

PUBLIC ADMINISTRATION AND BUSINESS CHALLENGES FOR HEIs:
UKRAINIAN WAY AND INTERNATIONAL PRACTICEВИКЛИКИ СИСТЕМИ ДЕРЖАВНОГО УПРАВЛІННЯ І БІЗНЕСУ ДЛЯ ВНЗ:
УКРАЇНСЬКА ПРАКТИКА ТА МІЖНАРОДНИЙ ДОСВІД

The field of higher education is constantly being under societal influence, it must be flexible enough to meet any requirements. Advanced European and American practices are implemented in Ukraine with significant delay and amendments to existing legislature according to the national realities. Nowadays the most actual are the issues of balancing the autonomy and Public Administration control as well as the financing, public funds and the university – business cooperation. The article demonstrates the international experience in the given problems solution and outlines the possible variants for Ukrainian HEIs.

Key words: higher education, public administration, university, financing, governance, Ukraine.

Вища освіта постійно перебуває під впливом суспільних змін, а отже, має бути доволі гнучкою, щоб задовольнити будь-які вимоги. Передові європейські та американські практики реалізуються в Україні зі значною затримкою та поправками до наявного законодавства відповідно до національних реалій. Нині найбільш актуальними залишаються проблеми балансу між самоврядуванням та державним контролем за управлінням, а також питання фінансування вищої освіти і науки, державного фінансування та співпраці між університетами та бізнесом. Стаття знайомить із міжнародним досві-

дом у вирішенні поставлених проблем та окреслює можливі варіанти для українських ВНЗ.

Ключові слова: вища освіта, державне управління, університет, фінанси, управління, Україна.

Высшее образование постоянно находится под влиянием общественных изменений, а следовательно, должно быть достаточно гибким, чтобы удовлетворить любые требования. Передовые европейские и американские практики реализуются в Украине со значительной задержкой и поправками в существующее законодательство в соответствии с национальными реалиями. Сегодня наиболее актуальными являются проблемы баланса между самоуправлением и государственным контролем за управлением, а также вопросы финансирования высшего образования и науки, государственного финансирования и сотрудничества между университетами и бизнесом. Статья знакомит с международным опытом в решении поставленных проблем и определяет возможные варианты для украинских вузов.

Ключевые слова: высшее образование, государственное управление, университет, финансы, управление, Украина.

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The problem setting in general. The beginning of the 21st century was marked by an increasing role of higher education, its transfer from elite to mass destination. At the same time technological growth, digitalization of all spheres of human activities, artificial intellect development have much challenged the higher education worldwide.

Ukraine follows the same process as the rest of the world and the problem of higher education modernization appeared as an objective necessity. In 2005, Ukraine signed the Bologna Convention and launched a series of methodological and organizational changes geared towards reforming of higher education. Thus, in 2014 the Law of Ukraine “On higher education” was adopted to meet the international requirements. It brought many changes and initiatives, risks and opportunities and got controversial evaluations from the national academic community.

Analysis of the latest research and publications. The best way to analyze institutional, strategic and legislative issues is to monitor and to explore documents adjusting reforms and changes. Consequently the greatest interest for this paper was paid to national and international laws, regulations, strategies in the field of higher

education, reports of international funds, organizations collaborating with the higher education institutions and scientific works of researches busy with the modernization of higher education in different countries. For this reason we studied the following documents: the EU’s agenda for growth and jobs for the current decade “The Europe 2020 strategy”, “The Law of Ukraine “On higher education”, The Strategy for reforming higher education in Ukraine till 2020, numerous acts of the Ministry for education and science of Ukraine, reports of OECD, the Center “Development of corporate social responsibility” etc. [8; 4; 7; 2; 9].

Having examined the papers we note that modern system of higher education in Ukraine is still being shaped. Preliminary changes concern the structure of the higher education system inadequate to correspond to the world practice of advanced higher education system and it complicates international dialogue, unable comparisons and understanding of international standards, equality and compliance of educational programs and qualifications.

Formulating the goals of the article. The purpose of the article is to study international experience of reforming higher education in terms of autonomy and governance, to examine

best foreign practices of higher education institutions (HEIs) and business partnership alongside with providing legislative background.

Presentation of the main research material. Reforming of Ukrainian higher education speeded up by the Law of Ukraine “On higher education” establishes the financial framework for the functioning of the higher education system, creates conditions for strengthening cooperation between state bodies and business with higher education institutions on the principles of higher autonomy of the last. An important goal of all the transformations is to prepare a competitive human capital for high-tech and innovation development of the country, self-estimation of personality and ensuring market and social needs of the State.

The most essential and troublemaking issues of Ukrainian higher education are: governance, autonomy, financing and the quality assurance

The first two points are closely tied and interdependent, since the effectiveness and efficiency in higher education relates to governance and funding, as well as to the promotion of a quality culture in the higher education systems and institutions. The way higher education systems are organized and funded has an important impact on their overall effectiveness.

The EU’s Europe 2020 strategy stresses that:

- higher education systems require adequate funding and, as a growth-enhancing area of spending, public investment in higher education should be protected;

- the challenges faced by higher education require more flexible governance and funding systems, which balance greater autonomy for education institutions with accountability to all stakeholders [8].

As for the HEIs governance and administration the Law provides the expansion of HEIs’ academic and partly organizational autonomy; HEIs receive wider rights on property, in particular, the property is transferred to the full economic jurisdiction; University gets full rights for the results of scientific work performed for budgetary funds [4]. These steps are aimed at improving the quality of higher education by providing HEIs with academic, organizational and financial autonomy and, consequently, the fair competition conditions.

The possible risks are hidden behind the unwillingness of the HEIs’ staff to take responsibility. They used to function under an imperative administrative paradigm in HEI–State relations. Moreover, there can be observed a shift in indentifying the institutional autonomy with the HEI’s leader, like an appropriate feature of one person concerning the general process.

To better delegate authorities and establish clear, balanced relationships, as little administra-

tive pressure as possible and variety in forms of governance we intend such key views as: guarantee variety and freedom of choice; keep vertical supervision and horizontal accountability in balance; make the role of professors clear; unable administrative pressure; to balance the relations within the HEI.

The most acute issues arising from these key moments are variety and freedom of choice and vertical supervision and horizontal accountability. The government could vary the autonomy enjoyed by HEI’s governing bodies by allowing education institutions to choose their governance structures and legal forms, and by giving them the freedom in their relationships with outside bodies. Variety in the educational offering could be promoted through the introduction of a merger check in areas where governing bodies are at risk of becoming a monopoly, by relaxing the planning and establishment rules, and by creating autonomy. Legislation on governance needs to be tested for the criteria of decentralization.

The next indicative key moment touches issues of accountability and supervision. Horizontal accountability (informing all stakeholders in education) cannot replace vertical supervision (by the state). This would do justice to the increased substantive cooperation with society and the local community (for instance, local companies, the neighborhood association or a religious community).

As for Ukrainian realities it is believed that the management of higher education in modern conditions must solve the following tasks:

- providing access to education that is capable to satisfy the educational needs of the population (social responsibility);
- ensuring equality of access to education for all people at all levels of education;
- improving the quality of education and meeting the conformity to the social requirements;
- increasing the efficiency of the educational system;
- ensuring the continuity of education;
- ensuring the integration of educational institutions of various types in single complexes;
- development of competitive educational environment.

All these problems must be solved in recent time but they are aggravated by the reduction of public funding and the need of reviewing the role and functions of the state, organization, universities and business in financing higher education. An archaic Ukrainian practice meant solving educational problems mainly by students’ families in exchange of the illusory freedom of choice of educational trajectory.

Poor State funding is not an outstanding feature of Ukrainian higher education system. The statistics shows that the total budget expenditures for education in Ukraine exceed those of other countries. For instance, in Ukraine during 2009-2010 only public education expenditures amounted to 2.3% of GDP, and from 2011 – 2%, the investment in higher education (both public and private) exceeds 2% of GDP only in the US and Scandinavian countries [1; 2].

To overcome the situation it is worth to consider the ways of cooperation of HEIs with business structures. But the European practice proves that an excessive bureaucratization of university funding procedures is one of the main obstacles to business-university partnerships.

Public funding is provided mainly on the basis of the formula taking into account a set of basic expenses and learning outcomes (outputs). Additional government funding includes research performance subsidies (expected results are determined by agreements between universities and the government or the multilateral authority) and/ or assets of competitive funds (for achieving certain research or training results), such as national research funds in Belgium, the USA and France. In Norway, state subsidies for universities compensate for up to 60% of basic costs, 25% of training costs, and 15% of research costs. In Sweden, the funding formula, in addition to training and research, includes postgraduate education. In Austria, 20% of the subsidy amount is granted by the government. In Belgium and the Netherlands, grants/ vouchers are provided for each student [3].

Furthermore, in the universities of Austria, Denmark, Spain the position of vice rectors for relations with business companies or economic activity are obligatory. As well the activities of knowledge transfer specialists promoting the achievements of universities are of great importance. But the law does not require the mandatory participation of business representatives in university management bodies (unless they are the owners of capital or institutional investors there) [3].

If to talk about institutional forms of the university-business partnership it is to note that in most countries HEIs have the right to create research parks and business incubators in the university structure, innovative companies (in which business companies are often co-owners), technology research centers or intellectual property management holdings. In the United States, as in the UK, universities create both their own business companies and a variety of private partnerships (especially for the real estate and intellectual property management) [5]. So, the university-business cooperation is a common

practice worldwide, it is fruitful, mutually beneficial and successful.

According to the results of the survey "Experience of employment of graduates of educational institutions: the view of graduates and employers", only about one third of companies (34%), mostly large and medium ones (62% and 31% respectively) cooperate with HEIs. In most cases (63%) the initiators of cooperation are both companies and institutions of higher education [1]. The vast majority of companies cooperate with a small number of profile HEIs (no more than 10). Universities collaborate with more companies due to the courses tough by specialists. But in Ukraine, the most common forms of cooperation between companies and universities are students' internships and practices, companies practically have no influence on the development of curricula and professional standards.

Ukrainian business and HEIs' representatives determine the main obstacles to the partnership in different ways. So, in the HEIs' representative's opinion, the main barriers are: lack of business awareness of all the possibilities of cooperation with HEIs and business orientation predominantly to a quick profit. And as for the business representatives, the reasons are: lack of understanding of the business world realities by the educational institutions and high bureaucracy level in HEIs.

But the main supervising functions and authority in strategy formation belong to the public administration bodies. At the level of public management the state authorities possess the functions of developing a higher education system strategy and its regulation. In the market system relations the higher professional education forms a new style of management represented as management in the market competitive educational environment. This segment of higher professional education space of Ukraine is the most competitive among others segments. It strictly demonstrates the struggle between the public and private sectors of higher education. "Fighting" is taking place in the market of educational services and potential consumers. This market is characterized by high adaptability, variability, and sufficient stability. The implementation of the market principle of the development of the system of higher education is aimed at the development of new economic mechanisms in the field of education.

At the same time, alongside with the market of educational services there happens a parallel development of the system of contractual relations among the state HEIs governing bodies for the training of qualified personnel aimed at fixing the requirements for the education quality. Requirements for the educational services quality

are established on the basis of state standards. They have the minimum required content of educational programs (for example, the amount of study load, requirements for the level of training of graduates, etc.), which is the basis for assessing the level and quality of education received.

Conclusions from the study and prospects for further exploration in this direction. The main features of the modern higher education system which predetermine its strategic landmarks are the development and modernization at the national level and the system of higher education should meet the needs of society and ensure the availability of education. Not least important are the competition between universities and the adequate systems of requirements and control over the quality of educational services under market conditions. Obviously, the system of market relations shapes much the economic stability and endurance of the universities.

HEIs economic policy directly depends on the state economic policy, but the granted autonomy permits to choose the way of funding and the issue of universities-business cooperation seems real and prospective. There are no doubts that the HEI efficiency and success as well as efficiency of the organization of educational process depend on the success of its strategy on the market of educational services. Business can be a useful tool to provide HEI with effective advanced technologies and opportunities, to make close the social expectations and demands and the educational services supply, to favor labour market oriented higher education.

Thus, the management in the university is both the system and the continuous process, which is an essential factor in effective HEI's activity and ensures its development. Exact management provides an opportunity to support every vital function of the university, but, at the same time, latently includes a set of integration factors and differentiation, including diversity necessary for the HEI's activity. These relations form an interaction, which to some extension includes everyone, but separates them into different levels and

blocks of institutional and managerial regulation. Due to an appropriate management it is possible to achieve the adaptation of various organizational components, to implement the symbiosis and synthesis of various structures within the HEI, to provide optimal HEI's activities in the educational services market and its effective development.

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