

The Past, Present and Future States of Russian Management Education*

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Abstract

Russia is undergoing a rapid and historic shift from a centrally-planned economy with an authoritarian political structure to a market economy with a more open political structure. Most observers agree that the management education sector in Russia will be pivotal to the success of this transition. Consequently, this paper attempts to describe the past and present state of the Russian Management Education sector, as well as identify key drivers of its future using an institutional economics perspective. Using archival data and personal interviews, we find that private entrepreneurial “experiments” are co-existing and sometimes clashing with established state-supported universities. Furthermore, we assert that institutional forces (e.g., the local economy, foreign and domestic businesses, accreditation agencies, and government) serve both as constraints as well as drivers for these experiments.

Key words: Russia, management education, institutional trends

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Introduction

It has been argued that the “biggest story” of the 1990s was Russia’s transition to democratic capitalism at the end of the century (Freeland, 2000). Unquestionably, Russia’s economy has undergone enormous changes over the recent past and those dramatic changes are still unfolding. Indeed, May, Stewart & Sweo (2000) argued that all of Russian society was and continues to be a “high-velocity” environment undergoing tremendous institutional change.

Along with these dramatic changes in the overall economy where prices were set and supply was centrally planned to an economy where prices shift in response to fluctuating supply and demand conditions, the management education sector is changing dramatically. As Russia transitions to democratic capitalist member of the global economy, management education is in a pivotal role. The purpose of this article is twofold: (1) to document the past and present state of the management education sector in Russia, and (2) to identify some key drivers of the future state of the Russian management education institutions.

Research Methods

Because relatively little is known about the Russian management education sector, this study is largely descriptive in nature. By compiling previous fragmentary literature along with archival data and personal interviews with members and authorities within the Russian education sector, the research team was able to construct a picture of where this sector was and where it might be going. For the primary data collection, 28 interviews were conducted with 21 individuals. The interview time ranged from 30 minutes up to 130 minutes, with an average interview lasting 55 minutes. To assure confidentiality, none of the interviews were taped, but careful notes were recorded each time.

After each interview was concluded, the interviewee was asked if they knew someone who could speak to the issues just discussed. For 17 of the individuals (81%), they referred the interviewer to another person or persons. These interviews were conducted primarily in 2001 and in 2004. When the interview data started to converge and repeat information from prior interviews, interviewing was terminated.

The Evolution of the Management Education Sector in Russia

Russia has a turbulent, thousand-year history and unique social culture. To better understand its management education sector today, we must first examine the socio-economic

context and historical forces at work. Of course, it is beyond the scope of this manuscript to review the entire Russian history, but it is particularly instructive to examine management education from the 1970s until today.

In the following section, which examines the previous state of management education in Russia, we divide our review into four different periods. Within each period, we discuss the institutional context as a background condition, and then follow with a discussion of the state of the management education sector. With this multilevel approach (Ramamurti, 2000), the reader can better understand why management education in Russia is the way that it is, as well as understand where it might be going in the future.

Pre-Perestroika Period: 1970s to mid-1980s.

Institutional Context. During this period, there was “managed” (100% preplanned) supply and demand in the Russian economy through a series of five-year plans. Prices were set by the Soviet government whose focus was on “developed Socialism” under the Brezhnev regime. Although the social and economic system needed considerable reform, the government resisted any major changes (Service, 1997).

Pre-Perestroika Management Education Sector. Given this context, there was very little need to know about quality improvement, ideas on motivation, or financial techniques. During this period, most Western management practices and thought were rejected, particularly if they possessed an ideological component (Wren, 1980). Similarly, there was little contribution by Russia to modern management thought; the exception being a few brilliant émigrés, such as Wassily Leontief (Lahiri, 2000; Polenske, 1999).

Management education was primarily reserved for communist bureaucrats responsible for the central planning agencies¹. Most official management education focused on economic theory from a Marxist perspective and operations research. As such, there was no real treatment of the discipline of “management” other than these two disciplines. All higher education was state supported and resulted in a bachelor’s degree or a “magistere” degree. Instructors were compensated slightly above average wages for the rest of Soviet society. All management faculty had graduate degrees in Marxist economics, and the predominant instructional method was lecture. Much of the management education was redundant and irrelevant to the problems faced by Soviet managers (Puffer, 1981).

¹ Interestingly, technical aspects of production management (e.g., statistics, operations research) was provided for all, but the psychological and sociological aspects of management (e.g., motivation, leadership, strategy) as well as the financial aspects of management (e.g., finance; international trade) were reserved for training for the elites of communist Russia (Warner, Denezhkina & Campbell, 1994).

Romantic Period: End of 1980s to 1992

Institutional Context. In 1985, Gorbachev rose to power. In 1986, Gorbachev concluded that his early economic measures and incremental change policies offered no basic solution to the Soviet Union's growing socioeconomic problems. As a result, he initiated a public airing of open debate under the famous "Glasnost" initiative. Ironically, in his efforts to prevent the Soviet system from collapsing, his reform measures accelerated the demise of the Soviet Union (Service, 1997).

In 1989, the communist system imploded and the economy declined dramatically. There was widespread disaffection with the communism as a political and economic system and a romantic view of what democratic capitalism would bring to the country emerged both within and without Russia. However, this romance did not stem the momentum surrounding the collapse of communism as net material product tumbled 9% between 1988-90. As a result, Russia began embarking on creating a socialist market economy with dreams that their days of rationing, inferior quality, and deteriorating standard of living would soon improve.

The Emergence of Market-Oriented Management Education Sector. Given this romantic view of capitalism, Russia was given lots of attention by foreign funding agencies to support basic business literacy. Many business schools sent their faculty and administrators over to Russia to share their western, primarily Anglo-American, business education techniques and concepts. In addition, many economists in Russia who were fluent in English and/or had western contacts went over to western business schools to learn from them. The immediate effect of this interchange was many non-degreed short courses offered in Russian schools that imitated western training programs. The demand for business education was much greater than the supply, so short courses filled the gap in the short term (Miassodoev, 1999).

In December, 1990, The Russian Association of Business Education (R.A.B.E.) was created by three prominent universities located in Moscow: The Academy of National Economy, the Ministry of Foreign Affairs, and Moscow State Institute of International Relations. Leonid Yevenko was elected its director. The purpose of this association was threefold: (1) to identify and solve common problems by individual business schools, (2) to represent business schools in higher education, and (3) to improve performance of existing or emerging business schools (Shmelov & Miassodoev, 1997).

Meanwhile, the first business schools were formed with public and private funding². Most of these were in Moscow, but a few were created in St. Petersburg as well. One of the first business schools to form came from an entrepreneurial group of professors who previously worked exclusively at the prestigious Moscow State Institute of International Relations (MGIMO). At MGIMO's business school, the first private tuition was accepted in 1991.

All business schools focused on business literacy, such as the basic concepts in management, accounting and marketing. Professors familiar with western concepts and techniques were much better paid during this period. The average income for Professors would be 400 rubles per month in an economy where 180 rubles per month was the average wage. As such, there was a burst of energy and interest in creating more modern business schools and faculties during this period and there were high hopes for the future.

Consolidation Period: 1992-1999

Institutional Context. In June of 1991, Boris Yeltsin was elected to be the first president of Russia. In December of that year, the presidents of Ukraine, Russia and Belarus signed the Belovezh accords on dissolving the Soviet Union. A few weeks later, Gorbachev resigned as president of the USSR and Yeltsin began his program of reform. In January of 1992, prices were liberalized and the market set prices. In August of 1992, Yeltsin launched Russia's move to private enterprise.

During this period, Russia's economy contracted dramatically as it shifted from one system to a totally different system. In October, 1994, the rouble collapsed against the dollar and this had devastating impact on the economy and its social systems. To combat this, Yeltsin signed a decree authorizing the now infamous "loans for shares" program whose aim was to quickly privatize Russian assets. At the end of 1996, Russia issued its first Eurobond since the October revolution in 1917, borrowing \$1 billion in the foreign capital markets. Nonetheless, there were huge increases in prices and inflation, many bankruptcies and profit squeezes with little or no wage increases (Freeland, 2000).

Declining in health and popularity, Yeltsin started sacking prime ministers with increasing frequency. In the aftermath of the Asian economic crisis in October, 1997, the buoyant Russian stock marketing declined 19 percent and weakened the rouble. In July, 1998, the IMF approved a \$22.8 billion loan for Russia in an effort to stave off financial collapse of the Russian economy. The first \$4.8 billion tranche was disbursed during the last week of July.

² Russia has pursued privately funded education much more aggressively than China where the Chinese have relied on state-supported institutions to a greater extent (Mockler, Chao & Dologite, 1996).

However, the economy's problems were too great and in August, 1998, the government announced the devaluation of the rouble, defaulted on its GKO's, and declared a moratorium of payment of foreign debt (Freeland, 2000).

Consolidation of Budding Management Education Sector. In 1992 and early 1993, the Russian government created new legislation on higher education where the government started a licensing accreditation vehicle and encouraged more private education ventures. Furthermore, an international conference was held on how to start a business school and many well known western business schools as well as interested Russian academics attended this conference in Moscow. In 1995, the Russian government introduced legislation that distinguished between the traditional "magistere" degree and the newer "masters" degree – a semi-legitimization of the MBA degree.

However, given the deteriorating socioeconomic context and new licensing requirements, the supply of graduate business education greatly exceeded the demand. As a result, many new business schools went out of business, many foreign ventures failed, and numerous budding and established management professors left the profession. Even the previously successful schools that had long waiting lists of students struggled to survive during this period. For example, IBS-Moscow had a 5-6 year waiting list in 1991 and this demand evaporated during this period. It was only the brand name recognition that enabled a few schools to survive.

During this period, the focus on business education refocused from general management to ownership laws, policies, and practices. Those who wanted more business education either left the country or postponed their educational plans. Meanwhile, professors in state-supported schools got squeezed as the rouble was devalued and wages remained constant. This effectively forced out many men into consulting or into employment with the emerging private schools which paid their professors in dollar-denominated roubles. Interestingly, women filled their places and older men stayed on longer than usual as their social safety net evaporated.

During this consolidation period, there was considerable western assistance in management development and education. While many organizations were involved, there were three notable aid projects. First, the World Bank established a National Training Foundation to manage a US\$40 million "educational loan" to enhance the management education sector in Russia. Secondly, the European commission started TACIS and PHARE projects focused on strengthening existing, or establishing new management education and training institutions. Between 1991 and 1994, it is estimated that EDU 125 million was

invested. Finally, USAID delivered an exchange and training project for 3,520 Russian trainees who participated in 236 US management training programs between 1993-95. Each of these programs were viewed as catalysts for change of the management sector evolution during the 1990s (Gurkov, 1997).

Entering the Global Economy: 1999-2004

Institutional Context. In the last years of the twentieth century, Russia slowly continued with its entrance into the global economy. By the end of the century, the economy was returning to its 1996 economic levels and a weary optimism was returning to its people. The bad news was that there were enormous challenges facing Russia's economy and society; the good news was that its decline appeared to have been arrested and that rising oil prices were bringing in desperately needed foreign currency.

In December 31, 1999, Yeltsin made a surprise announcement that he was retiring and that Vladimir Putin would be his successor. Slowly but surely, Putin embraced the west, cautiously entered the global economy, and consolidated his power at home. He was elected for a four year term in 2000, and then re-elected to another four year term in 2004.

During Putin's first four years, power was centralized at the Kremlin, federal budget surpluses were maintained, foreign debt was repaid on time or early, and much new legislation was enacted. In short, stability returned to Russia and the country continued slowly with its reform process (Shevtsova, 2003).

Emergence of Globally-Aware Management Education Sector. During this period, demand once again outstripped supply for business literacy training. In addition, the ownership grab was largely over and now the assets needed to be rationalized and managed efficiently. As a result, the business schools that endured the previous consolidation expanded their short courses into long courses and began exploring management degrees. New schools emerged in Moscow, St. Petersburg and the regions and some non-accredited MBA programs were introduced. There was some limited distance learning offered by a joint venture with the Open University in London and Link University in Moscow. Some Russian-designed textbooks started to be published and the curriculum began focusing on the global economy and Russia's role in it.

Meanwhile, the Ministry of Education was wrestling with what to do about the declining fortunes of its state-supported schools, while private schools pushed for national recognition of the MBA degree. Representing many private schools, RABE lobbied for MBA degree status on a par with the magistere degree. However, the state schools warned that

substandard programs will arise and that they would not have the resources to reorient themselves to this high-demand degree. At the end of 2000, the Ministry of Education compromised by officially recognizing the MBA degree as a “retraining degree with qualification”.

Today, the formal management education sector comprises approximately 1,300 higher educational institutions, of which 893 are accredited by the Ministry of Education. Sixty percent of these institutions are government owned and operated (almost all of which are accredited), and forty percent of these institutions are privately owned (of which roughly fifty percent are accredited). The two most popular graduate degrees in Russia are in management and law.

The Current State of Russian Management Education

Institutional Context. Is Russia under President Putin heading for regeneration, stagnation, or decay? According to many observers, probably all three will occur. In a recent survey of Russia, the *Economist* magazine noted the following:

From the outside, it looks pretty good. For more than a decade, Russia has been, more or less, a democracy and a market economy, and on civilized terms with its neighbors. Against the dismal standard of Russian history, that is a big achievement. But so far the fruits have been meager, bringing little comfort to most Russians. All they can see around them is physical, cultural, and moral decay (*Economist*, 2001)

In 2003, real GDP growth was 7.3% and the consumer price inflation had dropped to 13.7%. The GDP per person has risen to approximately \$3,000 USD, and external debt had fallen to \$176 billion USD. Furthermore, over the past four years, the federal government has run a budget surplus (*Economist Country Profile*, 2004).

However, not is all well with the Russian economy. First, it is estimated that 25-40% of production is “informal” and not reported to the government, so the actual state of the economy is less clear. Second, energy production dominates the economy and small enterprises are woefully underdeveloped. Third, a wave of mergers and acquisitions have swept through the Russian economy since 1999 causing concern about global competitiveness. Finally, regional specialization adds to industrial rigidity (*Economist Country Profile*, 2004).

Aside from its wealth of natural resources, Russia's biggest competitive advantage in the global economy is its highly literate population. Although Russia's overall education system is not globally competitive (see Figure 1), Russia does have a 98% literacy rate and some world class scientific expertise (Randall, 2001). Notably, Russia has been losing its "best and brightest" who are emigrating abroad, but well educated people with skills in demand are not leaving as quickly and some are even returning now that the economy is improving (see Figure 2). All of these facts and figures combine to yield an insufficient availability of management talent in Russia (see Figure 3). Clearly, a stabilizing institutional context coupled with a reinvigorated management education sector would unleash enormous potential for this transition economy.

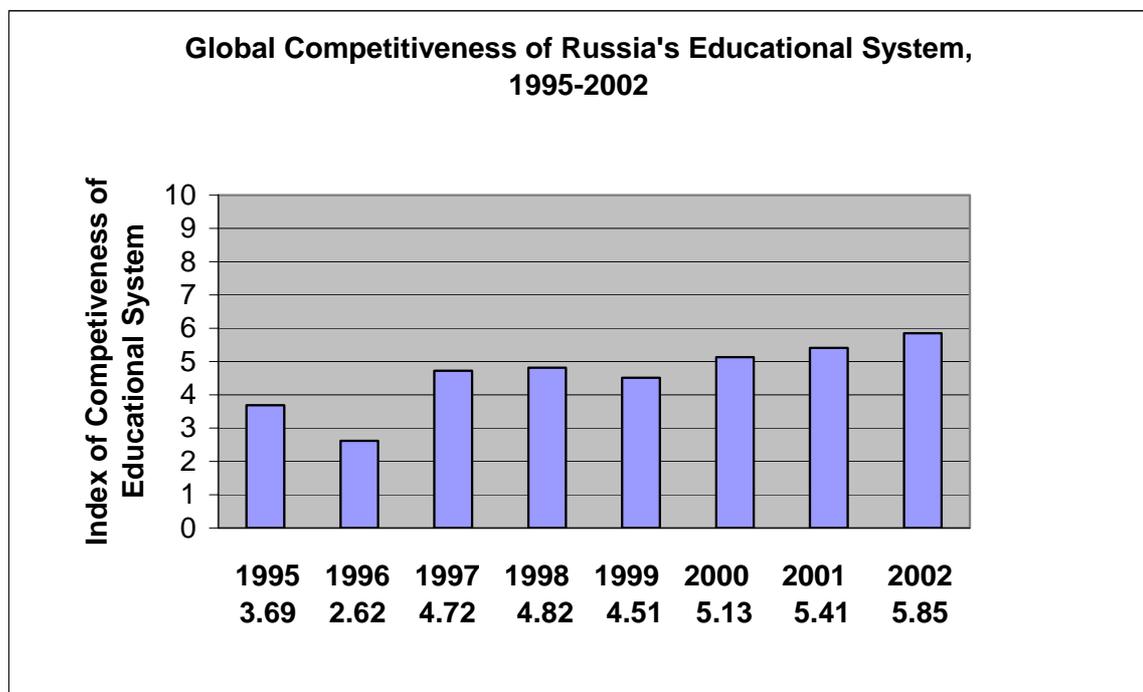


Figure 1 – Global Competitiveness of Russia's Overall Educational System, 1995-2002

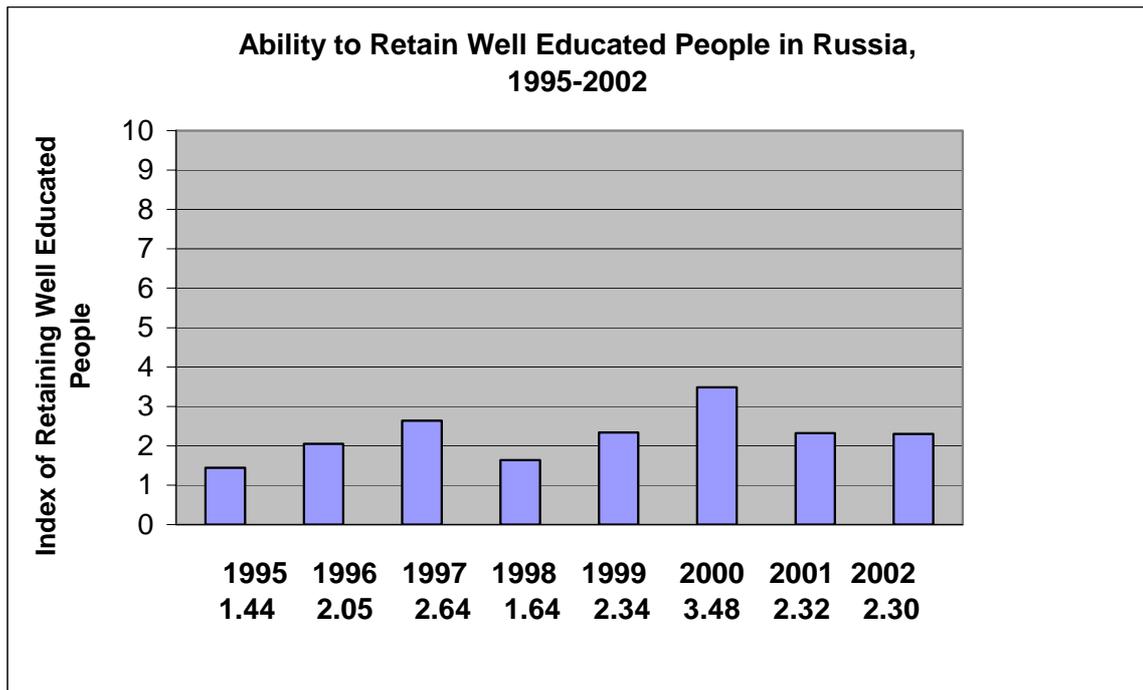


Figure 2 – Ability to Retain Well Educated People in Russia, 1995-2002

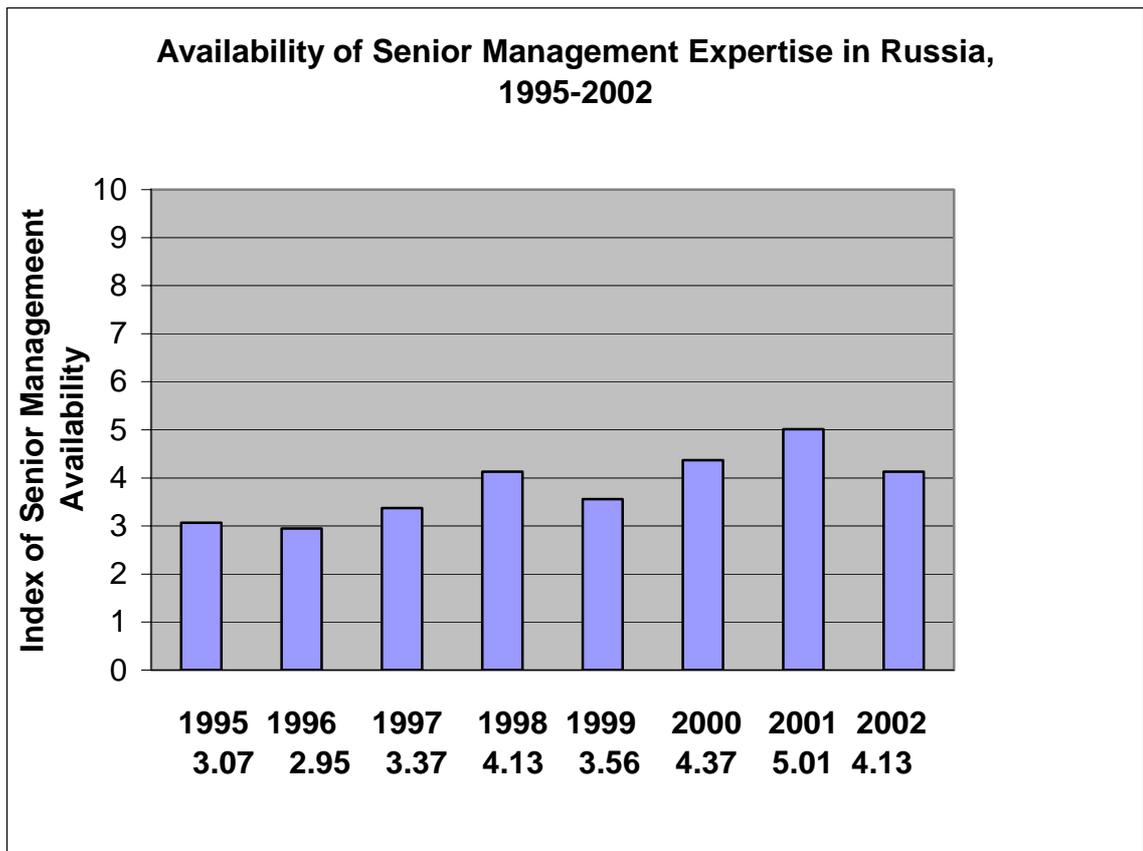


Figure 3 – Ability of Senior Management Expertise in Russia, 1995-2002

Many Russian business schools are building ties with Western business schools. However, the western approach to higher education won't work in Russia; they must be adapted to Russia's unique situation (Mockler & Associates, 1996). Nonetheless, entrepreneurial Russian business schools are forging ties with the west and cobbling interesting new educational experiences. For example, nine Russian business schools currently function as members in the European Foundation for Management Development (EFMD) and this association has led to greater flow of information within and without the Russian management education sector. These schools are listed in Table 1.

Table 1 - Russian Member Organizations in European Foundation for Management Development (EFMD) in 2003

School of Business	Location	Website	Rector
Academy of National Economy - Graduate School of International Business - Institute of Business Studies (IBS-Moscow) - Faculty of Academic Programs - The Moscow School of Social studies	Moscow	www.ane.ru www.ibs-m.ru	Mr. Abel Aganbegyan Dr. Leonid Yvenko Dr. Sergey Miassoedov Dr. Kuznetsov Dr. Teodor Shanin
Higher Commercial Management School	Moscow	www.hcms.ru	Prof. Valdimir Burenin
Higher School of Economics	Moscow	www.hse.ru	Dr. Jaroslav Kouzminov
International Management Institute at St. Petersburg (IMISP)	St. Petersburg	www.imisp.spB.ru	Dr. Sergey Mordovin
Lovanium International School of Management (LETI)	St. Petersburg	http://lovanium.eltech.ru	Prof. Alexander Yanchevsky
Moscow International Higher Business School (MIRBIS)	Moscow	www.mirbis.ru	Prof. Stanislav Savin
National Training Foundation	Moscow	www.ntf.ru	Prof. Mikhail Laiko
Plekhanov Russian Academy of Economics	Moscow	www.rea.ru	Prof. Mikhail Laiko
State University of Management	Moscow	www.guu.ru	Prof. Anatoliy Porshnev

Source: European Foundation for Management Development 2004 Membership Directory

In 2000, an independent magazine in Moscow rated the leading business schools in Russia. While their actual rankings are highly debatable, there is general agreement that these programs represent the best that Russia currently has to offer. Notably, the majority of these schools are partnering with Western schools and some regional schools are starting to get attention from the Russian government and the outside world. These schools are listed in Table 2.

Table 2 - Top Ten Master’s Level Business Degrees Offered in Russia in 2000

Program name	Joint Venture partner	Student Fees	Average Age of Students	% Students with Mgt. Experience	Library Holdings	Estimated Enrollments per year**
Institute of Business & Economics of ANE*	University of California at Hayward (USA)	\$10,100	31	86%	3,400	200
International Institute of Management LINK	Open University (UK)	\$10,000	37	100%	5,000	350
Institute of Business Studies-Moscow of ANE*	University of Antwerp (Belgium)	\$9,750	36	100%	40,000	75
Graduate School of International Business of ANE*		\$6,900	30	100%	4,500	150
Moscow School of Social Studies of ANE*	University of Kingston (UK)	\$9,500	32	68%	6,100	80
International. School of Management–Leti	Lueven Catholic Univ. (Belgium) Louvain Catholic Univ. (Belgium)	\$4,900	30	69%	2,500	45
Moscow International Higher School of Business “Mirbis”	Guildhall University (UK) Middlesex University (UK)	\$5,600	32	58%	6,100	150
International Institute of Management “IMISP” (in St. Petersburg)	SDA Bocconi (Italy) Henley Management (UK) Ecole de Mgt. (France) Escuela Superior de Administration (Spain)	\$6,600	28	91%	6,100	
Higher School of Business at Saratov State University		\$1,350	35	84%	19,850	
Nizhniy-Novgorod Institute of Management		\$1,429	33	99%	9,000	

Source: Kariera Magazine, March, 2000

* ANE: Academy of National Economy

** Estimates made by second author

One of the central issues currently confronting Russian management education is its legitimacy. There are strong accreditation drives by RABE with the Ministry of Education. And there is an increasing attempt to increase the legitimacy of management education in the general populace. For example, the very popular website located at www.begin.ru was founded by three young Russians in 1999 to be a central clearinghouse of information about management education in Russia. Business schools subscribe to their services and provide advertising revenue. Their booklets, conferences, and website have proven to be very popular and the firm has doubled in employment in just two years. They report that there are currently 80 MBA programs sprinkled throughout Russia and that 4,000 to 8,000 students graduate from these programs every year (Rubalskaya, 2001).

The Future of Russian Management Education

Of course, no one can confidently predict the future of any institutional sector, particularly in emerging and transition economies. However, we can with some confidence, identify the primary drivers of that future. More specifically, the future of Russian management education will be determined by how changing institutional forces influence particular supply and demand drivers. Interviews with experts within the Russian government and management education sector identified the following determinants of its future state.

Demand Side Drivers

According to those whom we interviewed, there are three primary drivers of demand for management education in the future. First, the status of the Russian national economy will be a key determinant of demand for management education sector within Russia. Combining the high global demand for oil and the stabilization of the national economy under the Putin administration, Russia overall has experienced exceptional overall growth in excess of 5% per year, and continuous budget surpluses (Economist Country Profile, 2004). While economic conditions vary considerably from region to region within Russia, all of Russia is benefiting from the stabilization and steady growth of the national economy. Clearly, a robust and growing national economy creates demand for all goods and services, including management education.

Unfortunately, Russia has not successfully diversified itself away from natural resources, however; and the pace of new business creation is increasing but not explosive. Small and medium enterprises account for only 10-15% of Russian GDP, compared with 50% of more in developed economies and advanced transition countries. Furthermore, it has been slow to reform its financial services sector and as a result, foreign investment is relatively scarce for

such a large country with so much potential. Also, reluctance to reform the agricultural sector and drop energy subsidies is slowing entry into the World Trade organization. Finally, corporate governance standards and enforcement have been slow to change. All of these developments are constraining the national economy and cloud its economic future (Economist Country Profile, 2004).

Second, the pace at which the Russian middle class grows is critical (Yvenko, 2001). Education often is a vehicle for middle-class individuals to make a better life for themselves and their families and management education is one of the most popular forms of education at this time. Aspiring students, seeking a better life, often see education as a vehicle toward that end. Management education is often seen as a practical and more reliable way to ascend the social ladder than other educational venues (Wall Street Journal, 2003).

However, the Russian middle class is relatively small compared to other developed economies. Furthermore, there is not a tradition of investing in employee training and education by employers in Russia (Clarke & Metalina, 2000; Kets de Vries, 2000). As a result, funding for management education must come primarily from the student, without the assistance of the public or private sectors.

Interestingly, those who have obtained management education are bettering themselves dramatically, so this forms a small, but self-reinforcing virtuous loop between the creation of a middle class and the demand for more management education. Illustrating this fact, government and business leaders in Obninsk, in conjunction with the Swedish government, have been providing action learning training for aspiring entrepreneurs. Each year, approximately forty aspiring entrepreneurs undertake classes in strategic management, marketing, finance, human resource management to help them launch a new business. They create “business clubs” and invite guest speakers. They travel to Sweden and visit a comparable business there to one which they think they might launch. This innovative program, which was established in 1997, has so far spawned 25 new businesses that have built upon technologies pioneered in the Obninsk research laboratories (Rastopkina, 2004).

Finally, the military exemption for young men who are attending higher education is fueling the surge of interest in higher education. The current federal law allows men aged 18 to 27 to avoid a two year, compulsory military service period if they are pursuing a degree full-time in a federally-accredited institution. Notably, a doctoral degree exempts the student from ever serving in the military (Sarazhyan, 2003). Since MBA and law degrees are seen as the most practical and relevant degrees for this cohort and since the Russian military is

bogged down with the Chechnyan conflict, it is anticipated that this fact alone will fuel considerable demand for management education in the future.

Supply-Side Drivers

From our perspective, there are four primary drivers of the supply of management education delivered in Russia. Firstly, we find that the Russian government has a major influence on the management education sector in Russia. Similar to findings by Suhomlinova (1999), we note that the most successful private management education institutions leverage their networks with key governmental educational institutions. For example, educational institutions outside of Moscow and St. Petersburg have a less developed network of contacts with the Ministry of Education, and they have had fewer contacts with the West and access to key resources as a result. However, the Ministry of Economics is currently directing more resources and attention to economic development outside of Moscow for the first time in the Ministry's history. As a result, several entrepreneurial business schools in the regions are developing quickly under this new governmental support (Canning, Moock & Heleniak, 1999). Notably, the Russian government has allocated more money for higher education in 2002 than for the military – the first time that this has happened since the 1800s (MacWilliams, 2001).

Secondly, we found support for the observation by Spicer and associates (2000) that weak institutional constraints on private property abuses slow institutional change in transitional economies. Specifically, during the boom periods in the Russian economy in the 1990s, numerous private schools of management sprang up and claimed to offer a “western quality” MBA program. In the absence of many accreditation standards, these programs attracted many Russian managers eager to learn the ways of the global economy. However, they quickly learned that these programs were low quality and the education was largely worthless. These institutional “lemons” drove down demand for Russian management education (Ackerloff, 1970). Thus, another major driver of management education is accreditation standards and institutional oversight.

Thirdly, we see evidence of organizations changing their institutional environments by developing proactive strategies rather than just passively reacting (Oliver, 1991). For example, the formation of RABE created a vehicle for providing some peer oversight of management education institutions. In addition, members of RABE lobbied the Ministry of Education to bring about standards and legitimacy for the MBA degree in Russia. Finally, many legitimate Russian business schools partnered with western business schools to add legitimacy and differentiate their program offerings.

Finally, we found that public sector models co-exist with private sector models during the privatization process (Johnson, Smith & Codling, 2000). The publicly-funded institutions have the brand name recognition, but that brand is eroding due to lack of funding and outdated programs. In contrast, the newer and more entrepreneurial privately-funded institutions lack the recognition, but managers who have attended these programs are slowly but successfully rebuilding the Russian economy. In between these two sets of institutions, the Ministry of Education tries to serve the needs of each.

Conclusions

Overall, the Russian management education sector has undergone enormous changes over the past 15 years. Private schools, once the exception, are quickly taking root in Russia. Training of ambitious middle managers, unheard of in the past, is becoming the focus of increasing numbers of schools. The MBA degree, once scorned in Russia, is increasingly gaining legitimacy. And western joint ventures, once prohibited by law, are now the way to gaining legitimacy and learning about the global economy.

Clearly, many institutional hurdles remain. The education system in Russia fits the planned economy and authoritarian political system well in the past, but it was out of step with a market economy and an open political system (World Bank, 2000). Western academics sometimes wonder what their impact is on society. In Russia, the management academics are influencing history in their efforts to help to build a nation in its transition to a market economy. Without an adequately trained set of globally-savvy managers, Russia will not be able to compete. The challenges to the Russian management sector are both daunting and exciting.

We encourage Westerners to become familiar with their Russian counterparts and reflect on how they can contribute to the global community of well-trained management talent. There are some that argue that western management education can be a powerful force that can unseat the corrupt oligarchs (Warner, Denezhkina & Campbell, 1994). However, many observers believe that the unique national culture and history of Russia preclude wholesale transplantation of western concepts and educating methods. Rather, a partnership model that evolves over time blending western and Russian know-how and values looks more promising (Gilbert & Gorlenko, 1999). Nonetheless, multinational corporations doing business in Russia are increasingly looking for Russians trained and experienced with the global economy (Kozuharov, 2004). It is estimated that over 1.5 million managers and professionals

need management education and training in Russia (Gilbert & Gorlenko, 1999). It is our hope that this article in some way accelerates how this need is met in the future.

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