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# A BUSINESS CURRICULUM FOR THE COMMONWEALTH OF INDEPENDENT STATES

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## INTRODUCTION AND BACKGROUND

Eastern Europe and the former states of the Soviet Union have undergone and continue to undergo a period of dramatic transformation from centralized economies to free market systems. This has involved a shift from public to private ownership for many large state enterprises, and it has also involved the development and launch of many new business ventures. Privatization, as it is called, has created a demand for American style business education, capabilities, and experiences.

In 1990 Poland established a legal framework for mass privatization, the goal of which was to transfer over half of the state-owned enterprises to the private sector by the end of 1995 (Sachs, 1992). A Ministry of Ownership Transformation was established to supervise and coordinate the privatization effort. In Hungary, it is estimated that small private firms currently account for 40% of output ("More Than," 1993). Similarly, Czechoslovakia implemented a mass-privatization scheme in 1992. At present, private sector output as a percentage of GDP is over 20% in Slovakia and slightly less than 20% in the Czech Republic ("More Than," 1993). Boris Yeltsin's democratic government has also opened the door to massive privatization in Russia with the objective of privatizing 30% of productive capacity by the end of 1994 (Fairlamb, 1992).

## REQUIREMENTS FOR A FREE MARKET

The move from public to private ownership poses many challenges for the countries of Eastern Europe and the Commonwealth of Independent States (CIS). Many of the concepts and capabilities which we associate with a free market system are lacking. For example, the concept of the firm as a profit-generating entity is new to economies where the state has consistently absorbed profits and funded deficits. In many instances, the goal of the firm in such economies has been to provide jobs or at least the appearance of jobs rather than to generate profits (Tidmarsh, 1993).

In most East European economies, there has been no organized system of finance, since the state has typically assumed the role of both central banker and commercial banker (Tidmarsh, 1993). There is no real need for private capital or capital markets in a system where the state's role includes the obligation to pump capital into flagging enterprises. In many of these countries, private capital markets are only just in the beginning stages of development and access to capital continues to be a problem for business ventures (Aron, 1990; Weisskopf, 1992).

Systems of management and management information systems are lacking. People were provided with jobs whether there was any productive work for them to do or not. As a result, worker productivity and a sense of the work ethic are missing (Tidmarsh, 1993). Similarly, in a socialist system, there was no way to recognize and reward differing levels of performance and contribution to the enterprise. Typically there has been no system for managing flows of information regarding capital, profits and losses, the performance of goods and services, customer characteristics and competitive information, or people.

Finally, the concepts and functions of marketing, sales, and customer service are foreign in economies that have endured long-standing shortages of consumer goods in particular and even basic necessities. In such an environment, issues of quality control and customer service are simply not relevant given the dearth of competing products.

Eastern European countries are attempting to address these needs and deficiencies in a variety of ways. Many universities and educational institutions are attempting to develop programs in business education modeled on programs in the United States.

Similarly, a number of American colleges and universities have developed programs to send faculty and in some instances students to Eastern European universities. Others have "imported" Eastern European faculty and students to participate in programs in the United States. Needless to say, consultants on privatization, banking, strategies for doing business, and other relevant business topics have been doing a land office business ("West Pledged," 1994). The desired net effect of this flurry of activity is to produce a new generation of business leaders capable of starting, developing, and successfully managing business enterprises in a competitive free market economy.

When one deals with the Commonwealth of Independent States (CIS), the issues and needs related to movement toward a free market system are even more complex. A good number of the CIS are virtually bankrupt, lacking both monetary and fiscal discipline, expertise, and systems of management. Similarly, Russia and the other CIS lack the traditions of democracy that are present in Eastern European countries such as Poland, Hungary, and the Czech Republic. As a result the very concept of "entrepreneurship," with its emphasis on the potential of the individual, is foreign. Finally, although the Cold War has ended, there continues to be suspicion and distrust between the United States and Russia. The former is hesitant to provide capital for expansion and business development, and the latter resents the need to seek it and the strings that may be attached (Zelikow, 1994).

Like a number of other American colleges and universities, the University of Hartford has developed business programs for Eastern Europe and Russia. The components of one of those programs will serve as the focal point for this article which will provide a model for a program of business training.

### **THE UNIVERSITY OF HARTFORD'S RUSSIAN CONNECTION**

The University of Hartford, located in West Hartford, Connecticut, has a long tradition of serving international students with both credit and non-credit programs at undergraduate, graduate, and postgraduate levels. Currently, approximately 700 international students participate in programs offered by the University each year, many in business studies.

The University's commitment to programming for Eastern Europe started in 1990 with the launch of a cooperative program between four American universities and a university in Poland. The objective of that program, which was funded by multi-year grants from the Mellon Foundation and the U.S. Information Agency, was to develop faculty expertise in business and a program of study in business to be offered in Poland.

More recently, the University was approached by a group of local business people to initiate a training program for young "entrepreneurs" from Russia. These individuals, most of whom were in their mid to late 20s, were brought to the University for a year-long program which included classroom instruction in business, internships in local businesses, mentoring relationships with local business persons, and English language instruction. This program, which is currently nearing completion of its second year of operation, has been highly successful and has served as a model for similar programs in development at other colleges and universities.

The University of Hartford program includes three major components: (1) classroom instruction in business subjects; (2) experiential learning, and (3) English language instruction. Each of these components will be discussed in the section to follow.

### **A MODEL CURRICULUM**

If universities wish to play a role in educating and training business leaders for the Commonwealth of Independent States, a key task is to identify the essential elements required to address the multiple objectives noted in the section on Requirements. It is our contention and experience that exposure to a business curriculum, while essential, is not sufficient to address the many needs of either emerging businesses or entrepreneurs. Put simply, programs must provide opportunities for exposure to American business practices and the American business culture that extend beyond the traditional classroom.

In a "typical" MBA classroom, many students are employed in local businesses. Every day they encounter business situations or problems that illustrate the theories, concepts, and techniques taught in the classroom. Since the free market system is new and emerging in Russia, business persons there may not have similar

models for comparison. Although they can learn the principles and techniques, they may not have opportunities to implement them.

The real value of the University of Hartford program is in its strategy for tying together classroom learning with hands-on experience. This model has been highly effective in helping business students from Russia internalize both the principles and practices of business in a free market system.

## COMPONENTS OF THE PROGRAM

### *The MBA Core*

The central component of the University of Hartford's program is the MBA core curriculum which provides the necessary foundation for all that follows. Typically, Eastern European and CIS institutions of higher education do not have programs of business study, although training in mathematics, statistics, and even economics is often excellent. Many such institutions are developing business programs now in cooperation with American universities, but there continues to be a shortage of trained faculty and teaching materials.

At the University of Hartford, students from Russia begin with specific introductory courses in management, accounting, marketing, economics, law, and finance to gain a basic understanding of business vocabulary, principles, and techniques. It is clear, however, that coursework beyond the introductory level, as well as accompanying experiential learning, must be provided. To address this need, the Russian students also take more advanced elective courses in specific areas of interest. In addition, they all participate in a business and cultural seminar series developed and delivered by members of the business community.

As a further measure, the University of Hartford is in the process of developing a new course entitled "The Entrepreneurial Process: Lessons for the Commonwealth of Independent States." While still in its formative stages, the course will employ the case study method to explore the elements of entrepreneurship in an international context. Ideally, cases from Eastern Europe and the CIS will be included as they become more available.

## *Experiential and Co-Curricular Activities*

As noted above, traditional classroom instruction is not sufficient to achieve the desired learning outcomes. A number of experiential and co-curricular activities should therefore be developed to supplement classroom study. Experiential approaches generally have been well-documented as producing a variety of benefits for students (Duley, 1981; Zauderer, 1973). A number of researchers have also documented the utility of experiential learning specifically within the context of developing skills in business management. Kotter (1988) notes that firms consciously provide challenging experiences as a means of developing future managers. Similarly, McCall, Lombardo, & Morrison (1988) stress that job challenges and difficult assignments are one of the best means for developing executives. The specific approaches used for this program—seminars with practitioners, internships, and host family arrangements—have been particularly useful tools for supplementing traditional pedagogy.

## *Internships*

The use of internships to supplement classroom experience has long been a part of higher education, initially as an integral element of medical training and more recently available across all disciplines (Zauderer, 1973). Internships can help students achieve a variety of goals, ranging from the development of general "life" skills to testing career options (Duley, 1981). For students from the CIS, the objective is much simpler; to provide an opportunity to experience the American business culture and American business practices first-hand.

In the University of Hartford program, internships have been deliberately structured around small and medium-sized businesses with an entrepreneurial "bent." The key has been matching student backgrounds and interests with employers in related fields, allowing both parties to benefit. The employer can actually utilize the skills of the intern, and the intern gains a working knowledge on how to manage a business in a field he or she is likely to pursue.

## *Seminars*

While perhaps less well documented than internships, the use of practitioners as teachers, guest lecturers, and leaders of field

trips has also become common practice in higher education (Walter & Marks, 1981). As with internships, seminars allow participants to broaden their experience in a variety of American businesses. The key elements required to maximize the benefits of seminars are preparation of the speaker and the audience to create a "dialogue" rather than a "speech" and debriefing to place the activity in the proper context.

In Hartford's program, seminars have covered a variety of topics ranging from business ethics to the operations of the New York Stock Exchange. Each seminar involves prior reading and a reflective written assignment completed after the event. In almost all instances, the seminar series is conducted by a member of the business community with expertise in the topic.

### *Host Families*

American business does not exist in isolation of American culture and the American way of life. Thus, it is also important for participants to have an opportunity to interact with Americans outside of class and outside of the business environment. Moreover, there is a considerable body of research to support the notion that personal contact and relationships with members of the host culture enhance both learning and motivation (Furnham & Bochner, 1977; Hansel, 1988).

Hartford's program participants live on campus and are exposed to a typical campus environment. In addition, each student is assigned to a host family for the year. The host families assume responsibility for organizing a variety of social and cultural activities and share many family events and activities with the visiting student.

### *English Language Instruction*

A final element to be considered is instruction in English language. This has been a critically important component of the University of Hartford program. Since coursework and internship experiences are conducted by English speakers using English books and teaching materials, it is essential for the Russian students to reach an adequate level of proficiency quickly.

The Russian students are tested using the TOEFL in Russia prior to admission to the Hartford program. In addition, they are



tested again with a second testing instrument when they arrive in Hartford. Levels of competency typically vary, and students are placed in the University's English Language Institute for further instruction at the appropriate level. Since a number of the Russian students express some difficulty with conversational English, a separate course was developed to address this need. Given difficulties with business English, future programs are also likely to include a substantial emphasis on the acquisition of commercial language fluency as well. Finally, it is likely that future cohorts will begin with a two-week immersion program in English prior to beginning any of their coursework.

## RESULTS

To date five Russian students have completed the program and an additional six are near completion. In addition, the same program has been adapted for a second group of individuals who are employees of a major corporation. A total of eight have participated or are currently participating in this program.

It is too early to determine the long-lasting effects of the University of Hartford program. Prior research does indicate that student attitudes toward American business and culture did change to some extent in the short term (Narduzzi & Coleman, 1993). Longer-term study is required to track the progress of program "graduates" and the extent to which they are willing and able to incorporate free market principles into the businesses they develop and manage in Russia.

Nonetheless, from an institutional perspective the program has had several positive effects. First, the University has begun to examine its pedagogy in terms of "outcomes" and has begun asking the difficult questions regarding how to best serve students from Eastern Europe and the CIS. Second, through its experience with this program, the University has developed an excellent working relationship with members of the local business community who have actually been a driving force behind the program since its inception. Third, we have positioned ourselves well in the international community and have derived positive visibility for this program, both locally and nationally. Recently, the University of Hartford program was featured in a videotape presentation on educational programs for the CIS

produced by the United States Information Agency. Ultimately, however, the success of this initiative hinges upon how well program graduates are able to perform in their home countries. Further research is underway to track and evaluate those results.

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