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An enlarged Europe in the global economy

*Edited by Harald Vestergaard
The Copenhagen Business School*

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**AN ENLARGED EUROPE
IN THE GLOBAL ECONOMY**

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***BUSINESS EDUCATION AND TRAINING IN POLAND
INDUSTRIAL STRUCTURE AND POLICY***

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BUSINESS EDUCATION AND TRAINING IN POLAND
INDUSTRIAL STRUCTURE AND POLICY

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BUSINESS EDUCATION AND TRAINING IN POLAND INDUSTRIAL STRUCTURE AND POLICY

Market know-how and market-operating skills barrier is one of the main obstacles in the market-oriented transformation process in Poland. A shortage of well qualified staff in strategic management, in market and financial analysis and in some operational professions is strongly felt.

An effective system of business education and training could break down that barrier. The question is how such system can be created. It seems that the logic of the recommended system should be compatible with the general direction of the economic transformation process - it should be based on market self-regulation mechanism. In consequence business education and training should be treated as an economic system - as an industry.

In industrial economics the spectrum of industrial regulation modes ranges from a totally centralized bureaucratic /hierarchical/ system to the perfect market. Structural characteristics of an industry and of its environment decide which one from potential modes of regulation is the most effective and efficient and if that mode is closer to the hierarchy or to the market. Market-oriented transformation policy aims at a reconstruction of an industry and its environment in order to increase the effectiveness of the market mechanism.

The main goal of this paper is to explore the possibilities of market regulation of the business education and training sector in Poland. First an identification of barriers to market selfregulation and an evaluation of chances for breaking them down or for a relaxation is needed. Next some practical directives for the industrial policy can be formulated.

The paper starts with an analysis of the demand for the industry's services - its scale, dynamics, structure and institutional ways of its manifestation. Next present characteristics of the industry are studied - its incumbents, organizational structure, features of the "commodity", entry barriers, information structure /"transparency" of the industry/, etc. In turn the "supplies" to the industry are analyzed - the structure and amount of supplies, organizational structure of the suppliers, etc. A chapter devoted to the problems of industrial policy will be a result of the above analyses. The last point considers foreign entries into the industry. It tries to evaluate the effectiveness of different modes of foreign investing in the business education and training sector in Poland.

Output environment

The market-oriented economic reform that has been carried out in Poland has revealed many shortages of qualified staff, indispensable for a smooth operation of the market. The skills gap concerns management, analytical and some operational skills and know-how.

Administered socialist economy did not need and did not develop strategic management skills. The problems of marketing, financial and development strategies, especially their practical aspects are not known to the majority of Polish managers. Neither are problems of personnel policy. Some socio-technical skills /connected with the experience in acting in complex social situations and in conditions of power dispersion/ and a deep knowledge of technological processes /most of the managers have a technical background/ are the strengths of Polish management staff.¹

A high degree of decision-incapacitation of enterprises made development of many analytical specialities needless. Well-developed economic, planning or financial organizational units in enterprises performed mainly routine recording and reporting tasks for the central administration. They employed low-qualified clerks and not analysts. Financial and marketing analysts are among the most scarce specialists.

The way of functioning of the administered economy caused also a shortage of some operational personnel-namely high-qualified salespeople and people engaged in financial services - in firms and banks.

If one assumes that running a private business is not only a matter of a natural gift - another potential customer for business education and training appears - the entrepreneur. Number of small firms has been growing rapidly².

Last but not the least also public organizations -hospitals, schools, municipal institution and even army and police - will show a need for adjustment to market conditions.

In consequence the potential demand for business education and training in Poland is enormous. About 3 million professionally active people should be retrained in some way - especially people having managerial and analytical positions. About 200 thousand students of secondary and university level students belonging to so called economic education group should be added to the number.

An awareness of the need for education and training and financial means for covering its costs are needed however to transform the potential demand into the effective one. It is doubtful that most of the potential clients of the business education and training industry are fully aware of the need for professional development and reorientation. In state-owned enterprises such attitudes are caused by:

1. a relatively high level of formal education of the employees - in 1989 in so called material production sphere the share of employees with university degrees was about 5%, and with secondary level education - about 26%,
2. a kind of "fatalism" in interpreting the situation of the enterprises as totally determined by external factors,
3. a lack of motivation - possibilities for an additional remuneration of higher qualifications are limited by a prohibitive taxation of increases in wages and salaries.

It seems that in many private firms, even the big ones, such awareness is absent too. They are accustomed to operate in

low-demanding environment, without serious competitors. Many things have been "arranged". A risk of wrong decision have been rather low and costs of waste and thriftlessness could be easily passed to buyers.

There also can be other reasons for a weak manifestation of the effective demand, namely:

1. a poor orientation in the industry's offer - many educational institutions are new and unknown to general public.
2. a lack of trust - the public education system has been strongly criticized³, and many new organizations lack in reputation.

An environmental pressure can also foster the demand for business education and training. Following factors can be viewed as demand-supporting

1. changes in economic rules /financial regulations, commercial law, etc./
2. an unemployment, especially in some clerical jobs
3. attractive employment offers for financial managers, salespeople knowing foreign languages, marketing managers,
4. still high social prestige connected with education /especially university level/,
5. "fashions" connected with some business specialities - e.g. always "fashionable" international business education or emerging general "fashion" for economic and managerial education. For example this year at Poznań Academy of Economics about 3 persons applied for one study place.

The picture of financing possibilities in the business education and training sector is not very positive. The state budget has been the main source of financing the costs of business education at secondary school and university levels. Since 1991 a part of financing secondary schools was taken by local budgets. The level of financing the university education is shown in tab.1.

Tab.1. National income distributed, budgetary expenses, expenses for university level education

	1985	1986	1987	1988	1989
1. National income distributed in billions of PLZ /current prices/	8500,6	10579,1	13630,6	24367,5	100449,6
2. Budgetary expenses in billions of PLZ /current prices/	3487,6	4192,6	5030,6	8430,6	29617,5
3. Expenses for university level education in billions of PLZ /current prices/	74,0	87,5	110,1	205,9	835,8
4. The share of expenses for university level education in the national income distributed	0,87%	0,83%	0,81%	0,84%	0,83%
5. The share of expenses for university level education in the budgetary expenses	2,1%	2,1%	2,2%	2,4%	2,8%
6. The dynamics of the national income in fixed prices /last year = 100/	103,8	105,0	101,8	104,7	100,1

Source: Rocznik Statystyczny 1990 /Statistical Yearbook 1990/, GUS, Warszawa 1990

It should be mentioned that in real terms national income distributed in 1989 was 93,5% of the 1978 income. In years 1990 and 1991 the real income has been decreasing.

The budgetary plan for 1991 foresaw expenses for university level education in amount of 7728,58 billion PLZ, i.e. 2,6% of budgetary expenses. In the mid of this year the budgetary deficit amounted to about 13 thousand billion PLZ however. In the revised budgetary plan those expenses were reduced by 10%.

The demand for business education and training can be financed by state-owned enterprises. Their financial position in

the first five months of 1991 is illustrated by following data:⁴

- 64,4% of enterprises reported gross and 58,8% net profit,
- the gross loss to gross profit ratio was 23,8%,
- the nett loss to nett profit ratio was 107,5%.

The private sector is another potential source of financing. The number of private businesses is growing too. In the mid of 1991 private firms produced about 19% of total industrial production and had about 60% of the turnover of the internal trade. However there is a lack of reliable data about the financial situation of that sector. Payments to the budget are not impressive.

Finally the costs of business education can be covered by individuals. In 1990 real individual incomes dropped down by 30%. In 1991 real incomes have been still dropping. In the same time incomes differentiation can be observed. Relatively wide groups with high incomes have emerged.

One psychological factor is connected with the problem of financing the costs of business education. It should be remembered that education at secondary school and university level has been principally free⁵. There may be psychological barriers in manifesting effective demand in the case of introduction of education fees.

One additional source for financing business education costs has emerged recently - foreign help. Main foreign funds devoted to education purposes / business education included/ are presented in tab.2.

Tab.2. Foreign help for educational purposes /available in 1990/

country	amount	period of use
United Kingdom	50 mill. GBP	1989-1994
France	90 mill. FRF	1990-1992
Germany	3 mill. DEM	1990
Norway	10 mill. NOK	1990

The Netherlands	28 mill. NLG ^{x/}	1990-1991
Switzerland	30 mill. CHF ^{x/}	1990-1991
Austria	20 mill. ATS ^{x/}	1990
Denmark	9,4mill. ECU ^{x/}	1990-1994
Japan	21 mill. USD	1989-1994
Italy	200 mill. ITL	1990
Belgium	130 mill. BEF ^{x/}	1990
Australia	6 mill. AUD ^{x/}	1990
Turkey	banking courses	1990
Spain	courses for language teachers	primary proposition
Sweden	30 mill. SEK	1990-1994
Canada	10 mill. CAD ^{x/}	1990-1991
Finland	0,3 mill. FIM	1990
USA	27 mill. USD ^{x/}	1990-1991
<hr/>		
EEC	25,5 mill. ECU ^{x/}	1990

^{x/} also for other countries from Eastern Europe

Source: Gazeta Bankowa, 1990, No. 39

Finally the organizational structure of the output environment should be studied. The Ministry of National Education

/MNE/ plays here a special role. It is not only the main "payer" but up till recent time was the main "orderer" of the education services, stating its requirements in the central curricula. Since this year the curricula have been determined by academic institutions. Education funds are distributed in accordance to limits of students, assigned to particular public schools. Some MNE's funds are also distributed to other institutions, mainly to those cooperating with universities and academies.

Business firms have been becoming more and more important customers of the industry. The PKO bank, for example has ordered training for its 1000 employees from International Business School SA and the International Management Center at Warsaw University⁶.

Individual persons are ultimate buyers of the "products" offered by the business education and training industry. In many education fields the sum of individual requirements and expectations will determine the scale and the shape of the demand.

Industry's structure

Structural characteristics of an industry are the basic factor determining its functioning. Every realiable transformation program, market-oriented reform included, should be based on an adequate identification and diagnosis of those characteristics. The following structural analysis will cover:

1. organizational and ownership structure of the industry- who operates in the industry and what are the interrelations between the incumbents?
2. character of the "product" offered by the industry - what does the industry sell?
3. entry and exit barriers - is it easy to enter into the industry and leave it?
4. informational structure of the industry - is it easy to get an orientation in the industry?

Units of the public education system are still main incumbents /see fig.1/. In secondary level vocational schools learned in the school year 1989/1990 about 764 thousand pupils. So called economic group amounted to about 170 thousand people. In the same year 99 thousand students attended post-secondary vocational schools, including about 22 thousand student of the economic group.

There are 5 civil university level economic schools /academies of economics - see tab. 3/ and one military. Faculties of economics and management type are located at:

- a/ Warsaw University - Faculty of Economic Sciences and Faculty of Management,
- b/ Gdańsk University - Faculty of Production Economics and Faculty of Transportation Economics,
- c/ Maria Skłodowska -Curie University - Faculty of Economics,
- d/ Łódź University - Faculty of Economics and Sociology,

- e/ Szczecin University - Faculty of Economics,
- f/ Mikołaj Kopernik University - Faculty of Economic Sciences,
- g/ Academy of Mining and Metallurgy - Faculty of Industrial Management,
- h/ Wrocław Polytechnic - Faculty of Informatics and Management,
- i/ Central School of Agriculture - Agro-Economic Faculty.

Besides there are institutes or chairs of economics at almost all university level schools. Some of them offer courses in economics and /or management, mainly at post-graduate level.

Tab.3. Academies of Economics in Poland

-
1. Karol Adamiecki Academy of Economics in Katowice
 2. Kraków Academy of Economics
 3. Poznań Academy of Economics
 4. Oskar Lange Academy of Economics in Wrocław
 5. Central School of Commerce in Warszawa
-

In the academic year 1989/1990 378,4 thousand people studied in Poland, among them 38,4 thousand - economics and management.

Private educational organizations are the second group of incumbents /see tab.4./. some of them are profit-oriented companies. Other usually have legal status of foundation and the profit motive does not dominate. In companies business education is usually only one of the fields of activity. There are few purely educational organizations in that group - e.g. International Business School SA and International School of Management in Warsaw. An example of the school partly financed by a foundation is Wielkopolska School of Business, which is sponsored by "Managers for Wielkopolska" foundation.

Tab.4. Some private business schools in Poland

-
1. International Business School SA - Warszawa
 2. International School of Management - Warszawa
 3. Polish International Business School - Warszawa
 4. Polish Management Training Center - Confederation of Polish Employers - Warszawa
 5. Privatization Centre of Capital Market and Ownership Changes International Foundation in the Republic of Poland-Warszawa
 6. Foundation "Training of Managers" - Warszawa
 7. Polish Foundation for Management Promotion - Warszawa,
 8. Foundation of Enterprise Development - Łódź
 9. Polish-American School of Business - Kraków
 10. Poznań School of Management - Poznań
 11. Wielkopolska School of Business - Poznań
 12. Lublin School of Business - Lublin
 13. Gdańsk Foundation for Managers' Training - Gdańsk
 14. Katowice School for Managers - Katowice
-

It is difficult to evaluate the size of the segment served by private educational organizations. Long post-graduate programs /MBA type/ have about 200 students. Such programs are run by:

- a/ International Business School in co-operation with the International Management Center of the Warsaw University- two years full-time MBA course,⁷
- b/ International School of Commerce - two-years, distance learning MBA program,
- c/ Katowice School for Managers - 30 weeks, week-end courses,
- d/ Poznań School of Management - one-year, full-time course,
- e/ Gdańsk Foundation for Managers' Training - seven-months course in co-operation with Norwegian School of Management and two-years MBA course /distance learning/ in co-operation with Strathclyde University,
- f/ Wielkopolska School of Business - five-month week-end course for small business entrepreneurs in cooperation with Ohio State

University, ten-month week-end course for entrepreneurs in co-operation with Chamber of Industry and Commerce in Rennes /Bretagne/ and two-years distance learning MBA course in co-operation with Nottingham Business School.

It should be mentioned that all of above programs are intensively subsidized, in great part from foreign sources. Students pay 10-40% of the costs.

Less than 10 thousand people attend yearly short post-graduate courses organized by private institutions. It seems that several thousands attend vocational courses /secretaries, book-keeping, etc./

The third group of incumbents is formed by educational units of the trade and professional selfgovernment. Professional organizations such as Association of Bookkeepers, Management Association, Polish Economic Society, Central Technical Organization and other association of engineers play the greatest role and have the longest tradition in the educational activity. Recently organizations of employers have entered the business education industry - e.g. Confederation of Polish Employers. It can be estimated that courses /mainly short ones/ organized by the above associations are attended yearly by several thousand people.

Also educational units of state administration operate in the industry. Some are exclusively for administrative staff. Some are open for general public - e.g. International School of Commerce founded by the Ministry of Foreign Trade.

Finally educational activity of trade unions and foreign entries should be mentioned. Some Western universities advertise themselves /see fig.2/. Some foreign foundations offer business education abroad. Some foreign consultancy firms are met too.

Business education and training services are the main product of the industry. Three levels of education and training can be distinguished - secondary vocational schools, academic level /graduate/ and post-graduate.

The scope of the services is differentiated, namely:
a/ full general business education programs - offered mainly by

secondary vocational schools, public universities and academies /full-time and extramural studies/ and some private schools /mainly MBA type courses/. Education at secondary level prepares for a wide range of business professions /bookkeepers, sales people, etc./ Up till now students of economic university level schools get general economic education mixed with some elements of business administration. Now most of the schools try to create two education profiles - one economic and the second-business administration.

b/ specialized vocational courses - e.g. for secretaries, bank cashiers, etc.,

c/ cycles of monothematic courses - e.g. a package of five courses "How to privatize your enterprise?" offered by wielkopolska School of Business(see fig. 3),

d/ short monothematic trainings - e.g. weekend courses on leasing or INCOTERMS organized by Wielkopolska School of Business. In this and above fields more and more frequent are "tailor-made" courses ordered by larger enterprises.

e/ language courses /at different level and different scope/.

The services are offered as full-time, evening, distance learning, week-end etc. courses.

Traditional teaching methods still prevail - lectures, seminars and classes based on textbooks. Now, due to a shortage of adequate textbooks, the role of direct lecturing even has grown. Practical training is a part of curricula at secondary and university level schools. However its role seems to be underestimated. Newer teaching methods have been appearing - the case method, computer simulations, computer interaction programs, programmed textbooks, etc. Protection of intellectual property has been becoming an important problem in development of new didactic methods. The present legal system does not guarantee proper protection - the examples of abuses are too frequent.

It is quite clear from the above discussion that the number of new entries into the industry is rather big. It means that the entry barriers are relatively low, namely:

1. low investment barrier - educational equipment /hardware/ is

relatively cheap and easily accessible and the used software is rather poor and underdeveloped,

3. low skills barrier - it happens that lectures and training are given by accidental persons,

4. low administrative barrier - a licence given by the MNE is formally required but in practice the professional level of applicants and the quality of the offered services is not verified.¹⁰

Nevertheless it seems that a group of organizations delivering high professional level business education has been emerging. Entry barriers to that group are high and will grow up. The embryo of that group consists of some business schools offering business education and training at post-graduate level.

Finally it should be said that the "transparency" of the industry is low. Educational standards apply only to secondary level of education - and mainly to general and not professional subjects. Since 1991 academies and universities are free in shaping their curricula. Offers by private institutions are extremely differentiated. No system of public evaluation and gradation of business education centers has emerged.

In-out environment

Teaching staff, hardware and software of education and training processes are the main "supplies" to the industry. Academies of economics and faculties of economics and management at universities are the main staff "suppliers". The industry employs also sociologists and psychologists. More and more important role will be played by business practitioners.

An evaluation of the professional level of the teaching staff at economic schools and faculties is presented in the already quoted Beksiak's report. It is shattering and most probably deliberately provoking. Maybe some conclusions are exaggerated and overhasty. Nevertheless it seems to us that some weak points in professional background of the teaching staff can be identified, namely:

1. generally poor knowledge of theoretical basis of economics, especially the micro-economic theories. There are few systematic

presentations of concepts that can be classed as main-stream economics.¹¹ Practically there are no manuals of new institutional economics - the second conceptual source, beside monetarism, of modern economic policy. The same can be said about financial economics,

2. underdeveloped micro-financial theory and financial management concepts,

3. unsufficient empirical research basis and few practical applications in the field of management and marketing. However theoretical speculations in those fields are rather numerous and usually keep pace with Western novelties.

4. poor empirical and conceptual recognition of the past and present economic systems - the administered socialist economy and post-socialist economy. Normative approaches and purely theoretical model speculation prevail.

5. shortage of practical experience of academic staff. Recently however many representatives of younger and medium generations have engaged themselves in consultancy activities.

6. poor knowledge of foreign languages,

7. poor knowledge of modern teaching methods.

The present system of business education and training is also characterized by a low participation of active business-people as teachers and trainers. Now there is even a threat of draining the industry of young and relatively high qualified staff by business environment. The "drain" concerns the most "deficit" specialities, crucial for business training - financial, international business and strategic management specialists.

A part of "staff supplies" comes from abroad. Usually they take a form of short trips of lecturers and consultants. Foreign staff has usually fair professional skills and poor recognition of Polish conditions and needs. Only foreign consultants working for Polish government and few large firms have an opportunity to get a thorough knowledge of post-socialist economy. However they treat usually the acquired experience as a proprietary know-how and the dissemination is very limited.

Most of the equipment used by the industry is still concentrated in the units of the public education system. First of all they have appropriate buildings and teaching rooms. They have also other didactic equipment - projectors, computers, videos etc. Budgetary shortages cause however quick technical depreciation of equipment and even buildings.

As it was already mentioned a group of business education and training centers has been emerging in which the technical standards are similar to advanced Western Schools. Those are mainly business schools having an access to foreign financial and technical assistance.

It should be mentioned that didactic equipment is easily available. Some instruments are produced in Poland. There are no special tariff barriers. The only problem is money.

The situation in the area of teaching equipment /hardware/ is not so bad. Much worse situation is in the area of business teaching "software". First of all there is a complete lack of basic textbooks in macro and micro-economics and in finance. A slightly better situation is in other areas of economics and management. Here the general textbooks are available. There is a shortage of more specific books and practical applications.

Another "software" gap is a shortage of cases, applicable to Polish conditions. That situation has been caused mainly by already mentioned underdevelopment of empirical research. Western cases are many times difficult to use.

An important obstacle in using Western textbooks and cases is also a poor knowledge of foreign languages by students and teachers.

Finally a shortage of applicable computer simulation games and computer interactive programs should be mentioned. Those shortages are a result of:

1. limited applicability of Western programs,
2. shortage of Polish empirical analyses,
3. copy rights transfer problems /unadequate protection of intellectual property/.

At the end one factor should be mentioned. There is a lack of

motivation for authors of textbooks, cases and games. Those activities require high-level professional qualification strongly demanded by the business environment. The opportunity cost for potential authors is very high.

Industrial policy

As it was said before the potential demand for business education and training is rather big. It is manifested in two main areas. The first one is connected with professional development and reorientation of millions of people employed in business and public institutions. The second one - with education of new staff.

An increase in public awareness of need for skills development and an increase of financial capabilities of potential trainees are the main factors determining the possibility of transforming the potential demand into effective one in the field of professional development and reorientation. An interest of pupils and students for business education has been growing recently. Substantial subsidies are needed however to maintain the present scale of education.

The most important incumbents of the industry are:

1. organizations of the public educational system - unflexible, bureaucritized, experiencing a deep depreciation of staff and technology,
2. educational units of trade and professional organizations - traditionally offering short trainings and courses,
3. new, dynamic business schools - achieving high professional and technological level /usually with some foreign assistance/,
4. a large number of small firms - offering differentiated and usually non-top quality, services.

A shortage of qualified teaching staff and unsatisfactory "software" are the main "supply" problems of the industry.

The present state policy concerning the industry is a specific mixture of extreme liberalism /laissez-faire/ and central distribution. From one side the government does not seem to show much interest in who and what does, especially in the field of professional development and reorientation. Recently

neither in academic curricula. From the other side it distributes financial means, mainly to the organizations of the public educational system.

Some essential effects of such policy can be pointed out. First - a substantial part of the industry is dominated by political game and bargaining for subsidies. Second - the present organizational structure and present way of functioning of the industry has been preserved. Stimuli for transformation in public schools are very low. It even seems that limitation of interventions of the MNE in the sphere of curricula is advantageous for the present establishment. There is a threat of simulated reforms. Market transformation slogans may disguise a defence of old positions and particular interests.

A tolerance for accidental incumbents is also a consequence of the present policy. Factors such as volatile and complex structure of the industry, a shortage of information, inability of many "buyers" to make rational choice cause that the elimination via market processes /competition/ is slow and ineffective. In consequence growth of high standard education and training centers has been slowed down.

A lack of stimuli for growth, cristalization and "rationalization" of the demand for business education and training is the third result of the present policy. "Buyers" have no reliable data to make right decisions. Motivations and financial capabilities of many of them have been rather decreasing than increasing.

Finally it should be said that the present policy does not foster professional development of the teaching staff and improvements in industry's technology, especially in didactic software. Rather an outflow than an inflow of young qualified staff can be observed. "Production" of educational software requires relatively high investments exceeding financial and risk-taking capabilities of the most of educational organizations. It is not a very attractive area for specialized firms such as publishing houses either.

Summing up it can be said that the realized policy does not

support a fast increase of industry's effectiveness and efficiency. It results in a waste and a slow pace of transformation.

It does not seem that the above assertion is well known and generally recognized. In contrary-some efforts to increase the central power can be noticed - under the sign of "coordination" attempts to include foreign financial assistance into the central distribution can be observed.

It seems that at least three alternative policy options can be formulated. The first one - a come back to central, administrative regulation of the industry. That option is unacceptable for two reasons - its practical results could not be regarded as very encouraging and it is incompatible with the general direction of changes in economic and socio-political systems.

A consistent non-intervention policy could be the second option. It means that central subsidies should be eliminated. The effectiveness of that option is doubtful too because:

1. it does not eliminate most of the obstacles of the fast development of the industry and of improving industry's quality standards. Only bargaining is excluded.
2. a change in income distribution is required /from central subsidies to individual incomes/. It is a difficult and long-lasting process.

It seems that implementation of that options in the present situation could cause a reduction in demand for business education and training.

It could be expected that the third option would give a desired solution. According to that option the government limits direct interventions to indispensable minimum. Its role consists in active supporting and protecting the market mechanism.

It means that:

1. subsidising of the education and training should be changed. Ultimate "buyers" - pupils, students, people developing their professional skills - should become the direct beneficiaries. In a short run a complete elimination of subsidies is rather

undesirable and impossible. Clear rules of distribution of subsidies /scholarships included/ should be established. The beneficiaries will cover all cost of the education and training. They should be free however in choosing the educational center.

2. financing capabilities of individuals and firms should be increased by adequate tax redemptions /business education endowments included/.

3. continued pro-educational information and propaganda should be supported.

4. the government should use its ownership rights. Up till, now the government has not executed those rights. It has figured on self-adjustment processes in the state-owned enterprises.

It is difficult to treat the results as a success. A collapse of the state-owned sector is now more probable than an effective self-adjustment. The government should demand from the managers corporate adjustment programs including skills development and professional reorientation plans. Admission to management positions in state-owned firms should be conditioned by acquiring business administration knowledge.

5. some industrial standards should be introduced - e.g. state exams. They should be obligatory for managers in state-owned firms. They could be used by other sectors as indicators of the quality of particular educational and training centers. In the future other systems of evaluation and gradation of educational institutions can emerge. It takes time however.

6. projects aiming at increasing the quality of business education and training should be centrally financed - especially projects that cannot be afforded by individual education centers. It may take a form of contests for business curricula, textbooks, games, etc.

7. problems of business education and training should be included into agendas of economic negotiations with other states and international organizations.

A substantial part of the market supporting and protecting activities can be gradually transferred to the institutions of the industrial selfgovernment - e.g. to chambers of commerce and

industry.

Foreign entries

Most of the foreign entries are non-profit ventures and usually are connected with foreign economic aid. At present Polish market is rather unattractive for profit-oriented firms. There is a niche for business consultancy. It is probable that profit opportunities will grow when big investors decide to enter the Polish market.

Non-profit entries are very differentiated. Usually donors are interested in controlling the way the educational aid is spent. The control takes a form of:

1. approving of budgets prepared by the Polish partner,
2. establishing own budgets in agreement with the Polish part - a form practised by the British Know-How Fund,
3. joint ventures - e.g. School of Banking in Katowice - a joint venture of the Center for Banking Staff Training in Paris /20% of shares/ and 23 Polish banks,
4. own branches in Poland - e.g. Institute Francais de Gestion, training unit in Warsaw,
5. foreign education training centers located in Poland - e.g. Polish -French School for Engineers-Managers of Telecommunication to be opened in Poznań by France-Telecom.

Part of the educational aid is used in donors' countries /it seems that up till now most of it/ and a part in Poland. Financial means are used for:

1. educating in some professional specialities - mainly banking personnel and managers,
2. development of Polish teaching staff,
3. development of education and training centers - mainly supplies of equipment.

If it is assumed that development of business education and training industry should be the objective of the foreign aid- some practical conclusions can be formulated. First of all educating and training Polish operational and management personnel abroad

only very indirectly can foster the development of business education and training in Poland. Besides costs of many elements of the teaching process abroad are much higher than in Poland /transportation, accomodation, teaching materials and equipment/. Of course at the begining a shortage of teaching staff and equipment may make training in Poland more difficult. There where demand for qualified staff was urgent /e.g. banking/ relatively mass trainings abroad were unevitable. After basic courses and training in Poland at least in some profession foreign practical assignment would be recommended. But it seems that type of training should be arranged in mutual agreements between business firms.

There are many more reasons for an abroad training of the business teaching staff , especially in the field of modern didactic methods - using of the equipment, analyses and preparation of business cases, preparation of business games, etc.

The well qualifield staff should have a place to come back. That is why the most effective way for the use of the foreign aid is to direct it to support institutional changes in the industry. It seems that, comparing to the present practice more stress should be put on:

1. creating strong business education and training centers with substantial foreign contributions,
2. longer contracts for foreign lecturers, trainers and consultants - so that they will have an opportunity te get some knowledge about Polish specifity and to transfer their know-how and style of work to their Polish colleques,
3. long contracts for foreign administrators - enabling organization of effective business education and training centers and of implementing modern management techniques.

It also seems that the burden of training teaching staff should be passed as quickly as possible to Polish organizations. Taking into account inflexibility and traditionalism of university type schools founding of alternative research centers should be considered, Those centers should carry on applied

research and train highly qualified staff for business education. Some of the business schools can become such centers.

REFERENCES

1. see an interview with prof. A.K.Koźmiński, president of the International Business School SA, Zarządzanie, 1991, No 5.
2. at the end of June 1991 1272,4 thousand people had individual businesses and 38516 private companies were registered - see "Sytuacja społeczno-gospodarcza w kraju w I półroczu 1991 r." Rzeczpospolita, 29.07.1991
3. see a review of J.Beksiak's report about economic education - Rzeczpospolita, 16.08.1991
4. see "Sytuacja społeczno-gospodarcza..." op.cit.Gross profit means profit before taxation and dividends for the state. Gross loss does not include subsidies.
5. in academic year 1991/1992 fees for extramural studies will be introduced. Post-graduate courses have been paid for several years but fees were low, usually below costs.
6. see the interview with A.K.Koźmiński,
7. see "Na światowym poziomie", Gazeta Bankowa, 1991 , No 15
8. see "Nowi z atutami", Zarządzanie, 1991, No 5
9. see "Rzetelnie i praktycznie", Gazeta Bankowa, 1991, No 15
- 10.see J.Lipiński, "Czego Jaś się nauczył....", Gazeta Bankowa, 1991, No 15
11. e.g. E.Domańska, Kapitalizm menedżerski /Managerial Capitalism/, PWN Warszawa 1986.

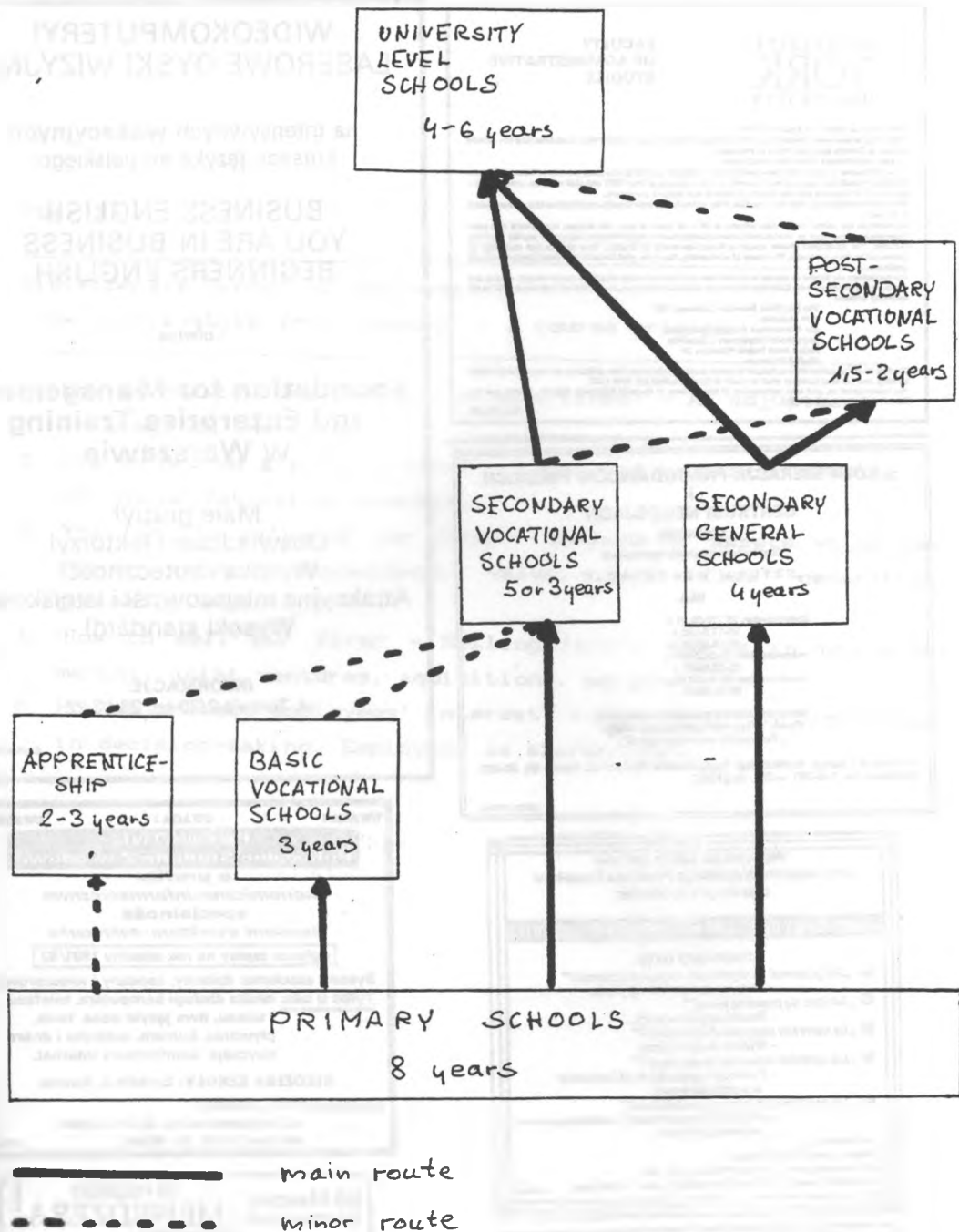


Fig. 1. Education routes in Poland

The East/West Enterprise Exchange 1991

Following consideration of the 1990 initiative which brought several Polish candidates for a two month study in Canada last year, this is to announce the recruitment of Polish candidates

to participate in a short term business oriented studies in Canada to take place this year in Toronto, Canada. The Course shall commence at our University at the beginning of May 1991 and shall comprise, among others, one month of Lectures and one month of training and regional orientation. The cost of participation, with the exception of the airfare to and from Canada, shall be covered by the organizers in Canada.

Applications are invited from Polish citizens of 30 - 40 years of age, with interest, involvement and some experience in any kind of market/retail/commercial/production/legal/financial aspects of market economy business. The candidates should possess sufficient command of English. Their participation must also be sponsored by their employers. The extent of sponsorship, however, shall be defined in direct contact with the organizers.

The candidates are hereby requested to submit their applications which should be clearly marked, signed, and contain sufficient data on the Candidates and his/her sponsors/employers, by the date of 10th March 1991 to the following address:

The East/West Enterprise Exchange 1991
York University
c/o Ministerstwo Edukacji Narodowej
Departament Współpracy i Zgarnięcia
Al. J. Armii Węgry Polskiego 25
00-918 Warszawa

The Selection Committee shall subsequently choose candidates and invite them to Warsaw for interview and initial training, and the final selection shall be made in Canada before 8th April 1991.

*By appointment to, and with participation of the Ministry of National Education, Warsaw, Poland, and the Canadian Embassy in Warsaw.

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- Promocja i sprzedaż akcji i udziałów
w przedsiębiorstwie,
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