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*Creating a New Major Business School in the Times of COVID-19: The HSE-Moscow Way*VALERY S. KATKALO¹

Robert K. Yin has written in a reference book that “case studies are the preferred strategy when, ‘how’ or ‘why’ questions are being asked. When the investigators have little control over events, and when the focus is on contemporary phenomenon within some real-life context” (Yin, 1994, p. 1). When the European Foundation for Management Development (EFMD) asked me to write a crisis-management chapter on the issues involved in the strategy of business schools in order to cope with the consequences of COVID-19, I decided to focus on a particular issue to which my professional practice brings me daily, namely, the leadership of a newborn management education institution. Indeed, it seems to me that these two fields of crisis management and of launching an academic institution have in common, in an exacerbated way, to use Yin’s formula, the fact that they constitute fields in which “the investigators have little control over events” and are examples of a “contemporary phenomenon.” In addition, the aim of my chapter is to detail the rationale for the project and describe how our schools faced the challenge of the COVID-19 crisis – in other words, the “how” and “why” questions. Therefore, structuring this chapter around a case study was an obvious choice.

In the recent decades, it became almost an axiom that any major university recognized as a champion in the national system of higher education – and especially one that is striving to become globally competitive – already has or is in the process of creating an in-house business school (sometimes as a school of economics and management). The drivers for this trend include the growth of the management profession in modern society; the maturation of management research as a recognized member of the university academic community; the

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need for developing entrepreneurial and innovation potential at the so-called *third-generation university*,² which is now the model for almost any top university; and a solid revenue stream generated by a b-school and CEOs among its alumni as an important addition to resource base for a university's strategic aspirations. All these arguments were considered in the late 2010s by the National Research University Higher School of Economics (HSE), Moscow – quite young (est. 1992) but already one of the top 3 Russian universities – in making principal decisions about creating a world-class business school at HSE as one of the key strategic initiatives in its 2030 Development Plan.

Creating a new business school inside an established university is always a challenge because of the need for semiautonomous governance and a much more entrepreneurial style in running a successful b-school as compared with the related administrative features at its other academic units. In the HSE case, on top of that, there were such challenges for the project in question as the need for turning around an existing old-fashioned and very fragmented system of business education at HSE, as well as the need to develop and execute a strategy for catching up with the leading Russian b-schools in the era of the Fourth Industrial Revolution, with its revolutionizing impact on management development in all its aspects. Although these challenges were well recognized, the COVID-19 pandemic has radically disrupted the context in which the new b-school was to start and progress. However, if one is in the business of developing new business leaders, then the more adventurous is the road toward ambitious goals, and the more exciting and inspiring is the venture of creating a new university-based b-school via creative destructions and leadership.

This chapter is organized into five sections. In the first section, the internal and external contexts for the new HSE b-school, the related university reorganization, and the key challenges for this project in the COVID-19 era are addressed. In the second section, the related changes in the business program portfolio and innovations in learning are discussed. The third section is dedicated to the new faculty policies and actions, whereas the fourth section covers the creation of the b-school's corporate ecosystem, including its operational, cultural, and business-model aspects. All these themes are examined with

² A detailed conceptualization of the third-generation university is provided in the work of Wissema (2009).

respect to an innovative approach and nonorganic growth strategy undertaken for successful implementation of the HSE b-school project in the times of COVID-19. This analysis is concluded in the fifth section with a summary of the lessons learned during the first year of this project and the vision for the road ahead in developing the HSE Graduate School of Business as an institution of international caliber.

1. The Context for a New B-School Project: Strategic Intent and COVID-19 Shocks

The unprecedented-for-Russia history of HSE University – which was built from scratch in late 1992 and in less than 30 years became one of the top 3 in the country and a globally highly recognized research university – is self-explanatory for the credibility of its ambition to create a world-class business school. The HSE was established by the Ministry of Economic Affairs of Russia on November 27, 1992, in Moscow as a public university, which initially was a small boutique institution for master in economics programs, designed in accordance with international standards and aiming to train a new generation of economists in support of Russian market reforms.³ Soon after that, a partnership with the London School of Economics (LSE) was created, which resulted in 25+ years of a very successful – still flagship for HSE – double-degree bachelor (and later also master) program in

³ Almost at the same time and with a similar mission, the Graduate School of Management (GSOM) was founded on January 25, 1993, at St. Petersburg State University as an alternative to its slowly reforming Faculty of Economics. Among the key factors for GSOM's success were the strategic partnership with Haas School of Business at the University of California, Berkeley (UC Berkeley) and the first-in-Russia international Advisory Board, chaired for its initial 10 years by John E. Pepper, CEO of Procter & Gamble. The Advisory Board has orchestrated a fundraising campaign (pioneering for Russia) for the renovation of a historical complex in downtown St. Petersburg to support GSOM growth. In 1999, GSOM launched the first-in-Russia fully English-language master in international business; in 2006, it became a Russian CEMS and Partnership in International Management (PIM) member and was selected by the Russian government to become part of the National Priority Project in Education. After receiving EFMD Programme Accreditation System (EPAS) and Association of MBAs (AMBA) accreditations, GSOM achieved EFMD Quality Improvement System (EQUIS) accreditation in 2012 – the first key international institutional accreditation for a Russian b-school. Today, the professional roads of the founders of HSE and GSOM (who collaborated since the early 1990s) have come together – several GSOM veterans are now leading the newborn HSE Graduate School of Business.

economics. In the 1990s, other additions to the HSE portfolio included programs in sociology, management (with a separate program in logistics), and later, law and political science. By the early 2000s, HSE became the prime socioeconomic university in Russia, widely respected for its dedication to the highest bar in the quality of education and continuous innovations in learning as integral elements of its DNA, and for the advanced expertise in socioeconomic reforms and policy-making that it provided for the Russian federal and regional authorities. In the 2000s, at its second evolutionary stage, HSE expanded (now also with regional campuses in such key cities as St. Petersburg, Nizhnyi Novgorod, and Perm), mostly in the socioeconomic areas, but it also pioneered in Russia some multidisciplinary areas, such as business informatics. Also, during its second decade, HSE was granted the status of a National Research University.

The third and strategically new stage in HSE's dynamic growth started in 2013 when it began to participate (among 21 other winners in an open competition of development plans) in the Russian Universities Global Competitiveness Project, also known as "5-100" because of the decree of President Putin that formulated a goal of bringing five Russian universities into the top 100 of global university rankings by 2020.⁴ Although it initially seemed that HSE could potentially follow the model of LSE or Science Po as the only two institutions with a socioeconomic profile in these rankings, it soon became evident that a more realistic proposition would be to reshape HSE toward a multidisciplinary university. By the late 2010s, as a result of launches of new schools and departments in natural sciences, as well as the creation of a major Faculty of Computer Sciences and the development of other new areas (i.e., arts, communications, and design), HSE became a "Higher School of Everything" and repositioned itself internationally and domestically as "HSE University." These expansions – supported by a set of innovative faculty policies and organized research

⁴ By the design of the 5-100 Project, the two oldest (established in the eighteenth century) and top Russian universities – Lomonosov Moscow State and St. Petersburg State – did not take part in it. In July 2013, the author of this chapter participated in the selection sessions of the International Expert Board of the 5-100 Project and witnessed the powerful presentation of the HSE development plan, which was competing only with those from the top 2 technical universities and was far ahead of other Russian universities regarding visions and action plans for achieving global competitiveness.

initiatives – resulted, by 2021, in dramatic growth of the student body (up to 50,000 in four campuses) and in radical progress in research output, with 70 percent of HSE faculty now publishing in international peer-reviewed journals as compared with 15 percent a decade earlier.

Evidently, such dynamic growth in scale and scope could not have been achieved organically and resulted mainly from bringing in teams of top scholars from the Russian Academy of Sciences and other leading universities, as well as through recruiting in the international job markets. The strong HSE brand – not only in academic circles but also in society at large, and increasingly beyond Russia – combined with a great executive team and unique organizational culture that fosters advanced studies and a spirit of innovation, along with its appetite for leadership in the profession and ambitious strategic goals, were among the key factors attracting the best talent in many fields. In addition to special government funding from the 5-100 Project, the creation of a Board of Trustees with a number of prominent Russian business leaders (led by German Gref, chairman and president of Sberbank), an HSE endowment fund, and an Alumni Association were instrumental in supporting this growth of human capital at HSE.

By the late 2010s, HSE had gotten into the top 50 and top 100 in Quacquarelli Symonds (QS) subject-matter world rankings (primarily for Sociology, Politics and International Studies, Economics, Education, and Mathematics), and in 2020, it became the second Russian university, after Lomonosov Moscow State, in terms of the number of positions (10) in the top 100 of these rankings (number 1 among other participants in the 5-100 Project), along with number 1 in Russia in 10 subjects; additionally, in 9 subjects, it is the only Russian representative in the world rankings. In the “QS – Top 50 under 50,” HSE is ranked 31st among the best young universities globally. The HSE subject “Business & Management Studies” was only 131st in the QS (although number 1 in Russia) and largely deserved it as a result of contributions by scholars from departments and research units in economics, sociology, and others besides the business management area. This status reflected quite well the almost peripheral status of the business management area at HSE, despite its more than 20-year history at this university. In ShanghaiRanking’s 2020 Global Ranking of Academic Subjects, HSE had positions of 101–150 for Political Sciences and for Mathematics, but only

301–400 for Business Administration and 401–500 for Management (number 2 in Russia here).

The gap between the caliber of the business management area at HSE and the fast-growing overall reputation of the university was steadily widening in the 2000s–2010s, thus limiting the ability of HSE to become a leader in the maturing Russian management education industry.⁵ Among the reasons for that, on the one hand, was the lack of knowledge about the foundations of a modern business school, which resulted in a certain neglect of management research in developing this area as compared with academically “more serious” fields, such as economics or sociology, and low maturity of relations with business (without even a career center) and alumni at the Faculty of Business and Management (FBM) and a lack of internationalization of education, research, and faculty here. On the other hand, even more dramatic effects created systemic fragmentation of the business management area at HSE in three key aspects: (a) between university programs (bachelor, master, and doctoral – all at FBM) and continuous education (retraining, MBA, and some executive education [ExecEd] – all at other university units, specialized on this level of education); (b) between multiple units of continuous business education, the so-called “HSE business schools,” which were 16 as of spring 2019 and operating independently from each other, with serious product cannibalism thus diffusing the HSE brand image in the market; (c) between teaching and research in business management – almost all HSE providers of business programs were more “teaching machines” than the modern business schools as professionally recognized by international accreditations. Not surprisingly, while the HSE umbrella brand and public interest in business education attracted large pools of candidates for FBM⁶ and the “HSE business schools” programs, none of them had EPAS or AMBA accreditations; none of these “b-schools” evolved as a serious national player; and although some management

⁵ For the institutional evolution and development challenges of Russian management education, see Katkalo (2011) and Krotov and Kuznetsova (2018).

⁶ In the 2010s, FBM was the national leader in the Unified National Exam (UNE) grades of the newly enrolled students in the Bachelor in Management program; by 2019, two of its master programs – Master in Marketing Communications and Master in Big Data Systems – were recognized at 51st place in the respective global QS rankings.

professors had publications in Q1/Q2 and in FT50 journals, they formed less than one-fifth of the faculty body in the area.

By the end of the 2010s, this reputational gap became even more striking as the three top Russian business schools achieved major international institutional accreditations – EQUIS (St. Petersburg University GSOM in 2012; Moscow School of Management Skolkovo in 2019) and AACSB (Institute of Business Studies [IBS] at the Russian Academy of National Economy & Public Administration in 2019) – and got into the *Financial Times* and *The Economist* global rankings afterward. Three other factors in the radical upgrading of the business management area at HSE were (a) the new competition from corporate universities (CUs; there were about 50 CUs at Russian companies in 2020, with 5 CUs being EFMD members, and Sberbank CU with Corporate Learning Improvement Process [CLIP] accreditation) and newborn digital platform education companies (such as Skillbox, Netology, and Skyeng) that started to affect the positions of b-schools in almost every market segment; (b) the new requests for relevance of b-schools under the Fourth Industrial Revolution, with the disruptive effects of artificial intelligence, big data, blockchain, and the internet of things, among others, on business models and the related needs for digital transformation of any industry and organization, along with other economic, technological, and societal changes that are now central for successful business strategies and operations with a special focus on the sustainability/environmental, social, and governance (ESG) agenda; and (c) the new realities of lifelong learning, with rapid changes in professions and skills, and the need for mass customization of learning opportunities and experiences – all of which generate high expectations for b-schools' abilities to efficiently and effectively meet these demands.

Given the aforementioned, in 2019, the HSE leaders made a principal decision to launch an in-house business school through a major reorganization of existing internal business education units, with a strategic goal for that school to become a world-class one. Several Russian experts in creating and running business schools and corporate universities of international quality were invited to join the HSE management team in implementing this project. Three key elements of the concept for the new HSE b-school were identified as the following: (a) a university model of a b-school with an integrated portfolio of programs, from bachelor to executive MBA (EMBA) but with focus on

graduate studies, and with a network of centers of research in advanced management topics; (b) systemic internationalization of learning and research; and (c) “corporate reorientation” of business education at HSE, with the priority of systemic corporate relations and corporate learning services, especially ExecEd. This vision has been incorporated into the HSE Development Plan (DP) 2030 that was, in its basic principles, accepted by the Conference of HSE faculty and staff in March 2019; its fully developed version was adopted by the HSE Academic Council in January 2020.

The new HSE business school concept and the roadmap for its implementation seemed well thought-through, but with the COVID-19 disruptions, it faced new critical dilemmas: To continue with or to postpone this strategic initiative? Whether and how to adapt the initial concept to new realities of COVID-19 context? How to overcome – if it is at all feasible – the new resource limitations resulting from pandemic effects? However, despite that, since March 17, 2020, HSE University, almost overnight, totally switched its programs to distance mode, there was not much hesitation on whether to go on or not with the Graduate School of Business (GSB) initiative, and on April 24, 2020, the University Academic Council accepted the concept of developing the GSB and gave the “green light” for launching this project.

In the following 4 months, an in-house organizational restructuring of an unprecedented (at least for the Russian universities) scale took place at HSE: its 11 units in business education and research (FBM, 9 semiautonomous “business schools,”⁷ and the Innovation Management Institute) were reorganized and put under the umbrella of the newborn GSB. More than 400 full-time faculty and staff, 22 bachelor and master programs with 4,300 students, and about 160 programs of continuous education (including EMBA and doctorate of business administration [DBA]) with 5,000+ participants annually were in the perimeter of this organizational turnaround, which was successfully orchestrated by the executive team of the GSB project. And this was not just a sum of 11 units in question – all of them were

⁷ Other semiautonomous “business schools” at HSE were merged with those entering GSB, went out of business, or mostly reoriented their portfolios toward other areas of education.

reshaped in their product portfolios and/or administrative modes during this reorganization toward structuring a coherent business school with many potential internal synergies. Not to forget that in this period, 22 faculty members left, and about 25 new ones came in from other top Russian universities and business schools. On September 1, 2020, the GSB started its first academic year with a unified portfolio of degree and nondegree programs covering most of the key segments in the national business education market, with a new set of 6 departments, which is typical for a modern business school instead of the FBM's post-Soviet structure of 14 "chairs/groups," and that housed all GSB faculty of both academic and nonacademic profiles.

Although this fundamental reorganization was the key prerequisite for launching the HSE GSB, the continuation of the COVID-19 pandemic appeared to be a major test for the b-school's abilities not only to successfully adapt its business model but also to continuously innovate in order to ensure the new qualities of HSE business education after this major strategic change. In spring 2020, under the first wave of the pandemic, there were some (naïve) beliefs that it would end by fall, and the 2020–21 academic year went almost totally online (with minor softness of anti-COVID-19 policies at HSE in September–October), thus creating the "new normality" of related rapid shifts in learning technologies, faculty teaching skills, and product offerings as the new self-selection mechanisms and powerful source of competitive differentiation in the business education industry. Needless to say, HSE GSB experienced most of the pandemic shocks that were typical to business schools worldwide in such critical aspects as financial revenues, international student mobility, academic faculty recruitment processes, and so forth. However, even under these conditions, the GSB managed to fulfill its aspirations for the 2020–21 academic year by effectively capitalizing on the three key sources of its competitive distinction: being an integral part of the unique multidisciplinary and highly advanced academic environment of HSE, continuously innovating in learning modes and in orchestrating new combinations of available resources, and building a powerful business ecosystem. These three factors together explain the progress achieved by GSB in its first academic year in terms of learning, faculty development, and corporate relations, as will be shown in the following sections.

2. Renewal of Program Portfolio and Learning Innovations in Response to COVID-19

The key priority for any newborn educational institution is to ensure its impact through fresh and advanced approaches in program offerings and learning methods. In the case of GSB, such expectations from all of its stakeholders were initially very high. The GSB launch – through both turnaround of the old-fashioned HSE system of business education and adaptation to COVID-19 challenges – required effective mastering of large-scale restructuring and acceleration of learning innovations, almost simultaneously. For succeeding in this context, the following four cornerstone factors were of critical importance:

1. Formulating an inspiring GSB mission – as a business school at the top research multidisciplinary university – in the following way: “We advance management thinking to develop innovative and responsible leaders that are capable to change the world for a better one.”
2. Setting very ambitious goals for the GSB to become (a) the prime partner for the key Russian companies in developing their managers, as well as management concepts and methods to succeed in the digital world, and (b) a world-class business school as recognized through international professional accreditations and global rankings. Although reaching such goals requires high competitiveness from a newborn school, the COVID-19 disruptions provided for it a new “window of opportunity.”
3. Assembling and developing an international-level team of business school executives,⁸ academic and practice-based faculty, and staff members that are unified by and dedicated to promotion (inside and beyond GSB) of the culture of leadership, continuous innovation, and lifelong learning. COVID-19 effects also accelerated such key

⁸ The totally new GSB executive team was composed of experienced professionals with backgrounds in dean/associate dean positions at the top Russian b-schools with EQUIS and EPAS accreditations; top-management positions at the corporate universities of the major Russian and global companies (such as Sberbank, Danone, Mars); and board memberships at the European Foundation for Management Development (EFMD), the Association of Russian Managers, and the Russian Association of Business Education. Three out of eight members of the GSB executive team served as chairpersons and/or members of EPAS peer-review teams (PRTs).

aspects of lifelong learning in the digital era as mass personalization of opportunities for professional and personal development.

4. Selecting the right choice for the GSB business model, which was designed after (a) an open business model, in support of a nonorganic growth strategy through developing a network of partnerships with top companies and the global business schools; (b) multichannel financing from tuition, state funding, and fundraising; and (c) a new balance of offline/online learning, with an increasing role of blended, hybrid, and fully distant (synchronized and asynchronous) formats. In the postpandemic world, this balance will never return to a predominantly offline mode.⁹ This “new normality” influenced investment choices for HSE GSB – the initial priority of a physical campus (which is a typical key project for a new b-school) was at least counterbalanced by solid financing of advancements in digital resources.¹⁰ The new GSB investment policy to support high-quality learning will be in optimizing square meters while advancing digital technologies and services, including digital learning platforms and the learning marketplace.

Changes in the business program portfolio in the first 12 months of the GSB project were systemic and dynamic. All five bachelor programs (Business Administration, Marketing & Market Analytics, Logistics & Supply Chain Management, Business Informatics, Digital Innovation in Enterprise Management) went through an upgrade of the curriculum, both in content and in structure, to reflect the changes in business management competencies and skills under the Fourth Industrial Revolution, with a special focus on data-driven management, digital skills, and soft skills (teaming, design thinking, etc.), as well as on ESG agenda. Out of 17 master programs that were at the FBM in 2019, in 2021, only 2 continued without reinvention (both

⁹ Across HSE University, starting with 2021–22 academic year, at least 25 percent of the curriculum in any bachelor and master program will be delivered online for all four of its campuses.

¹⁰ The GSB operates in a distributed campus with three locations in downtown Moscow. Despite expected growth in students and participants, with the new offline/online balance, the focus will be not on expansion in physical infrastructure but on renovation of facilities to create new learning environments. Three locations will be specialized for clusters of GSB programs according to specific requests for bachelor and master programs, continuous education, and ExecEd.

industry-focused: Retail Management and Management in Tourism & Hospitality); 5 were brand-new; and 6 went through major curriculum renovations, in some cases through merging small programs into more solid ones; and others were eliminated. Also, in 2021, this new set of 13 master programs was organized into four clusters: Strategic Management (3 programs); Marketing (4 programs); Operations & Logistics (2 programs); Business Informatics (4 programs). Even more importantly, two of the brand-new master programs at GSB were fully designed as online programs – Master in Marketing Management and Master in Digital Product Management – which enrolled in 2021 their first classes of about 70 and 130 students respectively.

In the MBA and ExecEd segments at GSB, the portfolio-renewal trends were very similar. The previous family of 14 MBA programs at HSE (with strong cannibalization effects) was replaced in 2021 with only 4 MBA programs (in Strategic Management, Managing Digital Technologies, Investment Management, and Project Management), much more clearly positioned and divided in their most valuable players, clientele, and pricing policies and now all focused on digital transformation and related new business models. The completely new Online MBA and EMBA – both in partnerships with top international business schools – were in the design phase in spring 2021. The non-degree ExecEd sector at GSB, both open and customized, also experienced major reshaping and digitalization during 2020–2021. Whereas in 2020, the GSB revenues from the MBA/ExecEd portfolio almost did not drop below their 2019 level, which was a good result under COVID-19 shocks for the Russian business education market, in early 2021, the GSB enjoyed certain growth in revenues from this renewed portfolio. As some offline MBA programs switched to online and others – as well as some customized ExecEd programs – were postponed, the main drivers of business became newly designed open online programs and “digital twins” of previously successful offline programs.

A more delayed outcome is expected from the relaunch of the doctoral program, which went through complete reshaping for the 2021 intake and now is compatible in content and design with the PhD programs of the top European business schools. The DBA program (offered at HSE since 2007) also was renewed, and now the PhD–DBA pair at HSE GSB well reflects the same duos at such European schools as IE, Bocconi, Manchester Alliance, or Aalto and

could be potentially used as another case for the ongoing international debate on the similarities and differences between these academic and professional doctoral studies.¹¹

Innovation in learning experiences was another core focus of GSB's team from the inception of this new business school. In the contemporary technological, social, demographic, and economic environment, it became evident that a business school's capabilities for creative renewal and advancements in learning experiences are not less, if not more, important for the strategic success of the school than effective and efficient management of its program portfolio. The last decade witnessed not only the rapid growth of blended learning, flipped classrooms, and other new learning modes but also almost a request for any successful bachelor or MBA course to combine learning in three channels – offline, distance, and social. This trend was reinforced with the quick and total switch to online education under the COVID-19 pandemic – very soon after this transition, it also became quite evident that, on the one hand, the traditional Coursera-style massive open online course (MOOC) approach should be enriched by many innovations in the design (i.e., including media content, gamification, etc.), and on the other hand, almost everything in program delivery should be digitalized – not only to meet the expectations of students and participants but also to continuously ensure high-quality standards in the learning experience.

During its first 12 months, GSB introduced quite a few innovative solutions across its diversified product portfolio to ensure high-quality learning experiences in the online formats. The internationalization aspect of learning was one of the most disrupted during the COVID-19 pandemic. However, given that systemic internationalization of the newly created GSB was among its principal differentiators from the earlier traditions of business studies at HSE and one of the key drivers toward GSB strategic goals, it had to move fast and innovate here even with the closed national borders and other pandemic restrictions. In the 2020–21 academic year, the GSB not only (a) retained and even increased, through new enrollments, its body of 600+ full-time international students and (b) continued – although in limited numbers – its outgoing and incoming student mobility but also (c) revisited its

¹¹ See Maguire et al. (2013) and Pina et al. (2016) for reflections on these discussions in the European and US business education contexts, respectively.

international network of partner schools and signed a number of new agreements on student exchanges with the schools with EQUIS, AACSB, and EPAS, bringing the total number of such agreements to 41. The opportunities for double degrees (eight as of early 2021, including the ones with École Supérieure de Commerce de Paris [ESCP] and Lancaster University) were enriched by a new agreement with HEC Paris on a joint bachelor–master degree. In the ExecEd area, GSB started some new customized corporate programs in partnership with INSEAD.

In addition to evolving with these basic internationalization mechanisms, the GSB went on with a number of initiatives of so-called “internationalization at home.” This endeavor essentially consisted of launching a fully English-language Master in International Management program, doubling the number of courses taught in English, and adding international professors.

Although online education has many attractive features and is instrumental in coping with pandemic restrictions, its major weakness is its lack of emotional contact, which is so important in a learning process at any level or age – between students and professors, between students and supportive staff, and between students themselves. This is not only about so-called “digital empathy” when communicating only via video profiles of students and professors (hopefully, not with their black screens) during classes in Zoom or MS Teams. The main concern here is with major hurdles that the online mode creates for the social interactions of humans and learning from each other through real-life personal exchanges. Negative consequences for learning (whether in master or EMBA programs) and other aspects of academic life may include the growth of ego-type personalities and difficulties in networking. Quite important proactive actions would include expanding project-based learning in teams and developing diversified services for students to involve them more intensively in professional- and personal-development activities. At GSB, immediately after its official launch, specific actions were undertaken in these directions: from a reorganization of academic program offices (toward a 2×2 “matrix” structure: bachelor and master for management and business informatics areas) that increased their effectiveness in student services to the institutionalization of a set of key student services with the creation of the Career Center, International Office, Office for Developing Project-Based Learning, and Student Affairs Office. Also, the number of

teaching and research assistantships among doctoral, master, and bachelor students grew twofold.

Parallel to the creation of the new learning experiences for students and participants, the new support functions for adaptation to new professional challenges in teaching and course design in the time of the total switch to online, as well as additional professional development opportunities, were created for GSB faculty. These new faculty-development policies and actions are addressed in the next section.

3. New Faculty-Development Policies and Actions under COVID-19

Developing highly competitive human capital is one of the key priorities for a newborn business school with an ambitious growth strategy. In the GSB case, this effort started with a major structural reorganization of the faculty body of about 130 professors from the previously quite chaotic set of 14 chairs/groups with no mention of “Operations,” “Finance,” or “International Business” in their titles (and clustered into three “schools” of Business Administration, Logistics, and Business Informatics) into six new departments symbolizing a contemporary business school. Each of these departments was assigned responsibilities for the quality of the GSB faculty in its area, regular research seminars, and analytical reports on “hot” topics on the management agenda. The bar was initially raised high. For example, the first report from Organizational Behavior and Human Resource Management was on “hybrid offices” and received very good feedback from many top companies, given their current expansion in remote modes of work, and in spring 2021, among speakers at a research seminar in Strategic & International Management were such prominent international scholars as professors David Teece (at the Haas School, University of California, Berkeley) and Serguei Netessin (Wharton School).

The next steps in the first academic year of GSB included (a) a series of professional development seminars for its faculty, (b) introduction to the system of “three professional tracks” and other innovative faculty-development policies, and (c) launch of the new formats for organized research in priority areas and topics.

Professional-development seminars and programs are necessary for supporting faculty in COVID-19 times, when the role of professors is

changing rapidly, digitalization is changing business schools as institutions, and teaching in Zoom is not only quite stressful but also very demanding in terms of permanent upgrading of content and learning methods in a newly balanced offline/online learning environment. In a certain sense, business schools have to prepare to manage a new wave of professors who are equipped with a new set of capabilities and skills to be adequate for postpandemic learning requests and expectations from students and corporate clients. Examples of the related seminars and programs for GSB faculty (all provided for free) in 2020–21 include the following:

- Series of seminars, regular consultations, and a “hotline” service from its Center for Digital Learning Technologies on the design and delivery of online courses and on using the media lab for these purposes
- Two programs on developing case-writing competencies provided by the GSB Case Resource Center in cooperation with the Case Center at Cranfield Business School
- Several programs for upgrading English-language proficiency at various levels
- Seminars by Professor Desislava Dikova from WU on publishing in top research journals on business and management

The new faculty-development policies that were introduced at GSB in its first year happened to be innovations not only for Russian business schools but also for the national university system as well. Whereas GSB was among the pilot cases in HSE with the three-track model – this model was one of the key initiatives of the university’s 2030 Development Plan – the other two new policies were pioneered at GSB for HSE at large.

- The model of three professional tracks effectively means a departure from the traditional unitary model of an academic track only, additionally introducing a teaching and methodology track and a practice-oriented track, thus providing faculty members with equal rights and promotion opportunities in any of these three areas. Each of them has its key criteria for faculty selection and assessment: publication in top peer-reviewed journals for the academic track, excellence in teaching and advances in pedagogy (including online courses and programs) for the teaching and methodology track, and

high-caliber professional career and excellence in orchestrating project-based learning for the practice-oriented track. Given that each HSE School and Faculty has the right to specify these criteria for its subject area, the GSB not only made them quite high (i.e., a candidate for professor of practice has to occupy a position of the CEO or 1–2 levels below the CEO in a Fortune 500 company or in the top 200 Russian companies from the rankings compiled by *Expert* magazine) but also imposed a criterion for any faculty member to produce new “codified” knowledge in business management of high academic and/or professional quality. The target composition of GSB faculty is the following: 75 percent for the academic and teaching and methodology tracks and 25 percent for the practice-oriented track. In the 2020–21 academic year at GSB, there were 10 professors of practice with executive careers at ABB, VimpelCom, and VK (formerly Mail.ru), among others.

- The required English-language criteria for faculty selection and assessment were officially introduced at GSB in February 2021, and for the first time in HSE and for GSB faculty only. The target level of proficiency was initially B2 as the “basic” level and C1 for those teaching in English; the level has to be proven by the Cambridge test or another recognized.
- The annual personal meeting of each full-time faculty member with the dean at the end of the academic year to discuss teaching and research plans for the next academic year, as well as professional-development plans for the next 3 years. This organizational ritual was introduced in May–June 2020, right after the HSE University’s decision to go ahead with the GSB project, and included 123 personal meetings of the future GSB dean with management faculty members in the presence of the head of their respective academic unit. Although it is clear that this time-consuming exercise will eventually be replaced by such meetings at the level of departments, for the GSB starting phase, it proved to be a very effective tool of organizational change management, especially in the dramatic COVID-19 period.

The new formats of organized research that were implemented at GSB in its first year included faculty group projects and new research labs. This attention to promoting organized research was especially important in the COVID-19 context for supporting collective academic

activities to prevent faculty from excessive atomization during pandemic self-isolation. All these new formats were launched on a competitive basis and focused primarily on four priority research areas: Digital Transformation and New Business Models; Transformation of Corporate Human Resource Management (HRM) Systems and People Analytics; International Business in the Times of New Globalization; New Trends in Business and Society Relations and ESG Agenda. In 2020, there were 26 group projects by GSB faculty formed with 1- to 2-year horizons and three new research labs created: Management of Creativity, International Business Strategies and Operations, and International Companies Doing Business in Russia. These three complemented the two other research units at GSB – the Lab on Network Forms of Business Organization and the Innovation Management Institute, both with solid publication records. Many of these research groups benefit from multidisciplinary collaborations across HSE, with applications of business logistics studies to city transportation management and business informatics joining forces with computer sciences as good examples of such cooperation.

Evidently, the new business school has to develop its human capital via recruiting new talent as well. In 2020, about 25 new faculty members, including three international colleagues, were recruited to GSB from the top Russian universities and business schools (and some of these also became new academic directors of programs in various segments); however, faculty recruitment slowed during the COVID-19 era. On the one hand, with many schools freezing their recruitment, the GSB made an initial appearance in 2020 on the international job market at the Academy of Management Annual Meeting and the EFMD job fair, as well as placing ads on Acadeus and other such platforms. This resulted in four or five final candidates, some of whom flew in; others presented for the faculty groups via Zoom. On the other hand, much more fruitful was a nontrivial way of broadening the spectrum of contractual modes for international recruitment for part-time engagements in teaching courses online, co-supervision of doctoral students, participation in research projects, and so forth. This sort of “cloud” strategy in developing faculty attached to the institution on a long-term basis might become a viable proposition. Also, this trend broadens the understanding of a business school faculty to a mix of “employees” in the traditional sense and “contributors” as just another type of faculty, that is, almost equally important for the overall

success of the institution. The next section extends this logic to the practice-oriented faculty.

4. Creating the GSB Business Ecosystem: Operational, Cultural, and Business-Model Aspects

Achieving success in the business of management development almost inevitably requires a systemic approach to developing corporate relations. For the newborn HSE GSB, the creation of a unique and powerful business ecosystem is considered as one of its key strategic focuses and a source of (sustainable) competitive advantage. This also implies a conceptual move from a traditional, relatively static mode of business school to the dynamic model of an ecosystem. Cultivating a culture of openness to the external professional world is another fundamental principle for the design and operation of such a business school. Three prime aspects of GSB actions in creating its business ecosystem in its first year that contributed to its effective adaptation to COVID-19 disruptions are examined in this section: institutional formats for the involvement of business leaders in program development and teaching, initial fundraising projects, and the promotion of the ESG agenda together with corporate partners.

Corporate relations for ensuring the quality of learning may be productive in many alternative or complementary forms. At GSB, most efforts here are devoted to establishing and energizing the institutional formats of business-to-business (B2B) relations, thus providing for deep and long-term involvement of the corporate partners in the permanent renewal of the programs' design and substantial contributions to their successful delivery. Three main avenues for implementing these intentions are the following:

- Academic Boards for bachelor and master programs and Expert Boards for MBA and DBA programs have been formed by business leaders since GSB's inception. The basic assumption here is that industry leaders, not academic faculty, are better informed about the "most wanted by the market" profile of a graduate of a given program. With this, they may be involved in a program's development as its co-owners with an academic director and other core faculty of the program in question. The "academic" notion of such boards refers not to the status of its members but the purposes of this

collective decision-making body, which include co-creation of the program's curriculum architecture, menu of electives, topics of the key projects and in-company internships, and so forth. Such boards have the majority of members from among GSB corporate partners and alumni, and the chairperson of the board is always a prominent business leader. These business leaders reinforce the reputation of the program, participate in teaching, and are prime employers for graduates. By March 2021, 14 out of 17 bachelor and master GSB programs already had such boards created and in action, and the first Expert Board for MBA in Strategic Management was created.

- Project-Based Labs (PBLs) and Business Learning Units (BLUs) that are created at the GSB by top companies are their hubs here for designing and delivering courses (at least two courses each) for particular programs and providing students with real-life projects. In the 2020–21 academic year, there were 10 BLUs and 2 PBLs at GSB. Examples include an SAP project-based lab in customer experience; Bank Openness, Accenture, and Kearney business learning labs; and a Huawei technology center.
- Jointly designed or redesigned programs that are co-branded with top companies are another very instrumental mechanism of attracting industry leaders to be involved in developing GSB toward the implementation of its goals. Great examples include a joint Master in Strategic Management and Consulting with McKinsey & Company, a continuous education program on Innovations in Retail with the X5 Retail Group, and the fully redesigned bachelor in business informatics offered together with the top enterprise resource planning (ERP) software company 1C.

Fundraising activities were culturally undeveloped in HSE business education units prior to GSB creation. By the end of quarter 1 of 2021, the fundraising tradition at GSB started to be cultivated, and the first million euros of restricted and nonrestricted donations were secured. These funding sources included a major donation from Bank Openness for developing teaching in risk management, funding from AFK Systema Holding for writing cases on its businesses, in-kind contributions from 1C for new computer labs, and naming opportunities for other companies. Taking into consideration the plan to form the GSB Advisory Board by mid-2022, this is only the beginning of fundraising efforts, and they will be intensified to contribute to the success of the

GSB business model and to compensate (at least partially) for the negative financial impact of the pandemic.

Promotion of the ESG agenda together with business is among the key focuses of GSB in ensuring its impact on society. Given that the purpose of corporations and of business in society is of growing importance, the development of understanding of this purpose is becoming one of the key value-added aspects of business education. Besides institutional moves in joining the Principles for Responsible Management Education (PRME) and attending Business School Impact System (BSIS) seminars, operational activities were also launched, such as recruitment of new faculty with research and teaching interests in ESG, the introduction of ESG-related courses and student projects in bachelor and master studies, and roundtables and seminars on the ESG agenda that were jointly organized with key Russian companies.

Thus, the development of systemic corporate ties for GSB has already shown results and has great potential for both serving its reputational and cultural strengths, operational uniqueness, and effectiveness and for closing resource gaps and creating additional opportunities in critically important human and financial capital provision for its ambitious growth strategy.

5. In the Way of Conclusion: Lessons Learned and a Road Ahead

This chapter presented an analysis of the rather unique (and not only for Russia) case of the HSE GSB project of creating a new major business school with an ambition of becoming a world-class one and implementing such intention in an era of radical disruptions in business education caused by the COVID-19 pandemic. An important aspect of this case is its scale and scope because the newborn school inherited a vast program portfolio, from bachelor to MBA and ExecEd, with 9,000+ students and participants in total and about 400 faculty and staff members. Certain path-dependence effects (and organizational resistance) were minimized at the initial stage of this project through systemic reorganization of the HSE business education landscape, innovations in learning experiences at GSB, the introduction of radically new faculty-development policies, and new cultural norms of learning and management research at international quality standards,

as well as openness to integration with corporate partners in this institutional-building endeavor. These focuses on continuous innovation, cultural changes, and an open business model were among the key factors in making the first year of the GSB project a successful one, despite the challenges of COVID-19. This progress was symbolized in late 2021 by the start of customized ExecEd programs for six top Russian companies, and by receiving EFMD Accreditation for 5 years for the set of two bachelor programs – in Business Administration, and in Marketing and Market Analytics.

Probably the main lesson learned from this first year is related to the awareness of the tectonic shift in almost everything related to the conventional model of a highly competitive business school, which was previously mostly associated with offline education. Almost undoubtedly, face-to-face training and communication will still be prioritized in most of ExecEd offerings, where personal-experience exchanges are among the core value-added aspects of a learning experience. Otherwise, the digital transformation of business education will continue to reshape the offline/online balance, and most of the programs will soon become blended or hybrid. This requires a Chandlerian approach to redesigning structures and systems and introducing other organizational innovations at business schools following the disruptive technological innovations¹² of the pandemic that forced such schools around the world to pivot to delivering education over virtual platforms.

Another major lesson is that as new technologies create new learning experiences, we need to systemically retrain business school faculty members for them to fit with the realities of a postpandemic learning environment and the demands and expectations from students, participants, and corporate clients. Also, with the growing diversity of requests for learning modes and learning experiences, the faculty of the academic track will be complemented by faculty on other professional tracks, and even more, the pluralism of contractual modes for faculty will increase. This requires not only new approaches to strategic human resource planning at business schools but also a new set of skills for orchestrating such a new faculty body.

¹² For an excellent series of essays on Alfred Chandler's managerial revolution, see Lazonick and Teece (2012).

The third lesson learned involves the economics of online education, which proved to be not exactly as we expected. Although in principle online education is “cheaper” than offline, most online learning is in a synchronized format, and thus the number of faculty needed is not reduced. In fact, we have witnessed quite the opposite: the schools that are going to be on the top in the industry will have to invest massively in digital infrastructure and the production of online programs, especially nondegree ones or those for micro-degrees, both of which will grow in demand.

The vision for the road ahead for HSE GSB to become an institution of international caliber includes, at this moment, at least three key elements, each of which will be a source of GSB competitive advantage. First is developing its dynamic capabilities for sensing and seizing new market opportunities for advancing learning experiences and then transforming internal and external organizational assets of the business school accordingly.¹³ It is critical to realize that GSB will not compete with other business schools only and will permanently face new competitions from corporate learning functions and digital learning platforms that may run faster, have a more solid resource base, and have more flexible management systems. This means that GSB should, on the one hand, not allow for major gaps here with its competitors in the segments in which it decides to do business, and on the other hand, it should have its own clear positioning in the market and distinctive features that are highly attractive to the clients of its product offerings.

Another strategically important area for creating unique learning opportunities at GSB is in intensifying multidisciplinary collaboration with other HSE schools and faculties. Although such cooperation is already an integral element of almost all GSB programs, two directions are worth exploring in the near future: (a) new program offerings based on the synthesis of business, computer sciences, and design, which well matches the requirement of business in the digital age and thus was reflected in recent developments at St. Gallen, IE, Aalto, and some other top European schools, and (b) developing joint projects involving students from GSB and HSE engineering and biotech

¹³ The story of the institutional design of HSE GSB and of the evolution of its business model could be interpreted as a successful application of the dynamic capabilities concept of strategic management in the context of a university-based business school. For the nature of dynamic capabilities and their relation to business models, see Katkalo et al. (2010) and Teece (2018).

programs, as well as technology entrepreneurship, as one of the GSB competencies at large.

Finally, the open business model approach will most likely remain one of the key drivers for GSB progress toward reaching its ambitious goals and fulfilling its mission. A unique GSB ecosystem that involves, in various formats, top Russian and international companies, as well as some of the global business schools, will serve as an important source of tangible and intangible assets to support its growth. The GSB has to attract, assemble, and orchestrate these assets in the right way, which is key for its successful nonorganic growth strategy. If this strategy is wisely coordinated with developing and capitalizing on its internal resources, GSB has a good chance of becoming a world-class business school, in time, with its development plan and of contributing in this way to even further growth of HSE University's high global reputation.

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