

Tatiana Y. Krasikova¹, Dmitry V. Ognev²
**CORRUPTION AS A NEGATIVE FACTOR AFFECTING
THE DEVELOPMENT OF UNIVERSITY AS A CORE
IN REGIONAL INNOVATION SYSTEM**

The article presents to the results of one of the stages of research in the field of development of the University as a core of regional innovation system. The manifestation of corruption in innovative activity of university and its specific features in the research field has been reviewed. The authors argue that the corruption level in innovative activity of university can be reduced through developing the mechanisms of a "Triple Helix", according to which a university is given the primary role in the development of regional innovation system and it functions as the regulator and the supervisor of interaction of "university – business – government" within active civil society.

Keywords: university; regional innovation system; corruption; Triple Helix.

JEL codes: O32, O33, O34, O38, O39.

Тетяна Ю. Красікова, Дмитро В. Огнев
**КОРУПЦІЯ ЯК НЕГАТИВНИЙ ФАКТОР, ЩО ВПЛИВАЄ
НА РОЗВИТОК УНІВЕРСИТЕТУ ЯК ЯДРА
РЕГІОНАЛЬНОЇ ІННОВАЦІЙНОЇ СИСТЕМИ**

У статті представлено результати одного з етапів дослідження розвитку університету як ядра регіональної інноваційної системи. Описано прояви корупції в інноваційній діяльності університету, а також розглянуто специфічні риси корупції у досліджуваній сфері. Доведено, що рівень корупції в інноваційній діяльності університету може бути знижений шляхом розробки механізмів у межах концепції потрібної спіралі, згідно з якою університету відводиться ключова роль у становленні регіональної інноваційної системи, при цьому активне громадянське суспільство є регулятором і контролером процесу взаємодії системи «університет – бізнес – держава».

Ключові слова: університет; регіональна інноваційна система; корупція; потрібна спіраль.
Літ. 10.

Татьяна Ю. Красикова, Дмитрий В. Огнев
**КОРУПЦИЯ КАК НЕГАТИВНЫЙ ФАКТОР, ВЛИЯЮЩИЙ
НА РАЗВИТИЕ УНИВЕРСИТЕТА КАК ЯДРА РЕГИОНАЛЬНОЙ
ИННОВАЦИОННОЙ СИСТЕМЫ**

В статье представлены результаты одного из этапов исследования развития университета как ядра региональной инновационной системы. Дан подробный обзор проявлениям коррупции в инновационной деятельности университета, а также рассмотрены специфические черты коррупции в исследуемой сфере. Уточнено, что решение о снижении уровня коррупции в инновационной деятельности университета видится в разработке механизмов концепции тройной спирали, в которой университету отводится основная роль в становлении региональной инновационной системы, а активное гражданское общество служит регулятором и контролером процесса взаимодействия системы «университет – бизнес – государство».

Ключевые слова: университет; региональная инновационная система; коррупция; тройная спираль.

Introduction. One of the priority tasks for Russian universities is the training of competitive specialists to meet labor market demands. A Russian university should be

¹ Irkutsk State Technical University, Russia.

² Irkutsk State Technical University, Russia.

able to offer innovative projects, and those should be profitable and impact positively the structure of regional economy. For successful realization of these tasks a university needs to mobilize and use effectively its human and material resources. Institutional reforms taking place in Russian higher education today are accompanied with various difficulties. One of the problems hindering the development of universities as the core of regional innovation system is corruption in higher education. This phenomenon makes economic processes that should stimulate innovative activities of university inefficient.

Latest research and publications analysis. The phenomenon of corruption was explored by S. Rouz-Ackerman (2010) in her paper "Corruption and the State. Causes, consequences, reform" where she paid great attention to the emergence and forms of corruption in different countries and in all spheres of society. Corruption in higher education was studied by P. Mauro (1995) in his famous work. Another scholar P. Mahagaonkar (2008) paid attention to this issue in innovation activity in his study "Corruption and Innovation: A Grease or Sand relationship?". Nevertheless, the problem of corruption in the innovation activity of university as a negative factor affecting the development of university as a core of regional innovation system has not been considered in literature sufficiently enough.

The research purpose and object. The review of the academic literature demonstrates that corruption in higher education usually refers to corruption acts associated with the process of knowledge transfer. These usually include the following 3 groups of corruption acts:

- Acts related to admission to university (agreement with the members of the selection committee etc.).
- Acts directly related to educational process ("paid" examination sessions etc.).
- Acts related to graduation processes ("paid" diploma thesis, agreement with examination board members etc.).

The purpose of this article is to analyze the problem of corruption, which affects the activity of universities as a core of regional innovation system, i.e. the corruption as a negative factor impacting innovative activity of university. We will use the term "innovative activity of university" to stress the subject of our research. "Innovative activity of university" stands for those activities of the University which are aimed at the commercialization of knowledge, technology and equipment in order to create and promote new or additional products/services or goods/services with new qualities. We have not consider deliberately corruption related to knowledge transfer and "administrative" corruption (using administrative resources for profit, such as renting university areas for personal gain, participation in "closed tenders" etc.). These types of corruption, in our opinion, may also have an indirect effect on innovative activities of university although it is not so significant.

The consequence of the functions expansion of university (within the transformation from the "traditional type" of university to "entrepreneurial" or "innovative" ones) is to increase the number of its results of economic activity. Here, there is evidence of the impact of corruption occurring in innovative activities of university.

Key research findings. The problem of corruption in innovative activities of universities is not unique for Russian practice, it is spread all over the world. The popular approach, especially when patent value indicators are considered as the key indi-

cators of innovative activity of university, is that these figures depend on transparency and the corruption level in the innovative activity for university (Giroux, 2013).

When universities become active market players with the control over their resources, the question of the university resources use becomes the tool within the strategic plan of the university. Resources could be used for productive purposes and for personal gains in the distribution of benefits from economic activities of university (rent-seeking).

It is known that economic instability is one of the drivers of corruption. There is no exception here for the innovative activity of university. At present funding in this field directly depends on governments or corporations. The share of small and medium-sized businesses is negligible. Any corruption fight is ineffective if university keeps the hierarchical structure of management with bureaucratic features. Current stagnant system of remuneration for employees involved in innovative activity is the root for corruption that serves as an alternative scheme of material incentives and rewards opposite to legal ones.

S. Rouz-Ackerman (2010) points out the main causes of corruption in the public sector, which could be attributed to higher education as well. For example, one of the negative effects of corruption – low rate of foreign direct investment – could be attributed to higher education because the task of universities is to enter international markets to commercialize the university research. Reduced effectiveness of industrial policy stimulates corruption, violating tax and regulatory legislation. In turn, the overall situation makes ineffective any state programs of cooperation between the industrial sector and universities, forcing these parties into quasi-cooperation for receiving tax benefits.

P. Mauro (1995) believed that higher education has much less possibilities for corruption than other capital-intensive areas. He explained the reason is in the low level of investment in the social sector in the countries with high levels of corruption (that was later shown in his research as of 1998). However, as we previously stressed, perhaps, this P. Mauro's assumption is valid for universities with traditional functions (generation and broadcasting of knowledge). In the case of the so-called "entrepreneurial type" or "innovative type" universities we find a wide range of corruption manifestations.

We believe that the phenomenon of corruption in innovative activity of university has two causes of origin: institutional and sociocultural. In the first case we refer to the abovementioned hierarchical management system. In the other one we deal with specific features inherent to Russian state "budgetary" institutions, i.e. deals "with a bit of a wangle" and other "human factors". This way may include the substitution of "thanks bribe" and so on. Social sector, education especially, has rather conservative attitude to commercial activities that require quick reactions. The possible reason for that is the basic orientation on non-profit results. Hence, management of innovations in universities faces certain difficulties associated with the historical conservatism of academia, and, as a consequence, the "human factor" plays a huge role.

There is obvious fact that corruption is detrimental but when we begin to decompose the corruption in innovative activity of universities, clarify the nature of this corruption and which acts are included in corruption we are confronted with, it is difficult to identify the specific mechanisms of corruption in innovative activity. Also, cultural and historical features affect the nature of corruption. Let us explain the last

thought on bribe. Certain complex issues are related to the valuation of a bribe, to the question what was bought for this bribe, and what damage was caused (i.e. we mean losses when competitors were ousted from the market as a result of this bribe). Very often, due to cultural and historical features, bribe may be considered as a gift, or an expression of gratitude for the support of a project, that eventually turned out profitable and successful. Furthermore, education and science domain has a number of specific features, as the abovementioned human factor when human relationships play a much greater role than objective factors. Moreover, the phenomenon of "expert opinion" in education and science plays a very important role, i.e. when academic community takes the opinion of the venerable scholar as an expert opinion. Giving that function to a person we assume that the decision of this expert must be impeccable and correct, but it is not always so. "Expert opinion" depends on several factors – age, a certain degree of conservatism, inherent in academia, work experience and research interests, and even personal attitude to a project or its participants. Human relations, favouritism, antipathy etc. could be a kind of partisanship also and, therefore, in some cases, a particular manifestation of "human" corruption. Innovative activity has a high degree of uncertainty. Thus, it's hard to make predictions on what kind of innovation-oriented projects would bring greater benefit – "privileged" project supported by the "cash in envelope" or personal relationships with experts and achieved commercial success, or a competitive project that was not supported by anything or anyone.

Orientation on government funding going back to the Soviet era plays a negative role in innovative activities of universities. It is useless to talk about fighting corruption when there is the only one source of funding while vertical hierarchical management with bureaucratic characteristics is kept. On the one hand, history has proved that the development of innovative activity is impossible without government support (remember about the comparison of the government with a lion given by Keynes) (Mahagaonkar, 2008). On the other hand, this situation negatively affects the development of university's diversified funds. Hence, participation of the industrial sector would help to diversify funding, to develop the system of material incentives, to reinforce control over funds distribution, and, consequently, to reduce the level of corruption. But, in practice, corporations collaborating with universities in innovative activities rely on federal programs as the source of funding in their bilateral innovative projects (Bolsunov, 2012). So it is necessary to focus universities for cooperation with small and medium-sized businesses instead of corporations. This requires the development of additional measures. Such measures may include the ones aimed at establishing university-based chain of infrastructure objects to support innovative and industrial businesses, including business incubators, technoparks, industrial parks, clusters and special economic zones, as well as tax incentives for such cooperation.

Consequences of corruption in innovative activity of universities seem to be more serious than in the case of ordinary bribes. Corruption with "discouraging young scientists" seems to be a serious economic case with a delayed effect. In particular, this is manifested in the distribution of scholarships and corporate grants among "friends", lobbying particular projects in the framework of federal and municipal programs. In these situations the principles of "social elevator" as one of the major factors affecting the development of human capital are violated completely.

In fact, this is the case of the so-called "Crony capitalism" in higher education. "National process of talent selection is broken: you can constantly find intellectually developed people on manual work, while mediocrity held high positions", says L. Zingales (2012) in his article "Crony Capitalism and the Crisis of the West".

It turns out that corruption must be combated by reducing the comfort zone for corruption instead of the eliminating its consequences. One of the mechanisms to remove corruption is the establishment of the so-called "reputation mechanisms" that are the feedback of the society. Attempts to form "reputation mechanisms" already exist in Russia. For example, the National Association of Innovation and Development of Information Technology (NAIDIT) made the blacklist of 10 persons. The list includes "innovators" who participate in competitions of contests projects with the only purpose of personal enrichment without any intent to work. They applied for a grant offered by one of the innovation supporting institutions. Later these "black" innovators did not perform the required research work, but provided a formal report on the implementation. Then, after the embezzlement of funds received, pseudo-innovators did the same during the next contest (Bolsunov, 2012). Skeptics might say that such lists could become a tool to get rid of "competitors". However, this type of control from innovation supporting institutions might become a part of strategic development of public-private partnerships (PPP) in education, science and innovation domain.

Conclusion. When we talk about corruption in innovative activities of universities, we must not forget that education and science are public benefits. Therefore, it is impossible to combat corruption in innovative activity without reforms in the country in general. Development of "reputation mechanisms" and active participation of business and civil society in university activities could reduce corruption. In this case the concept of a Triple Helix implying a ligament of "university – business community – government" seems to be an effective way because this concept views university as a major player and active civil society – as a regulating and controlling element between the 3 players in the field.

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