

Bavarian-Russian Academic Conference “Business & Economics”  
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# Intellectual capital as the basis of assessing university performance

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# Assessment of HEIs: for whom and why

## STAKEHOLDERS:

*Government*

*State or private founder*

*Matriculants*

*Students*

*Labor market*

*Professional community*

*Innovative business*

*Academics*

*Society*

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# Existing tools of assessment

## RATINGS:

International: THE, QS, ARWU, etc

Regional: BRICS, ARES (Europe), etc

National (Russia): Interfax, Expert, etc

## REPORTING AND MONITORING SYSTEMS:

National (Russia): monitoring of HEIs' effectiveness



# Ratings: PR or development tool?

## RATINGS LIMITATIONS

Large share of subjectivity

Consider HEIs as congeneric

Are used irrespective of the purpose, object and subject of assessment

Do not take national and regional peculiarities into account

Create false goals

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# New approaches

## 1) RATINGS: NEW METHOLOGIES

“Three missions of universities” (Russia, MSU), etc.

## 2) MULTIDIMENSIONAL RANKINGS

CHE University (Germany), U-Multiranking (EU), National Training Fund system (Russia)

## 3) ASSESSMENT OF THE INTELLECTUAL CAPITAL

Components: human, organizational, relational

IC adds the main value to the university

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# How we can measure IC

## METHODS OF MEASURING INTELLECTUAL CAPITAL:


4 APPROACHES, 42 METHODS

**Direct Intellectual Capital methods (DIC).** Estimate the \$-value of intangible assets by identifying its various components.

**Market Capitalization Methods (MCM).** Calculate the difference between a company's market capitalization and its stockholders' equity as the value of its intellectual capital or intangible assets.

**Return on Assets methods (ROA).** Average pre-tax earnings of a company for a period of time are divided by the average tangible assets of the company. The result is a company ROA that is then compared with its industry average.

**Scorecard Methods (SC).** The various components of intangible assets or intellectual capital are identified and indicators and indices are generated and reported in scorecards or as graphs.



# Estimation of \$-value of HEIs

## IN FAVOR OF:

HEIs are the objects of sale and purchase

Well-developed methodology for value appraisal

Capitalization as a universal indicator and basis for further analysis

Value-based approach to management can be used

Stakeholders considered as investors

## DIFFICULTIES:

HEIs are not always about the money (social, economic and even political impacts, fundamental research, etc)

Wide range of indirect and intangible effects

# Cost of IC: capitalization of HEIs

	Education	Research	Innovations	Entrepreneurship	Social impact
<b>Capital as potential (SC)</b>	Staff, programmes and processes appraisal	Inventions, publications and citations	Intellectual property registered	Intellectual property transferred, spin-offs and spin-outs	Social development indicators
<b>Capital as result (\$)</b>	- Income - Wages of graduates	- Income - Grants	- Intellectual property value	- Share value - Dividends	- Fundraising - Donations

IC = Total Capitalization – Equity (Tangible Assets)

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# Results of appraisal

	2014	2015	2016
Capitalization = Net CF (profit) * multiplier	RUR 2,9 bn	RUR 3,2 bn	RUR 3,1 bn
Tangible Assets	RUR 2,4 bn	RUR 2,5 bn	RUR 2,5 bn
IC value	RUR 0,5 bn	RUR 0,7 bn	RUR 0,6 bn

Some conclusions:

1. IC share in capitalization in Russian state universities less than 25%
2. IC can even be negative
3. State universities in Russia are underfunded / incomes too low
4. Russian universities do not concentrate value

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# Changing management of HEIs

VALUE-BASED MANAGEMENT – GOOD CHOICE FOR

Private HEIs

Mass education HEIs

University 3.0, Entrepreneurial university models

Practice-oriented education and research

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# Thank you for your attention

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