
The MBA in Russia: Big Changes Ahead

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The first MBA programmes appeared in Russia at the beginning of the 1990s, but only received official recognition in 1999, when the national MBA standard was established by the Ministry of Education of the Russian Federation.¹ Leading national business schools were granted the right to award the State MBA Diploma according to this standard. There are about 75 schools in Russia offering MBAs, but only 33 schools received the License from the Ministry of Education, meaning that only they are granted the right to award the State MBA Diploma. About 3,000 people graduate from Russian MBA programmes every year. The most popular mode of delivery is part-time, although the demand for modular MBAs is higher in the regions. The focus of attention is on developing a methodological basis for self-study within the framework of distance learning. There are not many full-time MBA Programmes. The approximate number of foreign students does not exceed 10% of all MBA students.

Russian managers prefer to combine work and studies, and this affects the position of Russian MBA programmes in international ratings - the criterion of 'salaries increase' for the graduates of the full-time MBAs cannot be applied. Moreover the dynamics of 'official salary' cannot be considered a true-to-life criterion of career development in present day Russia.

Currently, MBA programmes are studied mostly by representatives from the intensively developing areas of business: the oil and gas industries, banking, fast moving consumer goods, and the pharmaceutical industry. Many students are involved in marketing and sales and there are a considerable number of these from small businesses. The MBA is also quite popular with managers working in foreign companies. Among this group are the employees of Hewlett-Packard, Fisher, Ran Xerox, Nestle, Exxon Mobil, British Petroleum, 3M, Procter & Gamble, Coca-Cola, Siemens, CPMG, and Martini. The top managers of these companies that follow Western traditions encourage MBA studies, and they partly or fully reimburse the student expenses.

An MBA student cohort may range from 25 to 55 years old. What is more, they may have a higher educational diploma with qualifications in economics, law, physics or medicine, and enroll for the Programme wishing to make a career in business and to learn how to be professional managers. The varied nature of this cohort explains the considerable difference in expectations of students which sometimes leads to confusion among Russian MBA administrators, although our experience leads us to believe that managers from diversified groups are often more successful in making managerial decisions. MBA programmes teach business leaders to analyse situations from different points of view and to make well-thought-out decisions, and studying in a diversified group is the most efficient way to develop this skill. It is worth mentioning that many Western business schools also take special care to form groups according to this principle.

Of the 75 schools in Russia offering MBAs, around two-thirds of these are based in Moscow. While some schools have many years of considerable experience, new schools are appearing, but it is too early to speak about saturation of the MBA market. There is a big demand for the training of managers via higher education qualifications in Russia. Business is developing very intensively, and international links are expanding. On the other hand many Russian managers did not have formal professional training in the past. Another issue is the quality characteristics of MBA programmes offered on the Russian market - not all programmes correspond to quality standards, especially in the regions, and there is no planned strategy for their future development. MBA teachers are in high demand. There is not much interest in such regional programmes irrespective of their low prices - from \$2000 to \$5000 for the duration of the MBA.

In order to support the young MBA market in Russia, a national system of licensing and accreditation of MBA programmes was established by the Ministry of Education of the Russian Federation, the Russian Association of Business Education (RABE), and representatives of leading Russian business schools. At the same time there is marked interest in international accreditation. At present the Association of MBAs accredits the MBA provision at three Russian institutions: the MBA at 'Sinerghia', Plekhanov Russian Academy of Economics (PT, MD), the Kingston Russian MBA of Academy of National Economy, and the MBAs offered by MIRBIS International Higher Business School.

International accreditation, such as that from the Association of MBAs, is very important for Russian MBA students. More than half of students enrolling for the 'Sinerghia' MBA programmes said that the issue of accreditation was the most important criterion when choosing a programme. The Association's accreditation offers numerous advantages for Russian business schools, their graduates and students. Nevertheless schools aspiring to join the Association should be prepared to face certain difficulties and problems. In the process of close cooperation with Western business schools the differences between foreign standards and Russian practices have been highlighted vividly. Some of the most important ones are outlined below:

1) Restrictions on the educational process in Russia are stipulated by the state. They include the duration of the course, programme content, and the requirements of the prospective students. For example, according to the State Requirements, the minimum duration of the course for part-time and modular modes is not less than 2 years, and for full-time not less than a year and a half. According to Russian standards not less than 60% of MBA faculty should have a Masters or Doctors Degree.

There are strict requirements with regards to the prospective students. They must be graduates of higher educational institutions. There are no exceptions, even when a person has experience of working in top managerial positions for many years.

2) Another special feature of Russian MBA programmes is the large number of contact hours required. This factor considerably reduces the opportunities for intensive self-study work. The Russian MBA standard stipulates not less than 1 000 contact hours (250 of which are allocated to traineeship and the preparation of research projects). This is excessive compared to the Association's criteria, by which the number of contact hours must be not fewer than 400 hours.

3) One further point is the orientation of the Russian MBA market towards specialized MBA programmes (MBA – Marketing, MBA – Finance, MBA – Hospitality Business). However, Russian businesses particularly need top managers in general business, who have interdisciplinary knowledge, and a wider economic outlook and who can advocate a modern system of values including social responsibility in decision-making.

4) There is also an issue of MBA globalisation. Most MBA graduates continue to live and work in Russia though there are those who would like to work abroad. The contacts of our graduates with foreign partners are developing and MBA programmes should assist them in their activities. This requires cross-cultural aspects of business and management in the content of the programme. Teachers from the best Western business schools and foreign managers working in Russia should be welcome and frequent guests to the MBA programme.

5) The prices for Russian and foreign MBAs are considerably different. In Russia it is between 3 and 7 times lower than in the West. The most expensive programmes do not cost more than \$15000. That is why Russian business schools striving to obtain international accreditation for their MBA programmes have to make particular efforts to reach high standards under the conditions of rigid financial restrictions. Sponsorship of Russian business schools is not widespread yet. Many of them compare poorly with Western business schools in respect of technical provision for the educational process, library funds etc.

6) One more very typical issue of importance for Russian business schools is the inadequacy of students' expectations of the MBA. Not everybody understands that skills and competences obtained on the programme are to be used not only for reaching present day goals, but also for future objectives, to solve the problems which will arise in the process of market development.

7) The relationship between the students and professors in the West and in Russia is also often different. In the West it is primarily a partnership, with both groups working together to find the solution to a problem. Russian students would prefer to have solutions offered by the teacher. What is more the development of managerial soft skills is often under-evaluated in Russia - the abilities of the top managers to motivate staff, to present their business, to conduct negotiations are crucial for the success of their organizations, especially in a country such as Russia. National accreditation authorities and the mass media still have a lot to do in order to shape adequate expectations of the students and employers with regards to Russian MBA programmes.

Despite the above, Western experts acknowledge the huge creative potential of Russian business schools. They show considerable interest in cooperation and the further development of Russian MBA programmes. The level and educational motivation of students corresponds to that of the students from leading Western business schools.

In conclusion, it can be said that the MBA market in Russia is diverse and contradictory. If well known Western business schools with many years of experience have acquired their solidity and stability, the Russian MBA market is at the stage of development, instability and search. Under present circumstances certain restrictions and control on the part of the state can be justified. As the Russian MBA develops, the importance of state control will reduce. At the same time the role of independent accrediting organisations will increase. The proliferation of MBA graduates should become a serious driving force for this change. At present work is being done on the formation of the All-Russian Association of MBA Alumni, and this year on the basis of MBA 'Sinerghia' Alumni Association, a legally registered Inter-Regional MBA Alumni Association has been established. In the future these can become an organic part of the Russian MBA and encourage potentially successful entrepreneurial projects and instil modern managerial standards.

¹ For full details, please see: The Order of the Ministry of Education of the Russian Federation (RF Min.Educ. 2003), 'On Approving State Requirements to the Minimum of the Contents and the Level of Requirements to the Specialists Obtaining Additional Qualification of 'Master of Business Administration'', *State Requirements to the Training of Managers of Higher Qualification on the Programmes of 'Master of Business Administration*, # 3381, 25th August.