The Diogenes Principle and Import of Formal Social Institutions in Research and Education Management

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Abstract. Science and higher education are areas in which costs can be huge and results are not obvious, at least in the foreseeable period, available for reliable calculations. Therefore, decision makers in these areas are often set to formalize success criteria in order to have some kind of guideline for understanding whether controlled processes are developing in the right direction. Nevertheless, the formalization of institutions inevitably leads to adverse selection, and the formal entry barriers they put forward are subject to formal overcoming, which is the essence of the Diogenes Principle proposed by the authors.

1. Preliminaries about Formal Institutions

With the development of information technologies, an error (quite rampant) arises that the virtual economy is perceived as some kind of addition to the real one, as something separate from it and interacting with it. In fact, the virtual economy is not a separate “sector”, but the same economy, only its technological content is different, it is a real economy, just the reality has changed a little.

The digital economy is not synonymous with the implementation of digital technology. The digital economy begins when those technologies impact onto decision-making, when the capabilities of those technologies are embedded in business and public administration.

When decisions are made in an authoritarian way (i.e. based on the concentration of authorities), it makes sense to discuss the personal qualities of the person or group of people in whose hands those authorities are concentrated: good monarch or evil, and what can we expect from him.

But if we have a liberal (distributed) system of management and decision-making based on delegation of authority, it makes sense to discuss institutions and decision-making procedures—are they good or bad and to what extent can they take into account the interests of different groups of stakeholders, and which are legal opportunities for those stakeholders to influence the course of events and decision making.

The coordination of interests cannot be established once and for all, and even for a long period. Both the procedures for this coordination and its outcome are subject to conjunctural changes and, generally speaking, should change from one phase of the industrial cycle to another [1].

Therefore, the idea that you need to choose some kind of “correct” correlation of the elements of the triple helix or the only right mechanisms of interaction between stakeholders is a wrong idea. They can’t agree once and for all, because economic reality requires changes in the balance of their forces in order for the economy to develop. And those changes (in particular, the negotiating power of the various participants in the process) are actually taking place, including depending on conjunctural changes.

A person has been accustomed to the omnipotence of formal institutions since childhood, from school, where everyone is divided into excellent pupils, good guys, three-thirds and two-man students, where they put one as an example to others and thereby encourage children to work for grades, not for acquiring
knowledge. At the same time, the presence of an external incentive is sometimes necessary when the meaning of the action itself is not understood by a person. Ask the first grader: why should he learn the multiplication table? You will not receive a meaningful answer to this question, because he himself does not yet know where and why it will be useful to him. He will answer something like this: to get a normal assessment. At that moment, there were no other incentives for him. Although the correct answer is: because the teacher said so. In the Eastern tradition, this should be enough, because the teacher’s requirements activate internal motivation. In the Western tradition, an external stimulus in the form of a mark is often needed.

In any system of knowledge there is a schema, obedience, when you have to do what the teacher says, not understanding what you are actually doing, and most importantly—why. All this will be clarified later, but since he came to study, one must obey. Otherwise one cannot go any further. Whether or not to consider those framework boundaries of obedience as a formal institution is, in general, a matter of taste.

At one time, V. Nabokov wrote: a prison without a jailer and a garden without a gardener are, in my opinion, the ideal. We can add that the school without marks. To say that good knowledge of students is impossible without a class journal with marks is the same as saying that the front doors cannot function without locks embedded in them. How to make processes reproduce and develop without external formal incentives? This is not an easy task, but in many areas of public administration it is relevant. Formal incentives give rise to an abundance of transactions, the need for which is obvious when the agent is looking for ways to overcome formally formal institutions.

2. The Diogenes Principle

Formalization of institutions to a certain extent facilitates the adoption of managerial decisions, because formal institutions prescribe certain algorithms of behavior and actions in various situations, both standard and extreme. The introduction of a formal rating among employees (regardless of its criteria) makes it easier for the line manager to distribute the salary allowance. Formalization of legal norms facilitates the establishment of the degree of guilt and determination of the measure of punishment. Formalization of the development strategy (of both the enterprise and the country) facilitates the process of allocating resources in the required areas.

At the same time, formalization of institutions gives rise to adverse selection in all cases without exception when it takes place [2]. Some researchers see in this fact a special feature of public goods markets and rate institutional dysfunctions as government failures [3]. This point of view is short-sighted, since the very same effects are manifested in the markets of any goods, and any agents (and not just the state) invest in the formation of dysfunctional institutions.

For example, the formalization of reporting in the company and the implementation of a balance scorecard lead to the fact that employees cease to pay attention to those activities that cannot be included in the report, just as schoolchildren who master the curriculum do not perform tasks that they are not given, even in cases where there is still a lot of material that is not covered by their attention, and their desire to understand the topic is completely sincere.

The specificity of the state as an investor in the formalization of institutions also takes place, but it does not consist in the presence of institutional dysfunctions, but in whether the government solves the problem of a “naive” investor, good or bad, representing the coinciding interests of private agents in those areas where it is crucially important in terms of saturation of local markets [4].

Formalization of institutions in any markets leads to the same consequences. Those consequences are reflected in the statement that we called the Diogenes principle: formal institutions generate formal entry barriers that are formally overcome, and this formal overcoming of formal barriers causes adverse selection.
As soon as one says that a person is a two-legged creature without feathers, when there appears Diogenes, who will pluck a rooster and say: here is your man, admire. Any formal institution gives rise to Diogenes jokes of that kind.

As soon as universities and research institutes introduced a rating of scientists and teachers, which takes into account the number of publications, the devaluation of publications began. Many so-called scientists engaged in the purposeful propagation of printed works, increasing their number. As soon as we were told that foreign journals are more scientific than domestic ones, and the most scientific ones are, of course, American ones, we immediately found groups of comrades who registered in America some journals specially designed to become commercial projects for publishing articles, without any connection with the significance of the scientific results contained in them.

For those who believe in the logic and effectiveness of formal criteria, another Diogenes style plucked rooster is offered. And there are quite a few such plucked cocks, they roam in packs along the institutional landscape, and in some areas the whole construction of institutional regulation, in fact, consists of such Diogenes jokes.

There are especially a lot of similar institutions (routines, patterns of behavior) in the management of science and education—in those areas where success criteria are not obvious (at least in the short-run horizon) and managers have to think up and invent them artificially.

What mere brilliant is the idea about the misuse of funds for the preparation of a graduate student who did not have time to defend his dissertation in the three-year period of study allocated to him by the government! But what if a person defended his thesis not three years after entering graduate school, but five years later, which means that three years spent in graduate school passed without a trace for him? And if twenty-five later? If a lumberjack cuts a tree in the forest, and it falls down after the 21st blow—does this mean that the first 20 blows do not need to be financed, you only need to pay him for one, 21st? This is not the point of view of a scientist, but of a financier, and not very burdened with understanding the situation.

The import of institutions in science and education (orientation to publications indexed in foreign databases, an attempt to fit into international university rankings that led to the emergence of the 5-100 Program, etc.) leads to the waste of huge public funds with very dubious results in terms of improving the quality of scientific research and educational processes. The general conclusion is that this is damage caused to the country on an especially large scale, and this activity does not bring almost any benefit to the country. The main beneficiaries are non-residents in this case. Once the next Minister of Education and Science has correctly posed this question, the ministry was immediately divided so that no one would interfere with key stakeholders to continue to cause this damage to the country.

All kinds of ratings (for example, the human development index) are obviously biased, and the methods by which they are calculated are far from certain. Ratings are created to show how well it lives in some countries and how badly in others. The one who compiles these ratings, of course, always finds himself in high positions. A good example of this kind is the so-called study conducted by European scientists to identify the similarities or dissimilarities of the outlines of human faces. Of course, the faces of the representatives of the European race differ most strongly from each other, while the Asians were all alike. The obvious cause is, the criteria laid in the basis for measuring similarities and differences were invented by Europeans. It is possible that there is no malicious intent in obtaining such a result, but this case indicates the fact that engagement sometimes has not political, but a racial character. A lot of research in various fields is carried out in about the same way.

Similarly, the “ratings of happiness” look the same, in which Latinos and Africans invariably win, but West European and North American countries always make up the lion’s share among the 30 most fortunate. That’s because the representatives of these countries came up with questions designed to find
out the level of happiness. Being happy in Colombian style is not the same as being happy, for example, in Polish. The list of such pseudoscientific ratings can be continued.

The funny thing is that in developed countries they have been ill for a long time with these ratings, which do not really tell anything to anyone, and now absolutely do not take them into account when making decisions. They remain arguments only for countries of peripheral capitalism, such as Russia, for which appropriate routines, decision-making algorithms based on various ratings and evaluations of “competent” organizations and “independent” experts, are actively tried to impose.

Books of records—from the same series. You can grow, for example, a pumpkin of such a size that there is nowhere to put it under the influence of radiation or chemicals. So what, that it is unusable for eating, howbeit it’s a record. This is how all formal institutions actually work, the import of which Russian decision makers are actively engaged in, under the slogan of returning to the mainstream of civilizational development.

Formal institutions express *imputed* success criteria misrepresenting the content that decision making unit is trying to provide [5, chap. 4].

3. Formal Institutions and Institutional Failures

The failure of an institution (dysfunction) arises in cases where, in the presence of both demand and a supply of a certain good, the existence of an institution prohibits them from meeting and moves the market for that good from an equilibrium state. Regardless of what agent has introduced and supported this institution, the result of its action is exactly the same.

One more Diogenes style case. When it became necessary to comply with the President’s May decree on raising salaries for certain categories of budget employees, they were simply forced to go on unpaid vacation, thereby dividing the same money into fewer bets, or transferred to a fraction of the rate (half-time, for example), while maintaining the same salary in order to pretend that their job is paid at higher rates, and the decree is formally executed.

The logic of the implementation of this decree was originally laid on a perverse mechanism based on the fact that the boundaries between the necessary and surplus product can be moved by a willful decision. Our President, of course, is a great boss, but price proportions, including ones in the labor market, are not subject to him.

Digitalization of higher education is a wonderful slogan. But its implementation in the Russian higher school means the next stage of its collapse, a strategy very thought out and consistent. Universities of the “lower” category will transfer to study using online courses developed in Boston, Massachusetts and the Higher School of Economics. This is primarily an attempt to deprive the regions of university and scientific personnel, thereby exacerbating the digital disparity. So, if you need to work out a regional development strategy? And if you need to make recommendations for a regional or local administration - contact Boston or the Higher School of Economics? Add to this the fact that the structures of the Academy of Sciences do not exist in every region of the country, in the most depressed of them the leading intellectual forces are concentrated precisely in universities. If they collapse now, the intellectual potential of many regions will become very poor.

So, the strategy is very simple: to make the country less intelligent people, this is a continuation of the course on importing institutions. The main goal, of course, is that there are fewer smart people in the regions, so that it’s easier to separate them from Russia.

4. Final Remarks on Social Institutions for Research Management

Researchers, scientists, scholars should inevitably own a monopoly on determining the truth of scientific knowledge. Calls to put science under public control on the grounds that its maintenance is so
much expensive for society are fraught with attempts to oblige dabblers and crooks to control the reasonableness of spending the funds allocated to science. Meanwhile, as Galileo noted, to appoint people who are completely ignorant of science or art to be judges of people as scientists are innovations that can bring to death and destroy the state.

There is no doubt that the scientific community is not faultless in resolving the question of scientific truth, that it can be mistaken (sometimes selfishly mistaken) and occasionally corrects its position, but this is the natural way of the development of science. As Rabindranath Tagore said, the River of Truth flows through the channels of error. And this is not a reason to open the doors to the academic community for crooks who are not able to understand even the meaning of the problem being discussed, and to be interested in their opinion. Just as a shortage of decent and educated people is not a reason to communicate with villains and ignoramuses. For example, the situation that has developed in modern Russia when a postman, a kindergarten teacher, a student has the right to submit an application about the deprivation of an academic degree is unacceptable and absurd, regardless of whether a scientist who possesses an academic degree is right or he is mistaken.

In particular, everyone knows the persecution of supporters of homeopathic remedies (including those that have quite correctly proven clinical results), which has rolled out in recent years in Russia thanks to the efforts of dabblers and rogues. Remaining within the framework of everyday consciousness, those people insist that a solution of a substance in which not a single molecule of this substance remains cannot act on the human body in any way, and this should be clear to any person with higher education. Perhaps those people would be right if, at the molecular level, matter was reduced to its corpuscular properties, but there are still waves, and from this point of view the question does not seem to be too simple, as it has been shown, in particular, by experiments on the scattering of separate elementary particles.

The conclusions drawn on the basis of the paradigms of everyday consciousness are astounding by their logic and at the same time illiteracy. For example: it is perfectly clear that the Earth is flat — if it were round, then all the water from it would be down, and it would remain completely dry. And since its surface is filled with water, then this water must somehow hold on! This should be clear to a person even with primary, not like with a higher education.

In order to protect ourselves from such “scientific” judgments, it is necessary to allow specialists in the corresponding field of knowledge to decide what is scientific and what is unscientific, where the boundary between the scientific hypothesis and scientific truth passes, what can be rated as a new scientific result, etc.

Therefore, we are convinced that the academic community must put up a barrier to dilettantes trying to make some judgments about the arrangement of the universe. Doing science is the lot of scientists. Questions of scientific truth are not resolved by voting, moreover, conducted by amateurs among amateurs, who, of course, are much more numerous than professionals.

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