Curriculum development: Practical examples

Mikhail Grachev

**Mikhail Grachev** expanded on the subject of cultural sensitivity, focusing his address on Central and Eastern Europe where rapid change is occurring. What do these changes augur for international companies and what do IB students need to know as they embark on a career in international business?

Grachev is a management professor at Western Illinois University and the former dean of the School of Management at the State University-Higher School of Economics in Russia. He has served as a visiting faculty member at Case Western Reserve University, the University of Tulsa, and the Wharton School, and has taught at universities in France, UK, Hungary, Czech Republic and Japan.

When talking about Central and Eastern Europe, “political issues should be taken into consideration,” said Grachev.

“First, it is important to understand the perspective of the US foreign and national security policy on this region. Second, it is important to evaluate political risk to the US-based multinationals doing business in selected industries in this region.”

Incorporating information on this part of the world into course material would be valuable to students, he said.

“We understand that this region is changing; we may not understand how fast and how radical the changes are in many cases. Depending on your perspective, the changes pose both opportunities and threats for international businesses.

“I think the most important trend in Central Europe is the impact of the European Union. All these countries (Estonia, Latvia, Lithuania, Poland, Czech Republic, Slovakia, Hungary, Slovenia Malta, Cyprus) had to revise their legislation and review their social policies to comply with the EU charter.” Wages rose and as a result, a number of multinational corporations defected to China and Ukraine in search of cheaper labor, Grachev said.

“Is Eastern Europe an attractive region for business? Based on the negatives, I don’t think so. Russian entrepreneurs spend 25 percent of their profits to pay bribes and stay in business. However, there are positives. If you look at the success stories, you’ll learn that a number of multinational companies are very successful.”

Grachev cited a few examples: “Shell invested $12 billion into oil exploration in Russia. 3M Russia, recognizing the Russian tradition of working cooperatively, aggressively implemented 3M’s team-based work practices.”

Whenever a company enters a new market it is faced with challenges. Grachev cited a study he had conducted as part of Wharton-based Global Leadership and Organizational Behavior Effectiveness (GLOBE) research showing that the challenges in Russia were not of the usual marketing and managerial variety but had more to do with a breakdown of values in the country.

“The culture in Russia was damaged when the system changed and new values had not been created yet,” said Grachev. “Mikhail Gorbachev is a hero in the West because he destroyed the Communist system, but he is not a hero in Russia. He made promises but he did not create a strong culture or drivers for national success.”
Curriculum development: Practical examples

Mikhail Grachev

Grachev is very cautious about advising students to travel to Russia unless he can be assured that they have protection. “I don’t mean Mafia, I mean reliable infrastructure in general.”

Other than travel, there are ways that linkages can be established between Russian and American institutions. He referred to a program he had launched with the University of Delaware, which established a link with a Russian university.

“We coordinated our syllabi and created virtual groups where students from both sides could interact while preparing their international business project. Then we succeeded in raising funds and bringing a group of Russian students to the University of Delaware, and they made their presentations together with the American students. It was one of the best learning experiences in international business I ever had.”

Institutional partnerships can lead to funding opportunities. “I was part of a number of highly successful projects funded in the 90s by the State Department for the purpose of fostering ties with foreign countries,” said Grachev. “It is not only important to use this money, but to think beyond the time the funding runs out. Do we have people who can act as champions for the project? The smallest schools now are more successful in creating these plans and building the institutional linkages than the large institutions.”

To help illuminate the terrain, Grachev said “there are a number of excellent networks in Central and Eastern Europe such as CEEMAN. They have an excellent information exchange. Access to this network is readily available to faculty who want to incorporate the information into their international business courses.

Students who are still interested in the region should be advised to “change their perception from negative attitude to critical analysis. Psychologically, we still have this heritage of hostility toward Russia and its former satellites.”