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# SMART BUSINESS MODELS IN THE WORLD ECONOMY

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**Dvoriakova E.,**

Student,

Graduate School of Economics and Management,

Ural Federal University

named after the first President of Russia B.N. Yeltsin

Ekaterinburg, Russian Federation

## **STRATEGIC ALLIANCES AS A FORM OF INTERACTION BETWEEN EDUCATION AND BUSINESS**

### *Abstract:*

Today, the accelerating pace of technological development of the society, globalization and informatization of the economy, the emergence of new industries and the continuous change of old ones, require the existence of a specialist who will be able to quickly adapt to the changes taking place. The model of education, which assumes that the student receives fundamental knowledge in isolation from reality, is not able to provide this kind of specialist. Strategic alliances can become a solution that will be a connecting element between education and business. The article will consider the main forms and motives of strategic alliances, analyze the effectiveness of practical cases for interaction between education and business.

### *Keywords:*

Strategic alliances, education, business models, sustainable models.

The movement of the country towards the formation of an innovative type of economy assumes, firstly, the creation of close ties between education and business, and, secondly, the activation of the processes of internationalization in education. A noticeable trend is the active participation of Russian universities in international cooperation and the strengthening of interaction between education and business, often in various forms of international strategic alliances. The alliances in education are a characteristic manifestation of the current stage in the development of this sphere:

the formation of a highly competitive global market for educational services and the creation of closer connection between the university, one of the suppliers of innovation and a “factory” for creating human capital, and a business for which both innovations and human capital are critical factors of successful functioning.

Today, both education and business are facing problems that require a comprehensive solution with the active participation of both sides.

The following problems and difficulties are typical for Russian education:

- the gap between the content of educational programs and the needs of business: if 42% of employers think that newly graduated students are ready for work, then among educational institutions the same opinion is held by 72% (Barton, 2013);
- lack of practical experience in graduates: only 4% of graduates receive real support from the university in search of work and internships (Goncharova, 2016);
- weak correlation between the number of graduates and the quality of their training with the needs of the industry;
- the absence in the educational institutions of a sufficient material and technical and information base for the practical training of specialists and the development of innovative technologies: state support for creating a high-quality material base is not enough, and the active interaction of education, science and business is just beginning to develop.

On the other hand, before the big business, which seeks to take a leading position in the market, the following tasks and problems arise:

- the need for training and retraining of young professionals who do not have the necessary competencies for successful functioning in the framework of advanced business, or high costs of finding scarce human resources;
- creation and searching of innovative technologies, key for business;
- the transition from the creation of a product to the creation of an integrated solution that requires multidisciplinary specialists.

The solution of the above problems is possible through the establishment of effective and long-term contacts between universities and employers through the formation of strategic alliances.

Strategic alliances are a complex concept that, by combining different approaches of researchers (Hodgetts and Luthans, Deresky, Bobina, Grachev, Porter, Garrett, Dyussoj), the following definition can be given. This is a long-term cooperation of two or more firms, concluded with the goal of pooling resources, achieving goals that can not be achieved separately; limited control over the activities of the alliance is available for every independent participant.

For the leading industries, strategic alliances are a habitual tool for achieving goals, whereas for Russian education strategic alliances are a relatively new form of pooling resources.

In Russia, the creation of strategic alliances in the educational sphere was developed in the 1990s. The transition to a market economy opened new horizons for education, but also caused new difficulties. The new economic structure gave a start to the development of new industries, for which new specialists were required. The borders of Russia were opened for investors too: international companies entered the market and they began to form a high demand for qualified specialists able to work in a market economy. It became important for students to receive foreign education, and many would like to have the opportunity to obtain a university diploma that would be quoted from new employers. All these factors have caused the beginning of cooperation between Russian and foreign universities in the form of creating international strategic alliances. BRIDGE project was a vivid example. It envisaged the creation of 30-40 joint programs between Russian and British universities.

In order to understand for what purposes and in what ways it is possible to conclude strategic alliances between education and business, a theoretical analysis of different approaches to the classification of motives and forms of strategic alliances will be conducted, and then there would be attempt to understand what problems of the considered sectors the existing models can solve.

There are several approaches to classifying motives for creating strategic alliances. According to the theory of transaction costs (Williamson, 1991), the main reason for creating strategic alliances is the possibility of creating and using the effect of scale as a competitive advantage, as well as cutting costs. The theory of resource dependence (Gulati, 1998) argues that strategic alliances provide access to rare resources that are not available to

the company. According to the theory of competitive advantages (Porter, 1985), the creation of a strategic alliance is an opportunity for the company to improve its competitive positions and enter new markets.

S. Pivovarov offers a classification based on the needs of the company, which is about to create a strategic alliance. It distinguishes 5 groups of needs:

1. the need to penetrate new markets;
2. need for financial resources, assets and production opportunities;
3. the need for knowledge;
4. the need for staff;
5. the need to comply with industry regulation and reduce political risks.

M. IşoraItè (IşoraItè, 2009) bases classification on the opportunities that the alliance-creating firms acquire after the alliance is created. First, it is the division of risks associated with entering new markets and launching new products. Secondly, the opportunity to share with the partner the knowledge and experience necessary for a particular development strategy. Thirdly, it is an opportunity for synergy and creating a new competitive advantage.

Consider different classifications of forms of strategic alliances.

J. Dyer (Dyer, 2001) bases his classification on the property criteria. There are alliances with common property, including the creation of a joint venture, and investments in a partner company, as well as alliances in which there is no common property (contractual agreements that define the terms of partnership are created). A similar classification is proposed by T. Das and B. Teng (Das, Teng, 2000), separating the participation in capital and the creation of joint ventures.

R. Speckman (Speckman, 2000) prescribes a more comprehensive approach to classification. Forms of strategic alliances are considered by him in accordance with two criteria: the time horizon, reflecting the attitude of the participants to the duration of the alliance (long-term or short-term); degree of joint control over the functioning of the alliance (low in the absence of mechanisms for coordinating decisions, high with a careful analysis of the contract).

Strategic alliances can be joined by both competing and non-competing

firms. There are three types of alliances between non-competing firms (Karpukhina, 2004):

1. Transnational joint ventures. This type of strategic alliances involves the establishment of partnerships between companies located in different countries. As a rule, one of the partners has privileged access to the national market of the country where a new product will appear, and the second partner does not have a strong position in this market. The local partner uses its forces to adapt and distribute the products supplied by the foreign partner.
2. Vertical partnerships. Such relationships are used between firms instead of supply contracts, and can also be used to establish contacts with customers.
3. Cross-sectoral agreements. Companies that are not related to the same industries and do not enter into a competitive relationship with each other. As a rule, this is done to expand the boundaries of its activities and enter new attractive markets. It is the type of agreement that is used in the interaction of education and business.

Table 1 presents an attempt to develop a roadmap for universities and business in the sphere of their interaction based on the motives for creating strategic alliances, revealed in the course of theoretical analysis.

Table 1. Motives and forms for strategic alliances between education and business

Motive	Context		Form
	Education	Business	
Theory of transaction costs	The ability to implement large-scale projects that require high costs	The ability to implement large-scale projects that require high costs	Participation in capital and creation of joint ventures with a long-term time horizon, a high degree of joint control
Resource-Dependence Theory	The need for a material base	The need for human capital	Participation in capital, contractual agreements with long-term time horizon, low degree of joint control

The theory of competitive advantages	The possibility of supplementing the theoretical base of educational programs with a good practical part for increasing competitiveness	The possibility of obtaining exclusive development and highly qualified personnel, ideally suited to the company	Participation in capital and creation of joint ventures with a long-term time horizon, a high degree of joint control
The need to penetrate new markets	Creating an educational program in a new direction or opening a branch	Entering a new product market with the need for new technologies and personnel	Participation in capital and creation of joint ventures with a long-term time horizon, low degree of joint control
The need for financial resources, fixed assets and production opportunities	The need for laboratories and equipment to provide students with a material basis for practicing practical skills	- (business - provider of financial resources for education)	Participation in capital, contractual agreements with a short time horizon, low degree of joint control
The need for knowledge	- (education is a provider of knowledge for business)	The need for new exclusive technologies	Establishment of joint ventures, contractual agreements with a short time horizon, low degree of joint control
The need for staff	The need for professors with relevant relevant knowledge	The need for skilled personnel	Contractual agreements with a long-term time horizon, a high degree of joint control
The need to comply with industry regulation and reduce political risks	- (in this case, the strategic alliance is not a solution to the problem)	- (in this case, the strategic alliance is not a solution to the problem)	-

The division of risks associated with entering new markets and launching new products	Creating an educational program in a new direction or opening a branch	Entering a new product market with the need for new technologies and personnel	Participation in capital and creation of joint ventures with a long-term time horizon, low degree of joint control
The opportunity to share with the partner the knowledge and experience necessary for a particular development strategy	The possibility of obtaining support from the real sector for the direction of research in a practical way	The need for new exclusive technologies	The creation of joint ventures with a long-term time horizon, a low degree of joint control
The possibility of synergy and creating new competitive advantages	The possibility of supplementing the theoretical base of educational programs with a good practical part for increasing competitiveness	The possibility of obtaining exclusive development and highly qualified personnel, ideally suited to the company	Participation in capital and creation of joint ventures with a long-term time horizon, a high degree of joint control

Thus, it is obvious that a strategic alliance is one of the possible ways of solving the problems that arise before education and business in the condition of joint functioning. However, the implementation of this kind of cooperation in real market conditions causes a set of problems that have to be investigated further in order to understand the full picture of possibility of using strategic alliances in cooperation between education and business as well as in other kind of industries.

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