

# TEACHING CAPITALISM IN THE COUNTRY THAT REINSTATED SOCIALISM

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## ABSTRACT

*The purpose of this exploratory study is two-fold. The first objective is to analyze the environment and opportunities for capitalist-oriented business education in Belarus, the former Soviet country that has chosen the reestablishment of state control and political dictatorship as a viable platform for its transition economy (Aslund, 2002). The second objective is to examine successful business instruction in a unique setting such as Belarus to help educators world-wide understand techniques available for tailoring business education to each programs' individual needs. These unique needs can be determined by a variety of factors including location, population, economic orientation, and local belief systems. The paper presents a case study of the Institute for Privatization and Management (IPM), an institution that has successfully provided capitalist-oriented business education in Belarus for 15 years. Process tracing and controllable comparison are the methods of inquiry. The paper presents a historical overview of IPM development, its curriculum, teaching methodology, and implications of the IPM experience for any educational program that is addressing the needs of the non-traditional businessman.*

**JEL:** A1, A22, A23 P1

## INTRODUCTION

The purpose of this exploratory study is two-fold. The first, and most obvious objective is to analyze the environment and opportunities for capitalist-oriented business education in Belarus, the former Soviet country that has chosen the reestablishment of state control and political dictatorship as a viable platform for its transition economy (Aslund, 2002). The study's second objective, however, is equally constructive: Successful business instruction in a unique setting helps educators world-wide understand the importance of tailoring business education to each programs' individual needs. These unique needs can be determined by a variety of factors including location, population, economic orientation, and local belief systems. The educational practices discussed in this study can be universally applied to business education programs world-wide to help instructors successfully address the specific, unique needs of each program. The application of these instructional techniques provides business students with an education that is more relevant and productive than the typical textbook education utilized in many business programs.

The first important step toward developing a non-traditional business curriculum is complete understanding of the unique characteristics of the program's target population. In Belarus, the relevant consideration is the country's state controlled economy and to what extent capitalistic assumptions in business education are even allowed and welcomed. On one hand, the very ideas of free competition, strategic management, and transition leadership contradict the nature of a state-controlled economy. On the other hand, if private businesses do exist, then their managers need education. If one assumes that capitalist-oriented business education is welcome, then the second question is who can provide this education. When one continues this line of questioning, the next obvious considerations are: who can own this type of school in a state-controlled economy, who this school will target for its programs, how this school will be structured, how it will position itself within this specific business environment, and whether it will change its positioning, target groups and programs following changes in state policies. The final questions relate to the management programs' design and curriculum: what programs, what combination of courses, what textbooks, business experience, and case studies should be offered.

This paper contains three parts. The first part presents analyses of the environment for business education in Belarus. The second part is the case-study of a business school which manages to provide capitalist-oriented business education in the state-controlled economy of Belarus. This school achieves significant success as indicated by the volume of the educational programs' market, the support of its clients, and the respect of its partners in the distinguished business schools of USA, Canada, and EU. The last part of the paper discusses the lessons that can be learned from business education in an atypical business environment such as a state-controlled economy, as well as the practical and theoretical implications of tailoring business education programs to the specifics of a business environment.

## LITERATURE REVIEW

### An Environment for Business Education in Belarus

Business education in Belarus has gone through three stages of development: the economic and management education of the Soviet era; Perestroika and the turbulent years of a “wild” free market; and the return of the state-controlled economy and political dictatorship in conjunction with private businesses.

Belarus, a “show case” of the Soviet Union (Karbalevich, 2002), inherited one of the highest standards of education in Eastern Europe (Economic Overview, 2003). According to the specialization of the Soviet republics, Belarus was supposed to be, and was in reality, the intellectual center and assembly shop of the Soviet Union. The most advanced enterprises were established here; the most modern, imported equipment was sent here first (Karbalevich, 2002). Math, electronics, physics, chemistry, engineering, technology, and construction were all priorities of the Belarusian soviet economy and educational system. Aslund (2002) claims that “comprehensive education was the pride of communism, which could boast of real achievements” (323).

At the same time, economic and social studies were highly dependant on Marxism-Leninism and were not able to provide a base for the transitional economy. The main idea of the Soviet economic education was to “prove ... Marx’s major conclusions about the failures of capitalism and its inherent exploitation of labor” (Kovsik and Watts 2001, 85). The main goal of these programs was to prove the benefits of political uniformity and a centrally planned economy; because of the influence of Marxist ideology, market economics was typically excluded. Analyzing economics education in the Soviet Russia, Ukraine, and Belarus, Kovsik and Watts (2001) claim that there were two distinct groups of soviet professors of economics: the first group truly believed that Marx’s *Das Kapital* was “a kind of religious text” (85), the second group told different things inside and outside the classroom and were more pragmatic. Inside the classroom students were only able to study the political economy of socialism, the economics of a self-managed economy, and the economics of social planning (Plescovic et. al 2000). Any discussion of capitalism was followed by heavy criticism and denunciations. This system reflected “the way Soviet leaders viewed education: as an investment in the human resources the country required in order to construct socialist society” (Gerber 2003, 246).

Four main institutions were devoted to teaching economics and management: state universities, national universities of economics, polytechnic institutes, and national academics of management (Plescovic et. al 2000). Almost the same four institutions existed in every Soviet republic, including Belarus. Extension courses for practicing managers and nomenclatura were also the source of economics education. Still, all these institutions provided the same general approaches to teaching soviet economics. Plescovic and colleagues (2000) note that economic higher education offered a mixture of quantitative and non-analytical courses; no distinction was made between economics and business education. The higher education was overly specialized and extremely rigid.

Together with Perestroika, post-Soviet republics started development of the market-oriented economy. Aslund shows that at the beginning of this transition, it seemed that education was no longer important, since only the ability to trade was valued. However, soon people of the post-Soviet region realized the need to study economics, business administration, law, and languages. The number of students rose significantly, doubling from 1989 to 1999 (Aslund, 2002: 325). In the second part of the 1990s, most post-Soviet countries undertook a major reform of higher education to support a more Western system of educational acceptance (Pleskovic et. al, 2000). They faced the necessity of developing the theoretical background for a capitalist-oriented economy and deciding what in the previous system of economic education should be saved, and what should be eliminated as obsolete. They also had to realize how much the economic and business education had to be based on the domestic environment and experience, and to what extent this education should accept Western experiences and approaches.

Belarus, like the other post-Soviet republics, started the development of a new system of education: private universities were allowed, the Belarusian language started replacing Russian as the primary language of schools and universities, soviet textbooks were criticized, and new textbooks were implemented. However, after 1995 Belarus changed the country's developmental trend and started repressing private initiatives in higher education. All assistance to Belarus financed by George Soros was halted following a \$3-million fine by the government (Bollag, 1997). Pleskovic et. al (2000) shows that in Belarus "Government control and animosity have left economic education in a precarious state. The old Soviet system of centralized state control and Soviet degrees has survived, but public funding has fallen and a large number of professors have left their underpaid jobs... Since the Soros Foundation was forced to leave Belarus, foreign assistance to the education system has diminished. Following a rapid expansion of private institutions of higher education in the early 1990s, a state accreditation committee forced most of them to close in 1997 on quality grounds" (93).

Currently in Belarus, state institutions dominate undergraduate education. Such education is provided by the Belarusian State Economic University, by management/economic departments in various state universities and institutes, and by state-run continuing education agencies. They offer programs in marketing, management, accounting, finance, and even MBAs. Unfortunately, it seems that "the faculty of scientific communism is now called politology. Same people, old ideas..." (Kaminski, 1994); "faculty continue to believe deeply that it is more important for students to know why the economy has exactly a particular structure than to know how the economy works" (Kovsik & Watts, 2001: 60). Existing under the constant shadow of the politically mandated "market socialism," state institutions are expected to promote the current economic system in Belarus as the most appropriate for the country. The target group for these institutions is traditional business students with no actual "hands-on" business experience who are willing to get their state-approved diplomas or state managers who have little need to master competitive business fundamentals. There are also several non-state universities in Belarus; all the institutions offer entrepreneur-related courses. The courses of management or entrepreneurship are taught by faculty from the state universities; this means that the management and entrepreneurship courses have the same limitations as the state institutions.

Practicing business managers, however, are aware of the discrepancies between these programs and business realities. A series of focus groups conducted with top managers and business owners in Belarus, reveals that first, they need to analyze their own Belarusian experience in the light of universally recognized business theory. They realize the uniqueness of the Belarusian business environment, but they want to know which behaviors and decisions are consistent with the best business practices. They are concerned about the criteria used to determine quality. They are especially concerned about making this determination on the basis of systematic knowledge and global experience. Regarding international business, they want to be sure that they have been taught in the "right" way. Second, they want to learn from instructors familiar with the real business environment. They are not interested in education that would simply reiterate translated or obsolete textbooks. They are also interested in solving existing

company problems such as consulting projects, cases, and discussions based on Belarusian specifics. A basic and important concern is the quality of instructors. These instructors must have real consulting or business experience. Third, they expect to get additional opportunities to join business people with similar business views, experiences, and values (Ivanova & Mitchell, 2004).

### Background on Post-Soviet Belarus

A World Bank study of twenty-two Eastern European and post-Soviet countries (Aslund, 2002) shows that a transition economy has several variations of development; different approaches to transition determine different business environments for business education. Implementing transition reforms, these countries follow one of three courses of transformation. The first course is radical market-oriented reforms; countries such as Hungary, Poland (Fogel & Zapalska, 2001), Estonia (Liuhto, 1996), Czech Republic, Slovakia, Lithuania, and Latvia (A Europe of 25, 2004) have preferred this method and achieved significant results.

As the second alternative, Aslund identifies a rent-seeking transition economy that has neither a competitive market orientation nor a state-controlled economy. The dominant interest here is state redistribution “of available resources through its budget and regulation to enrich a few privileged” (Aslund, 2002: 3). The most outstanding examples of rent-seeking states are oligarchic regimes in Ukraine, Russia, Moldova, Romania, and Bulgaria.

The third course of development is a state-controlled economy. This course of a transition economy is the least oriented toward the market economy and actually contains few reforms. Starting some market-oriented reforms in early 1990s, such countries as Belarus and Turkmenistan have chosen the reestablishment of total state control of economic development (Aslund, 2002). Iwasaki (2004) describes Belarus and Turkmenistan as order states, where government-business relations are prescribed by the centralization strategy, and political power is virtually equivalent to that of the Soviet era. By a state-controlled economy, Viner (1944) means “one of which the major decisions of what to be produced, exported, imported, lent abroad, etc., are exercised by the state (or agencies thereof), as distinguished from a “free enterprise” economy, where the decisions are predominantly in private hands and are made on the basis primarily of calculations of private profit. State control may take the form of merely bureaucratic control, or of direct operation of business activities, or of intermediate types of government intervention” (315). Viner also specifies that it is essential that “state-controlled economy” refers to one in which the extent of state control goes much further than it did, say, in the United States, England, France, Sweden, or Canada, in the twenties or even the thirties.

In Belarus, the choice of a state-controlled economy was titled as a movement toward “market socialism” (CIAbook, 2004). In fact, this was a route back to a command economy (Nutti, 2000), back to the former Soviet Union (Ivanova & Mitchell, 2004) with its state’s right of intervention in any organization or enterprise (CIAbook, 2004). The press has become controlled (Nutti, 2000), the election results are falsified (Burger, 2003), and both of these are expected to create a picture of nation-wide support for the existing power.

Since the return to a state-controlled economy has become official, Belarusian private businesses also have become targets of state suppression. A summary of different forums in Belarus - including government, business associations, and academic conferences - conclude that “...civil servants frequently apply collective punishment tactics in response to the misdeeds of individual firms. One method of accomplishing this was by halting registration or re-registration of all new or existing businesses” (Istomina, 2005: 47). In spite of the public, official position of small business support (President, n.d.), representatives of private companies sense a hostile atmosphere that includes purposeful allegations based on shaky facts and statements which are intended to discredit private business (Manaev, 2002), a taxation

system that is increasingly more unbearable and unjustified (Balikin, 2003), and random harassments such as audits, secondary registrations, and exclusion from profitable, low-priced offices and trade facilities (Denisenko, 2003). In summary, “war [has] been declared on the private sector” (Karbalevich, 2002: 19).

At the same time, as Ivanova’s (2004) study demonstrates, entrepreneurs continue to build their businesses using the very possibility of private initiative. In long-term business development, Belarusian businessmen are oriented toward building their businesses in accordance with the world standards of strategic management. However, in everyday business activities, they are forced to waste their time fulfilling capricious government requirements and inventing techniques to avoid pressure and administrative measures from the state.

These anomalous, time-consuming and senseless activities necessarily become one of the businessmen’s priorities. All activities are top management initiated for a number of reasons: first, many issues are semi-legal and confidential, and, second, the environment is unpredictable and a majority of managerial decisions are non-programmed. Belarusian businessmen turn to the experience of businesses in other transition economies to learn how to avoid mistakes, develop their businesses, and become ready for the next stage of their country’s transition.

## **METHODOLOGY**

### Study Design

A dependent variable of this study is the ability of a business school to provide capitalistic-oriented business education in a state-controlled economy. This ability is measured with a market share of business education programs for practicing business managers in Belarus, the programs’ image among practicing managers and independent experts, clients’ evaluation of the programs and their rate of return. Income variables include IPM curricular and program design and marketing, pedagogy of teaching, faculty profile, as well as school relationships with its key stakeholders – state agencies and private businesses.

In the framework of an exploratory study, we are attempting to reveal values of the independent variables that lead to the defined dependant variable, and describe a casual phenomenon present in the case. The main method of the study is process tracing, which “explore[s] the chain of events by which initial case conditions translate into case outcomes” (Van Evera, 1997). The tradition of “causal process observation” (Brady and Collier, 2004, 227-8) is defined as “[a]n insight or piece of data that provides information about context, process or mechanism, and that contributes distinctive leverage in causal inference.” Unlike the variable-oriented, “data set observation” (Beck, 2006), these case-oriented “causal process observations” target a whole case as a set of numerous mutually interdependent variables that together determine a dependent variable.

Originally, the process tracing has become popular as a psychological means of analyzing a person’s cognitive activities during complex work tasks, where tasks may be real or simulated (Partick and James, 2004). The researchers measure and follow the traces “accompanying” the hidden process in real time, inferring the essence of the process of task accomplishment. Data collection usually occurs within behavioral records, introspection and verbal protocol, and computer simulation. However, in the last few decades process tracing became one of the most applied methods in case-study research, achieving increasing recognition and widespread use for the historical explanation of political and social events (George & Bennett, 2005) and providing theoretical prepositions on “relevant, verifiable causal stories resting in different chains of cause-effect relations whose efficacy can be demonstrated independently of those stories” (Tilly, 1997: 48).

### Case Selection

The case selection for this study is based on contrasting, dependent variables, following the Mill's joint method of agreement and difference (Copi & Cohen, 2001). George and Bennett (2005) provide detailed description of Mill's methods of agreement and difference. The method of agreement attempts to identify a similarity in the independent variable associated with a common outcome of two or more cases. The method of difference attempts to identify independent variables associated with different outcomes. According to the joint method of agreement and difference, the pivotal case in the study is supposed to be similar in many aspects to the known cases (i.e., well studied institutions in a state-controlled economy or well-known business education practices in capitalism-oriented traditions), but at the same time, be different in outcome -- a successful capitalist-oriented business education for practicing managers.

The Institute for Privatization and Management has been chosen as a case for this study. As literature reviews indicate, there are studies that describe state-controlled and state-owned institutions that attempts to provide economic education in Belarus (for review, Peskovic et al, 2000; Kovsik and Watts, 2001). There is also a significant number of studies of a successful capitalist-oriented business-education for practicing business managers (for review, Mintzberg, 2005; Goslin & Mintzberg, 2004).

The case of the Institute for Privatization and Management differ from both the cases of state-controlled institutions in Belarus and the cases of traditional business education in capitalistic countries. Unlike the state-owned and state-controlled economic universities of Belarus, the Institute for Privatization and Management (IPM) is a non-state, independent business school that has successfully operated in Belarus for more than fifteen years. The Institute for Privatization and Management is recognized by private businesses as a leading provider of market-oriented business education, and as a source of valuable information regarding market economy operations in Belarus.

Practicing managers believe that IPM is a leader in the market of business education in Belarus: This is the only school that has a license of the Ministry of Education and an acceptance rate 2:1 for the Executive MBA program (Kouzmenkova, 2008); 80% of new Executive MBA students choose this programs because of references from other practicing managers; course evaluations prove that IPM's long-term and short-term local programs satisfy clients' expectation at 80-90% (Kouzmenkova, 2007); IPM's market share of business education programs in Belarus is two times higher than other providers (Golenchenko, 2008).

International partners choose IPM for their practitioners-oriented program (IPM website, n.d.), and independent experts in Belarus accept IPM as the place where practicing business managers can get an international level education that implacable locally (Nezhdansky, 2005, *Belarusskaya Gazeta*, 2006). Unlike the providers of business education in capitalistic countries, IPM has to adapt its programs to the specifics of a state-controlled economy. At the same time, there are many similarities in these institutions. While IPM's curriculum is similar to the state institution's programs and to the traditional business education programs in capitalistic countries, its educational outcomes are strikingly different.

### Data Sources

Evaluation of the IPM activities are based on interviews, document analysis, direct questioning, participant observation, and professional communications with IPM staff, clients, and faculty. Ten years' worth of curricula, course syllabi, student projects, and student evaluations have been analyzed. Table 1 lists the sources of data used for the current study.

Table 1: Data Sources

<b>Data Source</b>	<b>Period</b>
Interviews	
with IPM clients	1999-2007
with IPM faculty and administration	1999-2007
with IPM competitors	2005, 2007
with independent experts (media, business associations)	2002, 2005, 2007
Participation observations	
Studying at the IPM program	1999-2001
Teaching at the IPM business programs	1999-2003, 2005, 2007
IPM Business School faculty meetings	1999-2003
The review of documents	
Media publications, IPM website, internal documents	1993-2007
Curriculum, syllabus, assignments, students projects	1999-2007
<b>Student evaluation</b>	2002-2007

*This table presents the groups of interviewed respondents for this study, sources of participation observation, and sources of the review of documents with their time frames.*

*Interviews.* Interviews and direct questioning included IPM clients, faculty members, administration, competitors, and independent experts. Over the seven year period, more than 100 informal interviews with IPM clients (practicing business managers) have been conducted. The following questions frame the interviews: “What do you expect from business education programs?” “What choices do you have to satisfy your expectations?” “Why have you chosen IPM?” “If you have participated in other business programs, then how does IPM differ from them?” “What does IPM do successfully and unsuccessfully to satisfy your expectations as a Belarusian practicing business manager?” We used “purposeful sampling,” approaching representatives from different business education programs (strategic management, marketing, management, finance, operation management) and different levels of management (top managers, middle managers, and fire-line employees).

All the full-time faculty members, administrative managers, and the majority of part-time instructors participated in interviews. While interviews were informal, they covered the following issues: specifics of Belarusian business managers’ requests for the business education programs; their activities/ questions/ rejections during the class time; course design and class materials that “work” and “don’t work” in IPM classrooms; and instructor competencies that Belarusian business managers appreciate and the competencies that they reject.

In the informal interviews with the IPM competitors (small training companies providing courses in separate business areas, or state-controlled institutions attempting to enter the market) and independent experts (representatives of media and business associations), a set of discussed issues included their perception of IPM key competencies, as well as competitive advantages and disadvantages compared to other providers.

*Participant Observation.* The trustful relationships between the IPM instructors and administration provided total immersion and first-hand experience for the researcher. Experience teaching business in capitalistic countries and in countries other than IPM Belarusian schools, provided the researcher with comparative analyses opportunities that revealed the specifics of the IPM experience. In total, the experience of studying with other IPM students at the Open University Business School (UK) program, 84 hours of teaching at the Executive MBA program, more than 300 hours of teaching at the Chartered Institute of Marketing (UK) program, and teaching multiple short-term and long-term courses (more than 500 hours) for Belarusian managers have grounded the data set for this research. Participation in the IPM marketing projects and in the meetings on IPM strategic development over four years (1999-2003), and

frequent e-mail communication during the other four years (2004-2008), has provided a grasp of IPM's development and its relationships with major stakeholders.

*The Review of Documents.* The analyses of the curriculum and course syllabus for the 1999 to 2007 time period have provided the understanding of IPM's evolution in the portfolio of the programs, curriculum, and practicing managers it considers as target groups. Examples of 27 assignments from the courses that have earned the highest student evaluation as well as 19 students' projects established an understanding of the topics that the IPM students need and appreciate for their everyday business activities. Analyses of student evaluations for five years provided students with feedback regarding successful and unsuccessful IPM endeavors for practicing Belarusian managers. The statistics of student evaluation, curriculum, and course syllabus have been provided by the IPM Marketing Department.

## RESULTS

The following lessons can be gleaned from the experiences of the Institute for Privatization and Management. These lessons clearly demonstrate how a business education program can be tailored to succeed, even in an environment where open competition, democracy, and mutual trust between business and state are lacking.

### Clear Positioning of a Business School toward the State Policy

In spite of the changes in the official state policy, IPM initially adhered to the concept of workforce development in a free market. When the state originally supported the idea of free competition and an open market, the school was a part of this movement. Later, when the state shifted its policy toward a state-controlled economy, the school adhered to its fundamental ideas, while its targeted groups and portfolio of programs changed.

IPM was established within the framework of George Soros's initiatives in the 1993 post-Soviet era. In the beginning, the mission of the IPM was to provide educational support to the Belarusian officials and managers of state enterprises and their transition reform efforts. Because of the slowing down and then halting of reforms in Belarus, the IPM was forced to change the focus of its educational support. The target group for IPM's more recent activity is the new private sector (Daneyko, 2004). In its evolution, IPM went through the following stages:

*1993 to 1997* - The main priorities were programs devoted to privatization and the stock market, as well as introductory courses in marketing and finance. The school operated in close cooperation with the Ministry of Privatization of the Republic of Belarus. The target groups were (a) managers of Belarusian state enterprises intending to privatize and develop market-oriented enterprises; (b) Belarusian officials who were supposed to support the market-oriented reforms; and (c) individuals who were about to obtain new professions (generally in the stock market). The curriculum included short-term courses and conferences devoted to successful post-Soviet transitions in Central and Eastern European countries. IPM operations were funded by international organizations (i.e. TACIS) and the Belarusian government (Ministry of Privatization).

*1997 to 1999* - Following the President of Belarus' decrees, state enterprises were faced with the need to contribute to market socialism while still operating like free enterprises. The state enterprises were told to avoid middleman companies, build their own marketing departments, and compete at the international level. Price regulations and constant state intervention made this competition even more challenging. Managers lacked relevant education but were expected to run marketing and finance departments. At this point IPM tailored their curriculum by creating multi-module, long-term programs such as: Marketing Director, Finance Director, and Client-Oriented Management for Sales Directors, etc. Short-term



programs also existed; they were aimed at promoting long-term programs and answering “hot” issues in the Belarusian market. These short-term programs would explain the President’s most recent directive and clarify the requisite steps each enterprise would have to take to fulfill these mandates. State and privatized enterprises were still the important target groups; however, private businesses started to participate in these courses as well. In 1998 the Institute for Privatization and Management became an independent and financially self-supporting organization.

*1999 to 2002* - IPM shifted its target group primarily toward private businesses. In 1999, 60% of IPM’s students were affiliated with private businesses; by 2002 this same group made up 80% of IPM’s student body. The primary focus became the adaptation of generally accepted business practices to the realities of the Belarusian business environment. International diplomas up to the level of executive manager were introduced.

*2002 to present* - IPM has changed its focus from a business school for the individual to a business school for the entire firm. The school has positioned itself as a provider of interrelated business programs for the different needs of private business in Belarus.

In a country where a state-controlled economy has replaced the initial market-oriented reforms, a business school should clearly adhere to one of three roles: a financially independent and neutral policy; a state dependent and state-supportive policy; or a third party (church, political parties, or funding organizations) dependent and third party supportive policy. After its initial phase, IPM deliberately distinguished itself from, on the one hand, the state economic institutions with their lack of freedom in teaching real world business practices, and, on the other hand, partisan institutions (which have since closed in Belarus). This independent position limits the IPM’s opportunities for funding and protection, but secures its autonomy as it earns trust from the business community and tolerance from the state.

#### A Circle of Trust within a Cohort

IPM is aware of a specific, low level of resilient trust that exists in Belarus between the business community and the state. Business executives and business owners need to reflect their experiences and ask for advice. However, they are not ready to collaborate (participate in discussions, or complete group projects based on their own companies) with classmates if the classmates are not involved in the same level of risks and decision making as they are. They want to extend their networks, but they are only willing to network with equals.

When recruiting the participants for business programs in a country with a state-controlled economy, it’s necessary to be selective, follow distinctive target groups, and help students to establish a network of entrepreneurs that Fukuyama (2001) calls a “circle of trust.” Several months of studying in the same carefully selected cohort creates a network of market-oriented managers who can continue interacting outside the school and after course completion.

#### Program Portfolio Covers Business Education Needs of an Entire Company

A program’s portfolio should include a broad spectrum of products: from elite executive education programs to skills-based negotiation training, and from two-year Executive MBAs to three-day, open-enrollment courses. Entrepreneurs in a state-controlled economy are excessively cautious regarding the source of information. Usually the entrepreneurs reject the very possibility of learning from anybody or trusting anybody. When they choose the trusted source of information (a business school or a particular instructor), they want every member of their team, from the board of directors to the sales representatives, to use this source. That is why effective curriculum management programs must offer education for every level of the organization.

Currently, IPM provides four types of programs that cover the entire gamut from the purely “Western” to the purely “Belarusian” style of business and from executive to entry level employee business education. These include (1) international programs for business owners and executive managers, (2) long-term programs which form a bridge between international benchmarks and local specifics for top and middle managers, (3) multi-level, short-term courses designed to answer the “hot” issues of the local market; and (4) customized programs tightly connected with the specifics of particular Belarusian firms and focused on development marketing or management skills.

The *international programs* (professional certification and diploma programs, and the Executive MBA) are developed in collaboration with the UK, US, Poland, and Sweden. Despite differences in curricula, these programs have the same goal – the preparation of Belarusian executives for success in the global market. The case studies and discussions are based on successful businesses world-wide. These programs employ the cohort system.

The *long-term, open-enrollment* and locally-based programs are primarily geared toward adapting internationally accepted business practices to Belarusian reality. Each program exists as a cohort system, lasts from two to five months, and includes several modules (three days each). Case studies and discussions are based on the specifics of the business environment in Belarus and in Russia (a traditional trade partner for Belarusian businesses).

The *short-term courses* correspond to the most current topics of Belarusian reality. The topics vary from “Logistics of a Warehouse” for supervisors to “Social Capital” and “Problems of Fast-Growing Companies” for executives. These programs also help to promote long-term and graduate programs. Around 80% of IPM students choose to attend the graduate programs after participation in the short-term courses.

*Customized programs* are usually prepared for entire firms in which top managers, veterans of the graduate or long-term programs, want their employees to adopt the same business approaches that they have learned.

Unlike traditional business schools that provide business education based on fundamental knowledge in economics, management, marketing, and finance, IPM significantly adapts its products to its client groups’ geographical area of interest. Executive manager programs are based on the decision making experiences of global companies and companies with market-oriented transition economies. Middle manager programs focus on local specifics and the experiences of neighboring countries (mostly, Russia). Supervisory programs focus on the local market.

#### Instructors with an Understanding of Internationally Accepted Business Concepts, Local Specifics, and Trends of Transition Economy Development

Environmental disadvantages stimulate a proactive position for business people. They are extremely active (even aggressive) in managing their lives, and they transfer this style of acting and communicating to their education. They constantly question an instructors’ understanding of local specifics and are not patient in general discussions. Their main question is “Why should I learn this if it doesn’t work in real life?” When recruiting the faculty for this type of educational climate, it is important to emphasize the need for authentic business or consulting experience within actual transition economies. Faculty members with experience in successful transition economies (i.e., Poland or the Baltic countries), or with experience in large market operations (i.e., Russia) are in special demand, because they can provide realistic insight into the next stage of development for Belarusian businesses. Instructors with pure “western” experience, instructors with pure local experience, or instructors with pure academic backgrounds are not able to satisfy the Belarusian businessmen’s expectations.

Pedagogy Based on Students' Experience

IPM students become co-authors of the courses and bring real-life situations into the classroom. This practice reinforces Strauss and Corbin's theory that data gathered within a classroom and used in the same classroom as a case study or a theme for a discussion, "can be used to explore substantive areas about which little is known or about which much is known to gain novel understanding" (Strauss & Corbin, 1998: 11).

Qualitative methods such as process tracing, historical contexting, and within-case analyses (George & Bennett, 2005) are vital for productive idea exchanges in courses composed of experienced businesspeople. Strauss and Corbin write that "[qualitative] research itself is a process about which our ex-students are likely to be self-reflective.... Yes, they are skeptical of established theories, however enticing they might seem, unless these eventually are grounded through active interplay with the data" (1998: 6). Students can investigate the causal paths of the current phenomena and together with their instructors conduct a procedure of controlled comparison. During the author's experience teaching executive and continuing business management courses in Belarus, several owners and top-managers offered material from their own companies for analyses within the course framework and appreciated a chance to share their experiences in a secure environment. These are examples of constructive case-studies that were discussed in the classroom:

*Ethics in an Unethical Environment or Absence of Ethics?* The pivotal actor of this case is a financial company, "Destinator," that provided technically illegal international financial transactions for Belarusian private firms from 1993-1997. On the one hand, "Destinator" supported the black market and helped Belarusian businesses hide a taxable income. On the other hand, companies like "Destinator" behaved much more fairly than the official financial institutions and the Belarusian government. They were actually the only real force that helped entrepreneurs survive and develop their businesses. The legality of "Destinator" operations was a gray area because of the flawed legal environment in 1993-1997 Belarus. The owners of the company had disagreements about the future of their business: should they close this business; or should they continue current and highly profitable operations as long as possible, which would help Belarusian entrepreneurs survive (Ivanova, 2007)?

*Production of pollution-safe fuel in a small Belarusian city.* This business was three years old. It had started with significant investments and rapidly gathered momentum. The primary customers of this company were enterprises in EU countries; the price was significantly lower than competitors' prices, and the quality was up to EU standards. Therefore, the business seemed to be on its way to growth and success. However, if it continued growing, it would become more visible to local and central authorities. The local authorities would consider the business as a "milk cow" for their local needs and would only give their permission for operation in exchange for endless compensations. By growing rapidly, the business would become visible to the central authorities and might be perceived as a threat to the existing power. The owner had to find an appropriate strategy for the business' growth.

*A middleman firm as an intermediate party between a state-owned enterprise and Russian customers.* This firm had served as an outsource sales department for a large, state-owned production enterprise in Belarus since 1993. Both the state-owned enterprise and the Russian customers benefited from this cooperation; the sales volume of the state enterprise doubled. After 1995, President Lukashenka decided that businesses like this were not fair: they usurped society's money because they bought low, sold high, and did nothing for the country's enrichment. The middleman firm became a target of a powerful State Control Committee investigation; its connections within the state enterprises became suspicious. The owner of the middleman company faced the ethical dilemma of losing his business or putting his friends and partners from the state enterprise at risk for prosecution (Ivanova, n.d.).

It is not surprising that Belarusian businessmen are extremely careful in sharing information about their operations and striving to avoid state attention. That is why there are only a few companies willing to be the object of case studies and non-anonymous research, in spite of the public relations (PR) benefits for their marketing. In an unfriendly business environment, any PR measure has a double-edged result: the positive marketing benefits are counterbalanced by the negative “no-status-quo-shift-behavior” of the authorities (Ivanova, 2004).

Following the requirements of the Institutional Research Board, the author asked the participants for their permission to publish the course-generated case-studies and invited the students to be co-authors. The students refused point-blank to include their names as authors and agreed to allow their data to be published only with the guarantee of company and participant anonymity. At the same time, they supported the concept of using their findings as teaching material for future students within the same business community. In combination with western textbooks, these “born in the classroom” case-studies, decision-making exercises, and topics for discussion provide teaching material that is credible as well as valuable for local specifics.

#### Must Have its own Trustful Sources of Data

As in any totalitarian state, the Belarusian government has complete control (media and statistic data included) (Nutti, 2001; Rich, 1996). To provide up-to-date business education, a business school must have its own access to valuable data (a) regarding business development in a free market, (b) regarding transitions from a state-controlled economy to a free market economy, and (c) regarding business trends in a state-controlled economy. There are many sources of information about doing business in free market economies. There are some sources of information about doing business in transition economies, but there is a definite lack of relevant information about the state-controlled economy of Belarus.

IPM has three departments: a Business School, a Research Center, and a Consulting Center. The Business School implements all short-term, long-term, and international programs. The Consulting Center focuses on development projects for Belarusian businesses. The Research Center conducts studies on the problems of private business development in Belarus, analysis of the Belarusian economy on macro and micro levels, forecasting, and elaboration of recommendations for the implementation of economic reforms in Belarus. The Research Center also publishes a bulletin *Belarusian Economy: Trends, Analysis, Forecasts*, the only Belarusian independent economic journal *ECOWEST*, statistical information (over 100 indicators), and monographs and policy papers devoted to Belarusian market development.

The IPM Research Center and IPM Consulting Center provide faculty and local businesses with reliable, first-hand information regarding the statistics, trends, analyses, and forecasts of the economic situation in Belarus and neighboring counties. This information contributes significantly to IPM’s credibility among businessmen.

#### Short-term, Open-enrolment Courses as a Primary Promotion Tool

Participation in short-term, open-enrollment and non-credit courses is important for both the students and the faculty. The participants of the short-term courses can evaluate the level and relevance of business education programs as well as the efficacy of the business network. They can establish trust with a particular school, with particular instructors, and with particular students. The instructors (even from graduate programs) should offer short-term courses to learn about the participants and their needs, adjust textbook materials to the realities of the existing economy, and gather relevant data for their case-studies.

## **CONCLUDING COMMENTS**

Implementation of capitalist-oriented business education programs that address local issues (even in an environment of recovering socialism) plays several roles: It establishes a foundation for future democratic development and gives the local businessmen a sense of belonging to a worldwide business community. It provides solutions for specific local business management situations that are not covered within the business mainstream, and establishes circles of trust for local entrepreneurs. Finally, it contributes to the internationally accepted approach to business education by benchmarking examples of entrepreneurial proactivity, strength, flexibility, and intuition.

Belarus and its local business school, the Institute for Privatization and Management, provide unique opportunities to demonstrate how capitalist-oriented business education is able to exist and succeed in the state-controlled economy of a totalitarian government. While maximizing leverage and cross-case analysis are important components of good research (King et. al, 1994), the within-case analysis provided by IPM allows researchers to evaluate causal relationships, cover atypical cases, and avoid overgeneralization (Brady & Collier, 2004).

Most importantly, the application of IPM's flexible educational techniques will benefit any education program that is addressing the needs of the non-traditional businessman:

1. A lack of relevant curriculum is not exclusive to state-controlled economies; all non-traditional business settings experience this same deficiency which leaves educational business programs grasping for relevant instructional materials.
2. Many non-traditional businessmen have strong pride in their locale and their heritage; they are not interested in studying from a book that discusses business in London or New York City when they are located in Belarus, Alaska, or a remote Caribbean island.
3. Non-traditional businessmen have gone through numerous, inconceivable business complications and have managed to survive on their own inherent intelligence, creativity and logic. They take considerable pride in their business acumen and want the study to refer to this experience.

This study of Belarusian business education provides insight and solutions for the shortcomings existent in many business education programs. It clarifies the need to incorporate local specifics into business programs and to address student biases and local attitudes as well as other area-specific concerns. A close look at IPM's educational practices provides significant insight into how any business program can tailor its curriculum to better serve its non-traditional business students.

A comparative study of business education in several countries with transition economies is a subject for future research. A World Bank study of twenty-two Eastern European and post-Soviet countries (Aslund, 2002) demonstrates that a transition economy has many stratifications of development; different approaches to transition determine different business environments which, in turn, result in an assortment of approaches to business education. Comparing business education in market-oriented transition economies, rent-seeking states, and state-controlled economies will provide meaningful protocol for tailoring generally accepted practices and insuring that these practices address local specifics.

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