

The importance of being honest

By Kester Eddy

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Ask old hands at the International Management Institute, MIM Kiev, in Ukraine, about the changes at the school since it first opened in 1989 and they tell a story of a US professor, who began one of his first classes by asking questions. The students, steeped in the Soviet "professor speaks, class listens" tradition, were unimpressed.



"We came to listen to him, and he asks us questions. Why do we have to pay for this?" was the indignant response. Such a reaction was probably the least of the many challenges that faced what was then the Soviet Union's first western-style management school.

Yuri Poluneev, who helped create that first MBA programme, admits that it was very much a pioneering experience. "Back then nobody, myself included, knew what an MBA was about," Prof Poluneev says, although he is quick to point out that the

school has come a long way since then.

Indeed, with a full-time faculty of 26 professors and 1,500 MBA alumni - many of whom are now captains of commerce and industry in Ukraine - MIM has a strong claim as leader of the pack in the country's management education sector.

Prof Poluneev has also come a long way since leaving MIM in 1992. After a variety of consultancy roles, followed by a decade with the European Bank for Reconstruction and Development, he returned to the school at the beginning of the year, this time as its head.

"The leadership [of MIM] has turned it into a major business education establishment. My main challenges are first to maintain what has been achieved and to take MIM to a higher standing," he says. Clearly the school owes much to his predecessor, Bohdan Budzan, who was at the helm for the past eight years, during which time MIM has seen an expansion in educational and research programmes, faculty development and international co-operation.

"During my tenure 30 per cent of the staff changed," says Prof Budzan. "Younger faculty were hired and new visiting professors invited to teach. New policies, including higher salaries and better possibilities of professional and personal development, with study periods and joint research projects at foreign business schools [underpinned this]," he adds.

Meanwhile MIM became a member of the Brussels-based European Foundation for Management Development and of the Central and East European Management Development Association, gaining Ceeman's IQA accreditation in 2004.

One of the school's most significant achievements has been the project to finance and construct MIM's own building, a mission completed last May. The result is a \$3m (£1.7m), five-storey complex, conveniently located for public transport in the western suburbs of Kiev.

Although a private investment fund provided the bulk of the financing, about one-third of the total was from donations, with a significant sum raised locally - another innovation, since during the Soviet era the concept of individual charity was effectively eliminated.

"We had to create a culture of fund-raising. Now we have a lot of organisations and students who gave us money, but this was not normal. People ask me how to do it," says Prof Budzan.

But rather than the spanking new school building, it is MIM Kiev's emphasis on ethics and corporate governance that may ultimately have a more far-reaching influence on Ukraine society, however intangible it may seem today.

The school emphasises an ethical approach to business as one of its key goals, which is one of the attractions of MIM to many students. It is an emphasis that begins on the first day students attend the school.

"In the Soviet system, it was not difficult to pass exams, if you gave money [but] this has never happened in our institute and people know it," Prof Budzan insists.

Rather than run separate programmes on ethics, MIM designs its courses so that the topic is repeatedly covered across the spectrum of subjects, often supported with local case studies.

"You can't tell your kids 'You must be honest!' You have to show them why - do it in courses, in your discussion," says Lina Khassan-Bek, programme director at MIM.

"From the very beginning in all our courses, in all our programmes, we begin with [the concept of] openness, transparency and responsibility to all stakeholders because [ultimately] it is in their own interest, either just to understand their own financial situation, or if they want to raise cash through the capital markets," says Prof Khassan-Bek.

"Our goal is to change people's understanding in the right way, which is in our view [through] corporate social responsibility, to all employees and shareholders, not only to make profit. Yes, they want to make a profit, but they have to understand their wider role in society," she adds.

This is particularly true of the majority of MIM's students, many of whom are in their mid-30s, running their own companies, but who have reached a plateau.

"These people do not need a degree. They came to MIM because they want to grow but don't know how," says Prof Khassan-Bek.

Prof Poluneev plans to understand MIM's current strengths and weaknesses before making any changes, which will have to be in line with a longer-term strategy.

He is, however, keen to counter growing competition from "younger, more aggressive and more dynamic" business schools, and prepare managers for the challenges facing Ukraine's economy, which has so far remained largely protected.

His vision is to turn MIM into a leading business school in eastern Europe, with its own distinctive "face", which he believes may lie in developing a strong analytical, research and teaching base in competitiveness strategies for the country, municipal and corporate sectors.