

REPORT on
Vladivostok State University
of Economics and Service
Russian Federation
May 15-20, 2004

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Summary Report of the Visit to the Vladivostok State University of Economics and Service May 15-20, 2004

Team Members:

Robin H. Farquhar (Team Leader), Professor and Former President, Carleton University, Ottawa, Canada

Jaak Aaviksoo, Rector, University of Tartu, Estonia

Ossi Lindqvist, Chair, Finnish Higher Education Evaluation Council, University of Kuopio, Finland

Helene Kamensky, Director of Russian Higher Education Programs, Salzburg Seminar, Austria

Our Salzburg Seminar VAP Team greatly appreciates the hospitable welcome that was extended to us by our hosts at the Vladivostok State University of Economics and Service (VSUES) during our May 15-21, 2004 visit there. In addition to our very full professional program, we were treated to two wonderful cultural performances (one presented by students associated with the University's Youth Center), enjoyed a tour of the city, participated in the opening ceremony of a major conference for university students from across the region, conducted a press conference and television interview, addressed a large group involved in the University's strategic planning process, and engaged in consultations with various individuals interested in pursuing particular interests with us. During all of our deliberations, the discussions were open, frank, and honest, and responses to our questions and needs were invariably prompt and helpful. A computer-equipped office was made available to us as our on-campus headquarters, and our interpreters provided good-natured translations of often complex discussions.

The quality of preparation by VSUES leaders for this visit was exceptional: background materials provided in advance (and supplementary documents supplied during our visit) were informative, relevant and clear; and the agenda for our program was appropriately focused, well conceived, and sensibly scheduled. Consequently, we are confident that our time was well spent on considerations which were of genuine concern to our hosts and that whatever value we could contribute to them was fully realized. Our formal itinerary comprised three days of intensive activity and, while we are conscious of how limited our knowledge of the University must be due to the shortness of this visit, we believe that (thanks to the quality of VSUES' preparation and the focus of our itinerary) we can offer certain comments in this report that should be of some use to the leaders of our host institution.

Our general impression of VSUES is highly positive. It is endeavoring to position itself as an "entrepreneurial university" (in Burton Clark's sense) and has launched

some bold initiatives in this direction that are comprehensive, fundamental, and innovative: they are being undertaken in full awareness of the challenges they present and a determination to meet these challenges with the necessary directness, sensitivity, and patience; and they are guided by a clearly articulated vision that is both ambitious and achievable (indeed, through fortunate timing our visit was effectively integrated into the strategic planning process in which the university community is currently involved). If we were to choose a single word to describe the essence of this institution in our perception, it would be “engaged”: it is actively engaged in the community surrounding it (the city of Vladivostok, the Russian far eastern region, the Asia-Pacific and beyond); and its internal community is actively engaged in the institution’s planning and progress. We discovered energy and enthusiasm, vitality and commitment, consensus and determination – all at a quite remarkable level – and we found a diverse community characterized by mutual respect and affection, openness and trust, dedication and loyalty – and a sense of confidence that their leadership is “on the right track.”

The program for our visit featured substantial discussions in working groups concentrated on three main topics: managing the University’s finances and diversifying their sources, its approaches to strategic management, and improving its educational quality within the Bologna Declaration’s framework. These subjects were elaborated in statements provided to us beforehand and in sub-topics listed on our agenda, and each working group included staff with responsibilities related to the focal area as well as the Rector and Vice Rectors; consideration of the third subject also involved a session with representative student leaders. Through skillful guidance by our hosts we were able to remain quite faithful to this agenda, and so what follows in this report is organized according to that three-part template.

University Finances

When addressing the issue of university finances one has first to consider the overall financial framework set by the national higher education policy and the resultant funding patterns in Russia. It may be summarized as: chronic under-funding over the last 10-15 years, delays in the transfers of the public funds, uneven and unfair (or at least hardly explainable) distribution of funds between the universities of the Russian Federation which all results in erosion of the idea of a public (or publicly funded) university and implicitly imposed pressures on all the Russian higher education institutions to raise additional income from a variety of sources. It may be added that the legislation concerning the financial matters of universities is weak and controversial leaving universities and other higher education institutions facing considerable legal risks. For the sake of fairness it may be said that in the recent years the situation with public financing has stabilized, become more transparent and (slightly) increasing public financing perspective is in sight.

In this context VSUES has succeeded very well – it has been able to raise almost 50 percent of its income from “non-budgetary” sources, created a reliable and transparent accounting and financial planning framework, and has been actively seeking to increase its income as well as to reduce its costs and improve the internal financing mechanisms. From our experience the result is not only above the average of the Russian Federation and other transition countries, but surpasses, both in depth and breath, the level of financial management of a number of universities in more developed (or at least economically more stable) countries. It was evident that

this has been achieved thanks to the commitment and vision of the top leadership as well the professionalism and innovative attitude of the financial management team. We advise VSUES to widely distribute and share its experience among the higher education institutions in the Russian Federation as well as abroad and to publish some of the developed financial management technologies.

In addition to this overall assessment, we would like to address some more concrete issues raised by our colleagues at VSUES and put them in the light of international experience as well as global trends in higher education.

First, strategic financial planning. It is advisable that VSUES shall relate more closely the institutional strategic planning and financial planning levels. It may be of use to analyze, when possible in a quantitative manner, the trends of income and costs depending on your strategic decisions. In the light of global trends, and of what one can predict about the higher education policy of the Russian Federation, it is highly unlikely that the share of public funds will grow. It is much more likely that although the volume of public funding will grow in numbers and exceed inflation it will stay behind that of the economic (GDP) growth at large. It may therefore be predicted that the private demand for higher education will grow faster than the possible public funding. The global trends clearly show growth in international higher education and we may predict a corresponding potential for generating increasingly more income from international offerings also for VSUES. It may be added that developing a strong international profile based on a small number of well-tailored and focused (both in terms of content and groups targeted) programs (tourism management, for example) contribute also positively to your academic reputation at home. (Strategic) networking can help to internationalize faster and more effectively.

Second, diversification of the sources of income. It goes without saying that public spending alone is insufficient and tuition fees, both from domestic and international students as well as from degree and continuing education programs are necessary. Considerable income may also be generated from research activities, which are funded by both public and private sources. In addition to these traditional sources of income, there is sponsoring and related fund-raising, alumni contributions, and other charity income sources. It is advisable that VSUES make a very careful and pragmatic, down-to-earth analysis of all of these sources. Charity income (and related development of endowment funds) has been widely discussed as a (considerable?) source of income, but really works only in some higher education cultures and even then for a rather limited number of (most prestigious) institutions. We advise considering this kind of income first of all in the framework of very concrete actions that help to relate the sponsors to something of personal and public value for them. It is not clear, taking into account the present realities in Russia, that this kind of funding can make any real contribution to the budget of the University, at least in the short-term perspective. We are also of the opinion that research activities may not always generate sufficient income to cover the costs incurred, let alone generate surplus to be used for strategic investments. This doubt is based on the understanding that there is very low (both public and private) demand for university research in Russia, as in all transition economies. This is further enhanced by the present modest research potential of the VSUES, the development of which is a long and indeed expensive effort. We would advise focusing research efforts solely on strength areas and trying to develop the University's potential in international cooperation (again, for example, by studying the tourist potential of the region together with related businesses at home and abroad). On the other hand, there is strong potential in participating in diverse international projects, be they research projects or those more of the development aid nature. These resources may not

directly improve the financial situation of the University but they will open up the minds of people involved and offer new possibilities for the future. One specific income item is rent from leased premises. It is a very common income source in a number of transition economies which emerged in the time of turbulent restructuring and deep financial crisis. Under more stable conditions, however, it must be seriously considered if the cash flow from rent actually covers depreciation costs and if the premises might be better used for other (academic) purposes and thus generate more income.

Third, internal allocation of resources and related costs analysis. We were very much surprised by the depth and quality of the analysis of the internal resource allocation and related costs analysis. This is a clear indication of an emerging financial quality culture that is so badly needed in modern universities worldwide. We were impressed by the work done to reduce the highly fragmented academic offerings of more than 6,000 courses to only 1,360. It goes without saying that this step has not only helped to consolidate the academic programs but also to increase the financial efficiency of the institution. It would be highly useful for your colleagues from other universities to learn from this experience, and we advise you to publish it. We also understood that VSUES is in the process of carrying out a thorough costs analysis of different academic units and services and, as the end result, is willing to cover the costs of every offered program. This is undoubtedly a very useful exercise and contributes enormously to the understanding of the costs and benefits of your operations. There is, however, a threat that, by putting too much hope and trust (and correspondingly following decisions) in the outcomes of this analysis, the University may lose strategic vision and concentrate, especially at the middle-management level, on secondary issues. Similar efforts in other places have shown that the results of the costs analysis depend too much on ambiguous assumptions and that many of the elementary costs are strongly interrelated across units and programs. Thus it is not always clear that (small) savings on one item are not causing (big) expenditures elsewhere. Another potential threat is related to the introduction of the extremely “performance based” salary schemes close to the piece wage scheme of simple workers. Whenever the personal income is directly related to concrete deliverables it reduces the attention to and care for the whole operation. A truly motivating and rewarding scheme for knowledge workers, which academics undoubtedly are, is a very complex issue and needs careful designing in order to avoid the loss of academic responsibility and true ownership. Another observation, which is directly related to internal resource allocation, is the organizational structure of the University. It seems that it is somewhat too hierarchical, fragmented and rigid, which may lead to unnecessary duplication and even conflict. We would encourage VSUES to consider a more flat organization of both the academic as well as the support structures.

Fourth, expenditure structures. We were deeply impressed by the level of transparency concerning the expenditure structures of the VSUES, the openness of the discussion and the critical but constructive attitudes of all who participated in the discussion. More specifically we were surprised by the volume of construction and repair works being carried out. It is equally noteworthy that both the staff and students were proud of their university being clean and well kept and offering, alongside with rooms for teaching and research, also facilities for sports as well as arts. From the revenue and expenses layout we can see that almost 25% of VSUES revenues are spent on infrastructure, construction and repairs, which is a very high share indeed. At the same time personnel costs constitute less than 50% of the expenditure, which is less than the average level of 60% in other countries. We are

not able to analyze this further due to lack of detailed information but we would like to point out that the budget of VSUES is in a very good shape as far as personnel costs are concerned. There is a serious structural problem in many universities whose personnel costs are higher than 70 or even 80% of their expenditure budget. From the strategic management point of view, and taking into account that top level academic staff is one (if not the most) important asset of a university, VSUES might consider raising the salary level of its top staff and/or attracting external top staff by offering them more competitive salaries. Increasing differentiation of the earned income is another global trend caused by the increasing competition between universities (and countries). There is one more important issue of strategic (financial) planning. To what extent should the University engage itself in different types of social spending, be it offering scholarships or fee discounts, subsidizing dormitories or meals of students, or investing into sports and leisure facilities? It is clear that there is no one answer to this question since it depends fundamentally on the corresponding legislation and government policies as well as university culture in the country. It is also straightforward if some of the public funds are earmarked for social purposes. Nevertheless, we believe that a university must have a clear policy of social spending, which is based on a robust cost-benefit analysis. It may well be that the academic and even social return is higher when the scarce funds are channeled to support core activities instead of different social expenses.

In conclusion, we would like once more to mention the depth and quality of the analysis of the present financial situation of the University and encourage the planning team and the Rector's office to draw the necessary conclusions aimed at increasing the efficiency of operations and a tighter focus of different academic and administrative efforts.

Strategic Management

While virtually everything that we discussed during this visit is related to the subject of strategic management (indeed, as noted previously, our visit itself was integrated into the University's ongoing strategic planning process), we shall limit our attention here to a few particular issues that were raised under this topic by our hosts for consideration with us. The institutional context for these comments is an establishment whose leaders wish it to become an "entrepreneurial university" which is highly competitive in its region, financially efficient in its operations, productively diverse in its revenues, academically focused in its programming, qualitatively superior in its offerings, continuously exchanging with its environment (immediate and afar), structurally decentralized in its management, and consensually committed in its direction. Within this aspirational framework there were three main subjects on which our views were sought by VSUES leaders: information technology, structural decentralization, and instructional rationalization.

The University community's engagement in strategic planning is extensive and intensive, and the approach being taken is sophisticated and comprehensive. It has included SWOT and other analyses, market studies, satisfaction surveys, and a variety of additional approaches to gaining the understanding necessary for effective strategic management. The central importance of information technology (IT) to this process (as both objective and enabler of strategic management) has been recognized from the start, and there has been considerable investment in equipment and expertise to expand the application of and access to IT throughout the

University. But the costs of providing IT services and some resistance to adopting information technologies have posed challenges for university leaders, and they sought our advice on how to increase the use of IT throughout the institution and on how to systematize relationships between the University's central IT department and its decentralized academic units (for example, they are considering the introduction of a "charge-back" system for this purpose, whereby units would "purchase" the services they want from the IT department).

It is recognized that the reluctance to access IT resources is to some extent a "generational" problem which will dissipate with staff turnover as older employees retire and new ones are hired. The need to incorporate IT into virtually all that the University does (including, especially, its strategic management), however, is immediate and so VSUES leaders understandably wish to stimulate the process of adoption. We applaud this intent and our only caution is that the instruments used be in the form of incentives rather than mandates. The problem is basically attitudinal, and changes in mentality cannot be effected by command; they must be induced through motivation. While the tools for this can be offered by the central administration (opportunity, accessibility, encouragement, etc.), the stimulus for it is best administered at an organizational level which is closer to the work setting of the individuals concerned; thus, we believe that it should be the responsibility primarily of institute directors.

The relationship between the University's central IT department and its various academic units should, then, be supportive rather than directive in nature; the former should be considered as a source of services made available in response to the needs and desires of the latter. However, since the principal objective is to encourage the use of this service, we wonder about the appropriateness of establishing this inter-departmental relationship on the basis of charging academic units for the "purchase" of it. We do not deny the significance of the costs involved to provide IT services, but requiring the user to pay for them seems counterproductive if the primary need is to motivate staff to become users.

A second aspect of strategic management on which our advice was sought concerns the extent of structural decentralization that is desirable in a setting where both financial efficiency and academic effectiveness must be maximized in order to survive in the increasingly competitive Russian higher education "market." There is a strong (and we believe correct) determination among VSUES managers to delegate the maximum possible authority and responsibility to the lowest feasible level of the organization – likely the disciplinary departments in the academic structure. Although one must always be careful not to decentralize so fully that the ability is lost to plan and manage an institution whose "whole is greater than the sum of its parts," we agree with this inclination in principle; but to be operational it requires certain conditions – notably an administrative cadre at the target level which is both willing and able to assume such authority and responsibility, and an accountability system whereby the exercise of this authority and responsibility can be monitored (and "fixed" as necessary). The first of these conditions does not yet appear to be fully satisfied, and VSUES leaders recognize and are responding to the need for help in the form of management training sessions, administrative assistant appointments, job description revisions, etc.

The other condition we consider to be even more problematic because we believe that it is unrealistic to expect that the managerial accountability of some forty

decentralized unit heads can be monitored by the vice rectoral level; rather, we would suggest that this monitoring function be decentralized by delegating it, again, to the level of institute directors. Interestingly, we were asked if we thought that, with appropriate decentralization, the position of institute director would even be needed in the future – to which our response is decidedly affirmative; indeed, with respect to strategic management we consider the institute directorship as possibly the most essential decision-making level (although we suggest that the current structural configuration be reexamined with a view to possibly reducing the number of institutes through consolidation in order to decrease management costs, reduce unnecessary duplication, and facilitate greater multidisciplinaryity).

Related to this last point, there is an interest in promoting more interdisciplinary cooperation and focused responsiveness at VSUES through some further organizational restructuring (e.g., a “project/program center” arrangement) and we were asked for our opinion on this as well. We agree strongly with the objectives of this consideration, but we are not convinced that the present administrative structure needs to be replaced in order to accomplish them (indeed, as indicated above, we would prefer to see it strengthened – especially at the institute director level). We do think that a more flexible “matrix” pattern would be worth exploring as a supplementary structural enhancement wherein the principal organizational divisions would continue to be institutes within which faculty members are assigned to specialized departments, but a capacity would exist (and be encouraged) to form more temporary collectives of scholars drawn from (and “loaned” by, or “purchased” from) two or more institutes in order to establish multidisciplinary foci upon complex problems when targeted resources are made available to support such examinations. The number and nature of these collectives would vary from time to time, in response to needs and opportunities, and as *ad hoc* structures they would not threaten the continued vesting of major authority and responsibility at the institute director level.

With strong and competent institute directors, perhaps the most promising strategic management thrust that a university can undertake is in the area of instructional rationalization. We were most impressed by the extent to which this has already been happening at VSUES. Strategically, the institution’s leadership has recognized that with continuing reductions in state funding for higher education (and the consequent growing dependence on the recruitment of fee-paying students to remain financially viable) along with the projected severity of declining demographics (necessitating fierce competition among universities to attract the dwindling cohorts of domestic students and expand the number of internationally recruited students), it is necessary to improve the perceived quality of education offered while concurrently increasing the student/teacher ratio – a most demanding challenge, yet one on which the VSUES leadership has embarked boldly and wisely.

Commendably, the principal approach taken to increasing the student/teacher ratio has not been simply trying to augment the number of students enrolled (i.e., maximizing the demand for the University’s teaching service); rather, it has been to rationalize the curricular offerings and modernize the instructional approaches (i.e., improve the supply of the University’s teaching service). Thus, for example, during the past decade the number of courses offered has been reduced from 6,000 to 1,300; and rather than constituting a threat to the quality of academic programming, this process has been used to improve the offerings by requiring that curricular content be consolidated and intensified, that course descriptions be developed as

both information and accountability tools, and that unnecessary duplication in course offerings be eliminated. Concurrent attention has been given to instructional approaches: recognizing that listening to lectures delivered by professors is only one way for students to learn (a relatively expensive and sometimes ineffective way), considerable resources and services have been developed and made available to encourage and help faculty members to adjust their teaching methods through IT applications, individualized study, guest instructors from the wider community, etc. All of this activity has been stimulated by a subtle balance of policy mandates and performance incentives that have resulted in some clear success, and the VSUES management's goal of increasing the student/teacher ratio from 12:1 to 16:1 while still improving the quality of offerings seems reasonable and achievable; this would be a remarkable accomplishment in any setting, and it would certainly be exceptional in the Russian context.

As these strategic management endeavors progress, our only advice is to ensure that they be guided by some carefully determined and clearly articulated priorities. While comprehensive universities must do many things, no single institution can do everything, nor is everything that it does of equal value in a strategic sense. With limited resources, some areas must be identified as more important than others – in terms of quality, attractiveness to students, relevance to society, etc. – and the University's budget allocations, marketing programs, space allocations, and other decisions need to reflect these differential degrees of importance (as does the mission statement, which we suggest might be further revised to better differentiate VSUES' strengths from those of many other aspiring "entrepreneurial universities"). The IT systems, survey centers, SWOT, and other analyses that support strategic management at this institution have been producing information on which sound decisions about such priorities can be based. We wish to encourage the VSUES leaders in their broadly consultative approach to getting these decisions made, and we applaud their realization that probably the greatest challenge before them is to attain a closer alignment between their own vision and aspirations and their staffs' attitudes and performance.

Educational Quality

In its statement of goals, VSUES asserts that the quality of the study process is one of the main issues being tackled with reference to market research. This apparently is a clear indication of the University's aim towards relevance of the studies and programs it offers for the labor market and for the service of the region; this concept of market is interpreted not only as the city of Vladivostok and its surroundings but also as the Russian far eastern and the international Asia-Pacific regions where the University is operating. This is a commendable goal, and the University and its leadership deserve credit for commencing the strategic work to achieve it. We gratefully recognize that our meetings and discussions with VSUES teachers, staff, and students were very open and frank, and they gave us as good and transparent a picture of the University as possible.

Currently the total student body of VSUES numbers around 20,000, which includes about 2,500 students at the primary and secondary level. Full-time university students are already in a minority and the emphasis is shifting towards life-long and distance learning, which follows the overall international trends elsewhere in Europe. It is not expected that the student numbers will increase further because the current

demographic situation points towards declining age cohorts in the very near future. The VSUES campus itself is compact and well organized, and it apparently serves the students well in both their academic work and their voluntary activities.

The Bologna declaration in 1999 set the overall goal, and the summit meetings and the communiqués of Prague (2001) and Berlin (2003) further specified and clarified the aim, of creating a European Higher Education Area by the year 2010. The Russian Federation is a signatory country of the Bologna process since 2003. Accordingly, VSUES has fully recognized the importance of adopting the Bologna process, which partly is also a consequence of the regional and international demands that are imposed on it. The University sensibly wants to increase its enrolment of international students, which it recognizes will require market-oriented studies and conformity to Bologna's international degree structure for the sake of mutual and international recognition of the degrees it confers. For both of these needs, it is important that the University identifies and defines its special niche and specific strengths within the national and international contexts. A good strategic plan is essential to this and to clarifying how the University is different from others. VSUES is already well-launched on such a planning process.

From our hosts' viewpoint, the main issues in the Bologna process apparently are (1) the new degree structure, (2) quality improvement and quality assurance of the teaching/learning enterprise, and (3) the emphasis on deeper student involvement in quality assurance and overall development of the University. Of course, there are several other technical issues to be resolved in this context – such as the adoption of the credit system for the course and student work, which is important also for the sake of transferability.

The current degree structure in Russian universities with numerous specializations apparently has served the country and its human resource needs relatively well in the past, but the new and more dynamic labor market poses new challenges for university education. We noted that the VSUES leadership is cognizant of this, though numerous problems and issues remain to be worked out.

We concur that the relatively large number of current specializations offered by the University could be further consolidated to accommodate the anticipated new degree structure. This consolidation should entail a gradual accommodation of programs to the best teaching and infrastructure resources available and to the new university-wide strategy that is being developed. Also, removal of apparent overlaps in programs and close internal cooperation among institutes would release new resources for a better execution of the overall strategy. This requires the University to set clear priorities for its programs and course offerings and to pursue cooperation with other universities or institutions of higher education in the region (for both partnership and benchmarking purposes).

As to the number of Bachelor's degrees offered by VSUES, there cannot be any prescriptive rule, but the Bachelor's degree is usually considered to be relatively general and broad in its contents, and the subsequent Master's degree is considered to give a more specialized education; still, the teaching at all levels should always be based on up-to-date knowledge and the most recent research and/or practice. For each degree and academic field, an analysis of the core contents is normally the first step. The Bachelor's degree should lead to several alternative Master's possibilities;

so there need not be an equal number of Bachelor's and Master's degrees in the same university.

In Europe, the higher education sector may diversify to the extent that some universities (in certain fields) specialize more on Bachelor's offerings and others on Master's degrees (often followed by Ph.D. programs). A common practice in Europe seems to be that the duration of the two first degrees is three-plus-two years, but some deviations may arise in different countries and academic fields. To its credit, VSUES is exploiting its movement toward this new degree structure as an opportunity to rationalize, consolidate and reduce the number and variety of its specialized offerings. At the same time, it is interested in offering greater curricular choice without requiring the development of numerous new courses; rather, students enrolled in one institute will be enabled and encouraged to take courses already offered by other institutes at the University.

The old and often relatively narrow specializations common in Russia will probably not serve the demands of the new labor market in the best possible way. A specialist program lasting for several years may end up "wasted" if the job demand and employment market have markedly changed in the meantime; the new situation requires a lot of flexibility for education and, in fact, the emphasis is moving towards adult education and life-long learning to complement the basic studies. So there exist also certain economic reasons for a relatively short period of basic studies which may later be updated through further education by Master's studies or other forms of professional development.

For the new degree structures and contents, there are also novel requirements arising from the need to develop multidisciplinary courses or programs, especially in those fields that have a strong interface with business or with the outside community at large. If and when one wants to solve some tangible problems in business or in society, they seldom if ever can be tackled within one academic field alone. In recognizing this VSUES already is an "entrepreneurial university" in many ways, realizing that educational quality (once the domain of those within the University) is increasingly being determined by those outside the academy who consider societal relevance to be an important component of such quality (and multidisciplinary an essential vehicle for it). An excellent outreach to the business community and society at large which VSUES is pursuing in this regard is the formation of an alumni network that could supply strategic information from the labor market (and also provide a source of possible donations and other financial links).

Another aspect of the current trends in higher education is the demand (especially by the labor market) for certain generic skills. These include, for instance, communication skills, foreign language proficiency, use of information technology, team-work capabilities, etc. VSUES has fully recognized these issues and is paying special attention to language teaching and IT applications. Supporting the high schools to upgrade their teaching can be helpful as well in this respect. The numerous student associations and voluntary activities also prepare the students for social and communicative skills. We were impressed by the many activities that students are planning and executing, one good example being the Model United Nations program on which we received a compelling presentation.

Indeed, our session with representative student leaders provided clear evidence of the VSUES students' commitment to the University's advancement and their pride in

and respect for this institution. They are happy with their library resources, computer access and student services, although they remain concerned about an apparent lack of motivation by some faculty to improve the quality of teaching. They would appreciate even greater involvement of business representatives in their instruction and a reduction in the size of some classes (where enrollment exceeds thirty students), but they are positive about the opportunities provided for student engagement in the University's operations, planning and decision making. They believe that they are heard and that their communication with management is very good, although they find that administrative actions in response to their concerns are not always as forthcoming as they would like. Overall, however, the students at VSUES seem to be highly engaged in university affairs and deeply appreciative of the opportunities provided to them for such engagement.

As for the improvement of quality, the University is already engaged in the students' evaluations of courses and teachers – especially at the main campus, where faculty are reviewed for reappointment every five years. It is important to hear the student voice in this respect and to undertake proper action as a response. It is also important that the encouragement of faculty to self-assess and improve their own teaching performance be continued. In this regard, we agree that incentives are better instruments than mandates for motivation, and our two main approaches toward this in the west are (1) recognizing, rewarding and celebrating excellent teaching performance (e.g., through awards, salary supplements, released time, travel grants, etc.) and (2) establishing resource centers to provide various services for faculty to improve their teaching performance (e.g., workshops, equipment, demonstrations and visiting experts, etc.). With respect to the evaluation of student performance, we commend VSUES on its concern for assessing the development of the “whole person,” which exceeds the more limited focus on academic achievement in western institutions because our students tend to be older on admission than is typically the case in Russia where there is a greater need for universities to also serve the role of *in loco parentis*.

It is important to quality assurance that every program and course description indicate in advance what are its specific targets, knowledge, and skills to be learned and mastered. While more demanding for the teachers, this is very helpful for the students as well as for the alumni, employers, or any other outsider, as it gives an impression of what is being taught and what is happening in the University. This is a matter of transparency, and it follows from the world-wide trend of moving higher education from an input orientation toward output measures: that is, student learning is more important than teaching itself; it is less crucial to measure the contact hours that teachers are spending in the classroom than to determine what the students really have learned. Proper library and IT services make it possible for students to practice independent studies, though even then they may require individual tutoring.

It is of prime importance for any university that the teachers possess up-to-date knowledge and skills. The traditional way for securing this is through research but, because VSUES is a service-oriented university, the role of research may not be essential in every field because updated practices can also be adapted from others through visits, staff exchanges, and cooperation with sister institutions, both nationally and internationally (Part of the concept of “mobility” in the Bologna process involves staff mobility, one simple reason for which being the avoidance of “inbreeding,” wherein a university becomes a kind of semi-closed system). We were pleased to note, thus, that VSUES is already engaged in hiring temporary teachers

from business and elsewhere to enrich its instruction. High-quality faculty skills (including pedagogical ones) are important also in the policies for professorial promotions and appointing new teachers.

The Bologna process itself has many facets, and several hundred universities in Europe are already engaged in it. Some nations have formally adopted the two-tier degree structure, as in most Nordic countries where it will become mandatory from 2005 on. There are and will be numerous national and international seminars and workshops on the issues involved, and thus VSUES may benefit greatly by learning from others and by benchmarking (e.g., through “the Utrecht Network,” a group of European institutions that have declared themselves to be “entrepreneurial universities”). There are several rather technical issues involved, such as the adoption of the credit system, where other universities could offer good examples; and VSUES has been authorized to start by launching pilot projects for some of its programs (as it is now doing in its Institute of Economics and Business) and then expand them to cover all offerings. The so-called core contents of the new degrees may have some national and international characteristics, but it is important that in this respect any university also identifies its own strategic goals and the specifics of the economic, cultural and social environments in which it is operating.

To summarize, we were impressed by the strategic manner in which VSUES is embarking upon the process of quality improvement and quality assurance in its teaching, in internationalization, in student involvement, in planning the new degree structure, and in other important directions which all pave the way for even closer cooperation and engagement of the University within its region and internationally in the context of the Bologna process. This institution is clearly making demonstrable progress toward the improvement of its educational quality.

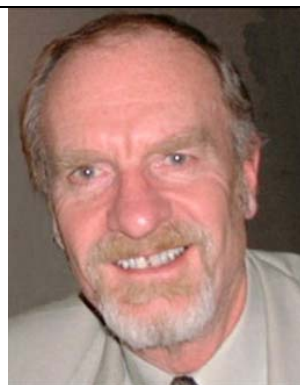
Conclusion

In conclusion, we reiterate our admiration for this University and our concurrence with the directions in which it is being led. It is pursuing a bold vision with an ambitious agenda that is realistic because of the strategic manner in which it is being planned and managed. The difficulties inherent in such an endeavor are neither underestimated nor evaded at VSUES, and its leaders clearly possess the talent and determination to confront them successfully. The progress it has already made is remarkable for a university that is only thirty-five years old, and there is good reason to believe that this will continue. We are confident that the institution will succeed in its quest to become an “entrepreneurial university” and, as such, it will attain a leadership position in higher education within the Russian Far East and the Asia-Pacific region.

We shall follow this development with affectionate interest and, through the Salzburg Seminar, we remain ready to provide any further information or assistance that we can if it is requested of us. In the meantime, we express again our gratitude for the hospitality extended to us by our VSUES colleagues, for the quality of their preparations for our visit, and for their frankness and responsiveness while we were with them. It has been a pleasure to work with them and a privilege to undertake this mission.

Visiting Advisors:**Robin H. FARQUHAR, Canada - Team Leader**

Robin Farquhar is professor of public policy and administration and served as president of Carleton University, Ottawa, Ontario, from 1989 to 1996. He was vice chancellor and president of the University of Winnipeg, Manitoba, from 1981 to 1989, and has chaired the Canadian Bureau for International Education. Dr. Farquhar is former president of both the Canadian Society for the Study of Education and the Commonwealth Council for Educational Administration. He received B.A. (honors) and M.A. degrees in English from the University of British Columbia and a Ph.D. in education administration from the University of Chicago, Illinois, USA. Dr. Farquhar is a member of the Universities Project Advisory Committee, has participated in many Universities Project and Russian Higher Education Project symposia, and has participated in consultant visits by Visiting Advisors Program teams to Central and East Europe and the Russian Federation.

**Jaak AAVIKSOO, Estonia**

Jaak Aaviksoo was minister of education of Estonia from 1995 to 1997 and currently serves his second term as rector of Tartu University (1998-2003 and 2003-current). The vice rector from 1992 to 1995, he remains a professor of optics and spectroscopy. He was an Alexander von Humboldt Fellow at the Max-Planck-Institute in Stuttgart, Germany from 1987 to 1988 and 1989, a guest professor at University Paris VI in 1991, 1993 and 2001 and research professor at Osaka University in 1991. Dr. Aaviksoo received a Ph.D. in physics from the Estonian Academy of Sciences and is currently one of its elected members. Dr. Aaviksoo is a member of the Universities Project Advisory Committee. He has participated in the first Russian Higher Education Project symposium, is an alumnus of several Universities Project symposia, and has participated in consultant visits by Visiting Advisors Program teams to the Russian Federation.



Ossi V. LINDQVIST, Finland

Ossi V. Lindqvist was elected chairman of the Finnish Higher Education Evaluation Council from 2000 to 2003 and again for a second term from 2004 to 2007. He serves as professor at the Institute of Applied Biotechnology at the University of Kuopio, Finland. From 1990 to 1998, he served as rector of this University. He has also served as chairman of the Finnish University Rectors' Council from 1993 to 1997, member of the National Council for Science and Technology Policy from 1996 to 1999, and he is a lifetime foreign member of the Royal Swedish Academy of Agriculture and Forestry. He was professor at the University of Dayton, Ohio, USA from 1970 to 1972. Dr. Lindqvist holds a Ph.D. from the University of Turku. He is an alumnus of several Universities Project and Russian Higher Education Project symposia, and has participated in consultant visits by Visiting Advisors Program teams to Central and Eastern Europe and the Russian Federation.



Helene KAMENSKY, Austria

Helene Kamensky is director of Russian Higher Education Programs at the Salzburg Seminar, where she is responsible for the development and direction of academic programs on Russian higher education. Before joining the Salzburg Seminar, Dr. Kamensky served as an adjunct professor of philosophy and Russian studies at the Institutes of Philosophy at the University of Salzburg and the University of Vienna. Previously, Dr. Kamensky was research fellow at the Institute of Scientific Theory at the Salzburg International Research Center. From 1985 to 1989 she was dean of the Faculty of Foreign Languages at Novosibirsk State Pedagogical University in the Russian Federation, where she previously served as associate professor and senior lecturer in the department of philosophy. Dr. Kamensky's area of research interest is higher education policy and management. She holds a Ph.D. in philosophy from the department of logic and epistemology at the Russian Academy of Sciences, which was authenticated by the University of Salzburg, Austria in 1993.



Schedule of the Visit:

Day/Time	VSUES participants	Event	Topic
May 15, Saturday		Arrivals	
May 16, Sunday			
9:00 – 12:00		Arrivals	
13:00 – 14:00		Lunch/Orientation Meeting	
14:30 – 17:30		Tour of Vladivostok	
18:00	VSUES Rector and his team	Welcome Dinner	
May 17, Monday			
7:30 – 8:30		Breakfast	
9:00 – 10:00		University Tour	
10:15 – 12:00	Prof. Lazarev G.I., Prof. Maltseva G.I., Prof. Sevastyanov S.V., Pimenova N.Y., Prof. Martynenko O.O., working group members	Meeting with the Rector and VSUES Team	VSUES concerns and goals; Problems List; proposed ways to solve the problems in the University. Review of the schedule. Main issues to be discussed
12:30 – 13:30		Lunch	
14:00 – 15:30	Working Group A, Chair: Prof. Maltseva G.I.	<u>Working Group A</u> « <i>Management of University Finance</i> »	1) VSUES Budget's formation and components. Budget's decentralization and transparency. 2) Cost of education and allocation of budget resources on the level of - University - Institute - Department (Chair)
15:30 – 16:00		Coffee-break	
16:00 – 17:30	Working Group A, Chair: Prof. Maltseva G.I.	<u>Working Group A</u> « <i>Management of University Finance</i> »	3) Planning of revenue: strategy and resources for non-budget fund raising - attracting sponsors - applied scientific research - international cooperation (export of educational services)
17:30 – 18:30		Debriefing Meeting	
18:30 – 19:30		Dinner	
19:30 ~		Cultural Program	
May 18, Tuesday			
07:30 – 8:30		Breakfast	
9:00 – 10:30	Working Group B, Chair: Prof. Lazarev G.I.	<u>Working Group B</u> « <i>University Strategic Management</i> »	1) Development of governing boards and structures 2) Professional managers' training and administration on projects' basis 3) Information support of the University control system
10:30 – 11:00		Coffee-break	
11:00 – 12:30	Working Group B, Chair: Prof. Lazarev G.I.	<u>Working Group B</u> « <i>University Strategic Management</i> »	4) Corporate culture. Evaluation of activity and motivation of University Faculty and personnel 5) Role of scientific research in the University study process 6) The role of the marketplace in forming VSUES teaching and research priorities

12:30 – 13:30		Lunch	
14:00 – 16:00	Working Group C, Chair: Prof. Martynenko O.O.	<u>Working Group C</u> « <i>Improvement of the Quality of Education in the Framework of the Bologna Declaration</i> »	1) Introduction of Bachelor's and Master's programs 2) Rating system of students' study progress. Systems of academic credit. 3) Optimization of study process and academic freedom of the University
16:00 – 16:30		Coffee-break	
16:30 – 17:30		Debriefing Meeting	
18:00 – 19:00		Dinner	
19:00 – 20:00		Cultural Program	Students' concert (Fashion theatre etc.)
May 19 , Wednesday			
07:30 – 08:30		Breakfast	
09:00 – 10:30	Working Group C, Chair: Prof. Martynenko O.O.	<u>Working Group C</u> « <i>Improvement of the Quality of Education in the Framework of the Bologna Declaration</i> »	4) General and elite education 5) Correspondence study. Distant technologies in education 6) Problems of foreign students' socio-cultural integration while exporting educational services
10:30 – 11:00		Coffee-break	
11:30 – 13:00	Prof. Maltseva G.I., Prof. Martynenko O.O., representatives of Student Council, students	Meeting with Students	Students participation in the university management, study motivation, etc.
13:00 – 13:50		Lunch	
14:00 – 16:30		Team Meeting	Preparation of the visit's preliminary report
16:30 – 17:30	Prof. Lazarev G.I., Prof. Maltseva G.I., Prof. Sevastyanov S.V., Pimenova N.Y., Prof. Martynenko O.O.	Presentation of the preliminary report to the Rector and VSUES participants	
17:30 – 18:00	Mass-media, VSUES Rector, students, faculty members	Press conference	
19:00 ~		Farewell Dinner	
May 20, Thursday		Departures	

THE UNIVERSITIES PROJECT OF THE SALZBURG SEMINAR

Universities throughout the world are undergoing systemic changes in their governance, academic design, structure, and mission. From 1998 to 2003, the Salzburg Seminar's Universities Project focused on higher education reform in Central and East Europe, Russia, and the Newly Independent States as universities in these regions redefined their relationships with governments and try to become more integrated into the global intellectual community.

The Universities Project was a multi-year series of conferences and symposia convening senior representatives of higher education from the designated regions with their counterparts from North America and West Europe. Discussion in the Project's programs focused on the following themes:

- University Administration and Finance
- Academic Structure and Governance within the University
- Meeting Students' Needs, and the Role of Students in Institutional Affairs
- Technology in Higher Education
- The University and Civil Society

OBJECTIVES

Universities and other institutions of higher learning are seeking to reshape themselves in ways that will prepare them more fully for the twenty-first century. Even as these institutions are considering extensive systemic changes in their academic design, structure, and mission, all desire autonomy in governance and in their intellectual life. Accordingly, the Universities Project aimed to promote the higher education reform process by inviting senior administrators to participate in conferences and symposia concerning issues of university management, administration, finance, and governance.

THE VISITING ADVISORS PROGRAM (VAP)

The Salzburg Seminar launched this enhanced aspect of the Universities Project in the autumn of 1998. Under the VAP, teams of university presidents and higher education experts visit universities in Central and East Europe and Russia at the host institutions' request to assist in the process of institutional self-assessment and change. By the end of 2004, more than seventy VAP visits will have taken place to universities in East and Central Europe and Russia. The addition of the Visiting Advisors Program brought to the Universities Project an applied aspect and served to enhance institutional and personal relationships begun in Salzburg.

The Salzburg Seminar acknowledges with gratitude the William and Flora Hewlett Foundation, the W.K. Kellogg Foundation, and the Carnegie Corporation of New York, which provided funding for the Universities Project, the Visiting Advisors Program, and the extension of the VAP in Russia, respectively.

FOR MORE INFORMATION

For more information regarding Salzburg Seminar programs, please contact one of the Seminar's offices below.

Salzburg Seminar
Schloss Leopoldskron
Box 129
A-5010 Salzburg, Austria

Telephone: +43 662 839830
Fax: +43 662 839837

Salzburg Seminar
The Marble Works
P.O. Box 886
Middlebury, VT 05753 USA

Telephone: +1 802 388 0007
Fax: +1 802 388 1030

Salzburg Seminar website: www.salzburgseminar.org