

## Chapter 55

# The Transformation of Russian Business Education and Its Outcomes: How Russia Moved Away from Marxism toward a Market Economy through Revitalized Business Education

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### **ABSTRACT**

*This chapter looks at the transformation of Post-Soviet Russian business education. The extraordinary metamorphosis shapes the new generation of Russians profoundly. Russians are now far more likely to speak English, to hold personal investment portfolios and to be able to work outside of Russia in global businesses. The old-fashioned idea of central control of every aspect of life is largely gone as are business courses extolling the virtues of Marxism. Research shows the wide acceptance of western business concepts such as strategic planning and case analysis and the rapid growth of the Master of Business Administration (MBA) degree. One unexpected outcome is the rise of Russian women to management positions in Russian corporations.*

Since the fall of the Soviet Union more than 2 decades ago, massive change has enveloped Russia and the other Newly Independent States. The disappearance of the all-powerful central government armed with its trumpeted five-year plans left the new Russia without the financial resources and social control that held the nation together for decades. While most historians looked at the obvious upheavals—the shift of political power across the world, the plight of the ruble, the fate of Russian military power, and the push and pull of the free market system on the national economy, more subtle and far-reaching changes were underway. This chapter derives from a doctoral dissertation (Kiregian, 2015) that traced the transformation of Russian education and business. The results are astounding.

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Two decades into the new Russia, its citizens are far more likely to speak English, work in a service-related job, hold personal investment portfolios, and be able to work outside of the homeland. These are massive changes compared to the years before the early 1990s. What brought about the transformation? The government played no direct role in the change as its power and its purse had shrunk. There were no political movements or public demonstrations moving the nation in this direction. That approach would only work if there had been a powerful government to listen to the demonstrations and take action.

As Russia moved into a market economy, old approaches to commerce and the attitudes toward work that developed through decades of Communist rule fell away. The cult of physical labor supported by the all-powerful central government offered little comfort in the emerging economy that challenged Russia's companies to produce attractive goods and services that outperformed international competition. The long-insulated Russian economy lost its protection. The rivals became all other countries in the market economy. As Russia's military might and its foreboding government dwindled, so did its xenophobic protection of domestic industry. Excellent insights are provided by Lucas (2008); Puffer, McCarthy, and Naumov (2000), and Aslund (1995). (See also "Putin Forges Higher Education Cooperation Deal With EU" [2005], Kuznetsov [2000], McCarthy and Puffer [1993], and Canel and Oldenziel [2000]).

For Western observers, educational reform meant that the old assumptions about a controlled economy had to give way before the fledgling Russian economy could stand on its own two feet. Russia's economic progress during these tumultuous years derives from adoption of Western business practices. This view is widely supported—for example, in Lane's (1997) review of "Russian Society in Transition" (p. 727). (See also Dash [1998], the United Nations Children's Fund International Child Development Centre [1999], and the United Nations Educational, Scientific and Cultural Organization Institute for Statistics [n.d.].) This book Studies... the shift from communist societies to capitalism and focuses on the political change from authoritarianism to democracy (in the sense of voting for competitive parties) and economic transformation from central planning to markets based on exchange and production for profit. (Lane, 1997, p. 727)

Note the strong link between democratic reform and economic transformation. This chapter does not advocate reform but reports what actually took place in Russia during the early post-Communist period (see R. Daniels, 2007).

Consider the social turmoil caused by these changes. Older Russians fretted about economic security. Younger Russians found few opportunities for government-supported labor, which had sustained earlier generations. On top of these developments, the poor performance of the Russian economy in the decade after the fall of Communism cut into the ready internal markets Russian companies enjoyed in the years of government control and protection of the status quo. People simply had less money to spend. Westerners saw reports of breadlines but did not feel the pain of ordinary Russians struggling to make do on small salaries (see Cherednichenko [2012], R. Daniels [2007], and Rutland [1998]).

Historians will see a curious parallel to the conditions of the early 20th century that led to the collapse of the government and the birth of Communist power. One difference stands out. The Russian Revolution brought about the replacement of the czar by a powerful Communist system. In the early 1990s, there was no violent overthrow—simply a big fizzle. A power vacuum replaced the central government. This is the main reason that the momentous changes that took place were viewed so tentatively by historians, especially those outside Russia. The breadlines and the falling ruble were seen by Westerners as unfortunate and probably temporary events. Without a bloody revolution, the national condition lacked the drama of the Bolsheviks and full-blown civil war of an earlier era.

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