

THE VALUE OF SHORT-TERM TRAINING FOR RUSSIAN MANAGERS IN THE CONTEXT OF THE ECONOMIC CRISIS

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Abstract

The article discusses characteristics of business education development in the Urals (Russia) and explains why managers tend to choose short-term programs over long-term ones. Our research was based on the following information resources: data of the annual surveys of regional business education leaders over the period from 2010 to 2015; expert opinions; interviews with 'active learners' (managers and entrepreneurs).

The results of the analysis revealed an increasing interest of managers in short-term training and the opposite tendency for long-term programs (MBA). Due to the economic instability, managers are both unable and unwilling to implement long-term strategies of educational behaviour on the individual and corporate levels.

The priority of objectives of business 'survival' imposes a necessity to opt for education models which bring practical results fast. Short-term training is also more competitive because it is strongly connected with the regional business. On the contrary, strategic long-term training models, lacking such connection, become irrelevant and less valuable for the business audience.

Key words: business education, management education, short-term training

JEL Code: I 21, I 25, I 26

Introduction

Economic, political and social repercussions of the ongoing crisis stimulate interest in efficient management solutions on corporate, regional and national levels. It is perfectly obvious that in modern conditions management education should enable companies to cope with recessionary pressures while in the long run such education should become a driver for the innovative development of the economy.

Management education plays a special role in the economic innovative development since it involves all the key players: on the one hand, being a part of the education system, it provides formation and development of the human capital, which is the basis of the society's informational transformations; on the other hand, it actively interacts with business and enhances economic growth by stimulating entrepreneurship (Kovalyov, 2010).

Thus, most modern studies in this field focus on the search for viable strategies for the development of management education (Friga, Bettis & Sullivan, 2003), effective organizational models of business schools (Acito, McDougall & Smith, 2008) and pedagogical technologies of productive interaction with learners (Gosling & Mintzberg, 2006; Notman, 2014).

Corporate scandals have recently attracted considerable public attention to the moral aspects of corporate operations, which incited more and more researchers to call for the reconsideration of the whole paradigm of management education in order to develop a sense of business ethics in graduates of business schools (Sigurjonsson, Arnardottir, Vaiman, & Rikhardsson, 2015). The scholars claim that it is essential to transform business schools in order to promote the concept of responsible management education and to restore their rightful status in the society (Dyllick, 2015; Doherty, Meehan & Richards, 2015).

Russian business education has a comparatively short history and limited experience in comparison with its European and American counterparts: the first business schools appeared in Russia only in 1998. Empirical research in this field concentrates on the segment of MBA programs: for example, Soboleva studied managers' motives when choosing MBA programs, their expectations and satisfaction with the training process (Soboleva, 2009). She demonstrated the drawbacks of the existing educational programs pointing out the perspectives of their further development. Certain Russian researchers approach the top level of business education (MBA) by focusing on the challenges and problems it faces in the modern world (Shabanova, 2010).

Recently the segment of short-term and medium-term programs has been growing steadily. The study of this trend requires close examination of the factors which determine the increasing popularity of such programs to the detriment of long-term education.

1 Data and Methods

1) In order to reveal the main quantitative trends in the development of business education in Ural region¹ we used the statistical data of the annual monitoring conducted by the Russian analytical centre 'Expert'². This monitoring covered state and private business schools, educational centres, and training companies realizing programs in the sphere of management education (N - over 10 organizations). The key indicators provided by these educational institutions were their total revenue from selling educational services and the number of their students according to the types and the subjects of their educational programs. These data were provided either on a confidential basis or as open information. The sampling of the analytical statistical surveys of the business education market was made for the period between 2010 and 2015.

2) In order to gain a deeper insight into the reasons for the shift of consumer demand towards short-term education we conducted in-depth interviews with the group of 'active learners', which comprised representatives of the local business community (September - October 2015). The interview plan included three main topics for discussion: the respondent's educational background (basic education, personal strategies of self-education, types and length of additional education in the last three to five years); the respondent's objectives and motivation for upgrading their management qualification; the preferred educational models (the length and topics covered by programs, educational forms and methods).

The respondents were the owners of small and medium-sized enterprises and the managers of different levels in medium-sized and large companies (N-23). To select the respondents we applied the maximum variation sampling method, which is used in qualitative studies and is aimed at identifying content-rich cases for in-depth multilateral research. In our study we intentionally chose respondents of different status, from different spheres and scale of business. The advantage of this method is that it provides the maximum diversity of material and brings to light a wide range of behavioural patterns, even though the scope of investigation was comparatively small.

3) To reveal the most sensitive issues and to evaluate the potential of business education in the Urals we conducted semi-structured interviews with experts (N-10, November-December 2015). The experts were the heads of departments of educational institutions and coordinators of educational programs for practising managers. The interviews

¹ Ural region is one of the largest industrially developed and highly urbanized regions of Russia.

² Analytical journal 'Expert', including its regional supplement 'Expert-Ural', is one of the most authoritative business journals in Russia (web-site: expert-ural.com).

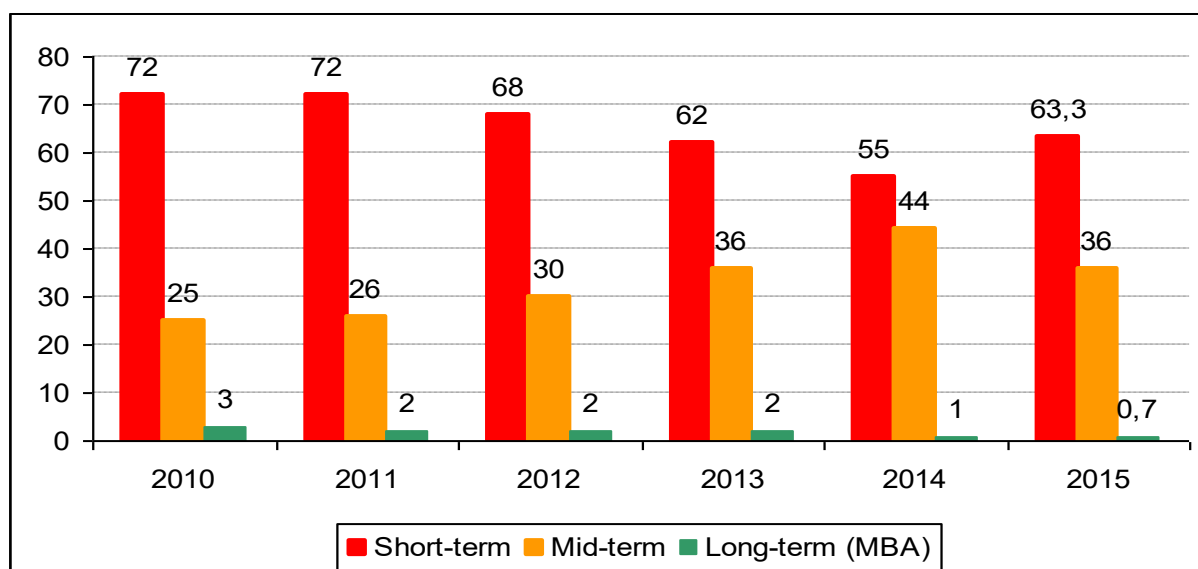
covered the following three topics: the current developmental trends of business education; the key issues and challengers faced by educational institutions realizing programs of additional training; prospective areas of development and long-term objectives of business education in general.

2 Results

Economic recession has led to a slowdown in the growth of the business education market: in 2014, the overall revenue of the largest business schools and educational centres in the Urals dropped by approximately 8% in comparison to 2013. Since the beginning of 2015, the demand for corporate training has also reduced because companies seek to minimize their costs and cut their budgets for personnel training. Educational centres and business schools compensate this slump in demand in the corporate segment by enhancing their intake for open programs for physical persons.

The structure of demand for programs shows that short-term and medium-term programs are considerably ahead of the long-term ones. The volume of sales demonstrates that tactical formats steadily prevail over strategic systemic formats such as MBA. The dynamics of structural characteristics of the market according to types of educational programs is illustrated by Figure 1.

Fig.1: Structure of the market according to the types of educational programs (% of graduates)



Source: Compiled by the author by using the data of analytical centre 'Expert-Ural' for the period 2010-2015

The market structure according to the duration of the most popular programs has remained quite stable throughout the last six years. The segment of long-term programs traditionally accounts for only a small part of attendees. From 2010 to 2015, however, the demand for MBA programs offered by Ural business schools fell by over two thirds while the demand for short-term programs was at its highest. Consumers of educational services are orientated towards getting 'quick returns' from their spendings on education: they want to apply this knowledge immediately and to get fast results.

Managers tend to prefer those programs which can enable them to take prompt anti-recessionary measures, increase their productivity, boost sales, and thus to improve the actual performance of their enterprises. The top ranked programs are 'Business Administration' (18-20% attendees every year), 'Accountancy, Taxation, and Auditing' (14-18%), 'HR Management' (10-16%) and 'Sales Organization' (10-13%). In 2015, the best results were shown by the programs on marketing and team building. Heads of business schools and educational centres point out that there is a direct correlation between the consumption of their services and the escalation of competition in certain industries and business spheres. More intensive competition in specific areas stimulates the demand for certain programs and topics which allow businessmen to manage crisis effectively. According to the experts, for educational institutions it is crucial to react to the changing business environment in order to maintain the demand and strengthen their position in the short-term training segment.

The results of the interviews with 'active learners' (independent entrepreneurs and managers) show that they are not ready to commit themselves to long educational trajectories and that they find it much more important to apply the new knowledge in practice as soon as possible. The following typical quotations from the interviews prove this fact:

Respondent 'A' (30 y.o.; middle manager in a large company): *'The situation is now economically unstable, which means that we cannot afford the luxury of accumulating knowledge for knowledge's sake. It is inefficient both in terms of time and money. Nowadays it is much more important to find out about specific solutions and immediately apply them practically!'*

Respondent 'B' (44 y.o.; owner of a medium-sized business): *'I am not very keen on MBA. It is both too academic and too long for me. In my opinion, it is just a waste of time. There are faster ways of increasing the efficiency of your business: you can attend workshops, seminars, go on educational tours and so on. The logic is simple: as soon as you find out about a certain gimmick, you implement it and get the desired effect. It's beyond my*

understanding why someone has to study long. For me 'long' means the same as 'uncertain': uncertain about where to apply this knowledge and when?'

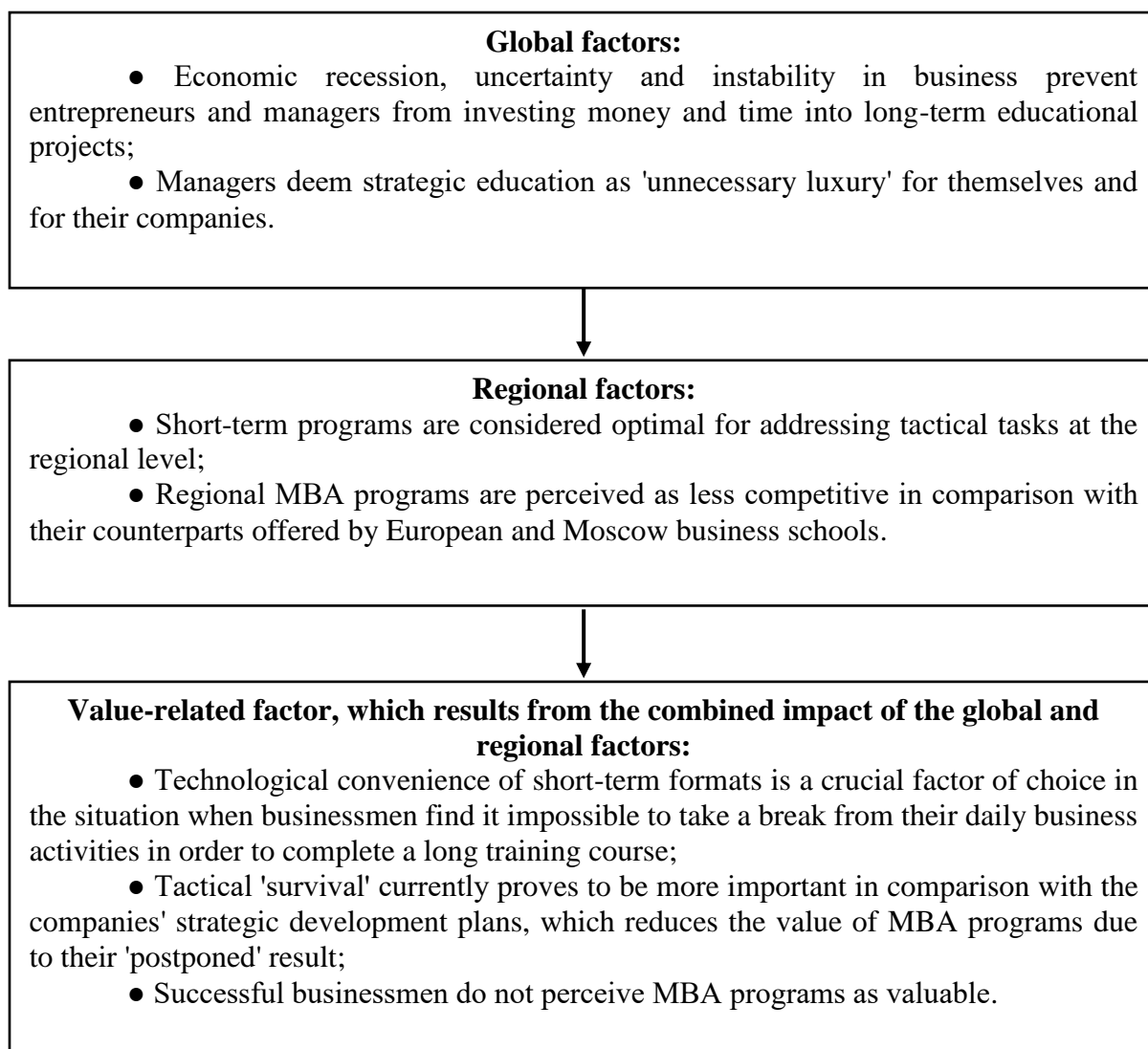
Respondent 'C' (41 y.o.; owner of a small business): *'Now I am at the stage when MBA is not necessary. Some go to study because they want a degree to put on their business cards. Five years ago I was thinking of MBA, I even studied programs of different business schools. Then I came to the conclusion that they are filled with too much theoretical 'rubbish'. An MBA degree can be useful at the beginning of your career, when you are just starting your own company. At the moment I don't have any plans or resources for growing into a transnational company; my key target now is to keep my business afloat. In the last two-three years I have been attending workshops and seminars of competent experts to ask the questions I am interested in and to exchange experience. It is fast and effective and, what's most important, I have already applied most of this knowledge in my business.'*

Respondent 'D' (51 y.o.; top manager in a large company): *'For me the ideal model of training is the following: you acquire a technology or a tool and apply it practically, then you return for the next 'chunk' of information. In the recession one has to reconsider the whole strategy of managing personnel training. I mean not only the cost cutting but also the efficiency of such investments. If before the recession I did not bother to monitor if there was a direct correlation between personnel training and the company' results, now I have to do it. It is crucial that knowledge should bring fast and tangible economic results.'*

Respondent 'E': (36 y.o.; top manager in a medium-sized business): *'In the last two-three years I have always been involved in some kind of training: seminars, workshops, webinars. You might say it has turned into a certain lifestyle already. Keeping up to date by attending short educational events is useful and not too time-consuming. There are too many problems with MBA while the result is unpredictable. If I was to start an MBA program, I would do it either in Moscow or abroad, but it is impossible for me to go away for a long time: I cannot leave my business and my family. The current projects do not allow me to immerse myself into the educational process for a long time.'*

The analysis of the results has shown that there are three groups of reasons for the popularity of short-term programs (see Figure 2).

Fig.2: Reasons for the popularity of short-term training



Source: The author's interviews with managers and owners of enterprises

3 Discussions

Short-term training formats demonstrate a sustainable competitive advantage because they are closely connected to the regional business specialization and they can be easily adjusted to the current needs of local enterprises. During the recession managers seek to obtain 'fast' knowledge from competent experts and apply this knowledge to improve their companies' performance. Therefore, educational institutions offer a range of short-term and modular programs, which are perceived as valuable because they are orientated towards meeting the specific needs of the regional business.

Moreover, in the recent years the Ural business community has come to believe that

the real value of MBA programs is exaggerated: top managers and middle managers choose to pursue such long-term and expensive programs in Moscow or European business schools since the maximal result compensating for the significant expenditures in time and money is attainable only at the maximum level of quality of both the audience and the program itself. This trend reduces the potential of local MBA projects to create efficient business socialization inside these programs (learner groups).

The experts believe that the saturation of the regional market with high quality short-term programs meets the Ural companies' needs created by the economic situation and corresponds to their practical objectives. Local experience is an essential part of management training but innovative solutions can be achieved only when this circle is broken.

Conclusion

Short-term educational programs are popular among Russian managers due to the global and regional consequences of the economic recession. These consequences (described by managers as 'uncertainty', 'unpredictability', and 'instability') render managers unwilling or incapable to realize long-term educational strategies at the individual and corporate levels.

This research has shown that such behaviour has a mixed effect on the sphere of education. On the one hand, managers have already acquired steady orientation towards 'active learning' as a style of life, that is, they consider constant short-term training necessary to actualize their knowledge and practise their management competencies. On the other hand, the falling value of 'serious' educational formats will inevitably lead to deterioration of managers' strategic competences such as skills of systematic business analysis, forecasting, and conceptual thinking. This will naturally affect the development of regional companies and their innovative potential.

Therefore, it is vital to understand that educational institutions have a special mission in the sphere of management training: they are not only to satisfy the demand for specific topics and formats, but also to enhance the value of comprehensive training and to shape the future demand for it.

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