

Changing MCS of University:

Intentions and challenges

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Abstract

In recent decade Russia seems to have embarked towards implementing the concept of New Public Management for governing the public sector in general and education system in particular. One of the most ambitious projects of the National Program of Education was introduced in 2009 – a Special Status was granted to the two biggest Russian Universities. The main idea behind the Special Status was to provide an extraordinary level of autonomy and huge investments into the universities together with setting strategic goals of social-economical development for the whole country. Lack of research on Russian public sector governance system and importance of this event causing changes in core principles of University governance motivated this study. The research question was stated as how we can understand changes in Management Control System of University granted with a Special Status with a focus on intentions, implications and outcomes of the change.

The theoretical framework of this study contains the Concept of New Public Management as a background for change. The focus on changes in Management Control Systems conditioned usage of the concept of Management Control Systems as a Package. The concept of change is observed from the perspective of Institutional Theory. The research is designed as an explorative and descriptive single case study of St.Petersburg State University and employs different methods of data collection, but for the most part interviews with administrative staff from First Vice-rector to operational managers, and document studies.

The empirical findings show first of all the background for changes occurred after granting a Special Status to the university. Changes on different levels of Management Control System, such as changes in university's culture, structure, everyday activities, emergence of strategic planning and performance measurement systems observed from within the intention-implication-challenge paradigm are represented in this part of research.

A shift to principal-agent relationship conditioned concentration of power by the university's rector as a bureaucrat responsible for implementation of the Development Plan. Intentions underlying the changes are structured in several dimensions such as to bring order and legal basis for all scopes of activities inside the university aiming to make the system more predictable; to simplify the very complex system of the university and to motivate the whole university to work together for common goals. Complexity of the university as an institution conditioned an number of problems in achieving these goals. Cultural and structural barriers conditioned decoupling between the administration and the middle-level management. As a result intentions are neither understood nor properly implemented in the university.

Foreword

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1. Introduction

1.1 Background of study

In the last three decades public administration worldwide has faced significant changes connected to the development of socio-economic context of modern post-industrial societies (Hood, 1991). Previously, bureaucratic model was the main form of organization and management of public organizations, which couldn't satisfy the needs of citizens and did not possess required capacity. Modernization in public administration was conditioned by the rising complexity, the lack of financial resources and European politico-economic integration (Hughes, 2003). The New Public Management as a new perspective appeared in early 1990s, and was aimed to spread the core values of business administration into the domain of public administration (Boston, 1996).

The “global” movement is provided compatible with a certain number of differentiated models, which, in their individual cases, reflect the way in which the following definite variables combine and interact. NPM is not observed as a continual, uniform externally conditioned movement towards a common public sector model. To some extent it might be observed as a global change permitting differentiated local solutions.

In recent decade Russia seems to have embarked towards implementing the concept of New Public Management for governing the public sector. Reforms of public sector aiming to increase its effectiveness and efficiency have shown some moves towards NPM. Emergence of strategic planning and performance measurement systems, as well as steps towards offering autonomy in decision making to different institutions have provided a possibility to assume that Russia is gradually entering the pool of countries using modern approaches to governance.

In this context it seems that the reforms of education system in Russia also have attitude to these changes in governance. National Program of Education introduced in 2006 aims to develop Russian education system through foundation of Federal Universities, support of science and investing money into universities in exchange for some feasible result.

One of the most ambitious projects of the National Program of Education was introduced in 2009 – a Special Status was granted to the two main Russian Universities. The main idea behind the Special Status was to provide an extraordinary level of autonomy and huge investments into the universities together with setting strategic goals of social-economical

development for the whole country. Several questions emerge, such as whether NPM exists in Russia or not? Does the Special Status for universities fits into the concept of NPM? To what extent can these changes associated with it be recognized as a step towards NPM? These and other related questions are tackled throughout this research.

The remainder of this chapter seeks to justify the choice of this research field.

1.2 Motivation and previous research

Research on organizational change in higher education has developed over the past three decades, mainly by addressing changes caused by external pressures for higher education institutions to be more efficient and accountable (Tiplic, 2008). The external influence has been the subject of a number of studies. These studies are dedicated, among others, to public sector reforms in higher education (Bauer, Askling, Gerard Marton & Marton, 1999; Timoshenko, 2006; Meek & Hayden, 2005), marketization of higher education (Gumport, 2000; Kirp, 2003), corporatization of higher education (Gould, 2003), and also managerialism in higher education (Teichler, 1998; Birnbaum, 2000; De Boer, 2003).

Changes in higher education resulted, as the evidence of the mentioned above studies show, in new forms of University organizations (Marginson & Considine, 2000; Clark, 2003), or hybrid (Mouwen, 2000) forms. Some studies on organizational change in higher education also tend to take a comparative approach across and within national contexts in order to understand changes in higher education institutions (Teichler, 1998; Kogan, Bauer, Bleiklie & Henkel, 2000;). It should be mentioned here, that although it has been recognized that such an approach does not explain *why* there are differences in organizational responses to changing environment.

A number of studies into organizational change in Ex-Soviet countries took place, among others, a Czech Republic (Clark, 2004), Bosnia and Herzegovina context (Tiplic, 2008), and Russian context (Dixon, Meyer and Day, 2007; Schwartz & McCann, 2007; Timoshenko, 2006;). By claiming that “understanding Eastern organizational forms using Western-inspired conceptual devices and paradigmatic reference points is rendered problematic” (Hollinshead and Maclean, 2007), organizational research in a post-socialist context is considered to contribute to the research field by offering more culturally sensitive organizational theory (Soulsby & Clark, 2007). This research is concerned with organizational change as a process unfolding in public sector, non-profit, organizations facing institutional changes.

There is a lack of research devoted to Russian public sector in general and education system in particular. Nevertheless such studies represent a good basis to investigate, how

Western managerial theories are applied to in a context of a new country. Different contexts provide rich empirical data and offer an alternative view of how innovations, which are already in use for decades in developed countries, influence governance systems in developing countries. So, lack of research on Russian public sector governance system with regard to education motivates the author to undertake this study.

It should be also mentioned, that granting a Special Status to the two main Russian Universities is a precedent in public institution governance. The Federal Government is implementing a new approach to public management, which is expected to result in providing freedom in decision making and demanding achievement of strategic goals at the same time. A new understanding of the role of Education as the fundament for development of the whole country causes changes in core principles of University governance. University becomes an Employee of the State and is supplied by money which will help achieve the goals of the Russian Social Development Concept. Significance of this event becomes one of the motives for this research.

1.3 Research question

The purpose of the present study is to investigate how new forms of cooperation between the State and the University, embodied in a Special Status for the Higher Education institution, influence its Management Control Systems. A paucity of research in this field provides a possibility to set a broad research question:

How can we understand changes in Management Control System of University granted with a Special Status?

In order to structure and conceptualize the research field, the three main questions have been formulated. They are as follows:

1. What are the intentions behind these changes?

The process of implementing a change into an established system seems to be a difficult task. Many problems concerning clarifying the idea, transmitting it, translating it and

implementing it might appear along the way. This set of barriers in implementing a change demands investigation of the idea's basic intention. This focus conditioned the first research question.

2. How are they being implemented?

As it was mentioned above, an idea faces different barriers on its way to being successfully implemented. The focus on implementation process provides understanding of tools used to bring the idea into life as well as examination of the barriers which prevent success. It might be assumed, that implementation of top-downed innovations can result in misunderstanding, substitution or abuse of the changes. Under this hypothesis, perception of changes by the university staff will be in focus. This angle is the basis for the second research question.

3. What are the challenges associated with implementation of intentions?

As soon as the intention is clarified and the result together with the process of implementation is investigated, the attention should be paid to challenges emerging through the implementation process. It is also assumed that some (or maybe even most of) top-downed intentions might be implemented in a way, which differs from authority's intentions. This is the precondition for the third research question.

1.4 Limitations of study

The reconsideration of role of the two main Russian Universities was put into shape only in 2008 and the Special Status was granted in 2009. One year later the Development plan was endured. The aim of this research is not to analyze the outcomes of these changes or to discuss the possibilities for future development, but to focus on the situation at this moment in time. A kind of a time cut is made to analyze the reforms as they are taking place and to examine it within the chosen theoretical frameworks. It is the first limitation.

Another important limitation is based on the methodological approach. As a single case study method was chosen, it is not an intention for this research to generalize the results of the study. Although they might become the basis for further comparative research on the way the two main Russian Universities manage their challenges.

1.5 A layout of study

The present research contains six chapters: Introduction, Frame of reference, Methodology, Empirical findings, Discussion & Analysis and Conclusions.

In the introduction motivation for the present study is provided, both from the perspective of previous researches and the peculiarity of the chosen case. Then the proposal is provided together with the research questions. The basic limitations, although they will be discussed further, are also included into the Introduction chapter.

The Theoretical chapter is divided into several sections and provides a theoretical framework of New Public Management as the concept underlying the present research. Also the theory of change is introduced from different perspectives. Further the concept of MCS as a Package is examined as the basis of the research.

The methodological Chapter discusses choice of the research paradigm, design and the studied case. A description of operationalization instruments, with primary emphasis on interview techniques and relevant issues on reliability and validity of methods, and methods of possible improvements as well are provided here. A special section also describes data collection techniques and mechanisms.

The Chapter “Empirical findings” presents the findings of the study of influence, that institutional changes have on MCS in a public sector company (St.Petersburg State University).

The Chapter dedicated to Discussion and Analysis summarizes and analyzes the empirical findings of this research. Management control systems are investigated as a package under conditions of change. Intentions, implementations and challenges are and their interrelations are discussed here. A special section provides analysis of relationships between different control systems within one level as well as relationships between control systems on different level.

Finally, Conclusion chapter offers the answer on the research question, offered in the Introduction. The results of the study are placed here. They are amplified with brief review of possible implementations of the study and proposals for further research.

2. Frame of reference

2.1 New Public Management

In the last twenty years public administration has faced significant changes connected to the development of socio-economic context of modern post-industrial societies. Previously, bureaucratic model was the main form of organization and management of public organizations and couldn't satisfy the needs of citizens and did not possess required capacity (Hood, 1991). Modernization in public administration was conditioned by the rising complexity, the lack of financial resources and European politico-economic integration. These processes of modernization affected different perspectives of public administration processes. The reform process was especially based on the principles of New Public Management:

- In the **political perspective** these changes were about to bring the public sector towards new forms of legitimization;
- They aimed to bring public systems in the direction of new principles, approaches and instruments to be used in the process of organizational, managerial and information system innovation, in **the managerial perspective**;
- By introducing a new legal framework to suit the new conditions they affected the **juridical perspective**, prompting the public sector to acknowledge social-economic changes in of the social environment.

Jonathan Boston (1996), one of the early authors to deal with New Public management listed several directions in which public organizations differ from the private sector and their features. Among them are legal, formal constraints; degree of market exposure; coerciveness; complexity of objectives, evaluation and decision criteria; authority relations and the role of managers; organization performance; incentives and incentive structures and others. Boston (1996) also claims that reforms within the concept of New Public Management tend to ignore these differences.

2.1.1 New Public Management principles

In most industrialized countries the emergence of the concept of New Public Management represented one of the most sufficient innovations in philosophy of governance in public administration sector. Though there is a debate about different aspect of New Public

Management, the central characteristics and the definition itself still exist, this could be observed as an evolution in the way the public sector is in process.

The New Public Management as a new perspective appeared in late 1980s and is aimed to spread the core values of business administration into the domain of public administration (Hood, 1991). Hood was the first researcher to use the term 'New Public Management' in his paper "A New Public Management for All Seasons" published in 1991 (Hood, 1991). The research showed how the major principles of business administration are being adopted in the domain of public sector. The emergence of the term NPM in some tradition is also attributed to David Osborne and Ted Gaebler and their research "Reinventing Government: How the Entrepreneurial spirit is Transforming public Sector", published in 1992 (Osborne & Gaebler, 1992).

According to Hood, the concept of NPM represents a "wide-scale formula" including various meanings attributed to it (Hood, 1991). This range varies from general idea of "modernization of the public sector" on one hand to the idea of rationalization of the public administration (Borins, 1998). The concept of New Public Management is estimated to have no geographical borders; in fact, initiatives of the NPM type are quite common throughout developed countries and have reached almost all of the developed countries. At the same time Ex-Soviet countries do not appear in these lists (Hood, 1995).

The concept of NPM does not offer a general set of rules and requirements, which could easily show, if a concrete example is within the concept or not. In this regard it is possible to highlight differences between countries. Naschold examined different realizations of NPM and followed a variety of designs around the world from complete openness towards market forces and privatization (Great Britain), to a radical re-planning of the public sector in accordance with the model of the private sector as it was in New Zealand; from rapid advance towards managerial running, to cases of coexistence with residual links with more traditional forms of bureaucratic government in accordance with pre-defined rules as in Japan or Austria) (Naschold, 1996). A significant impact of ideas within the concept of New Public Management was also mentioned in Anglo-Saxon contexts (though with internal differences) when compared to eastern regions of continental Europe (Ferlie et al., 1996). Possible reasons for that can be found in long tradition in most European countries based on the predominance of a school of thought of a juridical nature with regard to the public administration.

A certain number of differentiated models, which, in their individualism, reflect the way in which the following definite variables cooperate and interact was opposed to the "globally implemented" concept of NPM (Hughes, 2003). New \Public Management might be observed to

some extent as a global change permitting differentiated local solutions rather than as a continual, uniform externally conditioned movement towards a common public sector model. It is presupposed by a widespread shift towards a limited variety of more uniform instruments and approaches which were benchmarked from private sector of government by the public administration. It also describes a new approach to relationships between such following components as the speed of the reform implementation; internal and external conditions determining the context in which the process of modernization has to be organized; concrete approach and mechanisms chosen to complete each model; and specific components introduced within each model and the order of priorities among them.

According to Osborne and Gaebler, the basic peculiarities of New Public Management ideas might be organized into three fundamental elements:

1. Redefinition of the borders between State and market through privatization and externalization;
2. Reformulation of the macro-structure of the public sector by delegating state functions within the macro-structure;
3. Redefinition of operational rules describing how public sector fulfills its functions and achieves its goals (Osborne and Gaebler, 1992).

Update of the concept of the operational rules is further explained and considered as characterized by seven main sub-components:

- Re-structuring of activities/businesses in governance of the public sector in order to let it be operated “on a commercial basis”, i.e. in a state of equilibrium between costs and revenue (corporatization);
 - Emergence of competition within the State (internal market);
 - Transformation of state economic bodies into limited amount of companies (formal privatization);
 - Devolution of functions and competences top-downed towards the lowest organizational levels within every entity in the public sector (decentralization);
 - Redefinition of the administrative machinery replacing the bureaucratic model with the managerial one

- Shift from the formal law-oriented structured towards management and efficient breakdown of public resources, according to the new economic role of the state's functions
 - Deregulation of the functioning of economic and social systems;
 - Redefinition of role of citizens together with reconsideration of their rights
- (Matei, 2009);

2.1.2 Governance and New Public Management

Hood (1991) manages to use the terms Governance and New Public Management interchangeably, while most of the research provide diversification of these two. Peters and Pierre state that governance is a political theory and NPM is an organizational theory (Peters and Pierre, 1998). According to Stoker, most European literature on governance and the worldwide studies of NPM describe two models of public administration that reflect a “reinvented” form of governance in order to become more efficient, and to borrow the main objectives from market economics instead of relying on democratic theory (Stoker, 1998).

Governance refers, as Stoker claimed, to the development of governing styles in which differences and borders between and also within public and private sectors are becoming more and more fuzzy (Stoker, 1998). According to Stoker's point of view, the essence of governance is in its focus on mechanisms that do not rest on recourse to the. Governance describes what (some) refer to as the new public management. However, he states that governance is something more than a new set of tools for management, but it also deals with ambitious ideas of how bigger level of efficiency of public services might be achieved (Stoker, 1998). Peters and Pierre confirm this opinion by stating that governance is more about process, whereas NPM has its focus on the outcomes (Peters and Pierre, 1998). Governance refers to the development of governing styles in which boundaries between and within public and private sectors became blurred.

In accordance with critics of governance, the focus on cooperation tools that do not rest on recourse to the authority and sanctions of government are assumed to become one of the most ambiguous aspects of governance (Peters and Pierre, 1998; Stoker, 1998).

Stoker represents several propositions to define the ground for better understanding of the critical questions that governance theory is assumed to answer. The researcher states that each proposition implies a dilemma or a critical issue.

- Governance refers to institutions and actors from within and from out of government;
- It identifies the blurring of borders and responsibilities for tackling social and economic issues;
- It aims to identify the power dependence involved in the relationships between institutions within in collective set of actions;
- Governance is about autonomous self-governing networks of actors;
- It recognizes the capacity to get things done which does not rest on the power of government to command or use its authority (Stoker, 1998).

As it was already mentioned above, there is not much consensus about the nature of New Public Management. Lynn defines NPW is “an ephemeral theme likely to fade” and “just as enthusiasm for innovations such as the planning-programming-budgeting system, zero base budgeting, and management by objectives has passed on to newer tools and strategies” (Lynn, 1998). Being not that sure about the concept of New Public management, other researchers call NPM a “paradigm shift” and suggest that innovations emerging dislodged the bureaucratic model with a new management paradigm. Whether NPM represents a new paradigm or not, its attempt to transform the public sector through organizational reforms that focus on results in terms of efficiency, effectiveness, and quality of service appears to fit nicely into the larger, political theory of governance (Stoker, 1998).

Despite Lynn’s uncertainty about legitimacy of New Public Management, Lynn proves “temporary excitement” associated with it as a possible motivation to specific, tested advances in the area of public management. Lynn also examines the study of NPM as an opportunity to build better theory-based models (Lynn, 1998).

Peters and Pierre suggest that New Public Management mechanisms spread rather broadly than those of governance, because the latter is a process, which can be described as being sensitive to the political and cultural environment and under such condition likely to appear in different institutional forms in different national contexts (Peters and Pierre, 1998).

As it was discussed above, both governance and New Public Management have some similarities. Both approaches represent a changing view of the role of elected officials in an increasingly constrained scope of formal government. The political variables conditioned by traditions are widely used to explain that once leaders have set goals and priorities policy should be less important than the administrative forces executed to achieve the goals. That means, that governance theory claims that good governance becomes less powerful, assumes a low profile,

and operates in a network with private interests and groups as a partner scarcely. And it becomes more important than other variables when the state cuts down the expenses (Merrien, 1998).

At the same time, in both governance and NPM, the concept of “steering” plays the key role. Taken from Reinventing Government’s prescription that good governments ‘keep a hand on the tiller, rather than doing the rowing,’ it is characterized by a move away towards decentralization and leaving centralization behind and from redistribution to regulation. It also represents a desire to implement management through market principles instead of public services management (Merrien, 1998).

Barzley (1992) specified the objectives of both approaches and compares the traditional “bureaucratic” approach to a “post-bureaucratic” model aiming to apply governance and NPM to the field of implementation study. As a result of this research, he concludes that New Public Management offers more concrete strategies of implementation, implying specific types of management tools which operate within the propositions of governance (Barzley, 1992).

2.2 Management control systems as a package

Management control has been defined in many ways by such researchers as Anthony (1965), Chenhall (2003), Simons (1995) and others. Chenhall (2003) explains MCS as the systematic use of management accounting practices and other forms of controls in order to achieve purposes. This idea of management control as a combination of mechanisms doesn't seem to be newly invented. IN 1980 Otley proposed the notion of MCS as a “package” of elements that were implicated in the relationship between organizational context and measurement of success in achieving the goals (Otley, 1980). Management control systems (MCS) help organizations increase the probability that employees make decisions and take actions which are in the organizations' best interest – in other words it this concept is designed to reduce uncertainty and by this increase predictability of decision-making (Chow, Shields, & Wu, 1999; Ferreira & Otley, 2005; Merchant & Van der Stede, 2007).

Mak (1989) reviews the 2 main approaches to conceptualize MCS design On one hand, it was described in terms of the characteristics of information produced (e.g. Amigoni, 1978; Chenhall & Morris, 1986; Mia & Chenhall, 1994; Naranjo-Gil & Hartmann, 2007; Simons, 1987) and in terms of the management accounting techniques utilized (e.g. Abdel-Kader & Luther, 2008; Chenhall & Langfield-Smith, 1998a; Khandwalla, 1977; Simons, 1987).

The difference between MCS techniques and MCS information characteristics is equivalent to the distinction in accounting between form (how information is disclosed) and content (what information is disclosed) (Mak, 1989). Few studies examined the relationship between these two dimensions of MCS design. The exceptions include the research done by Merchant (1981), who explores budgeting and MCS information characteristics, and Amigoni (1978), who developed a theoretical framework for the relationship between MCS tools and MCS information characteristics.

MCS are the product of the MCS tools they comprise, which will result in different levels of detail, relevance, and orientation depending on how they are configured (Amigoni, 1978).

MCS are further distinguished in formal and informal systems (Fisher J.G., 1995). MCS or elements do not operate in isolation but might relate to and affect each other. This idea of MCS was first expressed decades ago (Otley, 1980) and was followed by other researches offering to examine this aspect more thoroughly (Flamholtz, Das, & Tsui, 1985; Fisher, 1998; Malmi & Brown, 2008). According to Chenhall (2003) in studying specific elements of MCS in isolation from other organizational controls is difficult because of “the potential for serious

underspecification”. It is important to understand how different mix of controls can be designed to suit the particular circumstances of the organization (Fisher, 1995).

The term package refers according to Otley (1980) to a number of MCS being employed in organizations that can be both intentionally designed and coordinated from above or not.

Flamholtz (1983) describes architecture of control systems in an organization. The control system in his research is represented by a series of concentric circles, where the circle in the center represents the ‘core control system’ and a cybernetic structure of four subsystems which is linked by feedback and feed forward loops. These subsystems are: planning, operations, measurement and evaluation-reward. The circle in the middle represents company’s structure as a set of interrelations and rules. On the periphery is the organization’s culture, containing value system, assumptions and beliefs. The inner system is surrounded by the organization’s environment.

2.2.1 Core control system

Examining the constituents of the core control systems Flamholtz (1983) defines planning as a process of deciding organization’s goals and the way to reach these goals. Hall (1975) defines organization’s goals as the “desired ends or states of affairs for whose achievement system policies are committed and resource allocated”, so the term goal is used to in a relatively broad view on the thing an organization is willing to achieve in some area of performance.

Operations are described by Flamholtz (1983) as responsibilities and activities specified in organizational roles. This subsystem refers to the ongoing system for performing everyday activities inside the organization.

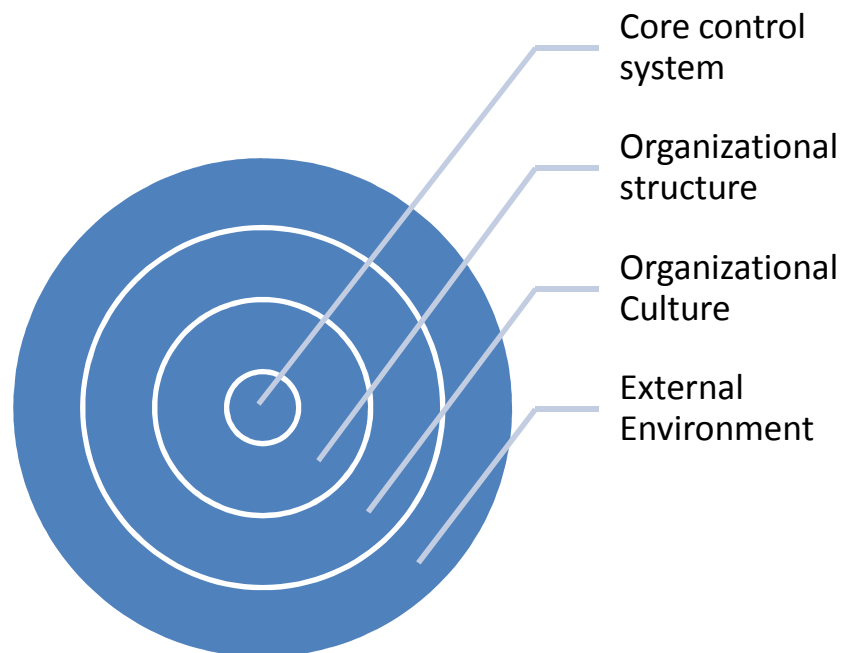
Measurement is represented as the process of assigning numbers to provide understanding of performance and behavior. Various control elements or systems such as accounting controls (Abernethy & Chua, 1996) embodied in financial and managerial performance or non-accounting controls like behavior and clan controls (Ouchi, 1980) or more concrete production indices such as scrap rates, capacity utilization, product quality and also social accountability (Flamholtz, 1983) represent this subsystem. Measurement as a part of the core control system has a dual function: the “output function” is implemented to monitor how goals and standards are being achieved in order to provide corrective and evaluative feedback;

the “process function” deals with the phenomenon that the fact of measurement in itself influences the behavior of people, so that measurement in itself becomes a stimulus.

The evaluation-reward system deals with tools for performance assessment and managing the rewards. “Rewards are outcomes of behavior which are desirable to a person” (Flamholtz, 1983). The evaluation-reward system is extrinsic, although rewards can be either extrinsic or intrinsic.

Presence of all four subsystems in the core system is not obligatory, there are examples of different configuration of one or more elements in actual organizations, but still presence of all four basic elements is needed for the system to function fully. There are MCS based only on planning (with unavailable measurement during the year) or with a performance bias (where it is hard to compare results with plans and goals). The basis of existence of different configurations may be found in the fact that different elements produce different degrees of control (Flamholtz, 1983).

Figure 1: MCS as a Package



2.2.2 Organizational structure

The process of control can be contributed in different structural dimensions: functional specialization, degree of centralization and decentralization, degree of integration (either vertical or horizontal), span of control. Functional specialization and rules influence control by decreasing the amount of variability of personnel behavior and as a result by increasing

predictability. Other vectors such as centralization implement control by direct influencing decision making in non-programmable situations. Organizational theorists argue that problems of control are reflected in developing organizational structure (Blau & Scott, 1962, Hall, 1975; Thompson, 1967). Otley and Berry (1980) state, that the organization itself can be viewed as a control process, while groups of people feel need of cooperation in order to achieve common goals, when the achievement is in need of their co-actions. Etzioni (1961) states, that “organizations are social units deliberately constructed to seek specific goals”.

The organizational structure represents a strategic response to what markets, technology and environment require (Child, 1979, Chandler, 1962) and is relatively static (Flamholtz, 1983). The choice of the structure in an organization represents the organization’s strategic view on the problem of adaptation of entity to environmental requirements.

2.2.3 Organizational culture

Ouchi (1979) defines organizational culture as the broader values and normative patterns which guide behavior, practices and policies of people within an organization. Flamholtz (1983) refers to organizational culture “as a set of beliefs, values and social norms which tend to be shared by its members and, in turn, tend to influence their thoughts and actions”. As an organizational culture is defined and stated organizational structure and core control systems as the remaining elements of control will help to transmit and reinforce the entity’s culture to achieve the organizational goals by governing decisions and actions in the areas of strategic planning and operational activities. According to Flamholtz culture is the starting point for developing the design of a control system in an organization, because it determines the nature of all other components (Flamholtz, 1983).

Observing the control system in organization as containing three subsystems (culture, structure and core system) it is important to mention that it ought to be designed in concern, while organization’s culture describes how structure should look like and how the core control system should be designed. Inability or failure to create a core control system based upon organization’s cultural values might bear resistance and motivation to defeat the purposes of subsystems of structure and core control. Thus, the term MCS package leaves open the questions whether and how its management control elements are coordinated.

2.2.4 Alternative frameworks

For studying MCS as a package many alternative conceptual frameworks are available. The frameworks by Ouchi, Merchant, Van der Stede, Simons, Ferreira and Otley and Malmi and Brown will be shortly examined.

Ouchi (1980) designs package a set of behavior, output and clan control. This differentiation was further partitioned by Merchant and Van der Stede in their “object-of-control framework” in culture, personnel, action, and results control (Merchant & Van der Stede, 2007). As management control in general refers to directing behavior, also differentiation between action control and behavior control was presented. Clan control, as defined by Ouchi contains culture and personnel controls, and output control is substituted by the term results control (Ouchi, 1980).

Another paradigm is offered by Simons (1995), who differentiates formal, information-based control practices composing diagnostic, interactive, belief and boundary systems. But according to Ferreira and Otley the interactive and diagnostic forms of control refer more to how a control element or MCS is used rather than how it is designed (Ferreira & Otley 2005). The paradigm developed by Ferreira and Otley (2005) is based upon the systems view of organizations including types of use and a factor referring to how the framework's elements are linked. Compared to the framework by Merchant and Van der Stede, it skips culture, personnel and action.

Brown (2005) and Malmi and Brown (2008) represented an alternative framework which consists of five control elements: planning, cybernetic, reward and compensation, administrative and cultural controls (Malmi & Brown, 2008). It unites all elements of framework designed by Ferreira and Otley (2005) as well as that by Merchant and Van der Stede (2007). According to their framework, planning contains long-range planning and action planning. The cybernetic control element refers to performance measurement, standards, feedback process and mechanism for influencing actions (Green und Welsh, 1988).

According to their research results, Malmi and Brown identify four cybernetic control systems including budget, financial measurement system, non-financial measurement system, and hybrid (financial and non-financial) measurement system (Malmi & Brown, 2008). The administrative control consists of the governance structure, the organization structure and policies and procedures. Cultural controls are divided by the researchers into clans, values, and symbols controls.

Kaplan & Norton state that modern MCS techniques offer a greater focus on non-financial and prospective information than traditional MCS techniques (Kaplan & Norton, 1996). At the same time, elements within traditional combinations of packages have a financial, internal focus (Spendolini, 1992).

Simons (1995) categorized use of traditional and modern MCS packages by various individuals within organizations as diagnostic or interactive. Simons (1995) argued that both forms of MCS use are important and obligatory, whereas one represent traditional role of monitoring of organizational performance in a cybernetic control mode (Otley & Berry, 1980) and the other acts as a more elaborate form of measuring performance using “double loop learning” (Argyris & Schon, 1978).

According to Sandelin, the discussed above approach to designing packages of MCS do not provide relevant information of how different elements cooperate and influence each other (Sandelin, 2008).

2.2.5 Relationships of elements within a package of MCSs

The reviewed above frameworks represent possible architectures, control systems and elements providing support in analyzing the potential relationships between subsystems of different levels, but they do not discuss the relationships between different implemented core systems within package. As Malmi and Brown state, there is a lack of theory discussing how the elements or subsystems within a MCS package influence each other (Malmi & Brown, 2008; Sandelin, 2008). Researchers mention in their framework that the interaction of control systems package is an aspect of highest importance for its design (Ferreira and Otley, 2005). But they do not concentrate on the fact that any further except for stating that the strength and the coherence of the interaction have to be taken into consideration. Sandelin (2008) revises the interaction of MCS in his field research but it doesn't bring the researcher to an overall completed conclusion

Other studies showed that there are some connections between MCS of an overall package (Simons, 1990). But still, they did not explicitly focus on the relations between the MCS (Malmi & Booth, 2007).

The framework of loosely coupled systems can be used to describe and interpret the relations between systems or elements within a package (Glassman, 1973; Orton & Weick, 1990). Brown, Malmi and Booth (2007) developed this approach it further and adopted it:

"Relationship among elements or variables" is the definition of coupling, according to the researchers. The concept of loosely coupled systems points out that systems or elements within the organizations are not only coupled densely (tightly linkages), but also tied frequently and loosely (Weick K. E., 1976). According to Glassman, when systems have either few variables in common or the variables they have in common are weak there is loose coupling represented (Glassman, 1973). Orton and Weick were the first to offer the concepts of "distinctiveness" and "responsiveness" to differentiate between four types of couplings:

- A "**decoupled system**" is a system where there is neither distinctiveness nor responsiveness. This system is not really a system;
- The system is "**decoupled**", if there distinctiveness, but no responsiveness;
- If there is responsiveness without distinctiveness, the system is "**tightly coupled**".
- The system is "**loosely coupled**" when both distinctiveness and responsiveness are given (Orton and Weick, 1990).

Summing up, three configurations of elements' or systems' interrelation can be distinguished: **decoupled**, **loosely coupled**, and **tightly coupled**. The non-coupled option is left aside due to the fact that it can hardly be observed as a system. But Orton and Weick do not provide further definition of distinctiveness and responsiveness.

Brown, Malmi and Booth (2007) specified the two dimensions, which represent the relations between MCS. For characterizing distinctiveness between elements of an MCS, three further dimensions are provided: focus, use and components. Such dimensions as dependence, directness and strength are suggested for characterizing responsiveness. On one hand, under the focus on three dimensions use and components are all different between two MCS, a high level of distinctiveness is given, whereas on the other hand, when the three dimensions are not different between two Management Control Systems, a low level of distinctiveness is given: if two dimensions are given, a medium level of distinctiveness is present (Brown, Malmi & Booth, 2007). Strength of coupling is determined by intensity and probability of change caused by one element towards the other.

To sum up, it should be pointed out that distinctiveness and responsiveness are two dimensions to examine if a pair of systems or elements is decoupled, loosely coupled or tightly coupled. Distinctiveness and responsiveness might be further, as suggested by Brown, Malmi and Booth, characterized by three further sub-dimensions: focus, use and components for distinctiveness, dependence, directness and strength for responsiveness (Brown, Malmi & Booth, 2007)..

There appears a set of negative ‘effects’ deriving from MCS use, which were mentioned by different researchers and will be observed in this part of the research. Such improper behaviors appears when there is lack of goal congruence between managers and the organizations (Hofstede, 1968; Otley, 1978; Lukka, 1988; Birnberg et al., 1983; Simons, 1995) and these behaviors can potentially cause negatively effect on the performance of a thoroughly designed Management Control System.

Flamholtz, for instance, asserts that the traditions which characterize an organization’s culture might become at least an equally or even more important factor in assessing behavior than the formal core control mechanisms. It is not quite clear, which element of control will really affect the behavior, when an organization faces a conflict between cultural traditions and newly implemented control mechanisms (Flamholtz, 1983).

As Birnberg points out, there is a variety of behaviors which might badly influence MCS. Dysfunctional behaviors include smoothing, biasing, focusing, gaming, filtering, and illegal acts and were supposed to occur in situations of low measurability, low verifiability, and low analyzability of data (Birnberg et al., 1983). Their emergence is be explained by the fact that Management Control Systems are used for controlling, evaluating, and rewarding performance (Simons, 1995) and because they may disrupt the extant balance of power (Tuomela, 2005). It seems to become clear, that the use of the package of Management Control Systems can affect performance. The reason of this possibility can be described by the fact that they provide varying levels of detail, relevance, selectivity, and orientation of information (Amigoni, 1978).

2.3 Institutional perspective on Change

There are two main approaches to describe institutional theory, which might be distinguished in the 'old' institutionalism and 'new' institutional approach.

Selznick was the first to represent the 'old' institutionalism in 1949. In his research a single organization was in focus. As Greenwood & Hinings state, the main issues examined by Selznick were organization-environment interaction, coalitions, values, influence, power and informal structures (Greenwood & Hinings, 1996).

The 'new' institutionalism has its focus more on organizational fields, the concept of legitimacy, routines, scripts etc (Greenwood & Hinings, 1996). With a reference to industrial sectors, Erakovic and Powell examined similarities between these industrial sectors and institutional sectors (Erakovic & Powell, 2006). In accordance with these researchers, industrial sectors represent institutionally specific environment that provides resources, legitimacy and organizational networks.

As suggested by Tiplic, higher education might be observed as sector with an environment which is highly institutionalized. The reason for it is that an organization's behavior is governed by rules that are not necessarily generated by the organization itself but rather by those existing in the wider system (Tiplic, 2008). Organizations in higher education draw from ideals of the institutional environment. To perform in a legitimate way organizations in higher education must resist normative pressure is put on them. Institutional constituents that exercise pressures and expectations, according to Oliver, include not only institutions, such as the state, government or law, but also other groups of stakeholders and public opinion (Oliver, 1991).

According to DiMaggio and Powell, the idea of legitimacy holds a central role in institutional theory. It is defined by the researchers as a force that constrains change and pressures organizations to act alike, or to imitate others (DiMaggio & Powell, 1983). Imitation and likeness are conditioned by the concept of isomorphism. The institutional environment puts normative pressure over organizations to make them behave in certain ways in order to gain legitimacy. Therefore, the accent is installed on imitation the behavior of other similar, successful organizations. It results in a conclusion that organizations that become more alike each other and behave in a homogeneous way are considered to be legitimate (DiMaggio & Powell, 1983). DiMaggio and Powell suggest three ways in which imitation can be explored:

- **Coercive** imitation is conditioned by pressure from politics or public agencies. Coercive pressures are able to regulate structural developments inside organizations and are usually imposed by the authority of the state or parent organizations.
- **Normative** imitation stems from professional influences. Normative pressures do not influence structural arrangements, but require organizations to conform to institutionalized norms and values in order to gain legitimacy.
- **Mimetic** imitation appears due to uncertainties in the environment. It is an imitation of structural arrangements. The existence of institutionally successful models of organizational systems and procedures encourages decision makers to mimic these systems in order to increase efficiency.

Institutional theory has been implemented by a number of authors as a mechanism aiming to help understand such issues like change, power and efficiency. It was proposed by Powell, that since change is costly and difficult the institutionalized organizations try to resist change leading to non-frequent and non-routine change (Powell, 1991). Organizational change was seen as a change towards a greater conformity by the researchers of new institutionalism (DiMaggio & Powell, 1983). Such an approach to observe change has been modified through the later developments in science. As such, in addition to having an impact on organizational structure (Meyer, Scott & Deal, 1981), Greenwood & Hinings suggest that institutional processes influence organizational change (Greenwood & Hinings, 1996). Different researchers were examining the conditions in which organizational change can take place.

Fligstein explored loosely coupled fields as a basis for change, which is conditioned by lack of mechanisms for monitoring compliance leading to an ‘innovative behavior’ (Fligstein, 1991). Greenwood & Hinings were observing both tightly coupled fields and fields with high permeability. The first type was explained by highly articulated mechanisms for transmitting organizational templates to organizations within the sector, whereas it was also pointed out that fields with high permeability are more open to variation and change. It was additionally stated that fields may provide *“not only rationalized prescripts of accepted behavior and structures, but also competing and inconsistent signals leading to various interpretations and variations in practice”* (Greenwood & Hinings 1996). Powell and Rowan examined a situation of a brief period of crisis or a critical intervention (Powell, 1991) and crisis periods within social networks (Rowan, 1982) as a basis for change.

In educational organizations, as proposes Meyer, *“high proportion of administrative or organizational management activity is disconnected with the actual work activities of schools”*

(decoupled), but are “*closely connected with the political and institutional structures of the environment*” (tightly coupled) (Meyer, 1992).

It should be additionally mentioned that Fligstein has observed organizational change as the result of a number of presuppositions, which are as follows:

- periods of establishing organizational fields;
- periods of shocks in the stable organizational fields (Fligstein, 1991)

2.4 Summary

The theoretical framework explores several concepts underlying the research. The Concept of New Public Management is the first to be introduced, It is followed by exploration of different approaches to design of a package of Management Control Systems. The package, introduced by Flamholtz was chosen as the basis for investigating changes in Management Control Systems within the University. Then the change as a process and event is explored from the position of Institutional Theory

3. Methodology

This chapter represents methodological issues of the research, e.g. research design, operationalization models, techniques of data collection and analysis, are represented and motivated, with the emphasis on interviewing methods.

The choice of research design influences such issues as validity and reliability of data, validity of the research, limitations of study. There also reflections of ethical issues to be provided in this chapter.

3.1 Social-constructionism as an epistemological position

The choice of paradigm is determined by the research area and by the way the research question is stated. The present study is focusing on the ways how changes in Management Control System of a University can be understood. In order to achieve the goal of the research three more research question were designed concerning intentions of change, implementation and perception of change at different administrative levels and last but not least concerning challenges occurring as a result.

This research aims to follow, fix and interpret, how are innovations are being implemented inside an organization, to be more concrete, how innovations top-downed by the university's authority penetrate inside the hierarchy going via middle-level management down to operational level. It reflects on interrelationships between different groups of stakeholders both inside and outside the university as a unit of study.

Data was accumulated within the perspectives of university's employees who are directly involved into the process of change. On the other hand the the approach to gaining, interpreting and analyzing data concerning personal attitude of individuals has also influence on choice of epistemological position.

Basing on mechanism of interpretation in order to better understand the phenomenon and due to use of qualitative methods in order to achieve the mentioned above goals of the present researched the epistemological position of social-constructionism was chosen.

3.1 Qualitative character of study

The research strategy reflects on decisions made in an effort to determine the best approach to the research questions posed in the conceptual part of this thesis. As Marshall and Rossman say, “research strategy is a road map, an overall plan for engaging the phenomenon of interest in a systematic enquiry” (Marshall and Rossman, 1989).

Qualitative study approach represents the idea that the research questions are addressed in a rather developmental modus by relying on discussions of related literature and theory to support framing and refining the some research field. Moreover, the potency of qualitative strategy is demonstrated for research that is exploratory or descriptive, and that stresses the importance of context, setting and subjects’ frame of reference.

Terre Blanche and Durrheim (2002) argue that social constructionist research is often qualitative, interpretative and concerned with meaning. Human behavior is considerably affected by the surroundings in which it occurs, but on the other hand, it influences the setting by shaping the social reality. Therefore, related to the already-mentioned ontological position of constructionism that fosters social reality as a continually changing emergent property of humans, a qualitative research strategy is highly justified with regard to this study.

3.3 Case study approach

According to Ghauri and Gronhaug (2002) the choice of the research must reflect the type of research problem and formulation of research question. Research design is a framework for data collection and data analysis. Its difference from research method that simply represents a technique for data collection should be mentioned. For example, a case study can use a number of techniques to elicit the desired information (Marshall & Rossman, 1989). As a framework for data collection (or research design), the present research is a single case study. There are several reasons for that:

Firstly because it establishes a relationship between the empirical data and the theoretical framework, within which the data will be discussed;

Secondly, given the context specific situation of Russia, the aim of the study is to put on intensive investigation of Russian Higher Education System in an attempt to elucidate the peculiarities of the Special Status granting for St.Petersburg State University.

Thirdly, having in mind rather undeveloped education management systems as a subject area or a field of study and research within the region, this exploratory study is expected to preliminarily investigate this relatively new phenomenon on a special case. It provides a possibility for a deeper insight into the phenomenon in its context and a comprehensive understanding.

Finally, single case study was chosen due to the statement of the research question. To more concrete, exploration and description of the way changes are being implemented is focus in the frame of one concrete organization – St.Petersburg State University.

Explorative case study allows to combine different types of data sources, methods of data collection and analysis and to offer a flexible exploration of a phenomenon in a complex environment with a lot of ambiguity. It also provides a possibility to take into account many aspects of the involved concepts and their interrelationships.

3.4 Selection of a case

The selection of the case was mainly dictated by the phenomenon chosen for the research. The present research examines the outcomes of single event – Granting a Special Status to the two biggest Russian Universities – Moscow State University of Lomonosov and St.Petersburg State University. As a result the institution for examination in the research might be only one of the introduced. According to Russian President D. Medvedev, Moscow State University does not use the provided opportunities as efficiently as St.Petersburg does. This remark conditioned the final choice of the case – the case of St.Petersburg State University.

According to many secondary publications, St.Petersburg State University was one of the State institutions to promote the idea of these sharing power and autonomy with universities. It became also clear that St.Petersburg State University exercises its power evidently and actively at the moment. And it was the main reason for choosing this University for the case study. Another reason can be explained as availability of primary data. It was possible to investigate the phenomenon on different levels of management, because the author of the research was studying at the St.Petersburg State University in 2003-2008. All the mentioned above opens an extra dimension to understanding university management and its most qualitative aspects.

3.4 Data sources and data collection

The empirical data for this research is based on a case study conducted in St.Petersburg State University, Russian State owned second biggest university. The time span for the case is limited to March 2011. It is necessary to underline that the time limitation leaves changes emerged after this period of time beyond the research field. The main purpose of data collection techniques used by qualitative researchers is to provide a 'deeper' understanding of the social phenomena under scrutiny. It is believed that traditional techniques of data collection associated with purely quantitative measurement, simply cannot supply a view of how individuals (research participants) make sense of the world around them, which is deemed important for understanding the context specific distinctiveness. The data, which is be the basis for this case study is primarily sourced from interviews with staff members, participant observations and from secondary documentary sources.

3.4.1 Primary data collection techniques

Empirical data required for this study were collected through qualitative interviewing as the primary data collection technique. Examining knowledge and attitude of interviewees to the changes was extremely important for answering the research questions. Accordingly, mainly focused semi-structured interviews were conducted with managerial staff at different levels of responsibility, meaning that predominantly open questions about specific relevant issues and situations were asked. As the interest of the research is lying in the field of changes in management control systems, the interviews were only conducted with administrative staff of the university, e.g. with those participating in design and use of these systems.

The initial phase of the interviews was conducted over a three week period spent in St.Petersburg in March 2011. There were 9 semi-structured interviews and three informal conversations held, ranging the interviewees from the First vice rector to Planning Analysts on a faculty. Some people were interviewed more than once. The first interview then was more a kind about getting to know with person, introduce the research and to understand, what the primary objectives within the research questions are. After analyzing the provided information a list of in-depth questions was developed to receive concrete answers to concrete questions. Direct access to the so-called 'gate-keepers' provided the possibility to use the 'snow-ball' effect, as recommendations for further interviews were provided by the informants.

According to author's experience, the duration of interviews and the number of questions varied a lot, due to both internal and external reasons. However, none of the interviews lasted less than 45 minutes, and the average time is 1h 05 minutes.

The strategy of "gradually uncovering participants" has also been employed (Ghauri and Gronhaug, 2002), where the respondents were asked for further, more relevant respondents and sources of relevant information.

3.4.2 Secondary data collection techniques

Besides the above outlined primary technique of data collection, this study entail some supplementary techniques of gathering information, which is based on the secondary sources of information collected from national policy documents, research reports, legislative accounts, official statistics, etc. To be more specific, there were following documents to be investigated: National Development Plan to 2020; Concept of Social-Economic Development; Federal Laws; National Priority Program in Education; Federal Law about Moscow State University of Lomonosov and St.Petersburg State University; two editions of University's Charter; University's Development Plan; University's Annual Report; internal reports on different levels; performance measurement charts; rector's directions etc. Present thinking about Russian Universities and the changes they face reflected in press, textbooks and articles also became a part of the study.

This research method is particularly associated with off-site data collection, underlying comparative analysis of national higher education systems in Russia countries, aimed to provide a broader understanding of the regional context.

3.5 Reliability and validity

Validity measures how the empirical findings and the theoretical framework that is being operationalized fit. A principle of validity according to which the quantitative research is estimated belongs to a positivist paradigm. It was assigned a special denotation to the concept of reliability and validity in qualitative research. According to their viewpoint, those who take the position of constructionism would favor the concept of 'dependability'. Dependability is the key element of trustworthiness in qualitative research, which also relates to what Hammersley asserts (1990). He represents the notion of *respondent validation*, which means that the research

findings should be made available to research participants to enable verification of the findings in order to confirm if the social reality within selected case university was correctly understood and interpreted. After interview results were transcribed and translated into English the results were sent back to interviewees to check, how these results correlate with what they actually meant. If there were any comments from the research participants, the results of the interviews were updated in order provide more valid data.

For the interview guide a back translation was used, to check, how the questionnaire, initially designed in English, will be understood during the interviews hold in Russian.

As it was already mentioned above the present research is based on a single case study, which explores and describes the situation in the Russian University in a definite period of time. The author cut a time line in continuum to investigate what is the situation now. Another research asking the same questions might provide different results, because of the unique compilation of time and external and internal circumstances. Aunger (1995) asserts that reliability can be defined as a measure of how probable it is that similar conditions will give rise to the same observations. In that respect, replication of the study is a criterion, which is difficult to meet in qualitative research, mainly because it is impossible to 'freeze' the social setting and conditions of the study to make it easily replicable (Bryman 2004). Therefore, there is a counterpoise between a positivist paradigm postulation of a static social world with viewpoint that the social world is always shifting of qualitative approach. That is why the concept of replication can hardly be applied.

External validity

External validity is related to scientific usefulness of findings. The notion of external validity refers to the ability of findings of the research to be generalized to other environments that are similar to the environment where the research is being done (Brock-Utne 1996). Generalizability of a qualitative research to other settings might be problematic due to the fact that qualitative research usually represents an intensive study of a small group, or single cases (Marshall & Rossman 1989). A qualitative research offers an information-rich description of the context in which the case resides, which accounts for a specific kind of database that is aimed at making estimations for possible transferability of findings to other similar cases within the context. The problem of generalizability, or better to say the inability for it is meant to be one of the main limitations of the present research, in spite of Scott's (2002) opinion that all universities are alike, both in terms of their historical outset, and the socio-economic and cultural pressures to

which they are exposed. On the other hand, the universities are different because their organization, funding regimes and academic processes are determined within national and different internal and external environments.

3.6 Ethical issues

According to Durrheim (2002), the rationale of high importance in ethical research planning is to protect the welfare and the rights of research participants. In qualitative studies researchers need to develop roles in order to ease entry, facilitate receptiveness of the environment in such a way that neither the setting, nor the people in it are harmed (Marshal & Rossman 1989). As Durheim (2002) asserts, the researcher is frequently a participant or a member of an organization under scrutiny for a certain extended period of time in a case study design. There are several possibilities for researcher's attendance to the organization under investigation:

- *Complete participant*: a fully functioning member of the social setting, and his or hers true identity is not known to other members;
- *Participant-as-observer*: where the role of the researcher is the same as above, since the researcher is engaged in regular interaction with people and participates in their daily lives, but members of the social setting are aware of the researcher's status as a researcher;
- *Observer-as-participant*: in this role the researcher is mainly an interviewer, where there is some observation but very little of it involves any kind of participation;
- *Complete observer*: where the researcher does not interact with people.

The researcher's role within the present study can be described as observer-as-participant, which underscored the principles of consent, confidentiality and competence as the main ethical principles. To develop cooperation, trust, openness and acceptance by the interviewees, author's previous experience in St.Petersburg State University as a student was used.

Such a role boosted the receptiveness of the setting, as became possible to collect more authentic data. This gave a boost to the trust, which was provided by the research participants. But it should be also mentioned, that the role of "insider" might have influenced objectivity.

Another challenge concerning ethical issues is about sharing of personal opinion. All interview participants are prohibited to participate in any interviews without a permission of the governing body. It was a great success to receive a rector's direction, according to which the present research should have had support from the top management of the St.Petersburg State University. Nevertheless each labor contracts contains a point, prohibiting criticism of the governing body. So, recording the interviews influenced the way, in which the participants were reflecting how to express their thoughts.

In order to avoid any kind of misunderstanding that might appear during the discussion, all interviewents will be depersonalized. The only thing to be mentioned within the interview examination is their managerial level.

3.7 Methodological imitations of the study

Limitations of the study in general terms have been discussed in the introduction to the research. The focus will only be set on limitations of using the chosen data collection methods.

One of the mentioned general limitations was the lack of external validity, explained by a choice of a single case study as a research design. An empirical study of a larger scale by using multiple case study design might broaden the study results, but it must be also taken into account, that there are only two Universities in Russia to be granted with a Special Status and to face the correlated changes.

In terms of the chosen techniques of data collection, another limitation might be related to relatively small number of informants (9 formal interviewents and 3 informal) who had been given a chance to express their views upon the changes and the institutional influence on it. In general, the informants gave lengthy and very enlightening interviews clearly demonstrating their personal understanding of the processes that the university manages. Thus, the content and the quality of interviews seemed more important than the actual number of interviewees. However, the interviews could hardly serve as sufficient source of information to conclude this study. For that reason, other sources of information such as national and institutional policy documents, archival materials, laws and regulations, statistical material, etc. had to be considered in order to make the final concluding remarks.

Finally, there is an additional methodological limitation linked with the problem of translation, since the developed research instruments (i.e. interview guide) had to be translated

by adapting terminology to the local language. Back-translation of interview guide and after-transcription content check are already represented in the previous parts of the chapter.

3.8 Summary

The purpose of this chapter was to portray the methodological aspects behind the empirical investigation of the studied phenomenon, as well as to provide practical explanations related to the methodological choices within this study.

In that sense, it is hoped that preceding sections clarified the chosen research strategy and a research design, the choice of a qualitative research within the social-constructionist paradigm was grounded. The research is based on a explorative and descriptive case study of St.Petersburg State University. There were both primary and secondary data used in order to answer the research questions. Issues concerning reliability and validity within the chosen paradigm were described as well as ethical problems emerged during the data collection and analysis.

4. Empirical findings

This part of the research represents the empirical findings collected within examination of different changes occurred in the St.Petersburg State University after it was granted with a Special Status by the Federal Government. At the beginning of this part a brief overview of Russian Public Sector in 4.1 is provided. Paragraph 4.2 represents the unit of study – St.Petersburg State University, its history and current situation. In 4.3 it comes to examination of different changes in University Governance occurred with receiving a Special Status. These changes are divided into three main sectors: changes in University's culture, structural changes of administration and changes concerning everyday activities of University's management. Main findings are summed up in 4.4.

4.1 Russian Public sector in change: a brief overview

4.1.1 Governmental policy in country's development

Improvement of the life quality of the State's citizens is the key goal for the governmental policy. But Russian State Governance in the last decade of 20th century shows, that there was almost nothing done to achieve this goal: break-up of governmental institutions, economic crisis, crisis of the political system, severe holes in planning and implementing social and economical reforms – these are the reasons of catastrophic demodernization and social decline. Almost 30% of the population was living under the poverty line; arrears in payments became a common situation. Urgent changes must have taken place in order to stop downfall of the State (Putin, 2000). This is the situation the new Russian State Authority faced in 2000 after President Putin came to force.

In 2000 President Putin stated, that the period of discernment in Russia and disintegration of the State was over. According to the President's Federal Address to the Federal Assembly in 2001, year 2000 showed that cooperation was possible, and it became a good starting point to learn, how to work effectively (Putin, 2000; 2001).

The main point of the President's Federal Address to the Federal Assembly in 2002 was that the State authority's main goal is to build prosperous Russia, to make citizens' life safe and comfortable, to let people earn money and bring up children and to make people want to live in Russia rather than to immigrate (Putin, 2002).

In 2004 President's Federal Address to the Federal Assembly asserted, that the State has enough power, experience and necessary tools to set long-term strategic national goals. Planning for a long periods (decades instead of quarters) gave the State provided the State Government with possibility to start solving most difficult national problems (Putin, 2004).

This progress in governing the State made it possible to bring long-term National Programs into life. On September 5th 2005 four National Programs of Highest Priority (further National Programs) were developed to support the main fields of life: Healthcare, Housing, Agriculture and Education. According to the State Authority, these fields define life quality and form the "human capital" – well educated and healthy nation (mon.gov.ru). These fields are the basis for social and demographic wellbeing. According to President's Federal Address to the Federal Assembly in 2005, active changes by the State in these sectors are highly expected by the citizens (Putin, 2005).

4.1.2 National Program of Education

The National Program of Education was called to hasten the modernization of Russian Education System, which according to the plan would result in reaching modern quality of education to meet social expectation and social-economic requests. The two main statements of the National Program are:

- Exposure and support of so-called "growing-points"
- Implementation of new managerial mechanisms and approaches (mon.gov.ru)

The Nation Program was developed to support emergence of innovative universities, foundation of institutions for professional education and new development of Federal Universities. The program was designed to improve the quality of material and technical basis, to implement new programs and technologies, and as a result to improve the quality of Higher Education, to bring education and business together. Foundation of new Business Schools was planned in order to make a breakthrough in Russian Economy and to form an internal system of management training. For instance, St.Petersburg State University was granted with 500 bln Rub (approximately Euro 16 mln) for foundation of a Business School (spbu.ru).

Another key point of the program is the development of the regional education systems in order to provide equal opportunities for all students independently of their place of residence.

As the Ministry of Education stated, the Program is developed as a mosaic with different components, which are mutually complementary to direct the whole systems to the common goals through supporting systemic shifts. According to Russian Minister of Education and Science, the National Program is not about spending “extra” money, it’s a logically valid step towards the reforms in Education and a catalyst for institutional changes, which have already become ripe and will be supported with money (mon.gov.ru).

During 2006-2008 one of the key issues of the National Program in Education was to support innovative educational programs in universities. The aim of the program was to find universities ready to provide innovative educational programs in different regions of Russia. Participation in this program demanded establishment of new and high quality educational programs; cooperation of education, science and innovative activities; development of high professional skills for alumni to make them competitive on the labor market. As a result 57 educational programs were granted by the Federal Government for purchasing equipment, modernization of scientific laboratories and professional development (mon.gov.ru).

In 2007 the development of Federal Universities was launched. The aim of this program was to optimize regional educational structures and to bind Higher Education in regions together with social-economic environment. The main goal of the Federal University was set as providing economy of the region with new personnel with high professional skills. Different priority directions were chosen according to the Strategic Development Plan for each district (Federal Okrug).

According to the Russian Ministry of Education and Science, this plan fits the idea of developing a model for a Russian university, which binds education, science and social-economic priorities together through developing new educational programs, redesigning educational structure, building resource centers for research and laboratories for common use. Such goals as improving of national mobility, cooperation with international universities, integration of Russian education into the international process, grounded and applied scientific research were underlined within this program. If this model comes out to be successful, it will be used for building Federal Universities in all Russian Federal districts. According to the National Program in Education Federal Universities are expected to enter the Top-100 World universities within 5-7 years (mon.gov.ru).

In 2007 another ambitious program was launched in the frame of National Program in Education – development of two Russian Business Schools. The aim of this Program was to create a new format of business education to meet the needs of the 21st century. According to the

concept of Program, special attention should be paid to knowledge and experience, which are obliged to be maintained under circumstances of uncertainty in developing economies. As President's Federal Address to the Federal Assembly in 2007 stated, Russia feels lack of managers and the main aim of the newly founded Business Schools was to provide Russian economy with qualified managers in operating level and top-managers (Putin, 2007).

St.Petersburg Graduate School of Business is developing within proved international standards and will receive basic international accreditation certificates to provide educational programs of highest quality, its development plan states (www.gsom.spbu.ru). The amount of money granted by the Federal Government exceeded Rub 1,5 bln (Eur 150 mln) within first two years. On the contrary, Moscow School of business was designed as a State-Private Partnership. The Development Plan supposes it to become a part of Russian Innovative City of Skolkovo (www.skolkovo.ru).

The Program of involvement of foreign researchers into Russian Science was announced in 2010 and aimed to invite researchers from all over the world to Russia to participate in competition for grants up to Rub 150 mln (approximately Eur 4,5 mln) for research taking place within Russian Universities. This program has started recently, so there is no data available at the moment for summing up its results (www.mos.gov.ru).

4.1.3 Reforming the two main Russian Universities

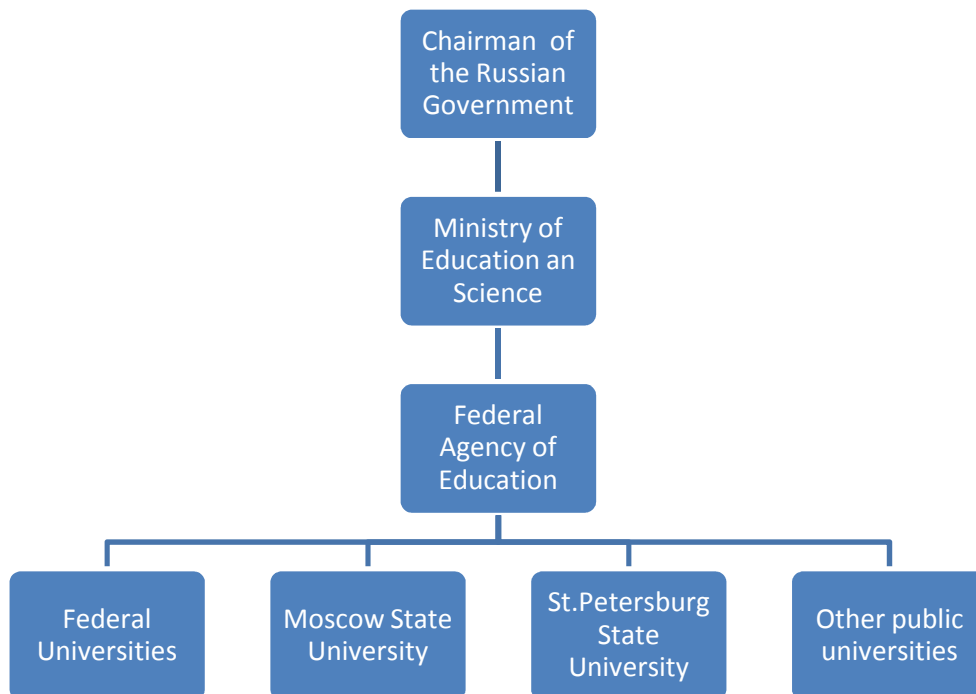
One of the most important decisions of Federal Government within the National Program in Education was granting Special Status to the two biggest Russian Universities – Moscow State University and St.Petersburg State University (www.mos.gov.ru).

As one informant pointed out, Russian Government understood that development of Education System is impossible without grand financial support. Apportionment of a huge amount of money in order to develop two “monster” universities and to make them the “showcase” of Russian Higher Education demanded a lot of effort, both in legal and managerial perspectives.

As a result of these demands, Federal Law of Moscow State University and St.Petersburg State University was approved by the President of Russia and Russian Duma in autumn 2009 (www.president.ru).

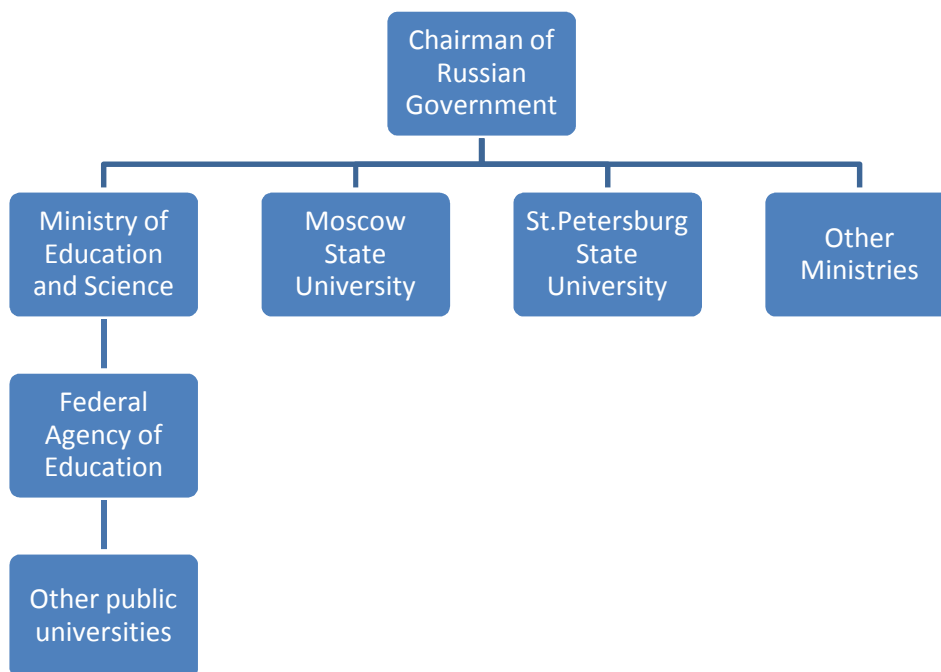
Before the Federal Law came into force all Russian public universities were subordinated to the Federal Agency of Education, which is a sub department of Ministry of Education and Science (See Figure below):

Figure 2: Hierarchy of Russian Education System Governance



The Federal Government provided two main Russian Universities with special legal position in Russian Education System. Russian Government became the direct founder of both universities. See figure below:

Figure 3. Change in hierarchical subordination for Universities with a Special Status



This hierarchical change represents the new role of two universities in strategic planning for Russian Government. According to Russian President D. Medvedev, granting Special Status for the two universities pursued its object to use achieving strategic goals for the State of Russia (www.president.ru). The two universities, according to the governmental plan, should become locomotives of the Russian Education and were called to form the basis for modernization and innovative development of the country (www.mos.gov.ru). It was expected, that these goals demanded changes in the relationships between the State and the Universities and this demand was a precondition for another considerable change: the status of University’s rector. Prior to 2009 rectors of the two universities were elected by the Scientific Council of the University, which represented the Honored Scientists from inside the university.

As one informant claimed, a new position of the two universities in the State and challenges associated with it demanded a new approach in appointment of rector:

“There appeared a mismatch: rector holds responsibility for his activities towards the Chairman of the Government and at the same time is elected not by the Government, but by a Council of more than 100 wise people, who might have different views on the State’s development”.

The demand on direct subordination in order to use the two universities in achieving strategic goals of the State was a motive for change from Rector’s election towards Rector’s appointment. The Federal Government also held the right to reappoint or fire the rector.

Due to the Federal Law, the two universities were allowed to found new faculties, branches and representative offices both inside and outside Russia. They also received possibility to set educational standards and develop new educational programs; establish extra preliminary examinations and grant their alumni with Diplomas on their own, with the same recognition as the Governmental Diplomas have.

As a result of the passage of the Federal Law of Moscow State University and St.Petersburg State University, both institutions were equaled to Ministries and supported with extraordinary opportunities in order to meet the strategic challenges of the State of Russia.

4.2 Introduction to the St. Petersburg State University

Founded in 1724, St. Petersburg State University is the oldest institution of higher education in Russia. During the 285 years of its History University secured the right to be acknowledged as one of the best institutions of higher education in Russia: rich history, modern large-scale research activities, development and innovations make University ahead of the curve in the field of Russian science (www.spbu.ru).

4.2.1 Historical Background

The decree of Peter the Great on establishing a university in St. Petersburg was approved by the Senate of the Russian Empire on January 28, 1724. The basic document legalising the University and Gymnasium practices were The Regulations of the Imperial Academy of Sciences and Arts in St. Petersburg adopted by the Empress Elizabeth of Russia in 1747. In 1758-1765, St. Petersburg Academic University and Gymnasium were headed by Mikhail Vasilyevich Lomonosov(1711-1765). His multiple activities as a Rector have resulted in student composition democratization and establishment of much closer relations with foreign universities and science academies, for example, with the universities of Germany and France and Paris Academy of Sciences.

After Lomonosov's death in 1765, the University and Gymnasium were transformed into the Academy College. On February 8, 1819, following the Decree of Alexander I of Russia, St. Petersburg University was re-established on the basis of Pedagogical Institute (founded in 1806 after the Academy College liquidation). Primarily, it consisted of three faculties: Faculty of Philosophy and Law, Faculty of History and Philology and Faculty of Physics and Mathematics.

In 1854, they were joined by the Faculty of Asian and African Languages. This composition of faculties remained until 1918.

In the end of 1860s - 1890s a number of scientific societies was created within St. Petersburg University, including the Society of Naturalists, Russian Chemical Society, Philological Society, Anthropological and Historical Society as well as the Botanic Garden and the Astronomical Observatory. In 1893, a new chemical laboratory was created, in 1901, the first Russian Institute of Physics.

In 1878, the University professors took part in the opening of the Women's University Courses known as the Bestuzhev's Courses, named after their first director K. N. Bestuzhev-Ryumin (1829-1897). Later on, in 1918 the Courses became part of the University. In the beginning of the twentieth century St. Petersburg State University became one of the largest universities in the world, with about 10,000 students belonging to four faculties.

After the October Revolution in 1917, despite various structural transformations caused by the changes in the social life in Russia, old scientific schools of the University continued developing and new schools were created.

In the 1920s - 1930s, the relevant departments of the Faculty of Physics and Mathematics developed into new independent faculties: the Faculty of Physics, the Faculty of Mathematics and mechanics, the Faculty of Geography, the Faculty of Geology, and the Faculty of Biology. New departments and research institutes were created as well as a number of faculties where humanities were taught: the Faculty of History (1934), the Faculty of Philology (1937), the Faculty of Political Science and Economics (1939), and the Faculty of Philosophy. By 1941, the University consisted of ten faculties and seven research institutes. In 1944, the Faculty of Asian and African Studies and the Faculty of Law were re-established.

In 1960s, new faculties were established: the Faculty of Psychology, the Faculty of Journalism, the Faculty of Applied Mathematics and Control Processes as well as a number of new academic departments. At the same time the construction of buildings for the faculties engaged into natural sciences began in Sary Peterhof. Since 1960s, the University has started developing as a system of two training and research complexes, the Vasilyevsky Island Complex (in the centre of St. Petersburg) and the Peterhof Complex (the city of Peterhof is a suburb of St. Petersburg).

The scientific discoveries and achievements of the University professors and alumni, seven of which are Nobel Prize winners (I.P. Pavlov, 1904, and I.I. Mechnikov, 1908, in

Physiology and Medicine; N.N. Semenov, 1956, in Chemistry; L.D. Landau, 1962, and A.M. Prokhorov, 1964, in Physics; V.V. Leontyev, 1973, and L.V. Kantorovich, 1975, in Economics), went down in history of the global and Russian science and technology.

Many people who became famous all over the globe in various fields were the University alumni. These are world-known scientists, teachers, statesmen and public figures such as K.N. Bestuzhev-Ryumin, F.F. Koni, P.A. Stolypin, D.I. Mendeleev, V.I. Vernadsky, D.S. Likhachev and dozens of others. The University has also given to the world most renowned people of art such as I.S. Turgenev, P.A. Bryullov, S.M. Blokhin, V.N. Benois, V.D. Polenov, S.P. Diaghilev, M.A. Vrubel, L.N. Andreev, I.Ya. Bilibin, N.K. Roerich, I.F. Stravinsky and many others.

Four heads of the Russian government were University alumni: B.V. Stürmer, A.F. Kerensky, V.I. Lenin, and V.V. Putin, as well as two Russian Presidents: V.V. Putin and D.A. Medvedev (www.spbu.ru).

4.2.2 University Today

At present, there are more than over 32,000 students and 4,000 postgraduate and doctoral students in University, receiving education in more than 323 specialties in 20 faculties. University's staff comprises almost 14,000 people, including nearly 6,000 teachers (1,000 Doctors of Science, over 2,000 Candidates of Science, 42 Academicians of state academies) who represent 289 academic departments. The University has everything to enjoy studies, hobbies and research: the richest Research Library named after Maksim Gorky, research institutes, museums, the big University publishing house, the University choir of students, graduates and teachers, clubs (from rugby and orienteering to the *Ingria* search party), etc.

4.2.3 University Education Programs

Specialists are trained in 71 specialties, Bachelors - in 41 fields of study, Masters - in 30 fields of study. St. Petersburg State University provides education on a budgetary (state-financed) and contractual (fee-paying) basis.

Today, St. Petersburg University is a major centre of the Russian science, education and culture enjoying a high international standing. Many higher education institutions of Europe, America, and Asia maintain contacts with St. Petersburg State University, including the

University of Cambridge (Great Britain), the University of Bologna (Italy), the Free University of Berlin, the University of Hamburg (Germany), Carleton University (Canada), the University of Amsterdam (the Netherlands), the University of Stockholm (Sweden), the Municipal University of Osaka (Japan).

St. Petersburg University is one of the leading international research and educational institution. In 2009 St. Petersburg University was ranked 168 according to the THE-QS World University Rankings and 303 according to the Academic Ranking of World Universities (ARWU).

4.2.4 Foreign Affairs of the University

Office for International and Foreign Economic Affairs promotes students, researchers and academic staff exchange programs and facilities to efficient international scientific and academic cooperation. At the present time St. Petersburg State University proudly cooperates with 230 higher education institutions of Europe, North America, Asia and South America. St. Petersburg University participates in the international scientific and academic programs and fairs. The University is member of 13 international associations and actively cooperates with the international organizations. St. Petersburg State University offers a range of Master's Degree Programmes taught in English.

St. Petersburg University fruitfully cooperates with its academic partners developing the international academic mobility programs such as Erasmus Mundus External Cooperation Window, Finnish-Russian Cross Border University, Finnish-Russian student exchange Program, Santander University, Campus Europae.

In November 2009, Russian President Dmitry Medvedev signed a law granting St. Petersburg State University the special status of "a unique scientific and education complex, an oldest institution of higher education in Russia being of a great importance to the development of the Russian society". The right of giving its own diplomas with the official symbols of the Russian Federation has also been granted to University.

4.3 St.Petersburg State University and its Management Control Systems in change

Dramatic changes which St.Petersburg State University faced after receiving the Special Status embraced many activities: everyday duties of employees, new requirements for planning, structural reorganization and even cultural values inside the university. To avoid disorder in describing these changes it was decided to follow them from top-down. The description will start with investigation of changes in cultural perception of the system and its values, then the structure of the University Management System will be in focus and after that empirical findings will concentrate on changes in such issues of management level as planning, everyday operations and performance measurement.

4.3.1 Changing cultural values

Reconsideration of the role of St.Petersburg State University within the State of Russia and new challenges, associated with it, demanded rapid actions in managing the University under conditions of change. There are several directions in governance culture which were noticeable at the time of this research: legal feasibility, recognition of university as a single system and focus on primary activities.

4.3.1.1 Recognition of the University as an entity

During last 20 years SPbU was in the way to do dissociation. Faculties were separated from each other and were almost not connected with the University's Administration. Aiming to adapt to new conditions of market economy with lack of financial support, faculties were launching their own for-profit projects in order to survive and operate. One of the main goal for that was in increasing miserable governmental salaries for academic staff, which was about to leave the University. This dramatic situation resulted in separation of faculties:

“There was lack of cooperation even between two faculties sharing the same building! Everyone just tried to survive,” - stated one of the informants.

The direction for consolidation of all the University's departments and branches was important in self-identification of all people who work in SPbU. This was implemented by merging the faculties into clusters (this process was already described earlier) and providing several of them with one administrative structure. Earlier deans were provided with a warranty

for financial operations and held control over all activities inside the faculty. It resulted in unavailability of overall data for the whole university:

“University within last decades was uncontrollable as a system: CFO didn’t possess information, how much money does the University have; Maintenance Department had no idea, how many buildings the University operate; Office of Personnel Management didn’t know the exact number of employees. But now the system is changing,” – said one of the Vice-rectors.

According to the plan, the level of cooperation and the level involvement of staff into activities of other faculties should increase. The University’s Administration must operate data within the whole organization. It helps the Board to implement innovations and controlling mechanisms in order to make University more efficient. Another vector of unification of the University is aiming to operate all the University’s departments with the same quality and provide unified services all over the departments.

4.3.1.2 Focus on primary activities

Reflection on University’s main purposes and shift in priorities conditioned the Board’s desire to focus on Educational and Scientific activities for the University and at the same time to get rid of non-core activities. After deep analysis of University’s successes in operating supplying functions such as cleaning, catering and others, it was decided to hand over these responsibilities for outsourcing. Vice-rector for Maintenance commented on this:

“We understand that we cannot operate some activities as successful and efficient as a private company. At the same time we want to provide the whole university with services of the same quality. And this can hardly be done with our resources.”

Transfer of the secondary activities to outsourcing has several reasons. First of all its aim was to improve the quality of services and make them of equal quality for all the departments:

“When you come to a cafeteria in different faculties our administrative buildings and you know that the quality of the service is high and you can order the same dish as usually, it makes you feel that the University is a united organization. This example might be not the most proper, but it reflects the idea very good,” – said one of the informants.

Another important reason for moving towards outsourcing was that it can let University save money. A huge public organization cannot be efficient in resource usage; the university will

spend more money for operating the assets as a private company will. This hypothesis was examined several times during last year and the Board received positive feedback. So, it was decided to use outsourcing for more secondary activities. Outsourcing provides the University with more control over the service operations: it is easier to control a treaty with an agent than thousands of employees spread over big territory of the University. So, use of outsourcing is expected to provide a structural reduction in service department. As Vice-rector for Maintenance pointed out, outsourcing was also used by the University in order to reduce risks of non-fulfillment:

“In case of inefficient work or, even more cheating, the University has the only option to fire the employee who is responsible for the given area. But it will not bring the money already spent back. If we use outsourcing we can claim for financial compensation for improper or not provided services.”

Maintenance Department includes a sub department of quantity surveyors, which provide calculations for auctions in governmental contractual work. Data provided by this department is not accepted 100% correct, because there might appear some mistakes in different assumptions and forecasting. Moving towards outsourcing of both project development and calculations lets the University hand over the financial responsibility to the agent and due to this reduce risks in case of incompetence mistakes of its employees. Overhanding of calculation development to agents will reduce human resources and wages in secondary activities of the University and focus on its primary goals. Possible challenges are described by the Vice-rector for Maintenance:

“Of course, by selecting the agent for some services we can make mistakes within next couple of years. There are also legal loopholes making it possible to win the auction without insufficient resources to supply services of high quality. But we receive a legal tool to get compensation of our losses.”

To sum up, focusing on primary activities of the University means reduction in operating secondary services within the University. Outsourcing was chosen to achieve this goal, because it provides recourse economy, more control, risk reduction and saving money. But still, adoption of outsourcing needs time to customize the system of agent selection and development of project documentation and calculations, which might take up to several years.

4.3.1.3 Legal feasibility

According to the position of University's rector, it is quite obvious that all institutions must operate within the legal frameworks of the state. Though there was not much attention paid

to following legal requirements in the University within last decades. A new focus on legitimacy of administrative decisions was represented by the rector of SPbU last year. According to the plan each person possessing a warranty permitting financial operations must have a legal consultant to check if the decisions made meet the legal framework of the State or not. This logically grounded action was commented by one of the informants:

“Though the idea is good, at the moment all the decisions of executives are to some extent subordinated the legal consultant. Earlier the aim of the legal department was to substantiate the actions of the executives and but now the executives must be based on recommendations of the consultants.”

As a result there is a shift in balance between the needs of operational activities and their legal feasibility, while legal support is perceived as a supporting mechanism for decision making.

4.3.2 Structural changes

4.3.2.1 Centralization and decentralization

As one informant told, prior to 2008 there was a great amount of different problems in understanding the structure of St.Petersburg State University. During the 1990s the main goal of the University was to survive and accommodate to new environmental conditions. It caused marketization of the Higher Education in Russia. Faculties of the universities were left alone to solve their own problems:

“It was like “You pay us income tax and can do whatever you want!”

Such a governing approach brought to a huge spread of profit-oriented sub-divisions inside the faculties which had their own bookkeeping, personnel departments, and budget committees. The faculty’s dean was responsible for all financial and educational operations of the faculty. This illogical scheme might become a reason for inappropriate governance, abuse of authority, cheating and even crime:

“The deans became soon absolutely uncontrollable, because they had authority to spend University’s money and at the same time were elected by the Scientific Council of the faculty. There was no mechanism of financial control over the deans” – said another informant.

So, each faculty had personal bookkeeping, personnel departments, and budget committee and there were also several sub-divisions with same “sub-sub-departments”, and it made the system huge inefficient and expensive.

As it became obvious for the Board of the University that this system can't work new conditions, University's rector made a decision to let faculties manage only educational and scientific activities. This decision changed the approach to money disbursement in the whole University: after this decision none of the elective positions inside SPbU could have control over financial decisions:

“From 2009 only those employees could receive a rector's warranty for financial operations, who were appointed by the rector with a terminal labor contract”

One of the executives provided another explanation for this change:

“According to amendment of the Civil Code of Russia, elective personnel couldn't be responsible for financial operations. And before this amendment came to force, the status of a dean was not quite clear from the legal point of view. The reason of this change has legal background.”

These changes limited the power of Scientific Councils of Faculties. They could now only elect the dean, responsible for educational and scientific programs. And after enactment of the Federal Law of Moscow State University and St. Petersburg State University The University's Scientific Council lost its right to elect the rector. One of the executives commented:

“This change brought the balance inside the university to movement, whatever the balance was. People are not keen on changes especially when they lose their power. It conditioned a lot of conflicts inside the governing system of the university, which damaged it's the public image”.

The next step in making university's management more efficient was in consolidation of operational activities of faculties into clusters. There were several reasons for that, which were stated by different informants:

“The main reason for consolidation was inability to manage 19 different units with providing 19 warrants for financial operations and to hold responsibility for these people.”

“After understanding that there are too many committees and departments with the same functions, it was decided to use human resources more effectively and to save money on wages.”

“Higher Education in general and SPbU in particular feels a huge lack on executives with high managerial skills. It was decided to let run financial operations only those, who showed positive performance inside their faculties. These people could manage more faculties and chose their subordinates due to their performance. It’s always good to have a choice”.

After implementation of this idea a huge amount of problems came to light.

There was no common system for consolidation of faculties: some of them were merged due to geographical location, some were merged by similarities in scientific areas, and some merges were performed by residual principle. That is how the new clusters look like:

Faculties, operations of which were merged due to their geographical location and similar scientific areas:

- Faculty of Asian and African Studies, Faculty of Journalism, Faculty of Philology, Faculty of Arts
- Faculty of Applied Mathematics, Faculty of Mathematics & Mechanics, Faculty of Chemistry, Faculty of Physics
- Faculty of Economy, Faculty of Sociology, Faculty of Political Science, Faculty of International Relations
- Faculty of History, Faculty of Psychology, Faculty of Philosophy
- Faculty of Biology & Soil Science, Faculty of Geography & Geo-Ecology

Faculties, operations of which were merged by residual principle:

- Graduate School of Management and Faculty of Geology
- Faculty of Medicine, Faculty of Law, Faculty for Stomatology and Medical Technology

All the informants share the opinion that this transformation is a temporary one. This system is unstable:

According to many informants, there is no doubt that the previous system could not operate efficient, but this new interim configuration will not live long. Soon we will come to two grand subsystems: one will operate all faculties inside St. Petersburg and the other will manage the faculties in the city of Peterhof (a suburb of the city) – we will come back to the Soviet

System. Operating the whole university using one department is unreasonable due to geographical spread of the University.

“This interim configuration will soon bring us back to 19 separate faculties, because they all have their own specific and requirements. But it will not be managed until there will be found 19 high-skilled executives to run all the faculties”.

There are also several problems to appear concerning staff. Consolidation of departments aimed to use human resources more efficient. One hand there appeared in a big amount of employees to be fired. Among them there were many people who “grew up” inside the university and firing them was a great problem due to ethical issues. On the other hand, an informant working now as a head of a cluster department claims:

“Before the consolidation there were several good subordinates who combined their work in private sector and with their responsibilities in the university for a half rate with a small compensation and it was ok. Now these people have to work for times more at the university than before because they are responsible for their field in four faculties. They are good professionals, but now I have to find new people for a small compensation and a lot of responsibilities. I understand the motivation of the rector but in my case there are more shortcomings than benefits.”

Staff reduction due to consolidation of faculties slashed the payroll, but made personnel work much more for the same compensation, and it made people displeased. Disorganization of previous periods uncovered one more problem – unsystematic character of accountability made people on-site compose their own reports:

“If I receive a request for some statistics for previous years I can either ask the person who made this report, or spend a week in the archive collecting requested data. I cannot fire some of my subordinates, though I should, because it will paralyze the whole department. We will all move to archive to collect data instead of carrying out our commitments. Improving efficiency will only start after the governing body will stop looking back and concentrate of current and future performance”.

After the new clusters emerged, many organizational difficulties connected with foundation of new structures came into light. New distribution of responsibilities between the dean, the vice-rector for cluster and different departments inside university’s administration brought disorder and confusion. An informant managing a department within one of the clusters claims:

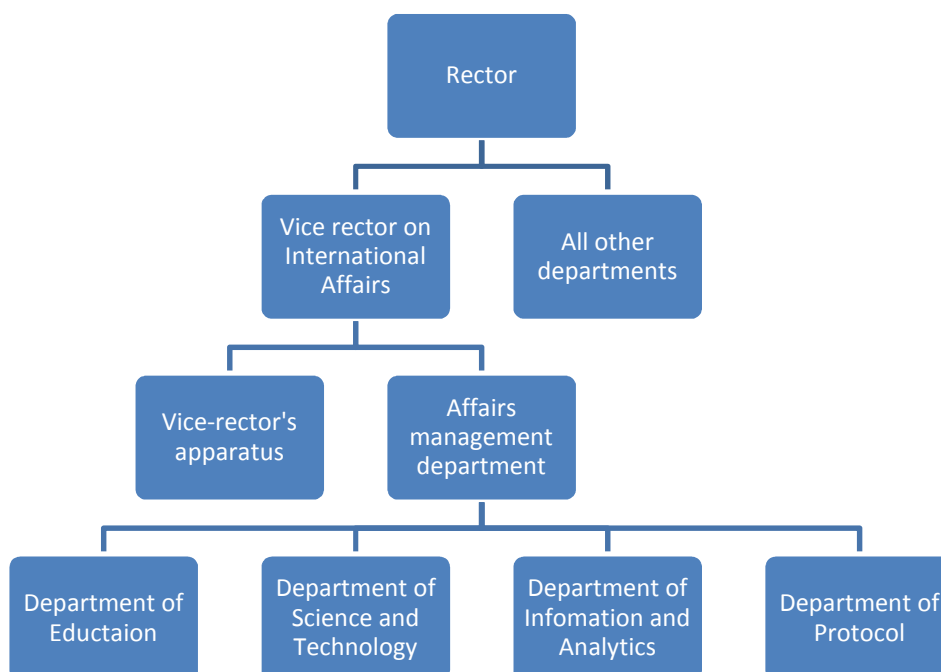
“There are many daily procedures and before these changes it was obvious who is responsible for which area. Emergence of new structures in the administration resulted in redistribution of authority. Several months are gone, but no one still knows who is responsible, for instance, for giving a reference to a student – according to the internal order no one! It is unbelievable. And there is a plenty of such examples.”

To sum up, in short run staff reduction and consolidation of departments will provide good economic effect – university will save money, but there are also organizational difficulties in making work more efficient based on the managerial heritage; and on a long run university might face dramatic lack of qualified staff, if expenditure of responsibilities will not be followed by increase of compensation.

4.3.2.2 Merge of departments

Reorganization of administrative structure also caused changes in other departments. This is how the matter stands with the Department of International Affairs. Structure of the department before 2010 is shown in the following figure:

Figure 4: Subordination and design of the International Affairs Department.



The department was responsible for student exchange, both incoming and outgoing, development of accommodation model for international students, international cooperation in research, partnership with other universities, analysis of university’s position in international

ratings and development of methodological recommendations for improvements of University's positions. One ex-employee of this department said:

“Were were very successful in meeting the rector's expectations, because we always worked as a team. Though each of us had personal responsibilities we always got down to business together, used brainstorming and cooperation. We took accommodation of international students to the next level of service quality, set educational and research cooperation going etc.”

Due to dissociation of faculties many faculties used to have department of international affairs inside their structures during last years, which were abolished in time of the development of clusters of faculties. The main difficulty in operating the Department was its isolation:

“Although we were working in cooperation with faculties, Department on Education, Science, Administrative Department and others, we were the only part of a huge structure, which possessed inquired skills and experience for international cooperation. As soon as our international partners or students started their collaboration with other departments or launched common projects with researchers on faculties they faced a huge amount of problems, which could hardly be solved without our participation”.

The need for common standards in international affairs demanded the whole university to be involved into international cooperation. This challenge resulted in disbandment of the Department of International Affairs and distribution of its the sub-departments into other departments of the university. According to the informant's point of view, the idea of distribution was ideologically good one, though it caused a big amount of problem: the position of Vice-rector on International Affairs was abolished and the responsibility for international cooperation was handed over to First Vice-rector on Education and Science, who, as it is, was in charge for too many activities; International Departments on faculties were also abolished, so the new structure took their activities upon itself; decentralization of the department prevented the employees from cooperation while executing projects:

“A fortune helped all of us not to be paralyzed by these changes: due to renovation of an administrative building we are occupying the same office as before and still are able to cooperate in our daily activities.”

4.3.3 Changes in planning

Reconsideration of the role of SPbU in the frame of State Plan for Social-Economical Development of Russia until 2020 demanded redesigning management system of the university.

In 2010 the University's Development Plan until 2020 was announced. It was designed in cooperation between SPbU and the State Government. Commenting on the emergence of this document one of the University's executives says:

“We were provided with autonomy and money by the State. So, it can't be so, that we will not hold any responsibility for our actions. The Development Program represents our aims in meeting the expectations from our activities“.

The document consists of 3 main parts: description of the Program including goals and means to achieve them, budget of the Program for 2010-2013 and activity indexes to be achieved by 2020.

The description of the current situation is followed by representation of the strategic goals for the University. According to the Development Program it is entering the world elite in classic Higher Education and complex educational and scientific support of innovative development in Russia (www.spbu.ru). To meet these goals the University should become:

- an educational and scientific basis for effective integration of research activities and educational programs for training professionals with high skills in their applied independent work;
- an educational institute which obtains recognition abroad (it must be proved with global rating);
- an intellectual center which popularizes the best practices in education, methodology, studying, research and fosterage;
- a design center for executing governmental orders in innovation development, analytics, in scientific, expert and legal supplement of the state for structural diversification and sustainable development of the State and social institutions.

According to the text of the Development Program, there are several priority sectors which were chosen in conformity with the State's main goals in economic modernization and technological development: nanotechnology and science of materials; biomedicine and healthcare; IT; ecology and sustainability; human resources and technology.

One of the Program's main goals is the systemic development of educational program which will be achieved through designing and implementation of Educational Quality Control Systems, designing new methods of Educational Programs Management, update and design of new educational programs and their internationalization. Systemic development of scientific, examining and innovative activities will be done by designing a Planning and Supporting System for Scientific and Innovative Activities, actualization of research in grounded and applied science; growth of national and international cooperation in scientific activities; foundation of the council of experts in the university; expanding activities in examination and consulting. Another goal of the Program is the systemic development of infrastructure for educational, scientific, examining and IT purposes. According to the Program, resource centers should be founded in the following sectors: nanotechnology and science of materials; IT; biomedicine and healthcare; ecology and sustainability; foundation of the university clinic. Cooperation both within Russia and abroad is the last, but not least strategic goal for SPbU. It demands modernization of the management systems, design and implementation of new regulations, data bases and Electronic Administration System. Following activities are chosen to meet this goal: development of management system, manpower training systems, research in modern managerial technologies, improving the level of cooperation with public and private sector; implementation of a Intellectual and Information Resource System which will provide access to resources of the University.

As a result of bringing the Development into life, St.Petersburg State University will attain the demanded rates and indexes and it will prove the university's investment into Development of the whole Russia, and regions as well; competitiveness global appointment of Russian Education. Achieving the goals of the Development Program will help SPbU to provide up-to-date educational, scientific, examining activities of highest quality and will let the University to meet the challenges of Russian Social-Economical Development Plan as a leader of Russian Higher Education:

To develop human potential through scientific grounded practice in designing and implementing up-to-date educational programs

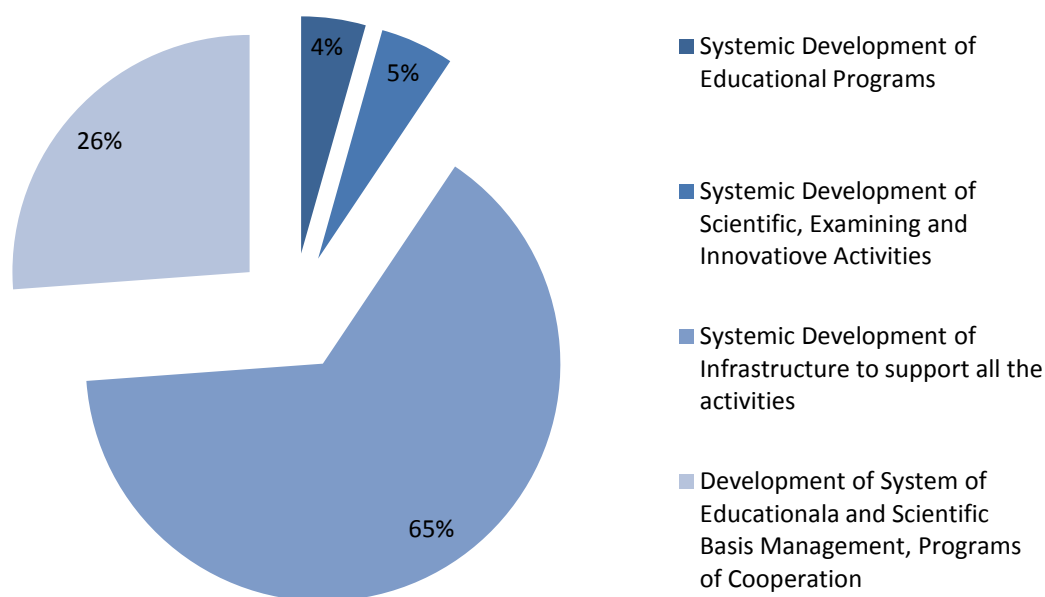
To develop human and legal resources for integration of scientific activities, aiming to stimulate entrepreneurship and investments;

To form socially responsible elite, supporting stable functioning of governmental and social institutions;

To provide scientific, examining and legal support for modernization of Russian Economy based on University's scientific and technological potential.

Chapter two of the Development plan provides information concerning the amount of financial support for the Program in 2010-2013. The State of Russia grants St.Petersburg State University with Rub 7,25bln (approximately Eur 180 mln) for different projects with next 4 years.

Figure 5: Share of financing activities 2010-2013, %



The third part of the Program contains activity indexes which should be met during its implementation until 2020. The emergence of activity indexes was concerned by the Board to be an extraordinary event in governing the University, so this part of the Development Program will be described in separate paragraph dedicated to performance measurement.

4.3.4 Changing everyday activities

Changes in planning, emergence of new goals and targets demand innovations in everyday activities. Passivity which was peculiar to previous periods must be substituted, according to the rector, by enthusiasm proactive position and increase of order. Changes in regulations, project execution, decision making will be examined further as the most significant, as it was set by informants.

4.3.4.1 Regulations

According to rector's demand, a change in paradigm of self-identification of employees must appear. Earlier there was a great lack of regulation of everyday activities, procedures and responsibilities. One informant pointed out:

“When I was admitted for my new position, I could barely understand how I should carry out my obligations. I could understand, what the result of my activities should be, but I had no idea, how to meet the goals. It took long time to understand after doing many mistakes and hours of tutorials with my coordinator to get on with it.”

Another informant agreed that there were such problems in the past and stated:

“Endorsement of documents and projects could last “for ages”. Some decisions were made not according to regulation rules, but due to personal relations. The faculties were managed according to traditions, but in case of a conflict you can't refer to it.”

The biggest shift was announced to be in recognition of employees' role as public servants:

“We are all bureaucrats and we must behave like bureaucrats. Our activities must be based on executing orders of our leaders and they must result in a report, confirming that the orders are fulfilled.” – says one of the University's Executives.

This shift in thinking in the new frame supposed to bring more order in University's governance. All the informants mentioned that on one hand it became easier to cooperate and reconcile documents between departments if they were on the same level:

“Reconciliation takes now less time than before and we can also be sure now, that time limits for signing documents are fulfilled, because our colleges understand that in case of procrastination they will be punished.”

But on the other hand there are many problems emerged for academic staff and those projects, which must be reconciled with the University's leaders:

“Everyone is afraid to break the regulations, so if according to the regulations the problem must be examined for 1 month we are sure now, that it won't last less. With increase of order in governance enormous bureaucratization was brought into life.”

According to opinions of academic staff and open letters to Rector of SPbU and even to Russian President, people are mainly displeased with the level of bureaucratization of the University. Informants in private conversations claimed that the old system was about to be destroyed, but the new one is not coming to life yet. That is the reason why organizational changes raised problems in distribution of power:

“We faced a stupid problem – we don’t know who is responsible for signing a reference for our students. This authority was taken away from deans, but was not provided for vice-rectors, responsible for clusters of faculties. It took a long time to delegate this power.”

Another problem that emerged recently is in relationships between students and administration. First Vice-rector of Education and Science commented on this issue:

“Our students represent a new generation and new way of thinking. They demand understanding of their rights. Earlier it might happened that a after the student was dismissed e or she might advance a legal claim and get retrieved. It is quite ordinary situation to defend one’s rights”.

The university faced absence of a system to regulate the relationships between students on one side and administrative and academic staff on the other. As a know-how Faculty of Law offers a “Legal Clinic” – a project which provides students all over the University with legal advices in Education by students of the Faculty of Law. This project aims to prevent and solve conflicts on one hand and to improve legal competence among youths on the other hand. Performance of the Legal Clinic forced the Board to work on implementing of legal regulations: regulations of educational activities are being elaborated, examination requirements are being worked out in order to get rid of lack of uncontrollable sectors. The final aim of this project is to let people assert their rights and to have a ground for their point of view.

The chosen direction of improvements in operations and also decision making intended to bring more order inside the University’s governance. The aim of this change was to prevent governance by tradition which not only made organized governance hard to implement but also opened the way for cheating and situations of conflict. New approach provided many positive shifts in time of decision making and document examination by different departments. But in the same time new difficulties emerged considering bureaucratization of the system, especially for academic staff in solving their everyday problems.

4.3.4.2 Project execution

According to the previous experience, emergence of a large-scale project was supported by appointment of extraordinary resources for its implementation. New departments, working-groups, examination groups were created to manage the project successfully. In 2008 the University was granted with Rub 1 bln for development of resource centers in different scientific areas by the National Program of Education. The intended purpose was to found scientific laboratories in different disciplines – Resource Centers. One informant commented on that experience:

“To draw the allocated money effectively a special department was created – Development Board of Resource Centers. There were 12 people working on part of this project 12 hours a day including Saturdays to achieve the goal of that program – to use the money properly and for proper reasons, so that the University could receive profit (non-financial) of this project.”

The Development Program until 2020 has a focus on establishment of Research Centers in four main disciplines, which are discussed above in 4.3.3.1. According to this Program, over Rub 4 bln were allocated for these purposes, meaning that there must be created more Resource Centers than in the frame of previous projects. After all it means a huge increase of duties for those, who organize, follow and implement the project. In accordance with the position of rector, managing this project does not need a special structure and will be done according to personnel arrangement – it means that that no special board or department will be assigned. It results in overload of duties for those who have their everyday charge together with new responsibilities within the project. One of the informants said:

“It is not my right to criticize the leader of the University, but I expect that the overload might paralyze our activities at the end of the year, when we will have to report our performance. This approach will sum up in just money disbursement without aspiration for best alternatives. I wish I am wrong.”

Overload of responsibly was indicated by another informant:

“It is a very difficult task to achieve the goals of the project with the human resources we possess. There must be more personal power, to work independently in order not to disturb each other for concordance of some documents.”

Rector of St.Petersburg University stated, that the managerial team has enough skills and experience to cope with this task without extra resource allocation. It is related with unwillingness to expand the administrative departments and complicate the administrative structure in order to avoid redundancy of bureaucratization. On the other hand those executives who were participating in executing projects earlier hold the opinion that in this case the project will not be as efficient as it might be:

“How can people work with the same quality being burdened with their everyday activities and being discoordinated?” – inquired one of the respondents.

4.3.4.3 Decision making

Changes in decision making process are conditioned by the environment and need of rapid progression after the emergence of the Development Program and new responsibilities of the University towards the government associated with it. As one informant pointed out, conditions of the Program implementation can be characterized as hurry, lack of time and threat of non-fulfillment. The activity indexes which measure University's performance and financial resources to be drawn require a huge effort and quick project executions. So, one of the focus of Board is reduction of time resources used to launch projects.

Another characteristic of changing in this area is the urge towards providing external evidence for decisions. It is being implemented via external and internal (with regard to the whole University) examination of projects, which are innovative for the University. Foundation of any Resource Center starts with development of the bid to participate in the contest. After primary review and improvements by the author the bid is being examined for validity and urgency for the university first by internal commission. If needed a request concerning the bid's urgency is sent to corresponding State Structures, Russian Academy of Science and foreign experts. After these examinations the bid will be accepted or not. One of the informants, responsible for project execution in planning operations of the Resource Centers said:

“It is of highest importance to separate offered bids with pure scientific desire from those, developed in the interest of person. And procedure of multilevel examination of each bid is direct to reduce such risks.”

Tutorials and public discussion provide the board with different perspective on their initiatives. Although there are many people who claim that time given for examining the

proposition providing feedback is quite short (generally about a week), it is important to understand, that we must operate in a hurry, so University doesn't have too much time for discussion, it is time for action, as one of the executives persists. Another employee commented:

“We offer the possibility to influence our decisions in forming and shaping different programs of the University. Some people complain that they have seen the proposition to discuss too late. It is not a reason to stop the project and wait for all 13 000 people find time to respond. It will never let us make any progress.”

4.3.5 Performance measurement

Observing St.Petersburg State University as a public institute with a strong social function it is hard to provide mechanisms for measurement of performance. Talking about external measurement the biggest innovation appeared with the third part of the Development Program until 2020 dedicated to activity indexes. Activity indexes represent how goals set by the government are being achieved by the University in the progress of time. Indexes represent change in share of some measures (share of master student) or in quantity of something (e.g. amount of publications per year etc.)

The State Government understands that big investments without control of results are wasting money. But in the same, time selection of adequate indexes which will represent, if the implementation of the Development Program is successful is a difficult task. Especially difficult it is in a huge public service-oriented organization with strong traditions and awkward structure. But according to the informants of this research, the emergence of these indexes is a huge shift in itself.

The activity indexes are divided into several categories:

Systemic development of educational programs includes such indexes as share of bachelor students in higher education programs; share of master students in higher education programs; share of aspirants (alike ph.D. students); share of master students with a bachelor degree of other universities.

Systemic development of activities in research, examination and innovation is measured with total amount of academic staff; share of academic staff with publications in scientometric databases; share of scientific and academic staff granted for their research; share of academic staff with academic degree; share of academic employees under 35 with a degree Kandidat Nauk

(alike ph.D.) and employees under 40 with a degree Doctor Nauk (Doctor's degree); share of published research in foreign languages; amount of intellectual property; number of bids for patent; share of income from scientific research and development projects; share of income from sales of intellectual property; number of publications.

Systemic development of supporting infrastructure is based on indexes of equipment modernized within last five years; share of master students and aspirants undergoing training on modernized equipment.

Development of management control systems and mechanisms of cooperation with both national and international partners is measured by following indexes: share of international students; share of external participants in university's research activities; share of publications in sources from the Web of Science list; share of scientific and academic staff participating in the conferences; amount of programs for additional professional education; amount of people attending these programs; amount of educational programs in foreign languages; amount of educational programs with international accreditation; amount of academic staff attending retraining programs.

According to opinion of informants, the activity indexes described above do not actually represent a finally designed model for performance measurement. It can be endlessly argued that increase of share of scientific and academic staff granted for their research index or share of scientific and academic staff participating in the conferences index do not necessarily mean that St.Petersburg University operates successfully. Amount of international students might provide a violent view on University's international acknowledgement. Most all of them can be argued for not fully matching the intentions. But anyway the emergence of all these indicators gives to understand that the University is aiming for improvement in its primary activities and provides a reference point for development.

One of the State's main requirements to appear together with investments is expected performance. In this paradigm the Federal Government considers the University to be alike a private corporation (money for result) and the activities indexes are implemented to measure the results.

Special Status granted to the University in 2009 provided also a status of Principle Money Dispenser. This status delegates SPbU financial possibilities in dispersing financial resources equal to those of Ministries and at the same time demands huge amount of responsibility for operations and target usage of resources. Vision of SPbU as a private

corporation is connected with request from the Government (as an employer) concerning costs of educational programs or costs for one student to be educated on a program, which are enormously hard to calculate and at the same time this information is irrelevant for decision-making.

Performance measurement systems inside the university, e.g. for different departments is also a challenging field. According to informants, main criteria of staff's activities are time limitation fulfillment and absence of mistakes. One operating-level manager said:

“My activities are measured quite subjectively. If my leader is satisfied with the quality of my activities and there are no problems which needed to be fixed (and it needs extra time) then everything is ok. To check if leader's orders are fulfilled in time we use a self-developed MS Sharepoint application – there is a name of the employee responsible for a task and deadline. That is how it is.”

Another informant also introduced time limitations and adds interpersonal relations with the leader:

“We are actually overloaded with tasks. The only way to identify quality of my work is very subjective. If my leader understands, that I do my best to complete my tasks as soon as possible but due to objective reason I can't there will be no problem.”

The administrative department uses an advanced model on the basis of one introduced above: there is a special table with names of all Vice-rectors as heads of their departments and two indexes: speed of response to requests and efficiency of their activities. Although both indexes are quite subjective and only represent how we assess these issues, it is still possible to provide a objectivized to some extent overview after collecting these questionnaires from all departments.”

4.4 Summary

Several main fields were explored within this chapter. The empirical findings start with examination of the Governmental Policy in development National Programs of Health, Housing, Agriculture and Education. National Program of Education represents new approach to development of Higher Education institutions. Ambitious projects of the Program aimed to support Higher Education and at the same time to understand, how successful public

management will be when it receives huge investments, autonomy and new level of responsibility on exchange.

Granting the Special Status to St.Petersburg State University appeared to be a new step in following this policy. This event caused changes both in University's legal and hierarchical positions. New relationships between the State and the University became the basis for managerial changes concerning its structure and different aspects of management. As most significant the Development Plan until 2020 should be mentioned as a strategic tool for planning. There are also many other innovations to appear such as Performance Measurement System and a number of changes which affect everyday activities. On the other hand changes emerge also on cultural level and are associated with implementation new values by the university's rector and cause misunderstanding and resistance among university's staff.

Discussion and analysis of these undoubtedly significant changes is provided in the next part of the research in order to give answers on the stated questions.

5. Discussion and Analysis

This part of the research represents discussion of the empirical findings based on the theoretical basis. Paragraphs 5.1 and 5.2 discuss issues that form the background for the changes in management control system of the university – changes in state policy on one hand and the Special Status granted to the University together with its motivation, preconditions and effects on the other hand. Part 5.3 analyzes changes in management control systems of the university, observed as a package and with focus on their intentions, implications and challenges. 5.4 sums up the main results of the analysis.

5.1 State policy as a driving force for change

The collapse of the Soviet regime in the beginning of 1990s undermined Russian governance system. A shift from planning economy to market economy harmed almost all sectors of economy and resulted in institutional, economical and political crisis (Timoshenko, 2006). After ten years of wandering in the dark it seemed that the market economy of Russia would collapse soon, if no reforms would take place within the coming years.

Reforms that started at the beginning of 2000s are associated the name of the Second President of Russia V. Putin. The emergence and development of a new State policy might be observed by following the President's Addresses to the Federal Assembly from 2001 to 2005. In 2000 it was stated that main aim of the Government was to stop disintegration and discernment of the State. One year later the Russian President pointed out that the results of the previous year showed the possibility to cooperate and targeted working efficiency as the main goal of the government. In 2003 the emphasis was made on building a prosperous State and to let its citizens live in comfort and safety. The possibility of the State to operate in cooperation and efficiently together with the definition of the State's main objectives provided a new approach to reaching the goals – implementation of strategic planning (2004), which was impossible to reflect on earlier due to unpredictability, disorder and disorganization. The use of strategic planning as a governance tool broke a new ground for solving national problems. Concept of Social-Economical Development, National Programs emerged in most complicated fields of life–Healthcare, Agriculture, Housing and Education. The implementation of the National Programs aimed to breathe a new life to State's most problematic institutions in order to achieve legitimacy.

Recognition of education in general and Higher Education in particular as a tool for increasing social welfare was the main reason for changes in Higher Education System. Systemic approach to solving main problems of Higher Education was implemented through National Program of Education. Positive experience of delegation more power and autonomy in exchange for tangible or intangible results became a good basis for further experiments. These experiments were dedicated to the question, if the Russian Education System is able to operate in a proactive way. In 2009 it came to one of the biggest experiments in modern Russian history concerning the System of Higher Education – granting a Special Status for two Russian main Universities with extraordinary opportunities in order to develop a successful model for further implementation among other institutions.

5.2 What is the Special Status?

5.2.1 Motivation for change

To analyze the changes in Management Control System of the St.Petersburg State University it is highly important understand the motivation and background of the system changes. The modernist dichotomies determine two dominating images of organizational change: as a planned innovation and as an environmental adaptation (Czarniawska & Sevon, 1996). The first image sums up such approach as a strategic choice, decision making and organizational development, while contingency theory population ecology and institutional theory might be attributed to the second.

At first glance the reason for granting a Special Status to the two main Universities may be found in a coercive pressure (DiMaggio & Powel, 1983) for change from the State Authority: in order to use the universities in purposes of country's social development the Government avoids putting direct pressure on them, but instead develops a legal basis embodied in the Special Status which demands the two main Universities to accommodate to new conditions and to follow the State's strategic goals (Eisenhardt, 1989). The Special Status then supplies the two institutions with money in return of result in achieving strategic goals of the State. In other words it represents an environmental pressure on the Universities which requires them to adapt to this change (Meyer, Scott & Deal, 1981). This approach to defining the image of change appeared to be beneath criticism after understanding the real intentions and motives for the change.

As the empirical evidence suggests, granting the Special Status is a project, developed within the University and attributed to the personality of new rector N. Kropachev. As the new rector came to power in 2008, the university governance system was in decline. Understanding that further development and global changes are impossible without a breakthrough, rector Kropachev started to reorganize the governance system by bringing order and transparency into a huge and confused system. The aim was to prepare the basis for a breakthrough in University's primary activities such as education and research and in other words to make it legitimate and able to resist external pressure (Oliver, 1991). After systematization of the governance system and structuring the main problems of the University the project of new relationship between the State and the University was suggested to the Federal Government.

Keeping this in mind, it becomes clear that the Special Status as a tool for a breakthrough was an initiative of the University's rector as its executive, so the motivation for change for St.Petersburg State University should be described as a planned innovation developed inside the organization (Czarniawska & Sevon, 1996).

5.2.2 Changes in University's goals and objectives

According to four perspectives of University's goals and objectives described by Olsen (2005), there is a shift towards the use of the University as an instrument for national purposes. It results in implementing policies created by democratically elected leaders. Some of the key features of this perspective are applicability and utility of research for practical problem-solving, serving national objectives, team based rather than individual research, cross-disciplinary and applied research. University is expected to specialize in order to achieve excellence, and therefore, there is a plenty of budgets for such purposes. In such a university, administration becomes the core of the university. The main criteria of assessment are efficiency and effectiveness. Political decisions and political change are the main drivers for change within the university (Olsen, 2005).

On the other hand, the Development Program, developed in cooperation between the State and the University, aims to develop the University as a service enterprise embedded in competitive regional or global markets with its main objective being to be competitive and to increase profits. This is achieved by treating research and higher education as commodities. This perspective sees the university as separated from the state and political authorities. For instance, government regulates and provides incentives rather than dictates what shall be done. University leaders become entrepreneurs within a wider environment consisting of stakeholders, customers,

donors, and competitors. Quality is assured by the deployment of external accreditation. Change is driven by competitive selection and survival of those that have capacity to adapt to environmental imperatives.

It must be pointed out that to some extent this brings us back to the system of the Soviet Union with a strong penetration of the Government into University's policy.

Summing up, it should be mentioned that along with receiving a Special Status the University becomes an instrument for national purposes with strict control from the State, but according to the Development Program it must be more like an enterprise in the future, with more autonomy and incentives instead of dictates.

5.2.3 Special Status as a Set of Events

Attempt to analyze the Special Status in a retrospective and within cause-and-effect relationship supposes to fail because of complexity of this event. In order to understand the interrelations of the preconditions, which made emergence of the Special Status possible the term "action net" offered by Barbara Czarniawska in 2004 will be used. This concept is originated in a combination of neoinstitutionalism and the sociology of translation. Its basis is the idea that in every mix of time and space it is possible to talk about institutional order, a set of institutions prevalent right there and then. Time perspective must be changed in order to explore an "organization" not as a starting point but rather as a final product (Czarniawska, 2004).

There were several main preconditions for granting a Special Status for universities:

- Leadership of the rector of St.Petersburg State University N.Kropachev, whose desire to improve the position of the University played an important role in these processes.
- The University as a system, which showed positive progress in systemic development prior to the implementation of the Special Status
- Identification of role of two main Russian Universities assessed at the proper time
- State Authority's willingness and possibility to invest in Higher Education, together with setting targets for the Universities
- Planning of the Development Plan creation, though being just an idea in 2009
- Reconfiguration of relationship between the University and the State together with demand on achieving strategic goals of the State

- Change in rector's legal status as the main authority inside the University responsible for Program implementation and University's performance

As the preconditions of change are clarified it should be pointed out that the classical institutional theory will not explain the origins of change. All these preconditions do not have a clear cause-effect relationship and are observed as a package. This approach gives a full vision on Hardy's second dimension of power which refers to the power of individuals and groups to restrict or enable access to organizational decision-making. This power, the power of process, is derived from symbolic sources, such as hierarchy and authority. It is usually mobilized to reduce conflict and to legitimize outcomes so that they are readily accepted in the organization (Hardy, 1991).

5.3 Changes in MCS: intentions, implications and challenges

For studying MCS as a package many alternative conceptual frameworks are available. There are different frameworks represented by Flamholtz, Ouchi, Mechant, Van der Stede, Simons, Ferreira and Otley, and Malmi, which were described in Part 2.2.2 and 2.2.4. Analyzing MCS as a package within the present research the concept introduced by Flamholtz will be used. At the same time the approach to understand change within the paradigm of intention-implication-outcome offered by Czarniawska is the basis for this analysis. Flamholtz puts the core control system in the center of the package and envelopes this core into the system of organizational structure and then into the organizational culture as a bigger frame. The present research will follow this approach and offers three paragraphs which analyze the change in MCS in core control system, structure and culture one after another.

5.3.1 Core control systems of the University

5.3.1.1 Strategic planning

Examining the constituents of the core control systems Flamholtz (1983) defines planning as a process of deciding organization's goals and the way to reach these goals. The change in the sector of strategic planning in SPbU is attributed to the emergence of the Development Program until 2020. As it is shown in 4.3.3.1 this document represents an innovative approach to the University's governance. Before 2010 the University's attitude to action can be described as

reactive (Thierauf, 1987). It was connected with the main University's purpose from 1990s – is to survive. There were some kinds of Programs, describing how the University should develop as a system, but it was known only among its creators. As the empirical evidence suggests, the Development Program represents the change from reactive to proactive management (Crant, 2000). It refers to anticipatory, change-oriented and self-initiated behavior. Proactive behavior is based on activities in advance of a future situation, rather than just reacting on what has already happened. It means taking control and making things happen rather than just adjusting to a situation or waiting for something to happen (Griffin, Neal & Parker, 2007). It is important to note here, that as it was previously discussed the Development Program is not the result of granting the Special Status to the University, though it was developed after this event. These two events are interrelated and are part of the same decision, although spread in time.

The Development Program has its main purpose in providing a plan for the University's principal – the Federal Government – in exchange for investments. And as long as it is accepted by the principal, it achieves its main purpose. And taking this into consideration the Program describes how a large amount of money should be drawn. From this point the Development Plane is legitimate until it achieves its main purpose (DiMaggio and Powel, 1983).

Another important part of the Development Plan is the Appendix, containing activity indexes, which should be achieved after the completion of the Program – in 2020. Though the choice of the indexes might be argued, and the meanings as well, there is no doubt that their emergence has positive influence on operational activities (Flamholtz, 1983), which will be described later on.

The following Table sums up the most important changes as intentions, mechanisms and concrete tools as well as challenges that can be associated with emergence of the Development Program of St.Petersburg State University until 2020 as a strategic planning system. According to the empirical evidence, these changes are supposed to be most significant

Table 1:

Intentions	Mechanisms	Tools	Challenges
Shift towards proactive management	The Development Program in itself	Description of the current situation, definition of targets and trends	Was developed under time trouble and lack of discussion. Description of the current positions include only merits, targets are stated in outline
More corporation-alike processes	Long term planning with the expected outcome	Concrete programs, used to achieve the main goals	Programs are only mentioned, the highlights are introduced
Clarification	Targets and activity indexes	Statement of goals, targets, tools and concrete result	Activity targets are disputable
	Clear definition of purposes	Introduction of main goals and tools	General appearance causes misunderstanding while interpreting, no comments are provided by the Board; was developed secretly
Transparency			

5.3.1.2 Operations

Operations are described by Flamholtz (1983) as responsibilities and activities specified in organizational roles. This subsystem refers to the ongoing system for performing everyday activities inside the organization. In changing situation operations are the most difficult part of core control systems to analyze.

Without a common system of performing daily activities the University faces a huge number of problems, innovations and challenges associated with implementation of innovation.

As order was stated by the Board as one of the main targets to be achieved (see section 4.3.3.2), much attention is paid to developing instructions and following them. Nevertheless when it comes to redistribution of authority, there is sometimes lack of understanding who is responsible for what sector. It might paralyze some activities on the operational level, while initiative is not expected from this level of management. Fear of breaking regulations plays its role.

Legal support which is also described in cultural changes is associated with the legitimacy of decisions. It is also a step towards bureaucratization, although reported as one of the main values.

Changes in reporting will not be feasible until a common IT system is developed, because it is clear for both administration and middle-level managers that the current system is inappropriate (see 4.3.3.2). Reporting is seeking for harmonization, but there is lack of instructions concerning internal report. As a result reports need to be redesigned if the data is used for different purposes. It slows down the process of data collection and makes decision making slower.

To implement the strategic planning the organization must clearly know the current situation. It takes a long time for the University to estimate, what it possesses. And this process is still in progress. After a long period of autonomy between the administration and faculties the system of possessing resources became very complicated. Another problem lies in the field of possible falsification of data from prior reports.

According to the new policy, the University must concentrate on its primary activities. This brings the Board to the idea of outsourcing. Although this principle has its benefits strong attention must be paid to analyzing areas which will result in benefits and which areas should better be kept by self-governance.

As it was found out by the University's Executives, University's employees responsible for financial decisions are not engaged with saving money and resource efficiency. The ground of this problem might be seen in having no requirements to regulate their activities. And while the University wants to make a step forward resource efficiency and financial efficiency of operations, taxes and other issues became an intention with highest priority.

The Table shown below gathers the most significant changes in operations and objectives connected with them:

Table 2:

Intentions	Mechanisms	Tools	Challenges
Order	Course on regulation of processes	Instructions which regulate everyday activities on different levels of management	Confusing structure based on traditions; innovations are sometimes not supported by instructions; bureaucratization
Legal ground	Unite decisions with legal policy	Strengthening of power of legal consultants	Misbalance between decision maker and the legal consultants
Reporting	Make reports usable for further activities	Upgrading and adjusting reporting forms	Absence of a common system makes managers use different forms of reporting and different tools for everyday activities. A unified IT system is needed.
Understanding of current situation	Estimation of total amount of equity; estimation of total amount of employees	Gathering, unification and analyzing information on equity; implementing an IT solution for estimation of all employees and	Faces difference according to confusing status of previous governance system; interpenetration of

		their attitude to different departments and faculties	structures. It takes long t complete this task
Predictability	Investigation of the current situation in order to avoid uncertainty about possibilities	Collecting information on current situation	Still under construction due to absence of a common system
Focus on primary activities	Outsourcing as a tool to redirect supporting activities to professionals	Cost reduction for supporting activities, legal possibility to demand compensation in a situation of conflict	Unpredictability of agents, not suitable for all supporting activities – a search for balance.
Orientation on result	Demanding efficiency in dawning budget, focus on the outcome more than on process in itself	Control of the financial departments and implementation of financial responsibility, resource control	The system is still too complex to achieve here sufficient results; some sectors still do not care about saving money
Decision making	Faster decision making, maintenance of time limitations	Encouragement for initiatives, Strict control of time limits for concordance of documents	Fast decisions within the administration and bureaucratization of processes on middle-level or when decisions must be reconciled by departments on different levels.

5.3.1.3 Performance measurement

Measurement is defined as the process of assigning numbers to provide understanding of performance and behavior. The measurement systems in SPbU can be divided into two main groups, systems for external decisions and systems for internal decisions.

The only quantitative external performance measurement system is represented in the table of activity indexes, which estimate, how the results of the whole University correlate with goals stated in the Development Plan. The system of indexes in itself is an important innovation, confirming a move from reactive to proactive position of the University. Even though some indexes might be argued as irrelevant or inappropriate, the main goal of this measurement system is to provide a mechanism to compare results with goals.

The University as a public not profit-oriented company faces difficulties with developing an internal mechanism of performance measurement. With a remark that internal measurement system was under construction at the time of the research main indicators of employees' performance are fulfillment of time limitations for carrying out leader's orders and effectiveness of work. The latter was stated to be a highly subjective indicator for measuring performance. But understanding the shortcomings of such a poor system there was no better one to be suggested.

The administrative office implemented an upgraded version of this approach to performance measurement. There are questionnaires to be filled out on regular basis by all administrative departments in order to estimate results of each other according to the same two indicators, such as time limitation fulfillment and efficiency of operations. This approach provides the Board with a more or less objective assessment of productivity among different departments, although it can be hardly used for serious decision-making. It must be pointed out, that according to empirical findings performance measurement has a double function, which is to measure the results of activities and at the same time to inspire people with the fact that such a system exists.

The following Table represents to relationship between intention, design and outcome of the most significant practices in performance measurement system in St.Petersburg State University:

Table 3:

Intentions	Mechanisms	Tools	Challenges
Urge towards legitimacy	Performance Measurement System for External reporting	Activity indexes	Arguable choice of indexes, might be substituted by other in the future
Internal analysis of current situation	Measurement System for External reporting	Activity Indexes	Do not correlate with activities actually
Motivation	Internal estimation of performance of individuals	Subjective evaluation of time limits and effectively by leaders	Is not used for decision making; subjective approach

5.3.2 University's structure

As it was stated before, a new relationship between the State and the University required changes in the administrative structure. There are two perspectives on this issue: strengthening rector's power considering the Scientific Council and structural changes inside the University's hierarchy.

Emergence of strategic goals for the University presupposed also mechanisms for control of their achievement (money for result). Previous system of University's governance assumed rector to be elected by the Scientific Council and managing the University through bringing the ideas of the Council into life. Recognition of the Council as the main authority made any demands irrelevant. That is the reason for change in rector's legal status as a University's Executive appointed by the Federal Government. This change determined who is in charge for the University performance. Though, according to the empirical evidence, accumulation of all the power in one hand might be estimated as a risky governance model, because though it makes decision making faster but at the same time can be dangerous without having a counterbalance political power (Hardy, 1994).

Internal structural changes can be represented as decentralization and centralization at the same time.

Due to inability to control elected deans, who had full power over their faculties, it was decided to share educational-scientific and administrative responsibilities between different groups of interest. At the same time faculties were merged into clusters with a vice-dean as a leader. The reason for structural enlargement is in clarifying the structure and also in reducing human resources needed for supporting operations of faculties. The position of vice-rector became subordinated to the rector and appointed by him. Direct subordination provided rector with more tools to control the activities of clusters and at the same time the possibility to fire the Vice-rector in case of failure. Another option arising with merging can solve the problem with professional management of clusters – it became possible to choose the most efficient executive and let him manage more faculties within one cluster.

On the other hand, the offered way of grouping faculties faces difficulties in everyday activities due to territorial distribution of the University and peculiarity of faculties. It also appears a double subordination of departments inside the cluster (personnel department, methodological department, financial department) to both vice-rector responsible for cluster and the administrative department responsible for the activity.

Another model represented by the Board tends to cooperation between different departments of the administration. It was offered to disband the Department of International Affairs and to spread its sub departments to other relevant departments. The purpose was to improve cooperation and promote same standards of international cooperation within the whole system. This intention faces severe problems with coordination which will definitely grow, but at the time of the research a lucky accident helped all the sub departments to stay at the same office and doesn't lead to a collapse.

A trend to clarification is also expressed with efficiency in human resource policy. On one hand, after merges of faculties into clusters, the number of staff was reduced. It means that less people must carry out the same amount of duty for the same compensation. Increasing efficiency in resource usage turned into reduction of loyalty towards the Administration and lack of enthusiasm in everyday work. Another example of simplification of the structure can be found in unwillingness to create extra departments. It causes overload of employees and risks of non-fulfillment.

The described actions implemented according to the level of organizational structure are represented in the following table, containing the intention, choice of tool and challenges emerging with the decision:

Table 4:

Intention	Tactical decision	Tool	Challenge
Ability to be in charge of performance	Decentralization of power	Distribution of power between from elected deans(educational and scientific focus) and appointed vice-rectors (administrative and financial operations)	Lack of good executives to provide excellent performance
Ability to be in charge of performance	Centralization of power	Direct subordination of all decision-makers to the rector	Mechanical governance is risky
Clarification of structure	Simplification of the governance system	Merge of faculties into bigger clusters	Cluster is a transition model with a lot of shortcomings; disconnection between departments inside clusters and administration; double subordination
Equal standards for the whole system, clarification of structure	Interpenetration of departments	Distribution of sub departments from	Lack of coordination
Clarification of structure	Avoidance to create extra departments	Development Program implementation with existing human resources	Time shortage, lack of coordination, risk of failure

5.3.3 University's culture

Ouchi (1979) defines organizational culture as the broader values and normative patterns which guide behavior, practices and policies of people within an organization. Flamholtz (1983) refers to organizational culture “as a set of beliefs, values and social norms which tend to be shared by its members and, in turn, tend to influence their thoughts and actions”.

Cultural changes, in Hardy's classification, concern the fourth dimension of power –the power of the system. This power underlines the organization's actions and behaviors, and is the most difficult to change. Hardy (1996) suggests that in order to bring about change managers need to mobilize all four types of power. According to Boons and Strannegard (2000), successful change relies on the ability of those in power to infuse a new activity so that employees perceive it to be a positive change for the organization. Such views suggest that power itself will not bring about change; but that individuals must be empowered to act to change the organization.

The cultural system in the University is based on interrelations, traditions and significance of a person, as the empirical evidence in 4.3.1 shows. It is expected that changes concerning the role of rector, his power and decrease in power for the Scientific Council will face strong resistance among the academic staff. For a long time the Scientific Council was the main authority of the University and the change of its status was perceived as a re-allotment of power by a single person (a fortiori by a humanitarian). According to the empirical evidence, there are three main dimensions in perception the changes, which are indifference, resistance and enthusiasm.

Enthusiasm is most common among the administrative staff. It can be explained by proximity to the Executives, both territorial and subordinational. The administration is in close cooperation along departments and the ideas of the Executives can be easily transmitted and translated by those who invent them to those who are responsible for their implementation.

Employees inside clusters are more careful in assessing the activities of the board. The reason might be found in the same territorial and subordinational objective, but in this case these parameters are estimated to be remoteness and multilevel of subordination. It results in problematic penetration of information and lack of internal transparency, because middle-level managers are only about to guess of the Board's intentions.

The most tradition oriented group inside the University is the academic staff, people whose attitude toward changes is hard to manipulate. Among this group there was the biggest level of rejection towards the new Board and the activities they implement. It is common among

this group, and is mostly attributed to mentality, to correlate events with personalities and perceive events basing on their personal attitude. This implies in nihilism and aversion of definite successes of the board. The problem might be seen in categorizing according to their initiator in the paradigm of good/bad; decent/dishonorable etc. This is a result of decoupling between administrative and academic staff. Changing the attitude of this group will need consideration of their services performed for the University. Meyer states, that in educational organizations, “high proportions of administrative or organizational management activity are disconnected with the actual work activities of schools” (i.e. concept of decoupling), but are “closely connected with the political and institutional structures of the environment” (Meyer, 1992).

There is a special thing concerning the case of St.Petersburg State University: it was found out that change in University’s culture does not impede progress of change. The implementation of the Development Plan leans in first of all the activities of the administrative staff, which feels enthusiasm about the change. Though there are misunderstanding and rejection they do not visibly influence the process of change and the progress. And this moves us back to the political perspective and the role of leader together with his power.

Significant changes in Universities culture assumed to be those, cultivated by the new rector: order instead of hanging around; legal ground instead of traditional approach; equal possibilities and recognition of the University as an entity.

Order and legal ground oppose governance due to traditions and that is the reason of the resistance against them. Equal opportunities for all employees aiming to grant every member or the system with same access to internal competition, information and possibilities reacts mostly in rejection according to lack of transparency and insufficient information. The following Table represents relationship between intentions, tools and challenges of attempts to change to University’s culture:

Table 5:

Intentions	Mechanisms	Tools	Challenges
Order	Maintenance regulations	the Shift “traditional” “documental ground”	from Bureaucratization of the governance system for middle level
	Legal ground for actions	for Strengthening power of consultants	the Consultant rather influence decisions, rather than legitimize them
	Legal ground interrelationship	for Development regulations different groups of interest (students – academic staff)	Strong resistance due to lack of information
Enthusiasm	Cooperation different levels	on Motivation programs	Resistance due to lack of information
Equality	Equal opportunity		Lack of internal transparency
Recognition of the University as an Entity	Cooperation	Merge of faculties, merge of departments, secondary services of equal quality	No understanding of policy, misunderstanding actions of Board, Discussion refusal due to personal attitude

5.4 Summary

Granting a Special Status to St.Petersburg State University as the second largest Russian Higher Education institute appears a logic step in implementing State's policy in supporting education system. Change of the relationship between the State and the University was prepared by the University's administration and to this extent represents a planned innovation instead of an environmental adaptation. As a result of granting a special status principal-agent relationships influenced the goals and objectives of the University. To be more concrete, St.Petersburg State University became an instrument for national purposes which expressed in orientation towards solving practical problems and serving national objectives. On the other hand, the Development Program of the University clarifies that it can be observed as a service enterprise embedded in competitive global markets, when government provides incentives rather than dictates.

The process of granting a Special Status together with changes in governance hierarchy, legal basement and emergence of the Development Plan for the University might be only examined as a set action net, which is focus on the change as a result, rather than as a set of cause and effect events.

There are significant changes in University governance, which influenced all the levels of management control systems, which is examined as a package.

Changes in management control systems are implemented top-down. And this fact, as Czarniawska states, builds strong barriers for successful implementation of innovations.

Intentions in changing core control systems are conditioned by challenges to bring the University's governance to order, to use resources effectively and to react fast on changes in order to embody the governmental requirements set in the Development Program. There appears a disoperation between the administration and the middle-level managers responsible for operations inside faculties. But at the same time, it does not influence the process of implementation of the Development Program due to the fact that implementation processes are localized within the administration.

Intentions in reforming the University's structure a called to make the system more controllable and predictable. It is being done by decentralization of power on-site and at the same time centralization of the power under the dominion of rector. Actions taken in order to achieve this goal cannot be observed as a final decision. And it represents the main challenge –

to develop the appropriate structure for effective governance of a huge and complex organization.

Changes on cultural level of the package are estimated to be the most difficult and at the same time very important for University's progress. A top-down approach in changing the steady paradigm of values and traditions raises strong resistance by the tradition-keepers. Though new values based on concepts of order, law and equal opportunities is being implemented the University's community does not accept these intentions so far. The problems for that, according to empirical evidence, might be found in lack of transparency, problems of translation and lack of dialog between the Board and the University's community. At the same time, it should be mentioned that problems with implementing new cultural paradigm do not significantly influence main University's activities.

6. Conclusions

6.1 General conclusions

The purpose of the present study was to investigate how new forms of cooperation between the State and the University, embodied in a Special Status for the Higher Education institution, influence its Management Control Systems. A paucity of research in this field provided the following research question:

How can we understand changes in Management Control System of University granted with a Special Status?

In order to structure and conceptualize the research field, the three main questions have been formulated. They are as follows:

1. What are the intentions behind these changes?
2. How are they being implemented?
3. What are the challenges associated with implementation of intentions?

In order to answer the research questions an explorative and descriptive single case study of St.Petersburg State University was conducted aiming to examine the changes resting the concept of New Public Management, theory of change and the concept of Management Control System as a package. The research was conducted in St.Petersburg in 2011.

Emergence of the Special Status for St.Petersburg State University was conducted by reconsideration of University's role by the Federal Government as a tool for solving social-economical problems of the country. It resulted in providing the university with big investments and more autonomy in decision-making and at the same time with a Development Plan, which represents the interests of the State. A shift to principal-agent relationship conditioned concentration of power by the university's rector as a bureaucrat responsible for implementation of the Development Plan. Centralization of power and legitimization by the Federal Government made top-down changes possible for the university's leader.

As the analysis of empirical data showed, intentions underlying the changes are structured in several dimensions such as to bring order and legal basis for all scopes of activities

inside the university aiming to make the system more predictable; to simplify the very complex system of the university; to motivate the whole university to work together for common goals, and, as a result, to fulfill the Development Program offered by the State and become legitimate.

The university is being governed manually basing on rector's leadership and direct subordination of all decision-makers inside the system, which makes strategic decisions quick to be implemented. The university permanently faces a huge number of dilemmas with no single solution concerning almost all sectors of governance. It is conditioned by lack of experience in governing huge public institution in Russia and explains debatableness of decisions. Operating under time trouble and uncertainty the main implementation of the Development Program is entrusted with the limited personnel of the administration board. It seems to be a reason of decoupling between the level of administrative staff and middle-level management. And, as a result, it appears to cause misunderstanding and barriers between these groups. This problem is the basis for the fact that innovations such as emergence of strategic planning and performance measurement system designed to improve business processes is being used only by the administration as a tool for external reporting.

As the present research shows, intentions designed to simplify governance of the university cause bureaucratization of the system lack of transparency and resistance by the staff on operational levels. Intentions are often being translated in a wrong way causing implementation failure and internal conflicts. The reason for that is seen in lack of transparency in decision-making and absence of dialog and discussion among different groups of stakeholders.

At the same time such problems do not actually influence the process of achieving the newly developed main objectives for the university, which is to become an instrument for solving social-economical problems of Russia. The reason for that is seen in decoupling between executives and all other community of the university. It might result in severe difficulties the university can face in the future.

6.2 Possible implications

The present research on changes in Management Control System of St.Petersburg State University can provide relevant information for several purposes.

The Board of the University might be interested in searching for relevant information on how their ideas are being implemented on different levels of governance and what challenges occur.

This research might become a tool for interpretation of the top-downed intentions of the university's executives and provide better understanding of the Board's policy for both middle-level managers and academic staff, who, according their experience, can only guess about concrete decisions of the executives and the development vector for the university.

6.3 Propositions for further research:

Several directions for further research seem to be interesting and promising:

As long as one of the limitations for the present research was the time limitation, the process of change is being observed at the very beginning of university's transformation. Following the changes emerging in the system of governance in time results in progress might be analyzed. A theoretically grounded research on problems occurring and being solved might become a good program for development of other universities.

As it was carried out during the present research, there are two universities in Russia with a Special Status – St.Petersburg State University and Moscow State University. It seems to be quite probable that due to different background, features in governance and leadership of rectors the two universities with a Special Status develop in their own way and face different challenges. A comparative study might show managerial problems of the universities in a new light, become a starting point for a dialog and sharing of experience in both successes and failures. So, another possible direction is seen in a comparative study of the two Universities with a Special Status

7. References

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Appendix