

# Opportunism as a Characteristic of the Stakeholders' Coordination in the Russian Higher Educational System

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**Abstract**— The relevance of the research is determined by the demand of finding a framework for coordination of different stakeholders groups; to harmonize multidirectional interests and eliminate the conditions for the reproduction of the opportunistic behavior model. The interests of the educational system participants are multidirectional and sometimes are opposite. The degree of each stakeholder influence on the higher education system, as well as their mutual influence varies. In such circumstances the ground for opportunistic behavior is formed, which significantly reduces the potential and effectiveness of participants coordination in the higher education market. The research tested the stakeholder approach to the specification of forms of opportunistic behavior in higher education. The interests of each stakeholders' group have their own projection on the higher educational system, as well as specific opportunities for their influence due to the position and importance in the system of higher education. The implementation of the stakeholders' theory has a high cognitive potential, which allows to identify all stakeholders of higher education, to develop framework of different interests harmonization, taking into account the possible opportunistic actions in different stakeholders groups. Key stakeholders and forms of opportunism are identified; the characteristics of the possible influence and projection of interests on the higher educational system are described.

**Keywords**— *Higher Education, Opportunistic Behavior, Stakeholder Theory.*

## I. INTRODUCTION

The theoretical basis for the stakeholder approach implementation in the analysis of the higher educational market was formed in the context of the scientific concepts development that contain approaches to understanding the category of education. In the overwhelming number of concepts, education was seen as more than just the organization, the industry or activity for the production of educational welfare to a particular consumer. The impact of the higher education market is much wider than the satisfaction of producers and consumers interests (direct participants) and includes a much wider range of recipients (society as a whole, different public institutions, and the state). The use of stakeholder approach will allow to take into account the nature and projection of the main stakeholders interests in the higher education.

Since the market of higher education has a set of actors seeking to satisfy their own, sometimes opposite, interests, there is a ground for deviant behavior. Different opportunities of

participants influence on the educational system, as well as the degree of mutual influence create conditions for the reproduction of the opportunistic behavior model.

Under such conditions, the simultaneous application of stakeholder theory and the theory of opportunistic behavior will enhance the depth of the analysis of participants with the possible opportunistic actions.

## II. STAKEHOLDER THEORY IN THE ANALYSIS OF OPPORTUNISTIC BEHAVIOR IN THE HIGHER EDUCATIONAL SYSTEM

The stakeholder theory is used as a methodological approach to analyze the higher educational system. The formulating of the stakeholders theory is associated with the E. Freeman and his book "Strategic Management: A Stakeholder Approach", published in 1984 [1]. According to the definition proposed in the book, stakeholders refer to any individuals, groups or organizations that have a significant impact on the decisions made by the company and/or are under the influence of these decisions.

Most of the stakeholders of the higher education system are interconnected by contracts, causing a certain minimum (frame) of mutual obligations of the parties. However, a number of stakeholders that can influence decision-making in the higher educational system and consume the external effect of higher education are not related to contractual relations (explicit contracts) with other participants in the system. The characteristics of belonging to the category of "higher education stakeholder" are the ability (possibility) to influence on the higher educational system and to get effect (contract or external) [2].

The formal list of the main stakeholders of higher education in Russian Federation is contained in the Federal law № 273 "On Education in the Russian Federation": "education is a single purposeful process of education and training, which is a socially significant good and carried out in the interests of the person, family, society and the state..." [3].

Based on this framework, the stakeholders of the higher educational system are the following groups of agents: direct consumers (students, households); mediated consumers (employers); indirect consumers (society, state); direct producers (the organization of higher education).

The degree of influence of each stakeholder on the higher educational system, as well as mutual influence is different. It should be noted that the households are the least professional stakeholder that has a significant impact on the higher

educational system. Relying largely on informal institutions (belief in the prestige of a particular profession, not based on objective data, family traditions, the opinion of the surrounding non-professionals) in the conditions of information asymmetry, they form the demand for popular professions in the conditions of lack of qualified personnel in other economy sectors.

It is obvious that employers (business) are the final consumers of knowledge and competencies provided by the higher educational system and it is crucial for them to form the demand for the qualified personnel with the particular competencies. However, the sociometrist analysis of communications conducted by the expert survey among the stakeholders of the higher education market demonstrated a low degree of interaction between the system of higher education and employers (figure 1). Thus, the most interested stakeholder has the least influence on the of higher education market.

It should be noted a rather low degree of public institutions influence in the development of higher education. For example, in the presence of such formal institutions of public participation, fixed in the Federal law №273, as public accreditation, 36% of educational institutions of higher education do not plan to participate in this process and only a third has passed this procedure [4].

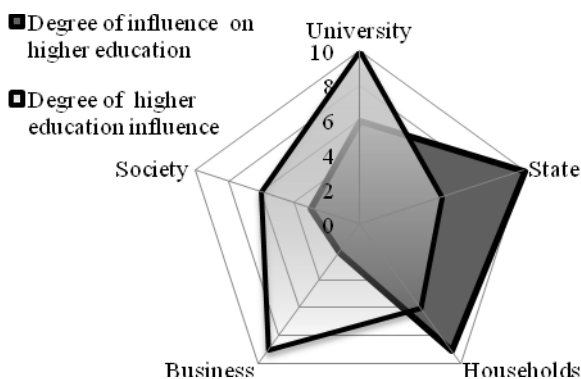


Fig. 1. – The degree of mutual influence of the stakeholders of the higher education according to the results of expert surveys in 2014 r<sup>1</sup> [5]

The use of the stakeholder approach in connection with other theories, in particular, the theory of opportunistic behavior, is promising. This allows us to give a comprehensive assessment of the stakeholders' interaction in the market of higher education.

The stakeholder theory implementation has a high cognitive potential, allowing identify all stakeholders of higher education, to develop framework for harmonizing their influence and interests, taking into account the potential opportunistic actions of different stakeholders groups.

<sup>1</sup> Surveys were conducted within the framework of RFBR grant №13-06-00635, RGNF grant № 15-02-00509

Among the main prerequisites for the implementation of the stakeholder approach to the higher education system research are the following:

First, the modern system of higher education is a crossroads of many interests of economic agents, with different, often with opposite goals;

Second, the lack of explicit subordination in the relations of the higher educational system participants makes it difficult to identify the possibilities of influencing;

Third, even within the interests of one group of stakeholders, are possible the opposite goals, which produces opportunistic behavior.

The theory of opportunistic behavior combined with the stakeholder approach provides methodological tools to identify opportunistic behavior in the higher education market.

In this paper, opportunism in higher education will be considered as a specific feature of stakeholders' coordination in the higher education market.

It is noted that the earliest context of the use of the word "opportunism" in science is associated with the political sphere, where this category was associated with the ability to adapt to the current political moment [6].

A. Smith proposed a model of a selfish man, who seeks to satisfy only his own interests; later John Bentham has formulated a key principle of human behavior, which is to maximize pleasure. Thus, the founders of classical economic theory recognized opportunism as a passive form of behavior.

A retrospective analysis of theoretical approaches to the understanding of this category in the framework of institutional theory allows us to focus on several very important statements.

O. Williamson gave the following definition of opportunism: opportunism is adherence one's own interests, including fraud, including such obvious forms of deception as lying, theft, fraud, but hardly limiting them, indicates an active form of opportunistic behavior and the existence of intent to harm third parties in order to achieve their own interests [7]. Let agree with Aleskerova S. E. that the understanding of opportunistic behavior evolved from passive adaptation to active entanglement, deception and distortion of information [8].

Analysis of the notions given by Shastitko [9], Oleynik [10], Kapelyushnikov [11], Nesterenko [12], Popov and Simonova [13], etc. [14, 15, 16] allows us to interpret opportunism as a systemic phenomenon having an institutional character, which is one of the basic characteristics of the institutional interaction of economic agents.

The greatest attention to opportunistic behavior was paid within the theory of contracts and the theory of the firm. The behavioral side of this category is devoted to the research of new institutional economic theory. The category of opportunism is reasonable to interpret in a broader sense than the interpretation of this category in the framework of firm and contract theories: unilateral redistribution of benefits (rights) in their own interests, to the detriment of third parties.

We also agree that the creation of permanent conditions for the reproduction of opportunistic behavior model in the course of economic agents interaction can be fixed in the form of an "institutional trap" [17].

### III. FORMS OF OPPORTUNISTIC BEHAVIOR IN HIGHER EDUCATION

Summarizing the results of research of Russian and foreign scientists, we note that the following set of conditions forms the basis for opportunistic behavior: the difference of interests; the presence of rules that are violated in their own interests; the premeditation of actions; the information asymmetry; the third parties damage.

The higher education organizations are the main stakeholders of the higher educational system. The interests of universities are located at the crossroads of two goals: on the one hand, improving the reputation of the university; on the other hand, improving economic performance. A good reputation of the university is attractive for students, however improving the economic efficiency of the university is forced to save and reduce the cost of the educational process, which in turn reduces the quality and as a result worsens the reputation of the educational organization. As a result university forced to act opportunistically: to achieve particular indicators; to distort information; to increase reputation costs concurrently reducing the expenses of the educational process; to initiate discretionary projects to attract funding; to allow students to obtain satisfactory estimates in the absence of appropriate grounds for the preservation of the university funding etc.

Households as the least professional class of stakeholders also have their own specific interests, including obtaining a quality education from a prestigious university and maximum savings in tuitions. The inconsistency of these goals also stimulates opportunistic behavior in the form of evasion of timely tuitions payment.

The core of students' interests as the most numerous stakeholder is on the one hand obtaining a prestigious diploma – a selective signal to the future employer; on the other – saving efforts and time for studying. The ratio of these interests produces various forms of opportunistic behavior, from the distortion of information to outright deception, in particular the use of a diploma of a prestigious university (not knowledge) as a signal to the employer. The modern institutional trap is characterized by the fact that on the one hand, education has become a paid service; on the other hand, the labor market still does not require in-depth knowledge [14]. As a result, the student has the opportunity to form a request for the low level of knowledge and comfortable learning environment that provokes evasion of his responsibilities, plagiarism, cheating and other forms of opportunism.

The academic staff, having his own interests in the form of receiving payment for activities while minimizing his own efforts to meet the effective contract criteria, is also prone to opportunism, which appear in formal work for the sake of indicators, shirking, etc. In particular, if there are differences in the bargaining power of the parties after the start of the contract for redistribution in their favor of benefits and costs, using a monopoly, the teacher may require the student to perform actions that are not part of the educational process. Slackening, characteristic of the modern teacher is expressed in the avoidance of fulfillment of obligations (overly loyal assessment of students' knowledge, neutral attitude to cheating, plagiarism).

In addition, the desire for income can push the teacher to rent seeking, as a form of opportunistic behavior in the form of bribery and corruption. It should be noted that the teacher in modern conditions, as a free market agent, having the qualities and competencies that have a certain value for the University (regalia, the ability to receive grants, academic achievements, high positions in government, communication, talent, etc.) is able to appeal to extortion, dictating the conditions of the educational organization of its participation in the educational process (minimum workload, surcharges, position, state, a separate office, etc.).

The employer, as the most dependent on the higher education system, has an interest in getting a ready-to-work graduate. The qualification, competencies and abilities required by the employer are currently difficult to verify, since most employers are rather vague in formulating their needs, which creates the ground for opportunistic behavior such as the introduction of additional selective requirements (in addition to a diploma). There are, for example, knowledge of a foreign language, possession of additional skills, etc., the establishment of a probation period exceeding the legal, the expansion of duties in comparison with the job description, etc.

The state, as one of the most influential stakeholders, in its turn, also has its own interests that do not coincide with other stakeholders and have a very controversial character. There are the meeting the personnel needs of the national economy, the main factor of which is the market demand for labor and at the same time the expansion of control of the higher education system. Forms of opportunistic behavior for this stakeholder are creation of incomprehensible rules, with the possibility of subjective interpretation by the regulatory authorities; laying loopholes in legislation that allows to manipulate educational organizations; monopolization of the higher education market; continuous change of rules; reducing the possibility of adapting the system for greater control; destabilization of market mechanisms, etc. The achievement of another important state interest – increasing the international level of the national higher education system provokes such a form of opportunism as the achievement of this indicator by supporting several universities, instead of the development of the entire system of higher education.

The society having its own interests in the form of socialization of young people, social stability in connection with the demand of graduates in the labor market, can also behave opportunistically. In particular, the distortion of information through the media or through the creation of negative public opinion, destabilization of the social situation.

Hereby the difference between the stakeholders' interests produces different forms of opportunistic behavior in the higher educational system.

The interests of each group of stakeholders have their own projection on the higher educational system, as well as specific opportunities for influence, due to the place and importance in the system of higher education. Based on methodological framework of Ustyuzhanina, Evsyukov, Petrov [19, p.30-31], the matrix of opportunistic behavior forms was constructed, where forms of opportunism depends on existing interests, the

possibilities of the influence of stakeholders of higher education and their projection on the higher educational system (table 1).

Table 1. Forms of opportunistic behavior in the context of interests and possibilities of higher education stakeholders influence.

Stakeholders	Interests	Interest projection on higher educational system	Possibilities of influence	Forms of opportunism
Universities	Reputation / economic performance improving	Attainment of formal indicators, budget finding, tuition fees and grants	1. Staff recruitment and payment 2. Determining the size of training groups 3. Determination of tuition fees 4. Cash management 5. Advertising budget	1. Reducing the quality of education by saving costs for the performance of basic functions and their redistribution to image projects 2. Extortion in the form of additional services imposing 3. Discretionary projects implementation 4. Lowering the requirements to keep students 5. Saving on material and technical support of educational process
Households	Price / quality	Education demand, tuition fees	1. The university choice 2. The reputation of the university and the programs	1. Arrears of tuition fees; 2. Dissemination of uncertain information
Students	Prestige / labor intensity minimization	Education demand, tuition fees	1. The university choice 2. The reputation of the university and the programs 3. Transfer to another University (expulsion)	1. Arrears of tuition fees; 2. Dissemination of uncertain information 3. Shirking (plagiarism, cheating)

Table 1 (continued)

Stakeholders	Interests	Interest projection on higher educational system	Possibilities of influence	Forms of opportunism
Professors and staff	Income / labor intensity minimization	Loyalty, pursuit to achieve of the effective contract indicators	1. Formation of the image of the university, the program; 2. Determining the quality of the educational benefit; 3. Reduced labour activity; 4. Destabilization of the situation	1. Shirking; 2. Rent seeking (bribery, filing inflated claims); 3. Extortion; 4. Work only on formal indicators
Employees	Getting a graduate ready to work/minimizing the cost of education	Demand for graduates	1. Formation of positive (or negative) image of the University, the program; 2. Participation in the preparation of future graduates; 3. Creating conditions for the employee to receive higher education (or preventing this); 4. Participation in public professional accreditation of programs	1. Use of own mechanisms and criteria for selection of applicants; 2. Establishment of a longer (than legal) probationary period

Society	Socialization of youth/	Independent quality assessment; Public accreditation [3; 20]	Creation of the positive (or negative) university/ the program image	Negative information
State	Expansion of control/satisfaction of personnel needs in a market economy	Inspections, stricter rules, financial and grant support	1. Legal regulation; 2. Licensing, accreditation; 3. Administrative barriers to entry (creation of new universities); 4. Demand for particular professions (budget financing); 5. Financing	1. Creation of incomprehensible rules, with the possibility of subjective interpretation 2. Monopolization of the higher education market

#### IV. CONCLUSION

The variety of interests, sometimes conflicting, in the absence of clear subordination of numerous groups of stakeholders provokes various forms of opportunistic behavior in the higher educational system. In such circumstances, it becomes urgent to develop a framework of coordination of different stakeholders' groups, harmonizing multidirectional interests and eliminating the conditions for the reproduction of the opportunistic behavior model.

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