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HP8 4AD
U.K.

Tel: 0494 874441
Ext. 231/244

Fax: 0494 874230

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All enquiries should be referred to the Editor at the above address.

EDITORIAL POLICY

The J.E.B.E. seeks to provide a forum for teachers of Business and Management Studies in Europe. It has long been the case that experts in particular fields all over Europe have had the additional barrier of language to negotiate in order to reach a broad market. This is, of course, now particularly true for East Europeans.

In the J.E.B.E. we provide a translating and editing service which allows people who would perhaps not reach an audience outside their own countries to put their views and research across.

The advantage of such a system is twofold since not only does it provide enhanced access to researchers and writers, but also to Business and Management tutors who wish to learn about the operation of their subject areas in other cultures.

In the early stages of European Management Education there was no real concept of 'International Management Studies' with its own literature. Such a field is now developing rapidly in the U.K. polytechnics and universities and has now reached the point where business subjects cannot be taught in any other than an international context.

It is the breadth of this context which we wish to communicate in J.E.B.E.

IN THIS ISSUE

- **PERDIKIS et. al** examine the prospects for EEC beef producers exporting to Japan. However, this truly international paper has much wider implications which will be of interest to exporters in general as it identifies how deep rooted some cultural barriers to trade can be.
 - **ROY WESTBROOK** is Assistant Professor of Operations Management at the London Business School. His paper draws on his experience of multi-disciplinary teaching/research and raises some methodological issues relating to course delivery in management education.
 - **SIMON PIVOVAROV** is Professor of Economics and Head of the Department of Economic Projection at St. Petersburg University. His paper takes a critical look at progress towards privatisation in Russia.
 - **MARK COOK** reviews European merger activity in the light of the Single European Market along with the implications for regulation within the EEC as internal barriers are removed. Mark is Head of Economics at Nene College.
 - **GRAHAM GILES** presents a case study which traces the development of a performance related pay scheme at a U.K., high-tech company. Graham lectures in Human Resources Management at the Buckinghamshire College Business School.
 - **GORYNIA & OTTA** consider the state of business education in Poland from an industry perspective and go on to outline some policy options for future development. Marian Gorynia lectures in Intl. Business and Wieslaw J. Otta is Associate Professor of Intl. Business at Posnan Academy of Economics.
 - **ANNE MILLS** lectures in Human Resources Management at Buckinghamshire College Business School. Her paper outlines the challenges for survival faced by a large state controlled monopoly in Czechoslovakia.
 - **JAROSLAV HALIK** lectures in Economics at Prague University. His article takes a critical view of the Czechoslovak totalitarian economy as a starting point for understanding the transition process.
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NOTES TO CONTRIBUTORS

1. In accordance with its editorial policy the J.E.B.E. welcomes a wide spectrum of contributions addressing the practice and teaching of business. Papers may be functional in nature or focus on the wider issues of the business environment and the management / development of business education.
2. Papers may take a variety of forms including: research papers, review articles, essays, comments, case studies and book reviews.
3. Ideally, contributions should be presented already typed in Wordperfect on 3.5" disc.

Alternatively contributions should be typed, double-spaced, on one side of A4.

4. Figures should be finished art-work and be separate from the text with an indication in the text of their desired location, e.g.

(Fig. 1 goes here)

5. The recommended style for references is:

OUCHI, W.G. (1977) The Relationship Between
Organisational Structure and Organisational Control.
Administrative Science Quarterly
Vol.22, March, pp 95-113.

This permits citation in the text as follows:

(OUCHI, 1977)

6. Notes to the text should be kept to a minimum and appear as endnotes (not footnotes).

THE BUSINESS EDUCATION INDUSTRY IN POLAND: Current Trends and Challenges

Marian Gorynia and Wieslaw J. Otta

Introduction

Market know-how and market-operating skills barrier are 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 professionals 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 the market self-regulation mechanism. Consequently 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 centralised bureaucratic (hierarchical) system to the perfect market. Structural characteristics of an industry and of its environment decide which one of the potential modes of regulation is the most effective and efficient and whether that mode is closer to the hierarchy or to the market. Market-oriented transformation policy aims at the 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 for the business education and training sector in Poland. First is necessary to identify the barriers to market self-regulation and evaluate the possibility of breaking them down or for relaxing them. Next some practical directives for an industrial policy can be formulated.

The paper starts with an analysis of the demand for the industry's services; its scale, dynamics, structure and types of institution. Next the current characteristics of the industry are studied; its incumbents, organisational structure, features of the 'commodity', entry barriers, information structure ('transparency' of the industry), etc. In turn the 'suppliers' to the industry are analysed – the structure and volume of supplies, organisational structure of the suppliers, etc. A chapter devoted to the problems of industrial policy will follow from the above analyses. The last section considers foreign entries into the industry. It tries to evaluate the effectiveness of

different modes of foreign investment 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 the qualified staff who are indispensable for the smooth operation of the market. The skills gap concerns management, analytical and some operational skills and know-how.

The 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 organisational 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 functioning of the administered economy also caused 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 having a natural gift, another potential customer for business education and training appears: the entrepreneur. The number of small firms has been growing rapidly.²

Last but not least public organisations (hospitals, schools, municipal institution and even the army and police) will also need to adjust to market conditions.

Consequently 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 in secondary and university level education belonging to the so-called economic education group should be added to that number.

However, an awareness of the need for education and training along with the financial means for covering its costs are needed in order to transform the potential demand into the effective demand. 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:

- a relatively high level of formal education amongst employees: in 1989 in the material production sphere the share of employees with university degrees was about 5% and with secondary level education about 28%.
- a kind of 'fatalism' in interpreting the situation of the enterprise as totally determined by external factors.
- a lack of motivation: additional remuneration for higher qualifications is limited by 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 operating in a low-demanding environment, without serious competitors. Many things have, in the past, been 'arranged'. The risks of wrong decisions have been rather low and the costs of waste and thriftlessness could be easily passed to buyers.

There also other possible reasons for the weak effective demand, namely:

- poor marketing of the industry's products – many educational institutions are new and unknown so general public
- lack of trust: the public education system has been strongly criticised³ and many new organisations have a low reputation.

Environmental pressures can also foster demand for business education and training. The following factors can be viewed as demand-supporting:

- changes in economic rules (financial regulations, commercial law, etc.).
- unemployment, especially in some clerical jobs.
- attractive employment offers for financial managers, salespeople knowing foreign languages, and marketing managers.
- continuing high social prestige connected with education (especially university level).
- 'fashions' connected with some business specialities e.g. perpetually 'fashionable' international business education or an emerging general 'fashion' for economic and managerial education. For example in 1991 and 1992 at Poznan Academy of Economics about 3 persons applied for each study place.

The state of financing in the business education and training sector is not very positive. The state budget has been the main source of finance for business education at secondary school and university levels. Since 1991, a part of secondary schools finance has come from local budgets. The level of finance for university education is shown in table 1.

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	1985	1986	1987	1988	1989	1990
1. National income distributed in billions of PLZ (current prices)	8500,6	10579,1	13630,6	24367,5	100449,6	456219,2
2. Budgetary expenses in billions of PLZ (current prices)	3487,6	4192,6	5030,6	8430,6	29617,5	172165,3
3. Expenses for university level education in billions of PLZ (current prices)	74,0	87,5	110,1	205,9	835,8	6211,8
4. The share of expenses for university level education in the national income distributed	0,87%	0,83%	0,81%	0,84%	0,83%	1,36%
5. The share of expenses for university level education in the budgetary expenses	2,1%	2,1%	2,2%	2,4%	2,8%	3,6%
6. The dynamics of the national income in fixed prices (last year = 100)	103,8	105,0	101,8	104,7	100,1	80,2

TABLE 1

**NATIONAL INCOME DISTRIBUTED, BUDGETARY EXPENSES FOR
 UNIVERSITY LEVEL EDUCATION**

Source: Rocznik Statystyczny 1991 (Statistical Yearbook 1991), GUS, Warszawa 1991

It should be mentioned here that in real terms, national income distributed in 1989 was 93.5% of the 1979 income. In years 1990 and 1991 real income has been decreasing.

The budgetary plan for 1992 foresaw expenses for university level education in the sum of 8,739.2 billion PLZ, i.e. 2.2% of budgetary expenses.

The demand for business education and training can be financed by state-owned enterprises. Their financial position in the first three months of 1992 is illustrated by the following data:⁴

- 46.1% of enterprises reported a gross loss.

- the gross loss to gross profit ratio was 49.0%
- the nett loss to nett profit ratio was 132.8%

The private sector is another potential source of finance and the number of private businesses is growing. In mid 1991, private firms produced about 19% of total industrial production and had about 60% of the turnover of 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 by 30%. In 1991 real incomes have continued to fall. At the same time income differentials can be observed with some high income groups emerging.

There is perhaps a psychological factor connected with the problem of financing business education. It should be remembered that education at secondary school and university level has principally been free.⁵ There may be psychological barriers to the introduction of education fees.

One addition source for financing business education costs has emerged recently: foreign help. Main foreign funds devoted to education purposes (business education included) are presented in table 2.

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	20 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
EEC	25.5 mill. ECU x/	1990

x/ also for other Eastern European countries.

TABLE 2
FOREIGN HELP FOR EDUCATIONAL PURPOSES
 (Available in 1990)

Source: Gazeta Bankowa, 1990, No.39

Finally the organisational structure of the output environment should be studied. The Ministry of National Education (MNE) plays a special role here. It is not only the main 'payer' but until recent times, was the main 'orderer' of education services, stating its requirements in the central curricula. Since 1991 the curricula have been determined by academic institutions. Education funds are distributed according to student number limits, assigned to particular public schools. Some MNE funds are also distributed to other institutions, mainly to those co-operating with universities and academies.

Business firms are becoming more and more important customers of the industry. The PKO bank, for example has ordered training for its 1000 employees from the International Business School SA and the International Management Centre at Warsaw University.⁶

Individual persons are the 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 demand.

Industry Structure

Structural characteristics of an industry are the basic factors which determine its functioning. Every reliable transformation programme, market-oriented reform included, should be based on an adequate identification and diagnosis of those characteristics. The following structural analysis will cover:

- organisational and ownership structure of the industry, who operates in the industry and what are the interrelationships between the incumbents?
- characteristics of the 'product' offered by the industry: what does the industry sell?
- entry and exit barriers: is it easy to enter the industry and leave it?
- informational structure of the industry: is it easy to get an orientation in the industry?

Units of the public education system are still the main incumbents (see fig. 1)

Secondary level vocational schools taught about 764 thousand pupils in the year 1989/1990. Within this, the economic group amounted to about 170 thousand people. In the same year, 99 thousand students attended post secondary vocational schools, including about 22 thousand students of the economic subject group.

There are 5 civil university level economic schools (academies of economics – see tab. 3) and one military. Economic and management type faculties are located at:

- Warsaw University – Faculty of Economic Sciences and Faculty of Management.
- Gdansk University – Faculty of Production Economics and Faculty of Transportation Economics.

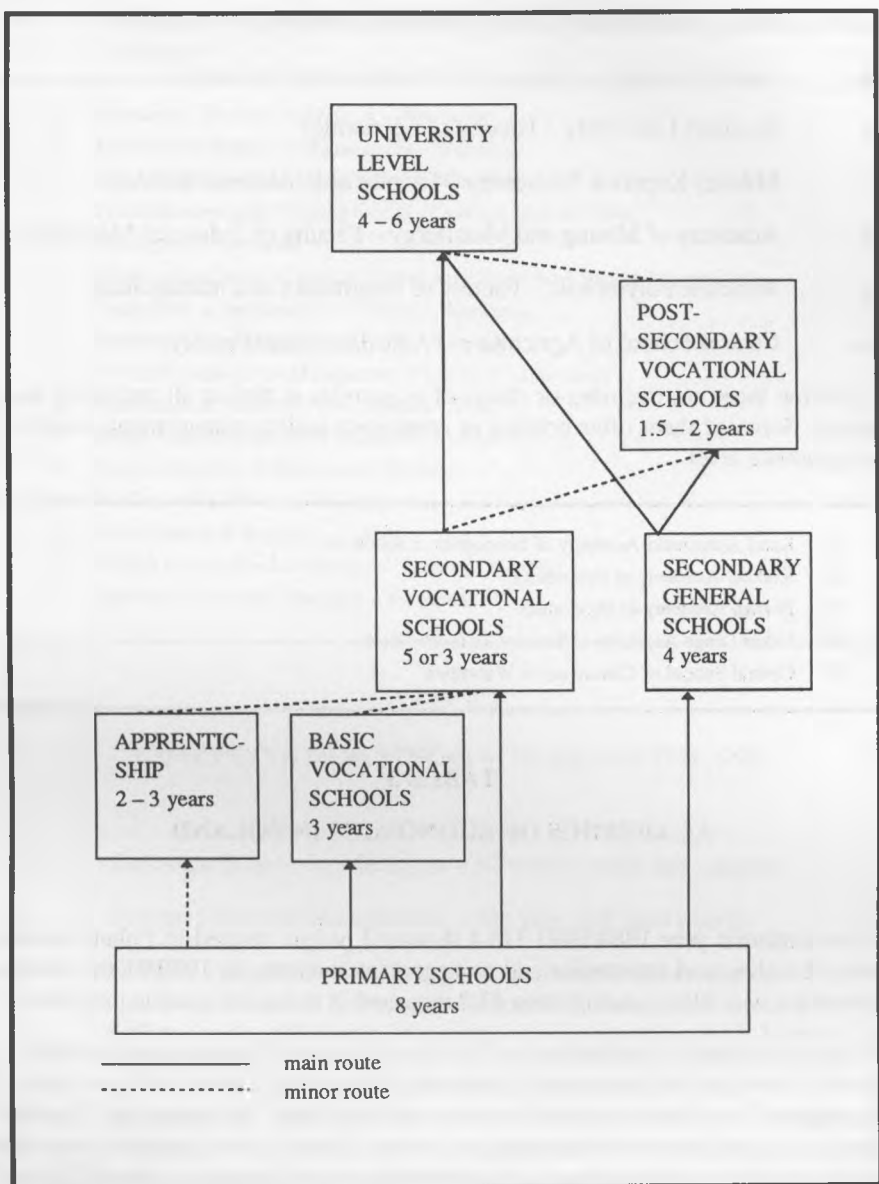


FIGURE 1
EDUCATION ROUTES IN POLAND

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- Maria Skłodowska – Curie University – Faculty of Economics
- Lodz University – Faculty of Economics and Sociology
- Szczecin University – Faculty of Economics
- Mikolaj Kopernik University – Faculty of Economics Sciences
- Academy of Mining and Metallurgy – Faculty of Industrial Management
- Wroclaw Polytechnic – Faculty of Informatics and Management
- Central School of Agriculture – Agro-Economic Faculty

In addition 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.

- | |
|--|
| <ol style="list-style-type: none"> 1. Karol Adamiecki Academy of Economics in Katowice 2. Krakow Academy of Economics 3. Poznan Academy of Economics 4. Oskar Lange Academy of Economics in Wroclaw 5. Central School of Commerce in Warszawa |
|--|

TABLE 3

ACADEMICS OF ECONOMICS IN POLAND

In the academic year 1989/1990 378.4 thousand people studied in Poland, among them 38.4 thousand economics and management students. In 1990/91 the number of students was 394.3, among them 42.2 thousand in economics and management.

Private educational organisations are the second group of incumbents (see table 4). Some of them are profit-oriented companies. Other usually have the legal status of 'foundation' and the profit motive does not dominate. In companies, business education is usually one of the fields of activity. There are few purely educational organisations in that group – e.g. International Business School SA and International School of Management in Warsaw. For example, Wielkopolska School of Business is partly financed by the 'Managers for Wielkopolska' foundation.

It is difficult to evaluate the size of the segment served by private educational organisations. Long post-graduate programs (MBA type) have about 200 students.

Such programs are run for instance by:

- International Business School in co-operation with the International Management Centre of Warsaw University – two years full time MBA course.⁷

- International School of Commerce – two years, distance learning MBA program.

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. Privatisation 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 – Kódz
9. Polish-American School of Business – Krakow
10. Poznan School of Management – Poznan
11. Wielkopolska School of Busienss – Poznan
12. Lubin School of Business – Lublin
13. Gdańsk Foundation for Managers' Training - Gdańsk
14. Katowice School for Managers – Katowice

TABLE 4

SOME PRIVATE BUSINESS SCHOOLS IN POLAND

- Katowice School for Managers – 30 weeks, week-end courses.
- Poznan School of Management – one year, full time course.
- Gdansk Foundation for Managers' Training – seven months course in co-operation with Norwegian School of Management and two-year MBA course (distance learning) in co-operation with Strathclyde University.
- Wielkopolska School of Business – five month week-end course for small business entrepreneurs in co-operation with Ohio State University, ten month week-end course for entrepreneurs in co-operation with the Chamber of Industry and Commerce in Rennes (Bretagne) and two year distance learning MBA course in co-operation with Nottingham Business School.

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

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

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

Educational units of the state administration also operate in the industry. Some are exclusively for administrative staff whilst others are open to the general public – e.g. International School of Commerce founded by the Ministry of Foreign Trade.

Finally the educational activity of trades unions and foreign entities should be mentioned. Some Western universities advertise themselves. Some foreign foundations offer business education abroad. Some foreign consultancy firms are also involved.

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

The scope of the services is differentiated, namely:

- 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 people for a wide range of business professions (bookkeepers, sales people, etc.) and until now students of economic university level schools receiving 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 other business administration.
- specialised vocational courses – e.g. for secretaries, bank cashiers, etc.,
- cycles of monothematic courses – e.g. a package of five courses entitled 'How to privatise your enterprise' (see fig.2) offered by Wielkopolska School of Business.
- short monothematic training course – e.g. weekend courses on leasing organised by Wielkopolska School of Business. More and more frequently these 'tailor-made' courses are being ordered by larger enterprises.
- language courses (at different levels and different scope).

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

Traditional teaching methods still prevail i.e. lectures, seminars and classes based

1. How to survive and prosper in hard times? –
An adjustment strategy of the firm.
2. How to become a private firm? – Legal and technical aspects of the
privatization process
3. What is the value of our firm? – Methods of assets valuation (book value,
replacement value, cash flow generation, goodwill, etc.).
4. How to sell our firm? – Selling firm's shares in the stock market, joint ventures,
acquisitions, mergers.
5. How to protect employees' interest? – Employees' participation in decision-
making. Employees as shareholders.

FIGURE 2

WIELKOPOLSKA SCHOOL OF BUSINESS

“How to Privatize Your Company?” – A course program

on textbooks. Now, due to a shortage of adequate textbooks, the role of direct lecturing has grown. Practical training is a part of the curricula at secondary and university level schools. However its role seems to be underestimated. More up to date 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 the development of new didactic methods. The present legal system does not guarantee proper protection and examples of abuse are too frequent.

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

- low investment barrier: educational equipment (hardware) is relatively cheap and easily accessible however the software in use is rather poor and underdeveloped.
- low skills barrier: it happens that lectures and training are given by untrained persons.
- low administrative barrier: a licence issued by the MNE is formally required but in practice the professional level of applicants and the quality of the services offered is not verified.¹⁰

Nevertheless it seems that a group of organisations delivering a high professional level business education is emerging. Entry barriers to that group are high and will continue to increase. The embryo of that group consists of 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 at the secondary level of education, and mainly to general and professional subjects. Since 1991 academies and universities are free to determine their own curricula. Courses offered by private institutions are extremely differentiated. No system of public evaluation and grading of business education centres has emerged.

Input Environment

Teaching staff, hardware, and the 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 also employs sociologists and psychologists. An increasingly important role will be played by business practitioners.

An evaluation of professional teaching staff at economic schools and faculties is presented in the previously quoted Beksiak 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 the professional background of teaching staff can be identified, namely:

- generally poor knowledge of the 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 In practice, there are no manuals of new institutional economics (i.e. the second conceptual source, beside monetarism), or modern economic policy. The same can be said about financial economics.
- underdeveloped micro-financial theory and financial management concepts.
- insufficient empirical research basis and few practical applications in the field of management and marketing. However theoretical speculation in those fields are rather numerous and usually keep pace with Western ideas.
- poor empirical and conceptual recognition of the past and present economic system (the administered socialist economy and post-socialist economy). Normative approaches and purely theoretical model speculation prevail.
- shortage of practical experience of academic staff. Recently however many representatives of younger and middle generations have engaged themselves in consultancy activities.
- poor knowledge of foreign languages.
- poor knowledge of modern teaching methods

The present system of business education and training is also characterised by low

participation of active business people as teachers and trainers. Now there is the threat of the business sector draining the industry of young and relatively highly qualified staff. The 'drain' concerns the most 'deficit' specialities, crucial for business training i.e. financial, international business and strategic management specialists.

A part of 'staff supplies' comes from abroad. Usually they take the form of short visits by lecturers and consultants. Foreign staff usually has fairly good professional skills but poor recognition of Polish conditions and needs. Only foreign consultants who work for the Polish government and a few large firms have an opportunity to acquire a through knowledge of the post-socialist economy. However they usually treat the acquired experience as a proprietary know-how and dissemination is very limited.

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

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

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

The situation in the provision of equipment (hardware) is not so bad. Much worse is 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 exists in other areas of economics and management. Here general textbooks are available. There is however a shortage of some specific books and those dealing with practical applications.

Another 'software' gap is a shortage of cases applicable to Polish conditions. This situation has been caused mainly by lack of development in empirical research. Western cases are often difficult to use.

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

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

- limited applicability of Western programs
- shortage of Polish empirical analyses
- copy rights transfer problems (protection of intellectual property).

One final factor should be mentioned. There is a lack of motivation for authors to produce textbooks, cases and games. Those activities require the high-level professional qualification which is strongly demanded by the business sector. The opportunity cost for potential authors is very high.

Industrial Policy

As previously stated, the potential demand for business education and training is rather large. It is manifested in two main areas. The first one is connected with the professional development and reorientation of millions of people employed in business and public institutions and the second one with the education of new staff.

An increase in public awareness of the need for skills development and an increase in the incomes of potential trainees are the key factors in transforming potential demand into effective demand in the field of professional development and reorientation. The interest of pupils and students in 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:

- organisations of the public education system; inflexible, bureaucritised, experiencing a deep depreciation of staff and technology.
- education units of trade and professional organisations – traditionally offering short trainings and courses.
- new, dynamic business schools – achieving high professional and technological level (usually with some foreign assistance).
- a large number of small firms – offering differentiated but not always 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. On one side, the government does not seem to show much interest in who does what, especially in the field of professional development and reorientation nor recently in academic curricula. On the other side it distributes financial means, mainly to the organisations 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 games and bargaining for subsidies. Second – the present organisational structure of the industry, its way of functioning, has been preserved. Stimuli for transformation in public schools are very low. It even seems that limited intervention 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 the volatile and complex structure of the industry; a shortage of information and the inability of many 'buyers' to make rational choices has ensured that their elimination via market processes (competition) is slow and ineffective. Consequently, growth of high standard education and training centres has been slowed down.

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

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

Summing up it can be said that the realised policy does not support a fast increase of the 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 recognised. On the contrary, some efforts to increase central power can be observed. Under the sign of 'co-ordination', attempts are being made to include foreign financial assistance into central distribution.

It seems that at least three alternative policy options can be formulated. The first one is a return 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 the economic and socio-political systems.

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

- it does not eliminate most of the obstacles to fast development of the industry and improving the industry's quality standards.
- a change in income distribution would be required (from central subsidies to individual incomes). This is a difficult and long-lasting task.

It seems that implementation of this option 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 the desired solution. In the third option the government limits direct interventions to an indispensable minimum. Its role consists in actively supporting and protecting the market mechanism.

This means that:

- the subsidies for education and training should be changed. The ultimate 'buyers' (i.e. pupils, students, people developing their professional skills) should become the direct beneficiaries. In the short run, a complete elimination of subsidies is rather undesirable and indeed impossible. Clear rules for the distribution of subsidies (scholarships included) should be established. The beneficiaries will cover all the costs of education and training. They should be free however to choose the educational centre.
- the financing capabilities of individuals and firms should be increased by adequate tax exemptions (business education endowments included).
- pro-educational information dissemination advertising should be supported
- the government should use its ownership rights. Up to now the government has not executed those rights. It has relied on self-adjustment processes in state-owned enterprises. It is difficult to treat the results as a success. A collapse of the state-owned sector is now more probable rather than effective self-adjustment. The government should demand from managers corporate adjustment programs including skills development and professional reorientation plans. Admission to management positions in state-owned firms should be conditional on acquiring business administration knowledge.
- some industrial standards should be introduced, for example, 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 centres. In the future other systems of evaluating and grading educational institutions can emerge. It takes time however.
- projects aimed at increasing the quality of business education and training should be centrally financed, especially projects that are beyond the means of individual education centres.
- the problems of business education and training should be included in the agendas of economic negotiations with other states and international organisations.

A substantial part of market supporting and protecting activities can be gradually transferred to the institutions of industrial self-government: e.g. to chambers of commerce and industry etc.

Foreign Entries

Most of the foreign entries are non-profit ventures and are usually connected with foreign economic aid. At present, the Polish market is rather unattractive for profit-oriented firms. There is though 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. This control takes a form of:

- approving the budgets prepared by the Polish partners.
- establishing own budgets in agreement with the Polish partner; a form practised by the British Know-How Fund.
- joint ventures – e.g. the School of Banking in Katowice is a joint venture of the Centre for Banking Staff Training in Paris (20% of shares) and 23 Polish banks.
- establishment of own branches in Poland – e.g. Institute Francais de Gestion, training unit in Warsaw.
- Foreign education training centres located in Poland; e.g. Polish-French School for Engineers-Managers of Telecommunication to be opened in Poznan by France-Telecom.

Part of the educational aid is used in the donor country (it seems that up to now most of it) and part in Poland. Financial means are used for:

- education in some professional specialities, in mainly banking personnel and managers.
- development of Polish teaching staff.
- development of education and training centres, mainly supplies of equipment.

If it is assumed that development of the 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 can only very indirectly foster the development of business education and training in Poland. Besides the costs of many elements of the teaching process abroad are much high than in Poland (transportation, accommodation, teaching materials and equipment). Of course, in the beginning, a shortage of teaching staff and equipment may make training in Poland more difficult. Where demand for qualified staff was urgent (e.g. banking) mass training abroad was inevitable. In some professions after basic courses and training in Poland foreign practical assignments would be recommended. That type of training should be arranged by mutual agreement between business firms.

There are many more reasons for the external training of business teaching staff, especially in the field of modern didactic methods; e.g. use of the equipment, analyses and preparation of business games, etc.

Well qualified staff should have a place to come back to. That is why the most effective use of foreign aid is to direct it into support for institutional changes within the industry. It seems that, compared to the present practice more stress should be put on:

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- creating strong business education and training centres with substantial foreign contributions.
- longer contracts for foreign lecturers, trainers and consultants in order that they will have an opportunity to acquire Polish specific knowledge and be able to transfer their know-how and style of work to their Polish colleagues.
- longer contracts for foreign administrators, enabling the organisation of effective business education and training centres and the implementation of modern management techniques.

It also seems that the burden of training teaching staff should be passed as quickly as possible to Polish organisations. Taking into account the inflexibility and traditionalism of university type schools, the founding of alternative research centres should be considered. These centres should carry out applied research and train highly qualified staff for business education. Some of the business schools could become such centres.

NOTES

1. see an interview with Prof. A.K. Kozminski, president of the International Business School SDA, *Zarzadzanie*, 1991, No.5
2. at the end of June 1991 1272, 4 thousand people had individual business and 38156 private companies were registered – see 'Sytuacja społeczno-gospodarcza w kraju w I polroczu 1992 r – 'Rzeczpospolita', 29.07. 1991.
3. see a review of J. Beksiak's report about economic education – *Rzeczpospolita*, 16.08 1991
4. see 'Sytuacja gospodarcza kraju w kwietniu 1992 r.' *Rzeczpospolita*, 1.06 1992. Gross profit means profit before taxation and dividends for the state. Gross loss does include subsidies.
5. in academic year 1991/1992 fees for extramural studies were introduced. Post-graduate courses have been charged for several years but fees were low, actually below costs.
6. see the interview with A.K. Kozminski.
7. see 'Na swiatowym poziomie', *Gazeta Bankowa*, 1991, No.15
8. see 'Nowi z atutami'. *Zarzadzanie*, 1991. No.5
9. see 'Rzetelnie i praktycznie', *Gazeta Bankowa*, 1991, No.15
10. see J. Lipinski, 'Czego Jas sie nauczyl' *Gazeta Bankowa*, 1991, No.15
11. e.g. E. Domanska, 'Kapitalizm menadzarski' *Managerial Capitalism*, PWN Warszawa 1986