very weak (Larbi, 1999).

As a last conclusion from the current analysis we would like to correlate our results with private HE policy patterns identified by Pachuashvili (2008). Thus, in our opinion, the RF HE policy represents *laissez-faire* pattern, where state does not fund HE private sector and only provides general regulative framework for the operation of private HEIs. The activity of the government in private sector is limited to the licensing and accreditation of HEIs.

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## 7 Annex

**Table 3:** The Constitution of USSR of the October 7, 1977 (amended on June 24, 1981; December 1, 1988; December 20, 1989; December 23 1989; March 14, 1990; December 26, 1990)

Conditions/policy changes	(1) Key concept	(2) Situation	(3) Situation for concrete actions for implementation
<b>Allowance for private ownership</b>	- Private property rights	-1	9
	- Allowance for the privatization of state or municipally owned HEIs	-1	9
	- Separate chapters for private sector in HE or particular regulations for private providers of HE.	9	9
<b>Decentralization of decision-making authority in the system of HE</b>	- HEI budget management and expenditure on the regional/local level	9	9
	- Autonomy and independence of the local units of government from central government	-1	9
	- The responsibility of HEIs for the development of curricula	9	9
	- The responsibility of HEIs for the development of teaching methods	9	9
	- The responsibility of HEIs for the textbook production	9	9
	- The responsibility of HEIs for the textbook distribution	-1	9
	- The responsibility of HEIs for the recruitment of teachers and students	9	9
	- The responsibility of HEIs for the remuneration of teachers	9	9
	- The responsibility of HEIs for the buildings' maintenance	9	9
<b>Quality assurance mechanisms of HE</b>	- Allowance of private HEIs for the process of state accreditation	9	9
	- Same standards for licensing and accreditation for public and private HEIs	9	9
	- Same procedures of accreditation (rules, regulations and deadlines) for public and private HEIs	9	9
	- Allowance of private HEIs to offer diplomas	9	9
	- Same status of the diplomas of accredited private HEIs as diplomas of public HEIs	9	9
<b>The system of HE funding</b>	- HEI budget management and expenditure on the regional/local level	9	9
	- Education for a fee in public universities (as a source of funding)	-1	9
	- State budgeting of research in private HEIs	9	9
	- Legalization of entrepreneurial activities of a HEI	9	9



	- Proposal of new models of state funding	9	9
	- Implementation of new models of state funding (e.g. result-oriented funding model)	9	9
	- Same rights to the students from private HEIs as from public HEIs for the student scholarships	9	9
	- Same rights to the students from private HEIs as from public HEIs for the student loans	9	9

**Table 4:** The Constitution of RF of December 12, 1993 (amended on December 31, 2008)

Conditions/policy changes	(1) Key concept	(2) Situation	(3) Situation for concrete actions for implementation
Allowance for private ownership	- Private property rights	1	9
	- Allowance for the privatization of state or municipally owned HEIs	9	9
	- Separate chapters for private sector in HE or particular regulations for private providers of HE.	9	9
Decentralization of decision-making authority in the system of HE	- HEI budget management and expenditure on the regional/local level	9	9
	- Autonomy and independence of the local units of government from central government	1	9
	- The responsibility of HEIs for the development of curricula	9	9
	- The responsibility of HEIs for the development of teaching methods	9	9
	- The responsibility of HEIs for the textbook production	9	9
	- The responsibility of HEIs for the textbook distribution	9	9
	- The responsibility of HEIs for the recruitment of teachers and students	9	9
	- The responsibility of HEIs for the remuneration of teachers	9	9
	- The responsibility of HEIs for the buildings' maintenance.	9	9
Quality assurance mechanisms of HE	- Allowance of private HEIs for the process of state accreditation	9	9
	- Same standards for licensing and accreditation for public and private HEIs	9	9
	- Same procedures of accreditation (rules, regulations and deadlines) for public and private HEIs	9	9
	- Allowance of private HEIs to offer diplomas	9	9
	- Same status of the diplomas of accredited private HEIs as diplomas of public HEIs	9	9
	- HEI budget management and expenditure on the regional/local level	9	9

<b>The system of HE funding</b>	- Education for a fee in public universities (as a source of funding)	9	9
	- State budgeting of research in private HEIs	9	
	- Legalization of entrepreneurial activities of a HEI;	9	9
	- Proposal of new models of state funding;	9	9
	- Implementation of new models of state funding (e.g. result-oriented funding model)	9	9
	- Same rights to the students from private HEIs as from public HEIs for the student scholarships	9	9
	- Same rights to the students from private HEIs as from public HEIs for the student loans	9	9

**Table 5:** Project of the Ministry of Economic Development of RF of June 2000 «Principal directions of socio-economic policy of Russian Government over a long-term perspective»

<b>Conditions/policy changes</b>	<b>(1) Key concept</b>	<b>(2) Situation</b>	<b>(3) Situation for concrete actions for implementation</b>
<b>Allowance for private ownership</b>	- Private property rights	1	9
	- Allowance for the privatization of state or municipally owned HEIs	-1	9
	- Separate chapters for private sector in HE or particular regulations for private providers of HE.	1	9
<b>Decentralization of decision-making authority in the system of HE</b>	- HEI budget management and expenditure on the regional/local level	1	1
	- Autonomy and independence of the local units of government from central government	9	9
	- The responsibility of HEIs for the development of curricula	9	9
	- The responsibility of HEIs for the development of teaching methods	9	9
	- The responsibility of HEIs for the textbook production	9	9
	- The responsibility of HEIs for the textbook distribution	9	9
	- The responsibility of HEIs for the recruitment of teachers and students	9	9
	- The responsibility of HEIs for the remuneration of teachers	9	9
	- The responsibility of HEIs for the buildings' maintenance	9	9
<b>Quality assurance mechanisms of HE</b>	- Allowance of private HEIs for the process of state accreditation	1	9
	- Same standards for licensing and accreditation for public and private HEIs	9	9
	- Same procedures of accreditation (rules, regulations and deadlines) for public and private HEIs	9	9

	- Allowance of private HEIs to offer diplomas	9	9
	- Same status of the diplomas of accredited private HEIs as diplomas of public HEIs	9	9
<b>The system of HE funding</b>	- HEI budget management and expenditure on the local level	1	1
	- Education for a fee in public universities (as a source of funding)	1	9
	- State budgeting of research in private HEIs	9	9
	- Legalization of entrepreneurial activities of a HEI	9	9
	- Proposal of new models of state funding	1	1
	- Implementation of new models of state funding (e.g. result-oriented funding model)	1	9
	- Same rights to the students from private HEIs as from public HEIs for the student scholarships	9	9
	- Same rights to the students from private HEIs as from public HEIs for the student loans	9	9

**Table 6:** Law N 3266-1 “On Education” of July 10, 1992, with amendments

Conditions/policy changes	(1) Key concept	(2) Situation	(3) Situation for concrete actions for implementation
<b>Allowance for private ownership</b>	- Private property rights	1	9
	- Allowance for the privatization of state or municipally owned HEIs	-1	9
	- Separate chapters for private sector in HE or particular regulations for private providers of HE.	1	9
<b>Decentralization of decision-making authority in the system of HE</b>	- HEI budget management and expenditure on the regional/local level	1	9
	- Autonomy and independence of the local units of government from central government	9	9
	- The responsibility of HEIs for the development of curricula	1	9
	- The responsibility of HEIs for the development of teaching methods	1	9
	- The responsibility of HEIs for the textbook production	9	9
	- The responsibility of HEIs for the textbook distribution	9	9
	- The responsibility of HEIs for the recruitment of teachers and students	1	9
	- The responsibility of HEIs for the remuneration of teachers	1	9
	- The responsibility of HEIs for the buildings' maintenance	1	9
	- Allowance of private HEIs for the process of state	1	9

<b>Quality assurance mechanisms of HE</b>	accreditation		
	- Same standards for licensing and accreditation for public and private HEIs	9	9
	- Same procedures of accreditation (rules, regulations and deadlines) for public and private HEIs	9	9
	- Allowance of private HEIs to offer diplomas	1	9
	- Same status of the diplomas of accredited private HEIs as diplomas of public HEIs	1	9
<b>The system of HE funding</b>	- HEI budget management and expenditure on the regional/local level	1	9
	- Education for a fee in public universities (as a source of funding)	1	9
	- State budgeting of research in private HEIs	9	9
	- Legalization of entrepreneurial activities of a HEI	1	9
	- Proposal of new models of state funding	9	9
	- Implementation of new models of state funding (e.g. result-oriented funding model)	9	9
	- Same rights to the students from private HEIs as from public HEIs for the student scholarships	9	9
	- Same rights to the students from private HEIs as from public HEIs for the student loans	9	9

**Table 7:** The Federal Law N 125-FL, of August 22, 1996, "On Higher and Professional Education" with amendments

<b>Conditions/policy changes</b>	<b>(1) Key concept</b>	<b>(2) Situation</b>	<b>(3) Presence /absence of implementation measures</b>
<b>Allowance for private ownership</b>	- Private property rights	1	9
	- Allowance for the privatization of state or municipally owned HEIs	-1	9
	- Separate chapters for private sector in HE or particular regulations for private providers of HE.	1	9
<b>Decentralization of decision-making authority in the system of HE</b>	- HEI budget management and expenditure on the regional/local level	1	9
	- Autonomy and independence of the local units of government from central government	9	9
	- The responsibility of HEIs for the development of curricula	1	9
	- The responsibility of HEIs for the development of teaching methods	1	9
	- The responsibility of HEIs for the textbook production	9	9
	- The responsibility of HEIs for the textbook distribution	9	9
	- The responsibility of HEIs for the recruitment of teachers and students	1	9

	- The responsibility of HEIs for the remuneration of teachers	1	9
	- The responsibility of HEIs for the buildings' maintenance	9	9
<b>Quality assurance mechanisms of HE</b>	- Allowance of private HEIs for the process of state accreditation	1	9
	- Same standards for licensing and accreditation for public and private HEIs	1	9
	- Same procedures of accreditation (rules, regulations and deadlines) for public and private HEIs	9	9
	- Allowance of private HEIs to offer diplomas	1	9
	- Same status of the diplomas of accredited private HEIs as diplomas of public HEIs	9	9
<b>The system of HE funding</b>	- HEI budget management and expenditure on the regional/local level	1	9
	- Education for a fee in public universities (as a source of funding)	1	9
	- State budgeting of research in private HEIs	9	9
	- Legalization of entrepreneurial activities of a HEI	9	9
	- Proposal of new models of state funding	9	9
	- Implementation of new models of state funding (e.g. result-oriented funding model)	9	9
	- Same rights to the students from private HEIs as from public HEIs for the student scholarships	-1	9
	- Same rights to the students from private HEIs as from public HEIs for the student loans	9	9

**Table 8:** Government decree of October 4, 2000 N 751 on “The national doctrine of education in Russian Federation”

<b>Conditions/policy changes</b>	<b>(1) Key concept</b>	<b>(2) Situation</b>	<b>(3) Presence /absence of implementation measures</b>
<b>Allowance for private ownership</b>	- Private property rights	1	9
	- Allowance for the privatization of state or municipally owned HEIs	9	9
	- Separate chapters for private sector in HE or particular regulations for private providers of HE.	9	9
<b>Decentralization of decision-making</b>	- HEI budget management and expenditure on the regional/local level	9	9
	- Autonomy and independence of the local units of government from central government	9	9
	- The responsibility of HEIs for the development of curricula	9	9
	- The responsibility of HEIs for the development of teaching methods	9	9
	- The responsibility of HEIs for the textbook	9	9

<b>authority in the system of HE</b>	production		
	- The responsibility of HEIs for the textbook distribution	9	9
	- The responsibility of HEIs for the recruitment of teachers and students	9	9
	- The responsibility of HEIs for the remuneration of teachers	9	9
	- The responsibility of HEIs for the buildings' maintenance	9	9
<b>Quality assurance mechanisms of HE</b>	- Allowance of private HEIs for the process of state accreditation	9	9
	- Same standards for licensing and accreditation for public and private HEIs	9	9
	- Same procedures of accreditation (rules, regulations and deadlines) for public and private HEIs	9	9
	- Allowance of private HEIs to offer diplomas	9	9
	- Same status of the diplomas of accredited private HEIs as diplomas of public HEIs	9	9
<b>The system of HE funding</b>	- HEI budget management and expenditure on the regional/local level	9	9
	- Education for a fee in public universities (as a source of funding)	9	9
	- State budgeting of research in private HEIs	9	9
	- Legalization of entrepreneurial activities of a HEI	9	9
	- Proposal of new models of state funding	1	9
	- Implementation of new models of state funding (e.g. result-oriented funding model)	9	9
	- Same rights to the students from private HEIs as from public HEIs for the student scholarships	9	9
	- Same rights to the students from private HEIs as from public HEIs for the student loans	9	9

**Table 9:** Decree of MESRF of February 11, 2002 N 393 on "Plan of modernization of Russian education for the period till 2010"

<b>Conditions/policy changes</b>	<b>(1) Key concept</b>	<b>(2) Situation</b>	<b>(3) Presence /absence of implementation measures</b>
<b>Allowance for private ownership</b>	- Private property rights	9	9
	- Allowance for the privatization of state or municipally owned HEIs	9	9
	- Separate chapters for private sector in HE or particular regulations for private providers of HE.	1	9
	- HEI budget management and expenditure on the regional/local level	1	9
	- Autonomy and independence of the local units of government from central government	9	9

<b>Decentralization of decision-making authority in the system of HE</b>	- The responsibility of HEIs for the development of curricula	9	9
	- The responsibility of HEIs for the development of teaching methods	9	9
	- The responsibility of HEIs for the textbook production	9	9
	- The responsibility of HEIs for the textbook distribution	9	9
	- The responsibility of HEIs for the recruitment of teachers and students	9	9
	- The responsibility of HEIs for the remuneration of teachers	9	9
	- The responsibility of HEIs for the buildings' maintenance	9	9
<b>Quality assurance mechanisms of HE</b>	- Allowance of private HEIs for the process of state accreditation	9	9
	- Same standards for licensing and accreditation for public and private HEIs	9	9
	- Same procedures of accreditation (rules, regulations and deadlines) for public and private HEIs	9	9
	- Allowance of private HEIs to offer diplomas	9	9
	- Same status of the diplomas of accredited private HEIs as diplomas of public HEIs	9	9
<b>The system of HE funding</b>	- HEI budget management and expenditure on the regional/local level	1	9
	- Education for a fee in public universities (as a source of funding)	1	9
	- State budgeting of research in private HEIs	1	9
	- Legalization of entrepreneurial activities of a HEI	9	9
	- Proposal of new models of state funding	1	1
	- Implementation of new models of state funding (e.g. result-oriented funding model)	9	9
	- Same rights to the students from private HEIs as from public HEIs for the student scholarships	9	9
	- Same rights to the students from private HEIs as from public HEIs for the student loans	9	9

**Table 10:** Analytical report of MESRF of 2003 on “Major results of work of the educational system in 2002 on realization of the Plan of modernization of Russian education for the period till 2010”.

<b>Conditions/policy changes</b>	<b>(1) Key concept</b>	<b>(2) Situation</b>	<b>(3) Presence /absence of implementation measures</b>
<b>Allowance for</b>	- Private property rights	9	9
	- Allowance for the privatization of state or municipally owned HEIs	9	9

<b>private ownership</b>	- Separate chapters for private sector in HE or particular regulations for private providers of HE	1	9
<b>Decentralization of decision-making authority in the system of HE</b>	- HEI budget management and expenditure on the regional/local level	9	9
	- Autonomy and independence of the local units of government from central government	9	9
	- The responsibility of HEIs for the development of curricula	9	9
	- The responsibility of HEIs for the development of teaching methods	9	9
	- The responsibility of HEIs for the textbook production	9	9
	- The responsibility of HEIs for the textbook distribution	9	9
	- The responsibility of HEIs for the recruitment of teachers and students	9	9
	- The responsibility of HEIs for the remuneration of teachers	9	9
	- The responsibility of HEIs for the buildings' maintenance	9	9
<b>Quality assurance mechanisms of HE</b>	- Allowance of private HEIs for the process of state accreditation	1	9
	- Same standards for licensing and accreditation for public and private HEIs	1	9
	- Same procedures of accreditation (rules, regulations and deadlines) for public and private HEIs	1	9
	- Allowance of private HEIs to offer diplomas	9	9
	- Same status of the diplomas of accredited private HEIs as diplomas of public HEIs	9	9
<b>The system of HE funding</b>	- HEI budget management and expenditure on the regional/local level	9	9
	- Education for a fee in public universities (as a source of funding)	9	9
	- State budgeting of research in private HEIs	9	9
	- Legalization of entrepreneurial activities of a HEI	9	9
	- Proposal of new models of state funding	9	9
	- Implementation of new models of state funding (e.g. result-oriented funding model)	1	1
	- Same rights to the students from private HEIs as from public HEIs for the student scholarships	9	9
	- Same rights to the students from private HEIs as from public HEIs for the student loans	9	9

**Table 11:** "Federal Program for Education Development", a supplement for the Federal Law of April 10, 2000 N 51-FL "On approval of Federal Program for Education Development" (amended on June 26, 2007).

<b>Conditions/policy changes</b>	<b>(1) Key concept</b>	<b>(2) Situation</b>	<b>(3) Presence /absence of implementation measure</b>
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			<b>s</b>
<b>Allowance for private ownership</b>	- Private property rights	9	9
	- Allowance for the privatization of state or municipally owned HEIs	-1	1
	- Separate chapters for private sector in HE or particular regulations for private providers of HE.	1	9
<b>Decentralization of decision-making authority in the system of HE</b>	- HEI budget management and expenditure on the regional/local level	1	9
	- Autonomy and independence of the local units of government from central government	9	9
	- The responsibility of HEIs for the development of curricula	9	9
	- The responsibility of HEIs for the development of teaching methods	9	9
	- The responsibility of HEIs for the textbook production	-1	9
	- The responsibility of HEIs for the textbook distribution	9	9
	- The responsibility of HEIs for the recruitment of teachers and students	9	9
	- The responsibility of HEIs for the remuneration of teachers	9	9
	- The responsibility of HEIs for the buildings' maintenance	-1	9
<b>Quality assurance mechanisms of HE</b>	- Allowance of private HEIs for the process of state accreditation	1	9
	- Same standards for licensing and accreditation for public and private HEIs	-1	9
	- Same procedures of accreditation (rules, regulations and deadlines) for public and private HEIs	9	9
	- Allowance of private HEIs to offer diplomas	9	9
	- Same status of the diplomas of accredited private HEIs as diplomas of public HEIs	9	9
<b>The system of HE funding</b>	- HEI budget management and expenditure on the regional/local level	1	9
	- Education for a fee in public universities (as a source of funding)	9	9
	- State budgeting of research in private HEIs	9	9
	- Legalization of entrepreneurial activities of a HEI	9	9
	- Proposal of new models of state funding;	1	1
	- Implementation of new models of state funding (e.g. result-oriented funding model)	9	9
	- Same rights to the students from private HEIs as from public HEIs for the student scholarships	9	9
	- Same rights to the students from private HEIs as from public HEIs for the student loans	9	9