

Russia Is Much More Than Moscow: Building a Business Program in Siberia

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Paper prepared for and presented at the Business Education and Emerging Market Economies: Trends and Prospects Conference, Technology Square, Atlanta, Georgia, USA, November 7, 2003

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Abstract

This paper describes a successful partnership between a small U.S. teaching institution, SUNY College at Oneonta, and the Higher Business School of the Siberian Aerospace University in Krasnoyarsk, Russia. The program has internationalized both curricula by employing a number of techniques, particularly exchange of faculty and students. The special characteristics of Russia and its people, Krasnoyarsk, and the Higher Business School are all described in this case study. Lessons can be drawn from the factors that have made this program a success as well as from its example of how to adapt a curriculum to the special needs and wants of a particular partner.

Background

Internationalizing the Business Curriculum

Internationalization of the business curriculum has been recognized as an important goal for a number of years. The American Assembly of Collegiate Schools of Business (AACSB) has stressed the importance of international content in the curriculum since the 1970s and recently reinforced its commitment in its name change to AACSB—The International Association for Management Education (Fugate & Jefferson 2001). In spite of this recognition by the highest accrediting agency in the discipline and support for internationalization from scholarship (Fleming, Shooshtari & Wallwork 1993; Efendioglu 1989), progress toward that goal has not always been speedy (White & Griffin 1998; Kwok & Arpan 1994; Arpan, Folks & Kwok 1993). Indeed, business schools continue to supply an inadequate number of qualified international

managers (Webb, Mayer, Pioche & Allen 1999). Data suggest that small schools may have particular issues with respect to internationalization (Shetty & Rudell 2002).

So interest remains in improving the international content of business curricula, both to increase the diversity perspectives of students and to acquaint them with the many additional complications of conducting business abroad. A number of pedagogical techniques have been used to try to better work international issues into course of study. The most basic solution, of course, is simply to require international courses both inside and outside the business school. More sophisticated approaches include adding international experience to the mix, either directly (US students studying abroad, faculty exchanges bringing foreign faculty to the US,) or indirectly (foreign students in the classroom, US faculty going abroad and bringing back their experiences). Other techniques exist, but virtually all have pluses and minuses. No single technique is adequate for fully internationalizing a business program (Shetty & Rudell 2002; Fugate & Jefferson 2001; Praetzel 1999).

This paper reports on SUNY College at Oneonta, a small teaching institution, and its experience with internationalizing its business curriculum through a unique program with the Higher Business School of the Siberian Aerospace University in Krasnoyarsk, Russia. The program combines several facets of internationalization, including student and faculty exchanges in both directions and links with the local business communities. Although issues exist (especially in attracting US students to go to Siberia), the agreement has grown over the years, achieving a certain degree of success.

Russia

Business education in Russia and involving Russia poses some interesting challenges. Any two countries, of course, are going to have differences in terms of the economy, culture, politics, and other such variables. And differences in the objectives and methods of business programs will reflect these differences. The United States and Russia have different situations, with the former possessing a stable, structured economy and the latter a “rapidly changing economy in a rapidly changing society” (Duke & Vitorova 1998). These differences are also reflected in the educational systems. Compared to the US 12-year program with 4 years of college often following, the Russian system is a 10-year model, with a 2-year specialty degree or 5-year university Diplome coming after.

A few studies have been conducted on differences in businesspeople and business education in these two nations, but not many. Hazeltine & Rezvanian (1998) studied “world-mindedness” of US and Russian students, concluding that no significant difference existed. As a result, openness to trade and other international business transactions should be fairly similar. Various authors have attempted to fit Russian culture into Hofstede’s framework (1980), concluding the people are collective (Holt, Ralston & Terpstra 1994), accepting of power distance (Bollinger 1994), and high in uncertainty avoidance (Berliner 1988).

Sidorov, Alexeyeva & Shklyarik (2000) reviewed the ethical environment in Russia, arguing that the opening of the country in the 1990’s created conditions in which business people are seen as highly moral, socially useful agents of change leading the country closer to the Western technologies and products that fascinate a good portion of the population. Further, these authors

noted that the future of business ethics in Russia may not be so positive because of the “extremely strange organizations” in place that have vague duties and authority. Sometimes governmental, sometimes private, sometimes allied to a business leader, sometimes allied to a governmental figure, the uncertainty created by such structures is not conducive to developing ethical norms. Indeed, business education itself may be able to play an important role in establishing structures and norms within the Russian economy (Kainova 2001).

Entrepreneurialism in Russia has also been studied (Hisrich & Grachev 1995), a particularly important topic given the explosion of small business operations in the country (McCarthy, Puffer & Shekshnia 1993). Stewart, Carland & Carland (2003), for example, collected data from 560 business owners (430 in the US, principally from the southeast, 130 in Russia, principally from Irkutsk). Although some demographic information is of interest (more female participation in the Russian sample), the most fascinating result was that Russian entrepreneurs were more risk aggressive. The authors suggest this may come from the more uncertain climate (economic and political) in Russia as well as from the lack of an entrepreneurial heritage and educational programs.

So to our purposes, what this background provides is some guidance as to what the situation is for business education in Russia. A strong interest in international matters, particularly in western technology and business methods, exists. Rapid change is occurring in the economic, social, and political environments. Structures that would normally help police a capitalist economy are still in flux, so ethics and business practices could be molded in positive or negative directions. And entrepreneurialism is being enthusiastically pursued, though again without a

strong tradition, educational training, or settled legal structures. Into this environment came the agreement between the New York and Siberian schools.

Higher Business School

The Higher Business School of the Siberian Aerospace University is located in Krasnoyarsk, Russia. Krasnoyarsk, home to around a million Russians, is several thousand kilometers east of Moscow, only a couple of hundred kilometers north of the Mongolian border. During the Soviet years, it was a closed city where a good amount of the USSR's aerospace research and design, as well as other defense work, was conducted. Heavy industry, based on the Siberian region's abundant natural resources, is a prominent part of the current economy. The city is split by the Yenesei River, a wide, deep, and navigable waterway that flows north all the way to the Arctic Ocean. The city and region possess great potential though it is tempered by the ongoing Russian economic difficulties (double-digit unemployment rates), geographic distance from other major market centers, and lack of experience with a capitalist economic structure.

The Higher Business School (HBS) was organized in 1991, extending the existing economics program at the Siberian Aerospace University (SAU, previously, the Siberian Aerospace Academy, SAA). The SAU has 350 faculty and 3000 students, pursuing both undergraduate and graduate degrees. Courses are taught in Russian and English. The HBS is currently pursuing accreditation from the European Council for Business Education and has a long-term goal to be the first school in Russia to achieve AACSB accreditation.

SUNY College at Oneonta is part of the State University of New York system, a residential four-year college in the central part of the state, roughly equidistant from Albany, Syracuse, and Binghamton. The college enrolls about 5,000 students, almost all undergraduates. The Economics and Business major is one of the largest on campus.

The partnership between the HBS and SUNY-Oneonta started in 1994, with Richard Insinga's visit to Krasnoyarsk and meeting with Vladimir Kureshov. The trip was sponsored by the USIA through the National Forum Foundation's American Volunteers for International Development Program. Later funding has come through the Eurasia Foundation. Progressively more advanced cooperation agreements flowed from this initial meeting until an Exchange Agreement was signed in 1997 by the SUNY Oneonta President, Alan Donovan, the SAA Rector, Gennady Belyakov, and Linda Scatton, Assistant Provost for SUNY's Central Administration. An Articulation Agreement was made in 1998 for a BA degree in Business Economics, with later agreements also established in the Food Service and Restaurant Administration and Merchandising degree program and the Fashion Merchandising degree program.

The current structure of the program allows for faculty exchanges in both directions. Russian faculty typically come to Oneonta for a semester at a time and teach one or two courses. US faculty typically spend 6 weeks over the course of the summer (though occasionally a full semester), teaching one or two courses in Krasnoyarsk. All instruction is in English. Students also travel in both directions, though the Russia to the US aspect is much more popular. The agreement allows HBS students to complete a SUNY degree by taking designated courses with US faculty in Krasnoyarsk and then spending their last year (at minimum) on site in Oneonta.

The first five Russian students received their degrees in Oneonta in May 2002. US students are invited to travel to Krasnoyarsk during the summer (with the visiting US professors), taking a course or two. To date, only a handful have availed themselves of the opportunity. The US professors have also taken a hand in reaching out to the Russian business community, including a new US venture by Kovcheg, a concrete architectural products firm, with assistance from the SABIT program of the US Department of Commerce.

One interesting and instructive facet of the relationship is that it has endured while a separate program withered on the vine. In 1994, Iowa State University was brought into the mix to help provide science, engineering, and agricultural program cooperation. But after an initial flurry of activity, that connection effectively disappeared. Three potential reasons are apparent and instructive.

Initially, the SUNY-Oneonta program was driven by faculty and had active participation by faculty members from the beginning. The ISU program was a top-down structure that never fully obtained faculty buy-in. Secondly, the ISU program tried to create a high-level, broad-based relationship from the start. The SUNY-Oneonta approach was much slower, in smaller steps, but seems to have established a stronger and more lasting foundation for cooperation. Finally, the SUNY-Oneonta and HBS project managers were both personally dedicated to the project and quickly developed a close personal friendship. The project manager from ISU had numerous international relationships and responsibilities, failing to give priority to the Krasnoyarsk work or to developing personal relationships.

Curriculum

The curriculum at the HBS is a pretty standard business curriculum, though the economics emphasis (12 credits) found at both the HBS and SUNY-Oneonta is a major and unique component. The summer program offered by US faculty varies according to the qualifications and preferences of the instructors, but is taught in English and fits into the curricular structure of both institutions. For Russian students looking to study in Oneonta, these courses are important gateways that serve to evaluate both academic potential and English language skills. Even for HBS students not seeking to study in the US, the courses provide an opportunity to practice English comprehension and listen to “American” English.

In general, the English skills of the Russian students are very good, though widely varied. For the majority, the reading and oral comprehension skills are excellent. Writing skills are adequate (the point is usually clear though “a”, “the” and other such words foreign to the Russian language are difficult for the students). The students are also somewhat shy about expressing themselves verbally, though their abilities are better than they believe they are. One interesting aspect of the English language training is that it is not only provided by non-native English speakers (the Russian faculty) but that the instructors generally receive their training in an English English tradition—not a true difficulty but a circumstance that can make the accents and usages a more interesting proposition.

The business background of students is also of interest. As noted earlier, Russia’s conversion to capitalism is a gradual process. Krasnoyarsk’s history as a closed city meant that its exposure to the west occurred later in the game than many other Russian cities of its size, and it is still

relatively isolated, being five hours by plane from Moscow, Beijing, and Seoul. That being said, supermarket shelves are now full of branded products, bars and restaurants are present in growing numbers, and outdoor cafes (often supplied with plastic furnishings by beer and soda providers) are sprouting up all over the place. Local television includes MTV Asia and substantial advertising for a wide variety of branded goods by firms such as Nestle and Samsung. The World Cup 2002 soccer matches were overflowing with beer commercials. So while the typical practical examples employed in US classes might not be familiar, close-to-home applications are readily available.

In this paper, we'll focus on one instructor's experience with a specific course, a marketing elective and semi-capstone course (representing the high point of an emphasis in marketing, the major retains a generic business administration designation). Students needed only to have completed a Fundamentals of Marketing course though other marketing coursework certainly helps with the course. The class is structured around marketing strategy, teaching the students the tools of a high-level SWOT Analysis and resulting marketing mix decisions while providing numerous case examples on which to hone their analytical skills.

Instructional Resources

The HBS is an interesting mix of up-to-date, state-of-the-art capabilities and barebones facilities. Standard blackboards with wet cloths for erasers are juxtaposed with decent computer technology and, of course, access to the Internet. While the library of the SAU contains 253,000 volumes, the western business holdings (including teaching resources such as video) are limited.

What the Internet link provides, however, is an opportunity to “jump” a technological generation, skipping some of the standard features of western classrooms and moving right to the full potential of the web. Rather than bothering to install video players and overhead projectors, the Russians would probably be better off continuing on their current path and moving directly to newer technologies. Further, given that books, journals, and newspapers can be also be accessed over the web, and that audio and video are available for streaming, the technology makes some of the other potential physical facilities improvements irrelevant. The existing computer lab also makes possible the use of some other contemporary teaching tools, such as a marketing-based computer simulation. The Russian students seemed to have fine computer skills, executing both Internet assignments and the simulation with virtually no instructor guidance (at least as far as computer issues were concerned). The HBS is also able to provide skilled technicians full time in the computer lab, enabling immediate and effective problem solving.

The Approach

The course was adapted somewhat from the SUNY version, conforming to the strengths and weaknesses of the facility and the students. The text was a standard marketing strategy/analysis techniques volume from Rao and Steckel, often challenging for US undergraduates but within the quantitative abilities of the Russian students. Other course materials included the marketing simulation PharmaSim from Interpretive Software, Inc.. PharmaSim is a brand management simulation requiring students to make the full range of increasingly complex marketing decisions based on environmental circumstances. The software and manuals were shipped directly to Krasnoyarsk for the purposes of the course. Finally, cases were drawn from the online archives of *Inc* magazine, specifically from a regular feature “Anatomy of a Startup.”

Grading was allocated to two short-answer essay exams (10 questions designed to be answered in 4 or 5 sentences), team-based written simulation reports, and individual case analyses, requiring both a written paper and oral presentation. The variety of written and oral assignments allowed ample opportunities to deliver the course material while pushing the Russian students to develop confidence in their English skills.

The simulation provided some very interesting results. The small class was divided into three teams of three students each. They were responsible for team reports on the ten periods contained within the simulation as they managed the marketing mix for an over-the-counter cold remedy. The periods grew increasingly complicated in terms of decisions, and the simulation provides substantial financial feedback throughout the exercise. I've always liked the simulation because it rewards good decision making while punishing some of the typical but less appropriate choices (such as dropping the price on a premium branded product). Less glitzy but more effective choices, such as maintaining a sizable sales force relative to the competition's, are usually the best decisions and are rewarded. Obviously, this type of exercise allows for some team-building work as well.

The Russian students performed at a far higher level in terms of financial results than I have ever seen on the simulation. Part of this was because there was a ringer—a Russian student who had taken the course before that was repeating it in order to increase his grade. But even with one run-through on the simulation, an undergraduate picks up only so much understanding. The impressive part of the performance was the students' work ethic (a couple of hours spent in the

computer lab, minimum, before each update was due) and the teamwork. Invariably, the US version of the course, admittedly with a class not so self-selected in terms of achievers, yields a certain amount of deadweight on the teams. The problem is handled through team evaluations of one another. But in Krasnoyarsk, the teamwork was clearly outstanding and was apparent not just within the HBS teams but across the teams. US students tend to treat the assignment as a competition, but the teams helped one another in this instance. The Russian students were both comfortable and accomplished at working in teams. This caused issues in another way when the time came for exams, but nothing that couldn't be planned for.

The cases also proved to be very effective for this academic environment. The *Inc* backfiles are available for free online, allowing all the students to have easy access to them without worrying about library holdings or availability. The “Anatomy of a Startup” series tended to focus on entrepreneurial initiatives, explaining the business and the environmental conditions under which each was started. Further, for a long time during the Anatomy series, the pieces included additional comments from outside observers, including competitors, venture capitalists or other sources of money, customers, and other interested parties.

These cases are useful in the US curriculum because entrepreneurship is often not covered in any meaningful fashion, particularly in the typical capstone course. So it provides students with some exposure to small business startups and how strategy relates to them. Further, a number of the firms featured in the articles have some history by the time the students study them, so they can actually research what has become of them since their inception (CDNow, Blue Mountain Arts, garden.com, Excelsior-Henderson, Oregon Chai, etc.). At the same time, the firms are not

so familiar that students walk in with any knowledge or preconceived notions concerning the companies. So they are useful and enlightening in their usual domestic application.

In Krasnoyarsk, their usefulness was even further enhanced. As noted in the literature review, entrepreneurial studies are of interest and important to Russians. They have a saying that Americans are entrepreneurs by choice, Russians are entrepreneurs by necessity. Although the Krasnoyarsk area has a number of business of some size (aluminum, utilities, mining, timber), most are left over from the Soviet era and still questionable as to their long-term dynamism and growth potential in a fully free market. The real action in the local economy seems to be coming from small ventures, whether retail/service or high technology. So the interest in and applicability of small business cases was considerable. In addition, all students were starting from scratch with each case, so a lack of knowledge of the usually well-known western firms found in strategy cases was a nonfactor.

The Russians were very good in their analysis of the cases. They were provided a template (macroenvironment, microenvironment, mix decision) but had to adapt it to the individual case. They intuitively understood a lot of the important issues surrounding a startup and recognized why the issues (e.g. market size, competition, government help or hindrance) were important. And I believe they had a lot more interest in these types of cases than they would have for another case concerning a multibillion dollar corporation.

Conclusions

The SUNY-Oneonta/HBS partnership benefits both partners. In internationalizing both curricula, the program employs a number of methods, not relying on any single technique. To date, the most effective pieces have been the presence of Russian faculty and students and their perspectives in the U.S. classrooms, the presence of U.S. faculty in the Russian classrooms, and the international experiences brought back by all the parties to their own home classrooms. The program makes a case for small institutions cooperating with one another. As noted in the discussion, because the two programs were the top international priority for each other, because the project leaders had significant and frequent interaction (becoming friends), and because the ambitions of the partnership started small, the experience has been a pleasant one for all involved.

In terms of Russia itself, the curiosity, world-mindedness, and interest in the west noted in the literature have all been confirmed by this experience. The Russian students are very eager to experience and learn about western business techniques. These will be valuable as the economic and political structures mature and as the rules of the game become clearer. Some issues with ethics are apparent in the Russian classroom, but the motivations are actually admirable. The students work well in teams in everything they do, and it is natural to them to provide assistance for grading opportunities, even those intended to be individual efforts.

A focus on entrepreneurialism and outreach will be important for the future of the activities in Russia. Even without clear rules for operating, small businesses are popping up and thriving throughout the city. Help for the business owners and for those looking to future startups will be

one of the most valuable contributions that the HBS and, by extension, SUNY-Oneonta can make to the community.

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