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## Higher Education in Management: The Case of Russia

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### History of Management Education in Russia

The Russian market for professional business and management education started to emerge in the early 1990s along with the introduction of major political and economic changes that were followed by the foundation of first Russian business enterprises<sup>1</sup> and increasing demand for understanding business and management basics. When introduced, democracy and capitalism required capabilities in entrepreneurship, delegation and decision-making that had not been practiced in Russian (Soviet) society for generations. Thus, the first educational programmes were quite basic, with a lack of experienced professors and rare implementation of contemporary methods. Along with the growth and development of business and economy, the demand for management education rapidly transformed and after 25 years there is a consistent strong demand for top-quality programmes, innovative methods and experienced professors.

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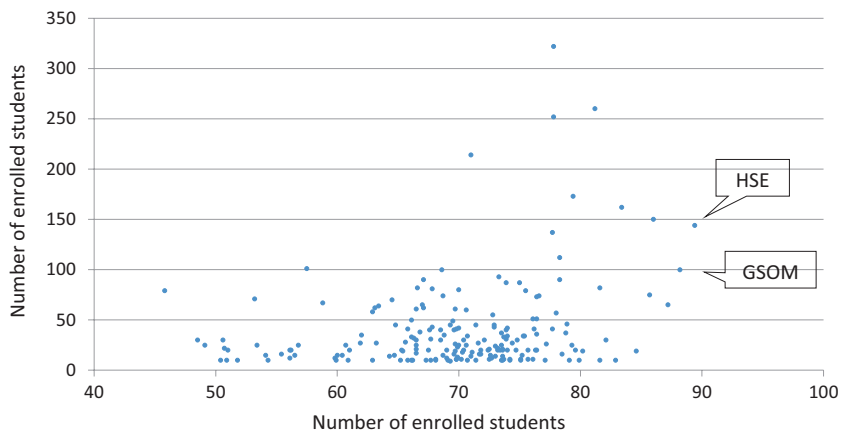
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In the 1990s, only a small handful of very dynamic and elite Russian public institutions of higher education were active in the creation of innovative programmes of an international calibre in management and/or economics. These were either institutions with an internally decentralized organization (such as St. Petersburg State University/SPbU/, the Academy of National Economy/ANE/, Ural State University, and, to a lesser extent, Lomonosov Moscow State University/MSU/), or the newly created ones (i.e., Higher School of Economics/HSE/and the New Economic School/NES/). In most cases, these institutions have today developed world-class research capabilities, and built strong alliances with prestigious international academic and business partners. Such innovative approaches were based on new business models that replaced post-Soviet models of university organization and were fundamental for attracting, nationwide and internationally, the best possible students, faculty and financial resources, and for pricing of their programmes in the upper segments of the national market for higher education in Management and/or Economics. The Russian higher education reporting system reflects the disciplinary structure that does not clearly make a difference between management studies and economics. Hence on many occasions throughout the chapter, the data presented may correspond to management and economics. Since the early 1990s, there has been a considerable growth of private higher educational institutions as well.

Since the middle of 2000s, this market has begun to enter into its maturation phase with strong differentiation trends in all of its main segments (Katkalo 2012). The increasing complexity of the business activities of Russian firms (i.e., international IPOs, M&A deals, branding strategies and emerging Russian MNEs) along with the effects of the 2008–2009 economic crisis and of Russia's acceptance to WTO are among the key drivers of the rapidly growing competition in the market, with emphasis on programme quality, by international standards, and on the reputation of business schools, preferably supported by international accreditation. Only a few Russian business schools are prepared to meet this challenge: these are 10–12 leading schools—all from Moscow, St. Petersburg, Kazan and Ekaterinburg—with AMBA (9 schools) and EFMD EQUIS (1)/EPAS (5) accreditations. While, just three of them (GSOM St. Petersburg University; IBS-Moscow and MIRBIS) have both.

Furthermore, the growing differentiation of Russian business schools in quality may not always be that visible from various rankings but has strong evidence in enrolment policies and statistics, and the effects of price elasticity. The controversy concerning the rankings of Russian business schools results from the fact that currently only the Graduate School of Management (GSOM SPbU) is represented in such respected global rankings (e.g., FT), while existing national rankings in most cases are doubtful in their objectivity due to a non-transparent methodology (this caused several collective public statements by key Russian institutions on certain rankings). However, the pattern of enrolment to Russian management schools demonstrates a striking stratification. In Bachelor of Management programmes, the annual public statistical reviews of average Unified State Exam (USE) levels of newly enrolled students vary from the top positions of HSE (89.4 out of 100) and GSOM SPbU (86.2) to the lowest positions with the score 45.8. The distribution of scores and number of enrolled students is represented in Fig. 8.1.

We are going to illustrate our presentation of the Russian higher education in management using the case study of GSOM SPbU—which we know best—via an extensive use of boxes throughout the chapter.



**Fig. 8.1** Distribution of USE scores and number of enrolled students in Bachelor of Management programmes in Russian institutions in 2015 (based on HSE statistics, total number—194 institutions)

*The Graduate School of Management (GSOM SPbU) was created by order of the Rector of St. Petersburg University on 25 January 1993, as a new structural unit of this oldest (est.1724) institution of higher education in Russia. From its inception, the School successfully followed three key strategic priorities: (1) the business model of an in-house business school in a leading national university with a research agenda (this model was innovative for Russia and implied a diverse programme portfolio, the development of a knowledgeable and motivated core faculty, responsible for the production of new theoretical and applied knowledge); (2) the internationalization of both its programmes and the institution at large (the founding partner of SPbU in launching the School was the Haas School of Business, University of California at Berkeley, the agreement with which dates back to November 1992); (3) strong corporate connections, with its international Advisory Board formed already in 1993 with P&G's CEO John E. Pepper as its Chairman. Despite the fact that the School is a unit of a top public university, its financial model has always relied on multiple sources of funding, including—additionally to federal government funds—major revenues from tuition and fundraising. From the very first days of the School (which took place in the most dramatic period of the Russian market reforms resulted also in radical decrease of federal funding for education and research), the key sources of financing for operational costs were of non-government nature. Since the early 1990s, Russian public universities were allowed to charge tuition for certain number of students (additional to the state-supported ones) and for Executive Education. For example, in GSOM inaugural class of 33 bachelor's students which started on 1 September 1993, 25 were state-supported and eight paid annual tuition of Rouble equivalent of \$800—thus the School's tuition revenues in its first academic year amounted to \$6400. After this modest start, revenues from tuition, as well as from fundraising (in the first 10 years—through major grants from USIA, Soros and Eurasia Foundations, and Tempus-Tacis), quickly became the main financial base for dynamic academic development of the School and for expansion of its programme portfolio. Only during the period of 2006–2008, the School received special federal funding for programmes and faculty development in the framework of the National Priority Project in Education, and this major (about €20 mn) financial injection has been critical for starting the new development stage of the School implied by its Strategic Plan for 2008–2012. Later on the revenues from tuition and, especially, fund-raising again became key for the operational budget.*

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*In the past 10 years, the income structure of GSOM SPbU operational budget has proved to be quite optimal for supporting the progress in meeting strategic objectives, and has relied on the three main sources of funding: federal government funding (41%), income-generating activities (37%, mostly derived from tuition) and charitable donations by corporate partners and endowment revenue (22%). The multi-source model of financing ensures financial stability and sufficient autonomy. The School now supports more than three-fourth of its annual operational costs from revenues from non-government sources.*

*Through its 23 years of development, the School has demonstrated sustainable and dynamic growth: the number of students has grown from 33 to 1200, the number of core faculty—from 4 to 66, revenues from tuition—from \$400 to about €11.5 mn. Today, what initially started as a very compact bachelor's programme has subsequently developed into a full-fledged product portfolio that includes bachelor, pre-experience master, doctoral, executive MBA, and non-degree executive programmes. In many innovative (for Russia) aspects—the content and pedagogical developments, research advancements, degree of internationalization, and global academic and corporate networks—GSOM SPbU has led the modernization efforts taking place in the national system of management education.*

*Among many impressive achievements in the School's history, the major one occurred in April 2006 when the School was selected by the Russian Government (together with SKOLKOVO Business School) to become the platform for creating one of the two world-class Russian business schools in the framework of the National Priority Project in Education. It was also granted by the Government the former Tsar family residence "Mikhaylovskaya Dacha" for its future campus, which was finally launched in 2015. In 2007 the School, initially known as SPbU Faculty of Management, was renamed the Graduate School of Management, thus reflecting its strategic intent to develop graduate programmes (while still keeping its bachelor's programmes in the portfolio at the current annual intake numbers of 180–200).*

*Among Russian business schools, GSOM SPbU is the only one to have obtained EQUIS accreditation, while being the sole Russian member in global business education alliances such as CEMS and PIM. GSOM SPbU also offers three graduate level double-degree programmes with top international schools.*

## The Supply Side of the Higher Education in Russia

University education in Management and Economics (area of education according to the national classifier of specializations) is currently characterized by the great popularity of these subjects in the national university system with about 30% of all students at Russian institutions of higher education taking bachelor's or master's degree studies in these two areas. This demand is served by about 900 institutions of higher education, mostly public universities. Some of these, as well as the private business schools, operate in the MBA segment where there are in total about 130 business schools, all of which are organized in the Russian Association of Business Education (RABE).<sup>2</sup>

There are a few associations which to a certain extent try to unite institutions and individuals involved in the dissemination of business education, among which RABE is the oldest one, being established in 1990 (Evenko 2010). The second oldest—founded in 1999—is the Russian Managers Association aimed at the improvement of the quality of management in various industries, as well as the creation of a socially responsible and nationally oriented management community. The Russian Managers Association is mostly focused on business practitioners, uniting more than 3000 managers from more than 100 companies from almost all regions of Russia. Management academics are involved in the activities of this association as experts, taking part in the events organized by the association and writing national reports published by the association (for example: The National Report on Social Investments in Russia; People Investor). The youngest association—founded in 2013—and aimed at the development of higher and executive management education is the Association of Leading Higher Educational Institutions of Economics and Management (ALIEM). However, in this association, as well as in some of the higher educational institutions, management is mixed with economics and all of the educational issues are discussed by the committees established within this association together for these disciplines which actually cover different types of knowledge and capabilities. At the moment, there is no association for only academics in the field

management. Such professional networks are only at the starting point of development—e.g., a few networks of researchers who gather together at the major conferences organized by Russian universities and business schools at the international level—the Annual April International Academic Conference on Economic and Social Development (held since 1999 by the National Research University Higher School of Economics in Moscow) and the Annual GSOM Emerging Markets Conference (held since 2014 by GSOM SPbU).

Thus, the current landscape of Russian management education is populated by hundreds of institutions with very different backgrounds, business models and resource bases. Many of them have performed below minimum quality levels, focusing on extracting maximum commercial benefits from business education in the environment of a transition economy where the escalating demand for business skills unfortunately was not matched by the creation of reliable professional accreditation systems (thus resulting in misleading signal effects of the degrees offered). One of the negative consequences of this has been a major decrease in recent years in the public reputation of MBA degrees from most Russian business schools.

## Structure of the Educational System

In the twentieth century, higher education at Russian (Soviet) universities was organized (in the continental European tradition) around a five-year master-level, first degree (specialist qualification) and three-year doctoral-level studies. It was only in the 1990s that separate master's programmes (pre- and post-experience) started to appear in university programme portfolios. The 1994 Russian Government Resolution "On the Adoption of State Standards for Professional Higher Education" specified university programmes and their duration as follows: bachelor's (four years of study), specialist (five to six years) and master's (six, i.e., four + two years). Initially mostly specialist degrees, inherited from the education pattern of the field of engineering, were awarded after the completion of the programme of higher professional education as the first professional degree.

**Table 8.1** Structure of the higher education system in management

	Entrance to higher education	+4	+6	+9 (or more)	Unlimited
Degree awarded	17–18 y.o. (after 11 years of primary and secondary education)	Bachelor	Master	First doctoral degree or PhD	Doctor of Science

In 2003, Russia signed the Bologna Accord aiming to achieve compatibility with European educational principles by the end of 2010. During this period of transition, nearly all top Russian universities launched bachelor's (four years) and master's (two years) programmes (see Table 8.1). While the combination of first a bachelor's and then a master's had to replace specialist programmes, due to conservatism of both society and universities, the vast majority of Russian universities (also those with Management programmes) followed risk-averse strategies and postponed to the very last moment their systemic transition to the Bologna model. These universities sometimes had both programmes at the same time, thus creating in the meantime good opportunities for expansion in the Master segment for those who were early risk-takers. This also created misunderstanding among employers: according to the results of a sociological survey, 43% of the employers were considering applicants with bachelor's degree on equal basis with those holding specialist or master's degrees (according to the results of the sociological survey done in 2009 by the research centre of one of the largest Russian recruiting portals SuperJob.ru). In 2011 admission to specialist programmes only remained legally possible in medical studies and a few areas in natural sciences and engineering.

In 1999, the MBA degree gained state recognition, but in the 2012 law "On Education", these programmes were excluded and are no longer considered to be university-level degree programmes in Russia. Therefore today, these programmes are regulated at the university level and no longer at the government level.

The structure of each of the main academic programmes (bachelor's, master's and doctoral) is determined by a Federal Educational Standard for each academic field and includes core and variable parts. Excepted from regulation by the Federal Educational Standards are Lemonsov



Moscow State University and St. Petersburg State University, which each establish their own standards because of their special status. All elements of the core part of a programme are obligatory for students and are established by both the Federal Standard and a University Standard. The variable part is determined by universities and includes both obligatory and elective courses. The ratio of credit hours in core and variable parts is established in the Federal Standard. The required minimum number of credit units is established as 36 sessions of 45 minutes (known as an “academic hour”). In an academic year, a standard full-time programme workload should consist of 60 ECTS credits.

Public universities have both government-sponsored and tuition-based seats in their bachelor’s, master’s and postdoctoral programmes. The number of government-sponsored seats is regulated annually by the Ministry of Education and Science. The number of tuition-based seats is set annually by the university but may be slightly adjusted if needed. Government-sponsored seats ensure that talented young people from socially disadvantaged backgrounds have the chance and necessary support to get to a degree in one of the most prestigious universities of Russia. In addition, according to Russian legislation, disabled students are accepted to programmes without any competition if they satisfy the minimum entry requirements specified for USE scores.

## Faculty

### PhD Requirements

In leading universities, full-time faculty are all required to have advanced university degrees—1st Russian doctoral degree (Candidate of Sciences), 2nd Russian doctoral degree (Doctor of Sciences) or a PhD from a recognized foreign university—in the fields of their specializations with the possible exception of senior lecturers with extensive related practical experience, who accept teaching assignments later in their careers. All faculty must also demonstrate a good research publication record with an average of two research articles accepted for publication per year.

The PhD programme at the Graduate School of Management was first established in 1997, and completely revised in 2008–2009. GSOM SPbU was the first business school in Russia to launch a doctoral programme based on international standards of education in management. The new doctoral programme was established in partnership with HEC Paris and the Aalto University School of Business (originally Helsinki School of Economics). Currently, the network of partner schools involved in doctoral student exchange agreements includes also ESADE (Spain), ABRI (Netherlands), EBS (Germany) and NOVA (Portugal). The School is a member of the CEMS Doctoral Network—a strategic alliance of leading business schools and multinational companies.

The programme's objective is to train highly skilled researchers for Russian and international universities and business schools, as well as governmental and nongovernmental institutions in Russia and abroad.

A typical applicant for the programme holds either a specialist or a master's degree in management or in any other field. The programme is aimed at the most motivated students, interested in research, analytics and teaching. Applicants are required to pass three entry exams, set by the Ministry of Education and Science: Philosophy, English, and the specific discipline related to the programme (Management). Table 8.2 provides an overview of the student population at the programme.

**Table 8.2** Student population at the doctoral programme (2012–2014)

Year	Number of students	Females	Average age	Government-sponsored	Tuition based
2012/2013	23	14	26	21	2
2013/2014	21	14	25	19	2
2014/2015	25	14	25	22	3

In many cases prospective doctoral students start working on their essays and start contacting potential advisors well ahead of the application time in order to achieve a better fit and thereby make a better-informed decision on applying for the programme. Yet, since 2015 this step is no longer obligatory.

After completing the programme, graduates generally seek positions as highly skilled professional researchers, prepared for a dynamic career in Russian or international universities and business schools, as well as governmental and non-governmental institutions in Russia and abroad.

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*In 2013 SPbU introduced its own PhD degree that represents an alternative to the federal Candidate of Science degree that has traditionally existed in the country. According to the traditional procedure doctoral theses in the form of traditional dissertation have been defended at the university level in front of the appropriate dissertation board and subsequently sent to the Higher Attestation Committee in Moscow, which gives the final approval of a thesis and issues the diploma of the Candidate of Science.*

*The new SPbU degree is the first in the recent history of Russia and is an example of a degree being issued by the university itself with full responsibility for the quality of dissertation, as allowed by the special status of SPbU. The dissertation for the PhD degree could be either a traditional dissertation or three papers (published or in the pipeline for publishing). The overall principles of issuing the PhD degree at SPbU have been approved in 2013, by which time the GSOM doctoral programme had been transformed to be fully compliant with other international PhD programmes. It is expected that the availability of the PhD degree will increase interest in GSOM's doctoral programme for foreign applicants. The opportunity to offer SPbU PhD degrees in "business and management" has been approved by the GSOM Academic Board and launched in 2015. Finalized requirements for the composition and work of the committee and the eligibility of candidates have been approved in July 2015 to be first applied for the PhD in "Business and Management" from 2015.*

## Career Paths

Generally, the typical steps in the career of a management professor in Russia start when entering the first doctoral programme (or a PhD programme) right after the completion of university studies at the age of 25–26 or a bit later, sometimes after having gained some experience in business. Applicants are ranked on the basis of the results of three entry examinations with the best qualified being admitted to the programme. Having studied at the PhD programme for three to four years (depending on the programme type), PhD programme graduates defend their theses at the age of 27–30. The thesis is usually presented in the form of traditional dissertation or a book. At that moment, they could be already recruited as assistant professors; otherwise their recruitment to the position of assistant professor takes place right after the defence at the level of

salary (roughly 10–15K RUR per month<sup>3</sup>). It is quite typical for the overall situation of management professors in Russia that PhD programme graduates stay to work at the same university where they studied for their postdoctoral degree. Then on average they move up the ladder to the position of senior lecturer in approximate two-three years, being paid (roughly 15–20K RUR per month), and further, becoming associate professors and professors, depending on their success in getting a number of academic publications accepted by leading international and Russian peer-reviewed journals.

In accordance with Russian legislation, full-time professors are appointed following a competition-based procedure, for a maximum period of five years. This does not currently allow for the development of a tenure system but in principle makes lifelong employment in the professorship possible on the condition that at least every five years the faculty member must re-confirm his/her academic excellence in an open competition for the position he/she occupies.

The system of faculty compensation in Russia has undergone a multi-stage transformation during the past 20 years, and currently allows the use of different financial resources (i.e., external revenues and fundraising) to provide a competitive salary for the faculty, as well as the necessary incentive bonuses for academic achievements. Top professors are usually well-paid because their basic salaries are substantially supplemented with the help of external or research funding.

*In recent years, the Graduate School of Management has been in the process of adopting the tenure track system. During the past three years, a performance-based contract has been developed and introduced, giving an opportunity for faculty to choose either a teaching or research track, based on their annual performance review. The current level of financial support for research is now reasonably aligned with the sum needed to finance all teaching activities. For instance, a "D" journal publication is rewarded by a payment comparable to that paid for teaching one full single course at master level (faculty members normally teach four courses per year, so the bonus is equal to 25% of the annual payment for teaching), a "C" journal publication—40% of the annual payment for teaching, "B"—50%, "A"—100%.*

The workload of Russian faculty, hence the workload in a typical Russian business school core faculty, is composed of three types: academic workload, research workload and service workload.

*The standard academic workload for GSOM SPbU core faculty is 180 academic contact hours (one academic hour equals to 45 minutes; one standard 5–6 ECTS course is 45 contact hours) and 270 advising hours (e.g., master course supervision—40 hours; bachelor diploma revision—five hours). The research workload is measured in research output which is on average two research articles annually (subject to change, may be replaced by case studies, book chapters, etc.). The service workload includes participation in various commissions (GSOM and/or SPbU Academic Council, research commission, programme design and development commission, defence commissions, etc.), programme management (academic directors, etc.) and other academic or administration positions or projects (academic department heads, admission coordinator, research and programme design and development committee's heads, etc.). Heavy participation in administration and management leads to a decrease in academic and research workload.*

*The Teaching Workload Plan is approved at the beginning of each academic year by the Head of School in dialogue with Academic Department Heads and Programme Directors. At the end of each academic year to prepare for the individual performance review meeting, each faculty member must report on his/her pedagogic and research activities.*

The Russian market for professional management education was and to a large extent still is characterized by a high, but not particularly well-informed, demand. For example, university education in management and economics is currently of very high popularity in the national university system with about 21% of bachelor's students taking studies in these two areas in 2014 (including 46% of all tuition-fee paying students).

Most Russian higher education institutes (HEIs) are public institutions reporting to the Ministry of Education and Science and delivering a number of programmes from bachelor's to the postgraduate level by

order of the Ministry. Every year the Ministry of Education and Science establishes the range of bachelor's, master's and doctoral programmes and the number of seats, and the tuition level at which these seats will be 100% sponsored by the government from the Federal Budget. Since 2011, private institutions are also allowed to compete for government funding. Once the government-funded quota is established, universities are not allowed to switch these quotas between programmes of different fields (e.g., transfer a quota from programmes in mathematics to programmes in economics), but they can introduce their own quota for tuition-based places. The nature of competition thus is very different for these two kinds of seats and because it is usually no problem to attract students to government-funded places (their tuition is free, additionally supplemented by a small government stipend, subsidized transportation and cheap dormitory placements). This means that competition among universities for tuition-fee paying students is fierce and requires careful balancing of pricing and entry criteria. Overall in Russia approximately two-thirds of students are sponsored by government and only one-thirds are on tuition-based seats.

The tuition rates differ from university to university, starting from 52,500 RUR to nearly 380,000 RUR per year, depending on the reputation of the university and the level of management programme introduced there. Each university has the right to decide of the level of tuition. This decision is usually taken by the central university authority in charge of the educational process in coordination with the dean of the school in question. The price for a study programme depends on the market demand, the quality of faculty of the school, the school's facilities and campus. According to Russian law, the level of tuition must not be below the level of funding spent by the government when funding the same seat. However, the amount of government funding for the seat is different for universities of different status: from the largest amounts spent on the leading Russian universities (Moscow and St. Petersburg State Universities) to the smallest spent on low-quality institutions.

*The typical target applicant for the GSOM SPbU bachelor's programmes is a recent high school graduate with a broad range of interests, who aims at developing a career in business. The demographics of the target audience include young people of 17–18 years old, both male and female, living in Russia (recent statistics shows almost 32%-68% split between applicants from St. Petersburg and from other regions of Russia compared to 50-50% split in 2012). The newly launched Bachelor of International Management programme is also targeting international applicants from CIS and Eastern Europe (until the legal obstacles of entry examination in Russian language are overcome) as well as Russian applicants who might be considering continuing their education after the bachelor's programme in Russia at the master's level abroad.*

The federal regulation of admission to higher education institutions requires taking into account the results of three USEs from the list published by the Ministry of Education and Science. There are two USEs identified by the Ministry for all university-level programmes in economics and management: Russian Language and Mathematics. However, universities have the right to request the results of some other USEs that are considered necessary for a certain programme. For example, in 2015 GSOM SPbU accepted the results of two USEs in Russian Language and Mathematics, and the USE in Foreign Language (for the Bachelor Programme in Management) and the USE in Social Science (for Bachelor Programme in Public Administration).

The Ministry of Education and Science has identified a range of 22–42 points as the minimal requirement for bachelor's programmes (varies for each subject); however taking into account the status of the university, complexity of the programmes and intended graduate profile, high minimum requirements cause a substantial self-selection by potential applicants. Thus, the actual competition, measured in numbers, for a seat may be lower than in other universities. On the other hand, this mechanism ensures a high level of motivation among students to get their education at such a university and the ratio of students who are offered admission to actually enrolled students is traditionally close to 100%.

*GSOM SPbU sets much higher minimum requirements for its applicants (see Table 8.3). Since 2014 SPbU has also removed differentiation between the minimum USE scores for government-sponsored vs. tuition-based places (which used to be a bit lower).*

**Table 8.3** Example: Minimum entry examination requirements for bachelor's programmes in 2016 at GSOM SPbU

Examinations (USE)	Bachelor of Management Programme	Bachelor of International Management Programme (in English)	Bachelor of Public Administration Programme
Russian language	65	65	65
Foreign language	65	70	–
Social science	–	–	65
Mathematics	60	60	60

*In 2016 the average USE grade of admitted students at the Bachelor of Management Programme was 89.3 for government-sponsored (79.6 for tuition-based) places, at the Bachelor of Public Administration—88.6 (and 78.6 respectively), which were the highest average USE grades of admitted students in the country according to the ranking done by the Higher School of Economics. According to this ranking, GSOM SPbU has been in 1st/2nd place in Russia for management programmes since 2012, and in 2014 it also took the 1st place for public administration.*

*The marketing policy for the bachelor's programme is aligned with the overall marketing strategy of the School and the general admission campaign of the University. The GSOM policy on attracting and selecting applicants for the bachelor's programme is implemented by searching for, attracting and interacting with talented and motivated students of high schools and specialized secondary educational institutions of Russia and CIS countries. At the moment, GSOM does not target markets outside CIS due to the federal requirement to pass Russian language as one of the entry examinations to bachelor's programmes. Though the university rules allow international applicants to be accepted to bachelor's programmes, it would require a very advanced level of the Russian language from such applicants.*

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Table 8.4 describes the ratio between the numbers of government-sponsored and tuition-based places available at the School in 2016, the number of applicants and intake at both Bachelor of Management and Bachelor of Public Administration Programmes.

**Table 8.4** Intake at bachelor's programmes in 2016<sup>a</sup>

Programme	Number of places		Applications		Intake	
	Government-sponsored	Tuition-based	Government-sponsored	Tuition-based	Government-sponsored	Tuition-based
Bachelor of Management	75	70	1066	254	75	69 + 5 <sup>b</sup>
Bachelor of International Management	–	30	–	130	–	23 + 8 <sup>b</sup>
Bachelor of Public Administration	15	15	751	158	15	10

<sup>a</sup>Does not include foreign citizens who are admitted outside of the quota according to the terms of Ministry of Education and Science international cooperation agreements (Bilateral agreements with other governments)

<sup>b</sup>International students on tuition-based places; these places were not counted among other tuition places quota

The GSOM master's programmes are highly competitive and attract applicants from various Russian regions, as well as those international students interested in the Russian market and education in Russia. The programmes have been designed for graduates of Russian and foreign higher education institutions with a bachelor's or specialist degree, including those who have not studied management or economics before.

In the pre-experience Master in Management, St. Petersburg University GSOM is the only Russian school that delivers all programmes fully in English and has required result levels listed for GMAT and TOEFL tests for admission, thus having no direct competition in the national market, but facing it from other international schools, especially with those partner schools from the CEMS alliance. It is worth mentioning that the average scores of these tests for the newly enrolled Master students are quite high in international comparisons for the segment: in the past three years—632 for GMAT and 98 for TOEFL iBT.

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*An important part in the programme content at bachelor's and master's programmes is devoted to the contribution of GSOM SPbU business partners in the form of Consulting Projects. As a term paper for the first year of bachelor's studies at GSOM SPbU, students have to carry out strategic analysis for a rapidly growing company that operates in Russia. Student groups have to choose the company from the list prepared by the Career Centre. The possibility of the company's participation in the strategic analysis project is negotiated by the Career Centre. It also discusses with the company potential participants and selects them on the basis of mutual consent. Every year about 20 companies accept approximately 200 GSOM students. The companies involved in this project represent different industries and various business models. During the strategic analysis project, students receive the opportunity to interact with the company managers and practice their ability to conduct business research.*

*Students in the master's programme carry out, as part of the curriculum, a consulting assignment (business project for CEMS students) for one of the corporate partners. Each year about 100 students participate in approximately 20 business/consulting projects. The assignments are linked to the key subjects of the master's programme, and can include for example the development of a new business strategy, marketing strategy or marketing analysis, and so forth. There are four–six students in a mixed group with the presence of both Russian and international students. The working language is English. A project lasts from 10 to 12 weeks and the results of the project are presented in the company and at GSOM.*

*About 35–40% of bachelor's and master's programme graduates are usually recruited after completion of their degree by GSOM corporate partners, including top Russian and international companies. The most recent trend here is the rapid growth of the number of global companies that hire them for operations in Russia and other countries (about 200 alumni are currently employed abroad).*

In the MBA and non-degree Executive Education segments of the national market, only a few top Russian schools (i.e., Skolkovo, SPbU GSOM, IBS-Moscow, Lomonosov MSU Business School (MSU BS) and Stockholm School of Economics (SSE)—Russia) have clients from among top national and international companies (in case of St. Petersburg University

GSOM—VTB Bank, Rosneft, Russian Railways, Citi Foundation, etc.), and are pricing their programmes three to four (or more) times above the median market level.

On average, the duration of an MBA programme is 1.5–2 academic years. The trend towards differentiation among Russian business schools is strongly justified by their pricing strategies (in general and, especially, in MBA/ExecEd): there is the evident phenomenon of “abnormally low price elasticity” when leading schools enjoy both premium prices and high demand in sharp contrast with most of the other schools. Variety in MBA programme quality has only increased since 2012, when the new Federal Law “On Education” effectively eliminated MBA programmes from the scope of state regulation and quality control (in form of national accreditation). The cheapest options start from 100,000 RUR—but this is actually not an MBA programme at all in its traditional meaning; this could be some video courses and tests completed via the Internet. The tuition fee for a high-quality MBA programme is roughly 1,500,000 RUR. In that case you study at a university, which has invested in the faculty, experts and infrastructure as well as providing the student with the necessary knowledge and skills. Recently such high-quality MBA programmes are facing a challenge: due to regular fluctuations of the exchange rate in Russia, the cost of such a programme for the school becomes higher and higher. That is why some universities decided to increase the tuition fee for 5–15% starting from autumn 2015.

Some universities followed the path of redesigning their MBA programmes to meet the criteria for master’s programmes, thus allowing them to issue a master’s degree on the completion of an MBA; some universities preferred to keep their flexibility in designing MBAs and issue the diploma as an additional qualification (the path followed by GSOM SPbU and most other reputable Russian business schools), while others chose to introduce short-term programmes (mini-MBAs) or distance learning and issue a certificate of completion. Under these circumstances, accreditation from recognized independent bodies (e.g., AMBA and EQUIS or RABE—Russian Association for Business Education) have become key to programme success and differentiation.

*The target audience of the GSOM EMBA Programme consists of top and mid-level managers from Russian and international companies operating in Russia, who have a university degree and possess professional experience of no less than seven years, of which no less than five years must be at the managerial level. The Programmes are not industry- or function specific, but are generalist in nature. The target audience thus includes company and department heads from any industry as well as business owners.*

*Based on Russian MBA/EMBA market research and our statistics (number of applications, company size, student's position, education, region, experience, age, trends), the GSOM EMBA target audience features can be defined as follows:*

*position—top or mid-level manager;*

*company size—50 employees or more;*

*region—Northwest Russia, Moscow, large and wealthy cities of over 800,000 inhabitants in the European part of Russia, big industrial cities in Siberia and Urals;*

*age—26 to 46, average age—36 years;*

*total experience—no less than seven years;*

*managerial experience—no less than five years.*

In 2015, the Ministry of Education and Science reviewed average salaries and employment rates for graduates using the information collected by the universities and Pension Foundation of the Russian Federation about the salaries of graduates during the first whole year of their employment. Of the 933 Russian universities that took part in the survey, 276 of them chose the concentration “Economics and Management” for their graduates (there was no option to choose Management only). The highest average monthly salaries were earned by the graduates of Moscow Graduate School of Social and Economic Sciences located in Moscow (a private institution obtaining state accreditation)—110,394RUR; thesecondgoesMoscowStateUniversity—67,490 RUR. St. Petersburg State University is the 17th in this list showing the average salary of graduates of 47,655 RUR. The lowest average salaries equalling to 13,650 RUR were earned by the graduates of Kazan Institute of Entrepreneurship and Law located in the city of Kazan (a private institution obtaining state accreditation). Since Russia is a very large country, the average salaries in the different parts of it can vary considerably; in general, in large cities, the salaries are higher than in towns, which could

be the reason for such a huge difference in salaries of the graduates working in Moscow and earning twice the amount earned at the same period of time in other parts of the country.

*GSOM Executive Education provides highly customized programmes, and during the past two years the focus on Executive Education has moved to customized programmes only for the top Russian and international companies. Long-term relations with such companies and organizations as Rosneft, VTB Bank, Russian Railways and Lenenergo have been established and they have become key clients for the School and major revenue generators in Executive Education. The strategic goal for the coming years is to become the priority provider of high-quality internationally oriented Executive Education programmes for a broader spectrum of the largest national and international companies as well as of fast growing national companies.*

## Regulatory Bodies

Higher education in Russia is regulated and controlled by the Government of the Russian Federation (RF), Ministry of Education and Science and Federal Service for Supervision in Education and Science (reports to Ministry of Education and Science). There were 950 HEIs in the Russian educational system in 2014/2015, among them 548 public and 402 private institutions. Recently the system of higher education in Russia has gone through major transformations. Systemic changes have been accelerated and have also strongly focused on gaining international competitiveness since 2009 when the major reform of Russian higher education took off.

In 2009, the long-awaited structural changes started to quickly take shape through the creation by the federal government of a new multitier university system. In November 2009, the new Federal Law “On the Status of Lomonosov Moscow State University and St. Petersburg State University” granted these two national leaders “Special” status, placing them into the top tier of a new system. This Law recognized the two as being of ultimate importance to the national educational system, and therefore their Rectors are appointed by the President of the Russian Federation and both Universities were provided with exceptional rights, including (among others):

- to establish their own educational standards;
- to require (if necessary) special entrance exams in addition to the existing USEs;
- to award their own diploma (other universities award a unified state diploma).

*In support of this Special Status, the "SPbU Development Programme until 2020" and the new SPbU Charter were designed and signed by then Prime Minister Putin respectively on October 7 and December 31, 2010 and additional funding was allocated to support the implementation of the development programme.*

The Russian higher education system is currently regulated by the Federal Law "On Education in the Russian Federation" (№273-FZ of 29 December 2012), which has replaced the laws "On Education" adopted in 1992 and "On Higher and postgraduate Education in Russian Federation" adopted in 1996 and thus pursues the course of ongoing reforms in the national educational system.

The quality of higher education is monitored through nationwide mechanisms for quality control and assessment which include: state educational standards and Resolutions of the RF Government "On State Accreditation of Educational Organisations and Scientific Institutions" (№522 of 14 July 2008) and "On Licensing of Educational Activities" (№277 of 31 March 2009). All accreditation and licensing activities are performed by the Federal Service for Supervision in Education and Science.

After the March 2012 Presidential elections and the appointment of the new federal government in May, the policy of stripping the system of low-quality institutions was announced: up to 20% of the overall number of universities would be closed/merged with better ones and their evaluation would be based on professional criteria worked out by the Association of Leading Russian Universities. Another group of 35–40% of Russian universities were to be identified as primarily teaching institutions, being able to provide bachelor's programmes only, while the remaining high-quality universities would develop further as graduate schools and research institutions. Under the current reform of higher education, additional government support is going primarily to the universities with

Special, Federal, and National Research status, putting additional financial pressure on most institutions without this recognition. In the past three years, as a result of this policy, the number of HEIs has dropped from 1046 to 950. In 2016, the Ministry of Education and Science of Russia introduced one more type of university status, “supported universities”, for the development of which the government is going to donate additional annual funding based on the plans stated in the development programmes of each university and their results. In 2016, 11 universities in Russia have obtained the “supporting” status. These universities are usually planning to unite several (two to three) weaker universities in the region in the uncertain hope to become stronger institutions.

At the same time, a new Government initiative was introduced in 2013 to increase the competitiveness of Russian Universities, develop their research activities and ultimately—to secure a place in top international university rankings. The initiative is widely called “5 in 100” due to its main goal to have five Russian universities among top 100 universities worldwide by 2020. Fifteen universities were selected to participate in the programme based on a competitive procedure and receive additional funding to implement their development roadmaps (MSU and SPbU due to their special status were not part of this initiative).

By 2015, the status of “Federal Universities” has now been granted to 10 higher educational institutions (HEIs) in key federal districts of Russia and 29 HEIs have received the status of “National Research Universities” (selected through open competition and valid for 10 years). This elite group of about 40 Special Status, Federal and National Research universities united in a specific Association of Leading Russian Universities.

Despite the implementation of the Bologna model, serious legal limitations still exist for the systematic internationalization of top Russian universities. A major legislative hurdle for developing international graduate programmes (master’s, doctoral and MBA) and hiring international faculty full-time remains due to the outdated and heavily bureaucratic system of recognition (“nostrification”) of degrees from foreign universities by the Russian Ministry of Education and Science (direct incompatibility of Russian four-year bachelor’s with the three-year post-Bologna bachelor’s in most European countries is only part of the problem). In May 2012, the Russian Government published a first list of 211 top international

universities (selected as present in the top 300 of all three main global university rankings and updated annually), the degrees from which no longer need formal recognition. However, this is only a first and limited step in overcoming this systemic hurdle. Moscow and St. Petersburg State Universities, however, in 2013 were granted the right to acknowledge foreign degrees independently due to their special status, which has facilitated the process considerably here.

Although programme content may be delivered in languages other than Russian, the challenge of internationalizing the student body in bachelor's programmes lies in the admissions regulations to bachelor's programmes. National legislation requires all applicants, including foreign applicants, to pass an examination in proficiency in the Russian language (for Russian Citizens this is one of the required USEs).

The increased internationalization of the student population at all levels of education in Russian universities faces additional challenges in such non-academic spheres as the centralized coordination of the admissions of international applicants to Russian university programmes, where deadlines for various processes often do not allow the necessary time for processing the applications and issuing letters of invitation in time for students to apply for their visas and arrive at the university before the semester starts.

## Conclusion

Business education in Russia has had quite a short but intensive development since the early 1990s along with transformation of economy and society. After 25 years, business education faces several challenges. The major challenge is a limited market development. Regardless of the rather big demand for business and management education at bachelor's and master's levels, as well as an intensive interest in the executive level for a long time, only few business schools were able to enter the higher league, get international accreditations and visibility. This leads to lack of competition and limited "market" for professors and doctoral students and creates the problem of resources. This problem is recognized by the government and addressed by stimulating universities to increase their positions in university rankings. The business schools also try to join



international educational associations and align their operations with the requirements of international accreditations. Moreover, the national accreditation system was introduced to help business schools in their intent to improve quality. The second challenge is the lack of business and management research. The number of researchers in Russian business schools that have stable flow of publications in international peer-reviewed journals is measurably low. A considerable number of publications are in Russian language and in Russian journals or in books in Russian language. This issue is addressed by pushing best journals to be included in WoS/Scopus and publishing them in English. Also some schools and universities host international conferences and attract researchers from the international job market. The third challenge lies in the area of much-needed innovation. The ability to generate innovation is essential both at the programme level but also at the business model level. One of the innovations still very much in its early stages in Russian management education is distance learning and online education. There are very few online courses on management developed by Russian professors.

Finally, business schools face the challenge of matching corporate needs. The Russian market follows global trends and corporate management education programmes are often done without involvement of the schools. Instead, companies call upon either training companies or their own in-house trainers. This seems to be the key test on how good business schools will be in addressing the first three challenges. If they succeed, then there is a chance for corporate clients to consider business schools as centres of excellence in research and education programmes providers.

## Notes

1. Entrepreneurship and business were illegal in USSR. However, earlier, in the Russian Empire, entrepreneurship and business were quite developed, successful and internationally competitive. All businesses were nationalized by Soviet Government after the revolution in 1917.
2. The Russian Association of Business Education (RABE) is composed of more than 150 members, both institutional and individual. The Association is the leader, initiator and coordinator of educational programmes for

entrepreneurs and the business community. Russian business school deans, experts and scholars of authority, as well as eminent professors, are drawn to the Association by the annual Russian and international conferences it organizes on current topics in management education, its innovative seminars and in-depth internships. The Association's reviews, research findings and business education-related publications are always in demand, and are of great value for the development of the Russian educational system.

3. 1 EUR = 70 Rub. (as of date 20.11.2015)

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