



Lomonosov Moscow State University
Business School

Key Trends in the Development of Business Education in Russia

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Good afternoon, ladies and gentlemen. I am honoured to be speaking with you today. The purpose of my presentation is to provide a brief overview of the history of Russian business education, as its development is essentially path dependent, and to outline the trends that may define its progress in the future.

Pre-history

- 1907** Commercial Institute of Moscow Society for Commercial Education
- 1950** 31 industrial academies (RABE, 2011)
- 1965** First Department of Management: Moscow Engineering-Economic Institute
- Late 1980s** Specialty in BA not yet available



History

- 1988** "Business Education" introduced in Russia
- 1993** *Management* by Professor Vikhanskiy and Professor Naumov published – first fundamental management textbook in Russian
- 1999** National MBA standard established
- 2003** The Russian Federation joins the Bologna process
- 2000-2008** Catch-up period: main focus on teaching of management instruments
- 2011** Rethinking of *Business Education*



Business education in Russia can be traced back to 1907, when the first institute specialising in short-term education for commercial organisations opened in Moscow.

The development of business education in Russia has followed a unique path as a result of revolutionary historical events and major shifts in the economic system.

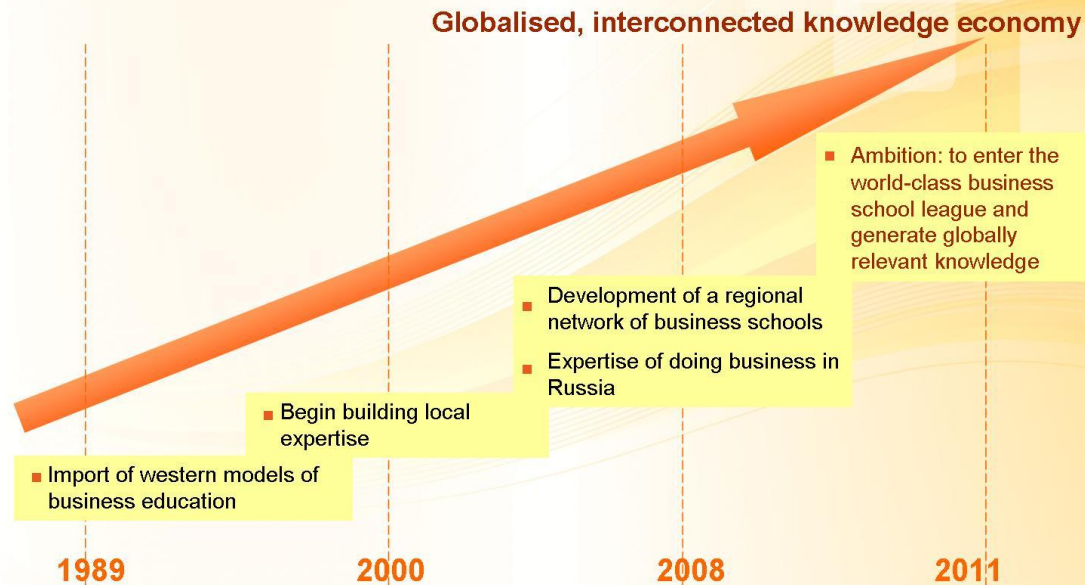
In the USSR, the first courses for "commanders of production" were introduced in 1925. Their purpose was to prepare managers for key economic sectors, such as mining, chemistry and transport. By the 1950s only about 2,000 people were yearly taking part in short-term training in the USSR. This training was offered by industrial academies. In principle, it could be seen as postgraduate business education for managers from specific sectors of the economy. However, the scientific approach to economics and management was replaced with political economy and ideology. Such an approach cannot be referred to as a "business education" in the western sense because the main emphasis was on production and technical progress, and only minor considerations related to the behaviour of people and organisations were included.

The first Department of Management was established in 1965 at the Moscow Engineering-Economic Institute. From that point until the late 1980s, management departments existed primarily as divisions of institutions that prepared specialists for specific sectors of the economy. Actually, neither management nor business administration as independent academic specialties existed in the Soviet Union, nor a manager was considered to be a stand-alone profession.

The move away from the command economy brought leaps in the development of education in such area as business administration. These developments began at the very end of the 1980s. In fact, I stand before you today as a representative of one of the oldest Russian business schools, which has a history that dates back to 1989.

Business education in Russia started from scratch as the previous Soviet system of education was not market oriented. It lacked both an ideology-free scientific background and suitable faculty. Business education in Russia found its origins in the enthusiasm of few individuals. To launch business schools these individuals dared to leverage their first-hand experience and knowledge of foreign approaches, which had to be adapted to local realities. The best business schools in Russia today are, for the most part, closely associated with names of their founders, who became the gurus of Russian business administration.

Several important milestones should be mentioned when discussing the development of Russian business education. They include the publication of the first Russian textbook on management by Professor Vikhanskiy and Professor Naumov, the adoption of a national educational standard for MBA degree, and Russia's accession to the Bologna process, which served to determine the current structure of the business education system. For a certain period the main purpose was to quickly fill up the gap with absence of competent managers so the main focus was at offering ready-to use managerial instruments. The business education community in Russia now believes that this period is over and its now time to rethink the concept of business education.



As I have already mentioned in the beginning, business education was an imported concept. Content, textbooks and methods were adopted from abroad. However, within the span of ten years, business education in Russia began to work out its own approaches and its own views as western-originated theoretical frameworks was not fully relevant for managing business organisations in Russia. However, the business education standards followed the country's more general approach to higher education, inherited from the Soviet period. For example, a high number of in-class hours were mandatory for students, and theoretical input tended to prevail over practical, hands-on training. Today, programmes, especially for Bachelors and Masters, are still characterised by an intensive in-class workload, which leaves little room for students to carry out individual work.

By 2008, some good regional business schools had emerged in Russia, and the oldest ones, located in Moscow and St. Petersburg, matured enough to effectively teach students how to do business in Russia. Russian students began to think seriously about whether to attend a Russian or a western business school if they wished to establish a successful career in Russia.

After the crisis in 2008, the demand for business education, especially MBA programmes, declined sharply. The decline was caused not so much by problems in the Russian business education system but mostly by the worldwide reconsideration of the role and value of business education. At present, demand is beginning to recover, although the question about what future business education should look like still remains.

At the moment, the best Russian business schools aspire to enter the world-class business school league and generate and deliver knowledge that is applicable in both the national and global contexts reasoning that nowadays no market can be considered local.

Business Schools

Academic programmes

Bachelor programme (4 years)
Master programme (2 years)
Doctorate programme (3+ years)

Post-experience programmes

Retraining (1 year)
MBA (1.5 – 2 years)
EMBA (1.5 – 2 years)
DBA

Short-term refresher courses



- More than 150 business schools; 2 schools have a special legal framework and wider academic freedom
- MBA: 7,000-8,000 students per year; Bachelor and Master in economics and management: 33% of students
- Internationally accredited: AMBA [12], EFMD (EPAS) [4], ECBE [10]
- International influence: EDUNIVERSAL [4]



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As a result of joining the Bologna process, business education in Russia can now be defined as follows: pre-experience programs include Bachelor's and Master's. Post-experience education most frequently consists of one-year re-training programmes, MBA and EMBA programmes. In addition, a doctoral programme similar to a PhD programme is available. Although DBA programmes are offered in few business schools, at the moment, there are no standards or shared opinion about its content and teaching methods.

Since September 2011, Bachelor and Master programmes have been covered by the third generation of federal government standards, which allow for more academic freedom. However, the standards for MBA programmes have not changed since 2008 and some business schools believe that these standards are in need to be updated to meet nowadays expectations of business.

In total, around 8,000 students are registered in MBA programmes each year. About 33% of all undergraduate and pre-experienced students are undertaking Bachelor or Master degree that leads to management profession.

At the moment, the Russian business education market comprises about 150 business schools. Of these, Moscow State University and St. Petersburg University are covered by a special legal framework, and are allowed to set their own standards. Only a few of the 150 business schools hold an accreditation from a few recognised international accreditation bodies (not obtained through business school partners). And according to yesterday release of Eduniversal ranking only four are currently viewed as having an international influence.

The competitive space in which Russian business schools are operating is not limited to schools themselves. There is serious pressure from substituting offers as presented on the slide that are decreasing demand for business schools' programmes.

■ Business schools' strategies

- Teaching + research + business consulting
- Internationalisation through: global partnerships, student and faculty exchange, international exposure (global networks, accreditations, participation in the formation of international opinions and standards of business education)
- Ambition of becoming globally competitive

■ Business schools' programme portfolios

- Master and MBA programmes – dilemma
- Corporate versus open market programmes
- General management versus specialised programmes
- National versus international content, programmes and students

■ Quality assurance

- Quality culture
- New generation of students = new generation of international-class teachers
- Continual revision of curricula and innovative approach to teaching
- Close links with the business world



In my opinion, the future trends in Russian business education development will be determined by three broad categories of factors. These are related to, first, the strategic positioning of Russian business schools and their views on building a competitive advantage; second, the market demand for programmes supported by business schools' competences and proficiency; and, third, business schools' attitudes towards quality assurance. Some of the elements that make up these factors are presented on the slide. I would like to draw your attention to the most important of these.

In the first category, the current perception is that schools that focus purely on teaching are unlikely to disappear. However, some schools with a long-term vision will strive for balanced development of three types of self-reinforcing activities: teaching, research and hands-on consulting. This view was recently expressed by the deans of leading Russian business schools at a round-table discussion on the results of the last decade of Russian business education development.

Internationalisation and the drive to operate globally in terms of attracting students from global market is definitely a trend that will be important in the coming years.

Our understanding of market trends leads us to expect a redistribution of demand among MBA and Master's programmes because people decide early on to become managers – well before they have obtained the experience necessary to begin an MBA programme. In addition, this year's applicants indicated that they were more interested in pursuing a systematic academic education than a shorter MBA course, which in Russia has the status of a "re-training" programme.

Also, as a result of market demand change and the desire to internationalise, business schools will increasingly offer programmes taught in English, perhaps in partnership with foreign business schools, with the possibility of obtaining double diplomas.

Quality assurance is one factor on which business schools in the Russian market can be differentiated. In this regard, students will look for assurance of a programme's quality in the form of an external audit. For this reason, I expect Russian business schools to more actively work towards international accreditations, to participate in the rankings, and to become more publicly active in terms of influencing the business and academic communities. In fact, in my opinion, this process has already begun with the recent appointment of the Dean of Lomonosov Moscow State University, Professor Oleg Vikhanskiy, as a member of the EPAS Committee responsible for advising EFMD on relevant policies, criteria and processes.

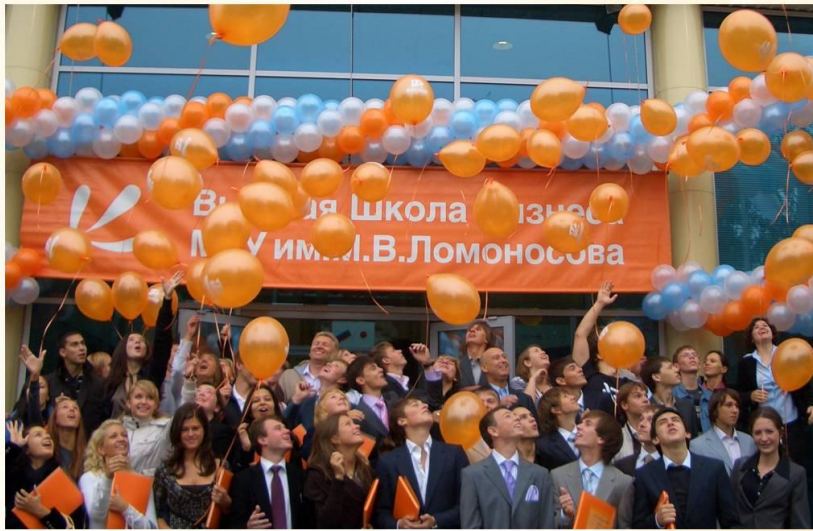
- **Mission**
 - Agent of change: shape the society and the business world of the future
 - Prepare leaders to handle a fluctuating, interconnected, global knowledge economy
- **Teaching**
 - Learning outcomes
 - Global context
 - Teaching focus: be reflective in order to become proactive
 - Role of emotional intelligence
 - Traditions versus innovations
 - Role of IT technologies
 - Teaching and assessment methods
- **Mechanisms**
 - Quality: students, faculty, processes, outcome – systemic improvement approach
 - Linkages between teaching, research and consulting
 - Financing
 - Synergies among schools' internal and external activities

Shifts in market demand and quality issues require thoughtful consideration of the likely foundations of business education in the future. In my opinion, these foundations will determine a business school's path in relation to its mission and teaching, as well as the internal mechanisms that need to be in place to accomplish the mission.

Our business school sees its mission as being agent of change in the shaping of society and business world, both of which are continually becoming more interconnected and are in an increasing state of fluctuation. This mission forces us to carefully consider all of the components that constitute teaching as one of our key activities, as well as the mechanisms crucial to our success in the long term. The most important of these are ensuring linkages between teaching, research and consulting, and implementing a systemic approach to quality enhancement.

The subtitle of our convention today is Redefining Excellence in the Business Education of the Future. I would dare to speak up on behalf of all Russian business schools that Excellence for us is not a predefined concept. It is not a destination; it is journey consisted of constant improvements.

In summary, it can be said that the best Russian business schools understand their mission, and that they have acquired the proficiency and knowledge necessary to ensure successful development in the future. They strive to be internationally recognised and to operate in a global market. Furthermore, we believe that significant synergies might be gained from our cooperation with foreign business schools.



Thank you for your attention!

In closing, I would like to express my gratitude to EdUniversal for the opportunity to meet other business schools at this forum, to discuss topical issues and to establish valuable contacts that will allow us to meet the global expectations of our students.