



# Belarusian Business Education: from a Command Economy to the Market

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# Ostrogorski Centre

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## Abstract

- The sphere of Belarusian business education is experiencing very challenging times in connection with the economic crisis in the country. Over the last three years, the amount of turnover in the market in dollar terms has decreased by nearly half, according to various assessments. Moreover, these economic difficulties are raising the requirements of business education clients, who are now more selective when it comes to choosing their venue for business learning. This is good news for well-funded and high-quality foreign educators who are still capable of meeting these requirements.
- The Belarusian authorities have shown some interest in developing business education; evidence of this can be found in the Concept adopted by the Belarusian government in 2015. However, the Ministry of Education has not yet done much to adjust state regulations to match the situation on the ground. State policy may become more pragmatic following the establishment of Republican Council on Development of the Business Education System, scheduled for 2017.
- Three key problems exist today. Representatives of the government, the international community, and business educators would do well to focus on them. First, the authorities must level the playing field for state and private educators when it comes to taxation and issuance of state-recognized diplomas. They must also allow more academic freedom in universities. Secondly, foreign partners could support methodological and technological improvements in Belarusian business education by conducting trainings inside the country and offering foreign internships. Thirdly, Belarusian business educators could expand their presence in the regions, relying on financing from foreign foundations in the event that expansion into the regions proves unprofitable.

## Introduction

Business education is probably the education sector most sensitive to the economic climate. Whereas neighbouring countries, such as Poland or Russia, experienced a boom in business education in the early 1990s – due to an increase of the private sector share of the economy – in Belarus the business education sector grew slowly. Belarusian business educators did not have powerful clients, such as Gazprom in Russia, and resembled training centres oriented towards small business.

The rapid growth of the Belarusian economy, accompanied by private sector expansion, was mirrored by growth in the sector of business education, reinforced by business schools at universities and long-term programmes in private business schools. In 2009, economic growth faltered and the business education market shrank correspondingly<sup>1</sup>. This situation was exacerbated by the the current economic crisis<sup>2</sup>.

This crisis has left Belarusian business education in the lurch, as it is probably here for the long run. Providers of business education, like many others, will have to adjust to life in this ‘new normality’. Nowadays, the clients of business educators are raising their expectations and demand more of a practical outlook from education offerings<sup>3</sup>. This is apparently connected with the maturing of the Belarusian private sector, which currently assesses and oversees its own effectiveness.

The State’s ‘Concept of Formation and Development of the Business-Education System in the Republic of Belarus’<sup>4</sup> interprets business education as meaning ‘learning aimed at acquisition of knowledge and skills necessary to perform administrative functions in commercial organisations.’ Such a concept has certain limitations: for example, it does not involve teaching sales to first line or middle managers. Thus, this research will take a broader look at business education – it understands it to involve the preparation of personnel necessary for more efficient business structures.

This research has two primary goals. First, it seeks to outline existing trends and challenges Belarusian providers of business learning face today. Secondly, it will propose ideas to help expand Belarusian business education and improve its quality with the help of the international community.

In pursuing the above goals, this research has certain limitations. First, business education in Belarus exists in three forms: university education, long-term programmes, and short-term trainings. Thus, analysis of each form individually, along with elaboration of corresponding recommendations, is beyond the scope of this paper. Secondly, the market for business education in Belarus remains highly competitive. For this reason, the conclusions and recommendations described are aimed at all actors on the market, rather than concrete schools. However, these limitations do not impinge on the benefits which this research can provide to various players (private companies or state institutions). Instead, they stress our main priority: general social improvement.

<sup>1</sup> *Бизнес-образование в Беларуси продвигает частная инициатива – Павел Данейко*, <http://bdg.by/news/economics/6025.html>.

<sup>2</sup> *Чем закончится переформатирование рынка бизнес-образования*, <http://probusiness.by/opinion/561-chem-zakonchitsya-pereformatirovanie-rynka-biznes-obrazovaniya.html>.

<sup>3</sup> *Что происходит с бизнес-образованием в Беларуси – опрос представителей рынка*, <http://probusiness.by/markets/1772-chno-proiskhodit-s-biznes-obrazovaniem-v-belarusi-opros-predstaviteley-rynka.html>.

<sup>4</sup> The full text of the Concept and the plan on its implementation are available in Russian here: <http://www.pravo.by/main.aspx?guid=12551&p0=C21500734&p1=1&p5=0>.

## Trends in the development of Belarusian business education

At present, four main actors dominate the business education market: the Business School at the Institute of Privatisation and Management, the consulting group 'Here and Now', and 'Business School 21st Century' (all private institutions), along with the state-run Institute of Business and Management of Technologies at the Belarusian State University. Together, these institutions account for about half of the business education market<sup>5</sup>. Other companies and institutions are less significant, and some of them see business learning only as a source of additional revenue. Belarusian business educators tend to focus on several main tracks: management, marketing, and personnel development. These account for over a half of existing programmes<sup>6</sup>.



Graduates of the School of Business and Management of Technology of the Belarusian State University (© www.bsu.by)

According to representatives of business education, the annual scope of the market of private companies has decreased two-fold since the beginning of the crisis in 2014, when it amounted to \$6,5 million –\$10,5 million<sup>7, 8</sup>. In terms of the Belarusian ruble, the market has remained the same, given inflation and the devaluation of the Belarusian ruble. Currently, the market is starting to revive, as many companies believe improving their effectiveness might be a way out of the crisis. In addition, universities have experienced growth in the number of students enrolled in Master's programmes in business-related specialties<sup>9</sup>.

However, this growth has not been felt to the same extent in the regions, where prices for business education remain prohibitive for most entrepreneurs, as their salaries are on average one third lower. Generally speaking, according to market

<sup>5</sup> Ассоциация развития менеджмента, *Обзор рынка бизнес-образования в Республике Беларусь*, Минск 2014.

<sup>6</sup> *Ibid.*

<sup>7</sup> Since there is no uniform system of calculation, different studies give different figures.

<sup>8</sup> Herein, the potential scope of the market, according to some calculations, amounts to \$28 million. See *Ёмкость рынка услуг бизнес-образования Беларуси может потенциально вырасти еще в 4 раза*, [http://ta-aspect.by/Yomkost-rynka-uslug-biznes-obrazovaniya-Belarusi-mojet-potencialno-vyrasti-eshe-v-4-raza\\_2014\\_7\\_8](http://ta-aspect.by/Yomkost-rynka-uslug-biznes-obrazovaniya-Belarusi-mojet-potencialno-vyrasti-eshe-v-4-raza_2014_7_8).

<sup>9</sup> *Бизнес-образование в Республике Беларусь и перспективы его развития с учетом международных стандартов организации обучения*, Минск, 2016.

actors, only about 10-20% of business education takes place outside Minsk. The few exceptions include state regional universities offering business-related degree programmes, and the IPM business school, which has opened branches in all the regional centres of Belarus and uses distance learning technologies to keep prices for trainings relatively low.

Belarusian authorities have exhibited some interest in developing business education. This is evinced by the adoption of a corresponding Concept by the Belarusian government in 2015. Unfortunately, the targets proposed by the Concept are unrealistic and it is not being properly implemented. For example, it remains unclear how the business education market will grow to \$50 million by 2020 in conditions of economic stagnation. Nevertheless, the authorities have accomplished little in the way of adjusting state regulations to the situation on the ground. More concrete plans for the implementation of the Concept will most likely be hammered out after the establishment of the Republican Council on Development of the Business Education System, planned for 2017.

So far, the adoption of the Concept has not led to any concrete outcomes. Instead, it has provoked competition between different business schools and associations. Representatives of smaller schools have accused larger actors on the business education market of using state regulations against their competitors<sup>10</sup>. Later, representatives of these schools founded a new association, consisting of companies offering consulting services and providing business education, to better pursue their vision of the market. According to representatives of business education, professional associations consolidated in recent years. The number of professional associations in Belarus has grown from one (Association of Business Education) to three.

#### *Associations on the Belarusian business education market*

Association's name	Association of Business Education	Association of Management Development	Association of Companies Providing Consulting Services and Business Education
Type of organisations-participants	Mostly state providers of business education	Mostly major private providers of business education	Mostly minor private providers of business education
Number of organisations-participants	18	6	5
Website	<a href="http://www.belabe.by">www.belabe.by</a>	<a href="http://www.amdbelarus.wordpress.com">www.amdbelarus.wordpress.com</a>	No website

The main demand of business school representatives (both private and public) for the upcoming Republican Council is that state regulations be made more pragmatic. For example, many methods used by business schools, such as coaching or case-studies, simply do not conform to the regulations of academic universities. Thus, it is quite natural that representatives of private business schools would like to see the market liberalise as much as possible.

Today none of the private providers of business education, apart from the IPM business school, possess the status of 'educational type-establishments'.

<sup>10</sup> *Директор EMAS: на рынке бизнес-образования Беларуси организован антиконкурентный сговор*, <http://myfin.by/stati/view/5295-direktor-emas-na-rynke-biznesobrazovaniya-belarusi-organizovan-antikonturentnyj-sgovor>.

This means that they cannot issue state-recognised diplomas in re-skilling and advanced training and they are not eligible for tax benefits enjoyed by state education providers. Obtaining the status of 'educational type establishment' is a complicated and labour-intensive procedure.

Development of modern tools, such as online education, is progressing slowly and remains limited. This is connected with the fact that online education alone cannot achieve the desired results. Hence, Belarusian business schools are starting to implement blended programmes, in which learning occurs partly in class and partly remotely. As for state universities, business education programmes are slowly starting to develop modern technologies. However, this mainly concerns universities in Minsk, whereas regional universities are falling behind.

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## Basic problems for the business learning sphere

In summarizing the trends in business education, it is also necessary to point out the basic problems which hinder more productive development of business education in Belarus.

### State regulations

Although state officials openly advocate ‘real equality of all actors on the business education market’<sup>11</sup>, two key issues remain unsolved. First, private and state business educators are subject to different taxation regimes. For example, state universities and other educational-type establishments, are exempt from profit tax and VAT. Secondly, private companies which do not possess the status of educational establishments cannot issue state-recognised diplomas on re-skilling and advanced training of specialists. In practice, this limits the opportunities of employees of state enterprises to obtain educational training from private companies using funds from their place of work.

These regulations harm not only private educators, but state universities as well. For state universities, it remains important that academic programmes be flexible

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(this means that state-mandated compulsory components of the curriculum should not exceed 50% of academic programmes). Also important is that the status of MBA graduates be reflected in the documents of the Ministry of Labour and Social Protection, and that people with no academic degrees but with practical experience in business

could be allowed to become lecturers at university business schools<sup>12</sup>. As a result, the Education Code, which is now being developed by the Ministry of Education, also requires amendments.

### Poor integration into the international educational space

Belarusian business educators struggle with a lack of international accreditation from such organisations as the Association to Advance Collegiate Schools of Business, the Association of MBAs, or the European Quality Improvement System. This is a significant problem on the world business education market. The only exception is the IPM business-school, which has an accredited programme (AMBA) with the Kozminski University in Poland.

Although almost all major business educators maintain contacts with foreign partners<sup>13</sup>, Belarusian business education is still highly insular. Belarusian business educators who spoke with researchers at the Ostrogorski Centre highlighted their need for methodological preparation to create new long-term programmes.

<sup>11</sup> Дмитрий Крупский: Реализация концепции бизнес-образования изменит статус-кво на рынке управленческих кадров, [http://ta-aspect.by/Dmitriy-Krupskiy-Realizaciya-koncepcii-biznes-obrazovaniya-izmenit-status-kvo-na-rynke-upravlencheskih-kadrov\\_2015\\_11\\_9](http://ta-aspect.by/Dmitriy-Krupskiy-Realizaciya-koncepcii-biznes-obrazovaniya-izmenit-status-kvo-na-rynke-upravlencheskih-kadrov_2015_11_9).

<sup>12</sup> Владимир Апанасович, Состояние, тенденции и перспективы развития бизнес-образования в Республике Беларусь, [http://media.miu.by/files/store/items/iot/37/iot\\_1\\_2014\\_1.pdf](http://media.miu.by/files/store/items/iot/37/iot_1_2014_1.pdf).

<sup>13</sup> For instance, the Institute of Business and Management of Technologies of the BSU cooperates with ‘New Eurasia’ which acts under support of the United States Agency for International Development (USAID); Consulting group ‘Here and Now’ has connections with the Adizes Institute, and the IPM business school, as mentioned above, has a joint program with the Kozminski University.



Participants of the InvestWeekend in Hrodna (© www.hrodna.life)

## **Lack of affordable business education in the regions of Belarus**

As prices for business education are set in the capital, many educational programmes are not affordable to regional business structures. One-day seminars, costing \$70-90, can only attract the wealthiest regional businessmen, even though demand for such seminars could be quite high. Therefore, the under-representation of business education in the regions creates a situation in which many entrepreneurs are simply unaware of the existence of business schools. According to an analysis conducted by the Research Centre of the IPM, over 40% of surveyed small and medium companies in Belarus do not know of a single business school<sup>14</sup>.

<sup>14</sup> Дарья Урбан, *Оценка состояния рынка труда в условиях экономического кризиса представителями малого и среднего бизнеса*, <http://www.research.by/webroot/delivery/files/pdp2016r03.pdf>.

## Recommendations for the development of business education in Belarus

A major problem for Belarusian business educators is that the economic crisis in Belarus will last for at least several more years. This means that growth in demand for most business schools will remain insignificant. Under such conditions, there are three things which the Belarusian government, the international community, and business educators should focus on in order to improve the state of Belarusian business education.

As economic stimuli for market growth are absent, the Belarusian government could **free the sphere from unnecessary regulations** which stand in the way of the development of business education. This would foster healthy competition between business schools. State schools too would benefit from deregulation, as they would no longer need to adjust their programmes to regulations on universities from the Ministry of Education. They would also be able to involve investors.

The international community can play a positive role by **supporting the methodological development of business educators** in Belarus. Today, Belarusian business schools require methodological training before they can offer long-term educational programmes. This is especially true for blended programmes which need valid methodology for distance learning. Moreover, foreign internships at Western business schools could be an invaluable experience for business educators

Associations which bring together various providers of business education are the best fit for receiving foreign funds

who have no one to learn from in Belarus. These measures would increase the quality of work and the competence of teachers at business schools.

Given the competition between different business educators, assistance from the international community should be as broad as possible so as not to become a tool in competition.

State-run and commercial companies may sometimes fail to meet the requirements of their grantors due to their status. Therefore, associations which bring together various providers of business education are the best fit for receiving foreign funds.

Moreover, foreign funds could be channelled into **developing education in the regions of Belarus**, where prices for business education remain prohibitive. Besides improving educational programmes, Belarusian business educators could use foreign assets to improve their presence in the regions, which would create a new administrative class for Belarusian companies.

## About the author

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## Ostrogorski Centre

The Ostrogorski Centre is a private, nonprofit organisation dedicated to analysis and policy advocacy on problems which Belarus faces in its transition to market economy and the rule of law. Its work is nonpartisan and dedicated to achieving practical results.

Its analysts working in Minsk, Kyiv, London and Berlin understand the challenges of transition in the region because they have lived through it. Educated at the world's leading universities, the centre's experts have cultivated the culture and technical skills required to deliver Western-style analysis.

The mission of the Ostrogorski Centre is to contribute to better understanding of transition processes in Belarus and learn from experience of other countries. The Centre aims to promote reforms and thinking which helps the economy become more competitive, governance more efficient and integrate Belarusian scholars and analysts in pan-European and global networks.

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