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COOPERATION FORMS OF ECONOMIC DEPARTMENTS IN RUSSIAN AND CHINESE UNIVERSITIES

Abstract. The article deals with Russian-Chinese economic relations in the field of trade and education; the forms of networking of economic departments of Russian and Chinese universities in the process of targeted project-oriented training of engineers-economists, implementation of consulting projects for enterprises and the development of business cases in the field of internationalization of Russian and Chinese companies are proposed.

Keywords. Department, university, enterprise, consulting, projects, internationalization, cases.

Introduction

Economic cooperation between Russia and China has been developing dynamically in the recent years. However, the structure of foreign trade between our countries is not balanced. According to the website « Foreign Trade of Russia» in the structure of Russian exports to China in the first half of 2018, goods with low value added prevailed: mineral products (75%), wood and pulp and paper products (9.5%), products of chemical and metallurgical industry (5.9%), food products and agricultural raw materials (4.4%). While mechanical engineering goods accounted for only 3% of total exports. In the structure of commodity imports from China, on the contrary, finished products with the high value added prevail: machine-technical products (55.9%), products of light industry (10.7%) [8]. The main factor of the Chinese imports growth was the continued strengthening of the Russian ruble which had a positive effect on the affordability of Chinese goods for Russian importers, as well as their competitiveness in the Russian market. An additional stimulus was the rapid growth of e-commerce. According to the data of the Russian Association of Online Trading Companies (ACOT), at the end of 2017 Russia imported in the online sales format Chinese products in the amount of 340.6 billion rubles (about 5.4 billion dollars) versus 4 billion dollars in 2016 [3]. For Russian enterprises primarily belonging to the category of small and medium-sized enterprises (SMEs), the development of electronic commerce as the most effective channel of access to the Chinese market is of considerable interest.

Unfortunately, so far the number of Russian SME exporters is small. Although the number of small exporters in 2017 actually doubled compared with 2016 and reached 28128 units and the number of medium-sized exporters increased by 28% and amounted 1986 units, their share in the total number of SMEs is only 10% and their contribution to the export volumes of enterprises in the processing industries is 6.4% for small enterprises and only 5.6% for medium ones [4].

The China-promoted global initiative “One Belt – One Way”, according to experts, can give Russia significant benefits from participation only with a pragmatic approach, when its long-term strategy of the transition from a raw material economy to a post-industrial one is put at the forefront. To do this, it is necessary to move from the position of a country that supplies China mainly with low-quality natural raw materials and energy carriers to a mutually beneficial equal partnership. One of the ways of such a partnership can be direct investments of Chinese companies in Russia, the creation of joint ventures, the localization of Chinese goods production in Russia with a high level of added value. “It is necessary to offer foreign investors, including Chinese, transparent rules of the game, which conceptually should boil down the fact that the Russian

market cannot simply be milked - you need to invest in it, then the government will make every effort so that the investor earns a reliable long-term income. It is important to remember that model projects are guidelines for followers.”[2].

An example of such a responsible investment in the field of e-commerce is the creation of a joint venture between the world e-commerce leader Chinese AliExpress, the Russian mobile operator Megafon, the high-tech Mail.Ru Group, and the Russian State Direct Investment Fund (RFDI). AliExpress occupied over 90% of cross-border trade in Russia with a total volume of almost 400 billion rubles, in a joint venture it will have 48% of shares. The new joint venture will have Russian jurisdiction and will pay taxes here [1].

Through such joint ventures, Russian SMEs, including manufacturers of consumer goods and food products, perspective export industries, will also be able to enter the Chinese market. In China grocery imports are growing: it has grown by 37%, from 14.3 to 19.6 billion dollars over five years since 2012. The Chinese middle class, which forms the demand, amounts 280 million people. And due to the policy of the Chinese government to stimulate the import of consumer goods by reducing the import tariffs for almost one and a half thousand items of consumer products in average from 15.7 to 6.9%, the Chinese market is becoming very promising for Russian exports. Along with the expansion of consumer goods imports in China, the task to promote the import of professional services has been set: manufacturing, R&D, logistics, consulting and in the field of energy conservation and environmental protection. However, the problem is the ignorance of the specifics of local markets, the use of standard, successful in other countries marketing tools. In China, 70% of all the sales are made via online stores, bloggers advertise the goods most successfully (life-streaming), so the Chinese consumer is ready to overpay for imported goods [7].

Besides the cooperation of our countries in foreign trade and investment, cooperation in science and education, business services are also important. So far this cooperation is developing mainly in the universities and includes the training programs on bachelor, master and postgraduate levels. It seems to us that it is necessary to develop cooperation at the level of departments of Russian and Chinese universities, representing small research and educational teams, which are more flexible and operational in their actions compared to universities on the whole. We justify further this idea on the example of economic departments' cooperation.

In Russia in the 1990s because of the decline of the industry and the system of sectoral management, the long standing connections between economic universities and enterprises were broken down. This cooperation was carried out on a contractual basis through a system of sectoral research laboratories that entered into agreements with regional and sectoral authorities, organizations and enterprises for conducting scientific research of an economic field. Professors, postgraduate students and students were involved into applied research. By doing this they solved their research and educational tasks: preparation of the thesis and graduation projects, scientific articles and monographs. Thus, the results of R&D were introduced into the production and educational process and the parties had mutual benefit. After the decline of the industry, industrial laboratories were closed. Later independent consulting firms, many of which were created by former professors of economics departments of universities, took their place. As a result, there was a rupture of ties between universities and enterprises, which negatively affected the development of professors' opportunities and the level of student training. Whereas in the technical universities there are basic departments of leading enterprises and scientific organizations, which almost took upon themselves specialized training of specialists and conducting research for themselves, then there are few such departments in economic universities. Their educational function is performed by corporate universities of large holdings, and research function is conducted by independent consulting firms.

New challenges facing the industry require the restoration in one form or another of enterprises' links with economic universities. These tasks include increasing non-energy exports, increasing innovation and foreign economic activity, reducing production costs and increasing productivity, comprehensive development of small and medium businesses. Solving these tasks requires

targeted training of specialists with corresponding competencies, new forms of organizing teamwork.

At the St. Petersburg State University of Economics quite a lot of Chinese students study in various departments, but we do not see any significant cooperation with Chinese universities in the process of training these students. It seems to us that the strengthening of the universities interaction at the level of economic departments would be useful both in the field of education and scientific research. As a rule, economic departments within the framework of their scientific schools possess sufficiently developed specialized competences in research areas. To solve the tasks set by customers, the department may engage specialists with the necessary competencies from the departments of their own and other universities. Unfortunately, in Russian universities still the horizontal interaction of the departments in solving educational and scientific problems is poorly developed.

We offer some directions and forms of economic departments' participation in cooperation between themselves and also with the industrial enterprises and organizations.

Of particular importance is targeted training. According to sociologists, 40% of university graduates in the future do not use almost any knowledge and skills that they had acquired in the educational program. This fact, by the words of the rector of the HSE Kuzminov, leads to the transformation of special professional education into "general higher education" and the formation of a new failure of graduates associated with the discrepancy between the professional skills and qualifications obtained by the student and the real requirements of the labor market [9].

The reasons for this situation are also largely due to the lack of graduates' industry specialization and the loss of the interaction between education and practice. To solve this problem, it is advisable to use the experience of countries that have a successful industry and conduct effective personnel training.

Nowadays the specialists in engineering and economics (engineers- economists) are quite demanded, they are sometimes called production managers. In the USSR, they were trained in specialized universities and at branch departments: the economy and the organization of machine-building, chemical industry. In the 1990s, the training of specialists in this direction practically disappeared and the departments, that provided the basis for engineering knowledge, disappeared respectively. The training of engineers-economists with the bachelor's degree is now possible only in technical universities with economic departments. The demand for such specialists has not disappeared; medium-sized enterprises especially need them.

Methodology

It is possible to restore the training of economists-engineers in the current conditions through the master training programs in the economic universities. For this the economic departments can organize for engineers with bachelor degree the educational programs in management and economics, taking into account their specialization. So the department of World economy and international business can give competence in the field of foreign economic activity of enterprises and international engineering. There is an experience of Germany, where in the universities engineers get specialized training on the master level, gaining special knowledge on modern economic problems.

For example, the Baden-Württemberg Export Academy, which is the part of the Steinbeis Berlin Network University, offers an educational program for project and competencies training on the master level in the field of «Global Technological Management». This program is an example of the so-called profession-accompanying training and includes a practical project executing throughout the whole educational process. The main idea of such training is that a specialist with a bachelor's degree in engineering, after some work experience in an enterprise, can receive a master's degree in management on the job. This training is partly an alternative of bachelor's training of engineers-economists.

The departments of world economics and international business of Russian and Chinese universities can also jointly develop and offer to potential customers case-based master's programs for engineers in such areas as "Integrating of the small and medium-sized companies into the

Russian-Chinese economic environment". During these courses within the master's program engineers will acquire professional competences in the field of the global economy and international business:

- the working out and implementation of the company's foreign economic activity plan;
- the organization of activities for the promotion and purchases of products abroad;
- the preparation, conclusion and support of a foreign trade contract;
- the research and selection of prospective target markets;
- the improvement of international investment projects;
- the working out of scenarios for the company's foreign economic activity development.

Prospective markets for such an educational program are Russian and Chinese companies considering various strategies for internationalizing their activities, including the possibility of entering the markets of China and Russia, attracting foreign investors, and transforming into an enterprise with foreign capital. Besides the university professors, in the studying and project processes may also be involved specialists from Russian and Chinese enterprises and consulting companies. It is also possible the co-financing of projects carried out by master students by enterprises-customers. Training in such a master program should be practice-oriented and involves the analysis of actual cases of enterprises.

Due to the complexity of the rapid formation in the modern Russian conditions of the educational program of the project and competences-based training, we offer to analyze cases of Russian and Chinese enterprises with their success and failure stories. On the one hand, they themselves present a model for the companies with similar product, enterprise and market situation parameters, on the other hand, cases are practice-oriented educational mission because they allow students to simulate the behavior of the company considering in a case in the changing market conditions, offer alternative solutions and to get the knowledge and experience of the company's actions in a given situation. We propose the following method of case study. A small working group (2-3 people) is being formed; the group gets

the data set about the company (papers in media and other publications, analytical reviews, research results). Then the group performs the following actions: 1) surfs additional relevant information about the company; 2) works out a brief about the company; 3) depicts on the time axis the main events of the company's life connected with its development and internationalization processes such as transition to a new stage of the life cycle, change of the strategic potential, business model, the access to the markets of new countries, the usage of new penetration strategies and international marketing tools ; 4) details the data with facts and opinions from data sources, using the logical structure of the strategic plan and / or business model; 5) answering the case study questions, confirms the facts and strategic decisions of the company through theoretical concepts. This methodology of working out and analyzing the case study was partially implemented as a part of the Master's program «International Economics» at St. Petersburg State University of Economics.

Unfortunately, the internationalization cases of Russian and Chinese companies on the both markets are still not enough. The "Expert" magazine gives some examples of Russian companies actions on the Chinese market [5,6], but there are no such ones of Chinese companies on the Russian market. Some projects are presented by Chinese students as part of their final thesis, but these are still not enough. Therefore, the cooperation of departments in the working out process and publication activity of success stories of Russian and Chinese companies on the international markets is highly relevant.

The cooperation of the departments is efficient in the form of network interaction. At the level of universities, this can be realized as the development of joint educational programs on a contractual basis, and at the level of departments – as the cooperation based on the agreements about the joint development of case studies and textbooks, scientific publications and seminars. Of great interest is the joint participation in the performance of enterprises' orders on the contractual terms. For example, the department of some Chinese university receives a request to assess the market prospects and the conditions for starting a business in St. Petersburg. It sends

this request to the partner department in the network. The last one evaluates the possibility of performing the request and concludes a contract. The Chinese department receives an agreed transaction fee and the image of a business consultant in St. Petersburg. This way is how the network interaction in the field of consulting is carried out.

During the realization of any project the departments can interact both within the internal network, with other departments of the university, and the external network - with the departments of other universities. A similar model takes place, for example, in Germany, where professors from different universities are merging to fulfill an enterprise order within a network of small university consulting firms.

The organizational and legal form of cooperation between departments may be created at the university in the form of non-commercial partnership or in the form of a small limited liability enterprise, representing a certain legal and economic independence. This company is responsible for contracts implementation, is engaged in marketing, becomes a member of external networks and receives interests. Inside the university it operates as a network of departments or working groups created for a specific project. The department (group) searches for a customer, coordinates the terms of the project and transaction. The non-commercial partnership or a small enterprise concludes a formal contract. The small enterprise can be established by individuals (initiative scientists with leadership features), interested in the enterprise's activity and the parent university development. Such a scheme will enable economic departments and initiative scientists to press consulting firms in the field of implementation of the small projects such as market research, improvement of investment projects, preparation of various kinds of business references, benchmarking of business cases, actual issues consulting, participation in the working out and examination of development strategies, conducting master classes and short seminars, project-oriented targeted training.

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